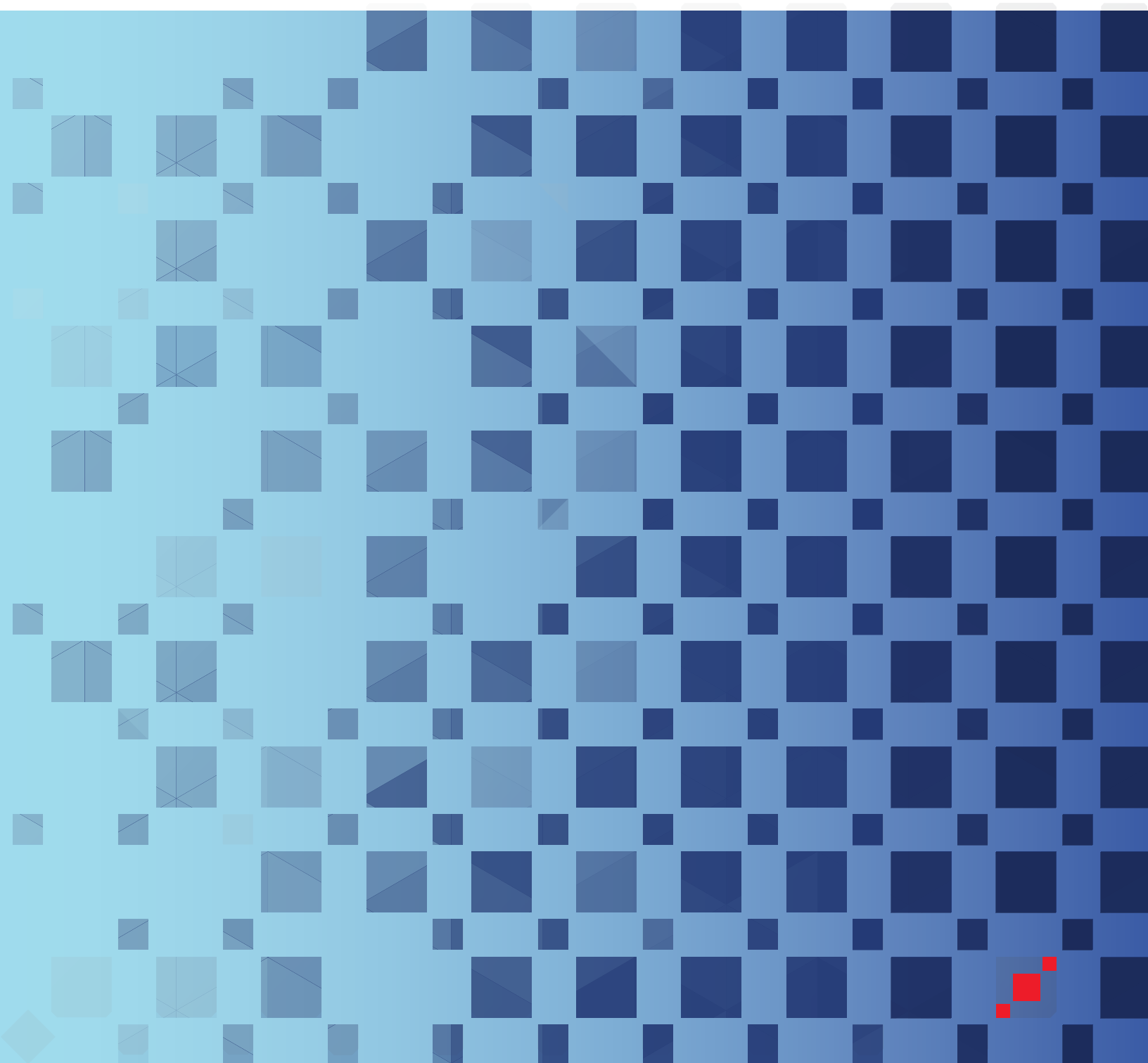
ASPIRING HIGHER

ANNUAL REPORT 2021



ASPIRING HIGHER

KPS was incorporated 47 years ago, on 11 August 1975, with the vision to be the catalyst for the Selangor state economy in the mining and property sectors. In the next four decades, KPS underwent many transformations with its vision and mission evolving with macro-economic, geopolitical, and socio-demographic risks and opportunities. Its investment operations shifted from managing state assets in Selangor to investing in companies with a global market presence in several strategic sectors.

In 2016, KPS embarked on a Business Transformation Plan, or BTP, a corporate agenda to ensure sustainable growth while instilling a high-performance culture. At its core, the implementation of the BTP was to pace up the transformation of the Group and its culture, **ASPIRING HIGHER** towards becoming a responsibly progressive, dynamic, and resilient investment holding company, placing firmly in its business dwelling a strong consideration on ESG. With the evolution of KPS' vision for almost five decades, the DNA of its business and culture also evolved to remain relevant and relatable in the marketplace while striving to meet stakeholders' ever-growing expectations.

The pixels in the cover design symbolise the building blocks of our DNA, culture, and people. The blue colour represents our strength and resolute purpose, sound investment strategy and nimble value creation plans. The gradient tones in the design depict the 47-year long history of our evolution in vision, mission and values in the era of growth and change.

45th ANNUAL GENERAL MEETING

10.00 a.m.

7 Tuesday, 7 June 2022

Broadcast Venue:

KPS Corporate Office,
17th Floor, Plaza Perangsang,Persiaran Perbandaran,
40000 Shah Alam, Selangor Darul Ehsan

FEATURE IN THIS ANNUAL REPORT 2021

Get access to the soft copy of our reports, videos and contact information

Download the "QR Code Reader" on App Store or Google Play

Run the QR Code Reader app and point your camera to the QR Code

Scan this to view our Annual Report online. Our Annual Report, financial and other information about Kumpulan Perangsang Selangor Berhad can also be found at **www.kps.com.my**

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Vision

To be the leading corporation, stimulating economic growth in Selangor and beyond.

Mission

- To venture into business activities that create value for our stakeholders.
- To have a leading regional presence.
- To ensure sustainable financial performance with optimum returns to shareholders.
- To achieve quality standards surpassing customers' expectations.
- To enhance quality of life by being a caring, community-oriented and environmentally friendly organisation.

WHO
WE ARE

Incorporated on 11 August 1975, KUMPULAN PERANGSANG SELANGOR BERHAD ("KPS") is an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad under the Industrial Products & Services sector.

KPS has core investments in the Manufacturing sector, as well as businesses in the Trading, Licensing and Infrastructure sectors.

While strengthening our business to optimise returns, KPS is committed to providing contributions towards sustainable economic, environment and social development.

WHO WE ARE

A Member of kps. Group

TOYOPLAS MANUFACTURING (MALAYSIA SDN BHD ("Toyoplas")

Integrated plastics injection moulding company with a clientele from the consumer electronics sector, as well as industrial tools, automotive and other industries with a value chain spanning 75 countries. As a one-stop solutions provider, Toyoplas' expertise covers mould fabrication, precision injection moulding, and secondary processes as well as assembly via its manufacturing plants across Malaysia, China, Indonesia and Vietnam.

A Member of kps. Group

CPI (PENANG) SDN BHD ("CPI")

Integrated plastics injection moulding company serving over 90 clients worldwide. As a contract manufacturer specialising in plastics injection moulding, mould fabrication, secondary as well as sub-assembly processes and electronics box-build processes. CPI's clientele includes customers from various industries, including Automotive, Communications and Information Technology, Healthcare, and Other Electronics.

A Member of kps. Group

CENTURY BOND BHD ("CBB")

Integrated packaging solutions provider driven by five business divisions, namely Offset, Carton, Paper, Plastics and Original Equipment Manufacturer ("OEM") for Consumer Products. The Offset division is currently leading the business operating from three plants across Malaysia and Indonesia. The Carton division covers an essential industry with a presence in the Northern, Central and Southern regions of Malaysia. The Paper division operates from three plants across Malaysia and Indonesia. The other two divisions, Plastics and OEM for Consumer Products, continue to support the businesses in providing integrated packaging solutions to customers from the Electrical & Electronics and retail sectors via its plant in Senai.

A Member of kps. Group

KING KOIL MANUFACTURING WEST, LLC ("KKMW")

Established on 22 January 2018, marking the King Koil® brand's first manufacturing initiative in the United States of America ("the US"). Based in Avondale, Arizona, KKMW currently supplies King Koil® mattresses to retailers and department stores nationwide in the US, following the shift in its business model in the US from licensing to a direct-to-retail model.

A Member of kps. Group

KING KOIL LICENSING COMPANY INC ("KKLC")

Operates the King Koil® brand licensing business globally. The King Koil® brand was first established in the US over 100 years ago and remains as one of the most recognisable mattress brands in the US and globally. King Koil® mattresses and bedding products are distributed in 76 countries via 23 licensees worldwide.

ABOUT KPS

WHO WE ARE

A Member of kps. Group

AQUA-FLO SDN BHD ("Aqua-Flo")

Supplies water chemicals, water meters and provides technical services to water, waste and sewage treatment plants. Aqua-Flo works closely with local and international water and wastewater treatment specialists.

A Member of kps. Group

SMARTPIPE TECHNOLOGY SDN BHD ("SMARTPIPE")

Integrated water solutions provider, specialising in pipe rehabilitation and replacement. Smartpipe is the sole company authorised by Netherlands-based Wavin Overseas BV ("Wavin") to sell and install Compact Pipe® and Wavin's other pipe rehabilitation products in Malaysia. Combining its expertise in trenchless pipe rehabilitation with experience in conventional pipe replacement works, Smartpipe is also well positioned to address non-revenue water ("NRW") issues in Malaysia.

Energizing The Nation

NGC ENERGY SDN BHD ("NGC Energy")

The business of supplying liquefied petroleum gas ("LPG") to residential, commercial, and industrial customers. KPS, through its wholly-owned subsidiary, Perangsang Oil and Gas Sdn Bhd, has a 40% equity stake in NGC Energy, which is a joint venture between KPS and the National Gas Company of Oman.

SISTEM PENYURAIAN TRAFIK KL BARAT HOLDINGS SDN BHD ("SPRINT HOLDINGS")

Owns Sistem Penyuraian Trafik KL Barat Sdn Bhd ("SPRINT"). SPRINT is one of the main expressway networks in the Klang Valley. It is a three-lane dual carriageway that was built to ease traffic congestion into the city of Kuala Lumpur from Petaling Jaya, Damansara and surrounding areas. The 26.5 kilometre expressway is divided into three sections that include the Kerinchi Link, Damansara Link and Penchala Link. KPS holds 20% of equity interest in SPRINT via its associate company, SPRINT Holdings.

A Member of kps. Group

KPS-HCM SDN BHD ("KPS-HCM")

Focused on providing general civil engineering works, building construction, and maintenance for both the public and private sectors. Following the successful completion of a seven-year concession for road maintenance works, its services were extended to include road and pavement, drainage and sewerage pipeline works, and deployment of flood mitigation ponds.

2021 FINANCIAL SNAPSHOT

PAID-UP CAPITAL
RM537.9 million
(2020: RM537.9 million)

EBITDA
RM163.7 million
(2020: RM138.2 million)

MARKET CAPITALISATION
RM386.9 million
as of 31 December 2021
(2020: RM494.4 million)

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT
RM57.2 million
(2020: RM34.1 million)

REVENUE
RM1.3 billion
(2020: RM1.1 billion)

NET ASSETS PER SHARE
RM1.94
(2020: RM1.85)

PROFIT BEFORE TAX AND ZAKAT
RM87.9 million
(2020: RM57.3 million)

DIVIDEND PER SHARE
4.50 sen
(2020: 2.50 sen)

Extending impact through Corporate Responsibility

TOTAL BUDGET ALLOCATION
RM2.6 million*
* including Zakat Fund of RM0.6m

2021 FINANCIAL SNAPSHOT

EDUCATION

Developing talent and skills of targetted stakeholders. Provided access to quality education to

88 Students **3** programmes

ENTREPRENEURSHIP

Promoting and enabling business opportunities

Developed **92** Entrepreneurs
3 programmes

COMMUNITY DEVELOPMENT

Enhancing social progress and stakeholder development

Assisted **15,378** beneficiaries & more than 45 associations, NGOs, schools and institutions

ENVIRONMENT, SAFETY & HEALTH

Improving our society's quality of life and caring for the environment

Assisted
103,864 Beneficiaries

2021 IN REVIEW

9 MARCH 2021

CBB distributed 230 hand sanitisers worth RM9,800 to 73 schools in Johor.

27 MAY 2021

Q1 2021 results announcement: KPS registered commendable start in 1Q21 with 44% improvement in manufacturing sales, solidifying growth trajectory whilst bridging recovery.

27 AUGUST 2021

Q2 2021 result announcement: KPS topline performance resilient, but supply chain challenges persistent, casting a shadow on KPS' Q2 21 core earnings.

WASTE MANAGEMENT AWARENESS TRAINING PROGRAMME

Toyoplas - 21 September 2021
CBB - 22 September 2021
CPI - 29 September 2021

5 APRIL 2021

TOWNHALL
The first townhall session for the year was attended by 65 KPS staff.

4 MAY 2021

Puan Suzila Khairuddin, Deputy Chief Executive Officer ("DGCO") presented the cheque for Zakat payment to the chairman of Majlis Agama Islam.

25 MAY 2021

At the 44th AGM, shareholders approved all resolutions.

24, 25 & 26 MAY 2021

The three-day audit meeting focused on KPS's sustainability framework, process and implementation.

21 JULY 2021

Staff appreciation ceremony.

2021 IN REVIEW

18 AUGUST 2021

A COVID-19 awareness webinar was conducted for KPS' employees by a physician from a private clinic.

OCTOBER 18 - 21, 2021

Participated in the Selangor Business International Summit ("SIB")` 2021.

25 NOVEMBER 2021

Q3 2021 results announcement: KPS showed resilient revenue and earnings growth in Q3 21` amidst challenges.

25 FEBRUARY 2022

Q4 2021 results announcement: KPS closed the year commendably, navigating operational challenges with resilience.

27 DECEMBER 2021

KPS employees joined hands in a series of house cleaning missions to help those affected by the floods.

CULTURE OF EXCELLENCE

Once again, KPS was a proud recipient of notable awards:

Platinum
Excellence Award
NACRA EXECELLENCE AWARD 2021.

Sustainability & CSR Malaysia 2021 Company of The Year
(Investment Holding).

MSWG-ASEAN Corporate Governance Award 2020 Excellence Award for CG Disclosure & Industry Excellence Award.

CORPORATE STRUCTURE

SUBSIDIARY COMPANIES

- **100%** **Cash Band (M) Berhad**
- **100%** **Viable Chip (M) Sdn Bhd**
  - **30%** Syarikat Pengeluar Air Selangor Holdings Berhad
- **100%** **Perangsang Oil & Gas Sdn Bhd**
  - **40%** NGC Energy Sdn Bhd
- **100%** **Nadi Biru Sdn Bhd**
  - **64%** Smartpipe Technology Sdn Bhd
- **100%** **Bold Approach Sdn Bhd**
  - **60%** Kaiserkorp Corporation Sdn Bhd
- **100%** **Perangsang Packaging Sdn Bhd**
  - **100%** Century Bond Bhd
- **100%** **Perangsang Dinamik Sdn Bhd**
  - **100%** CPI (Penang) Sdn Bhd
  - **100%** Toyoplas Manufacturing (Malaysia) Sdn Bhd
- **100%** **Perangsang Capital Sdn Bhd**
- **51%** **Aqua-Flo Sdn Bhd**
- **51%** **KPS-HCM Sdn Bhd**

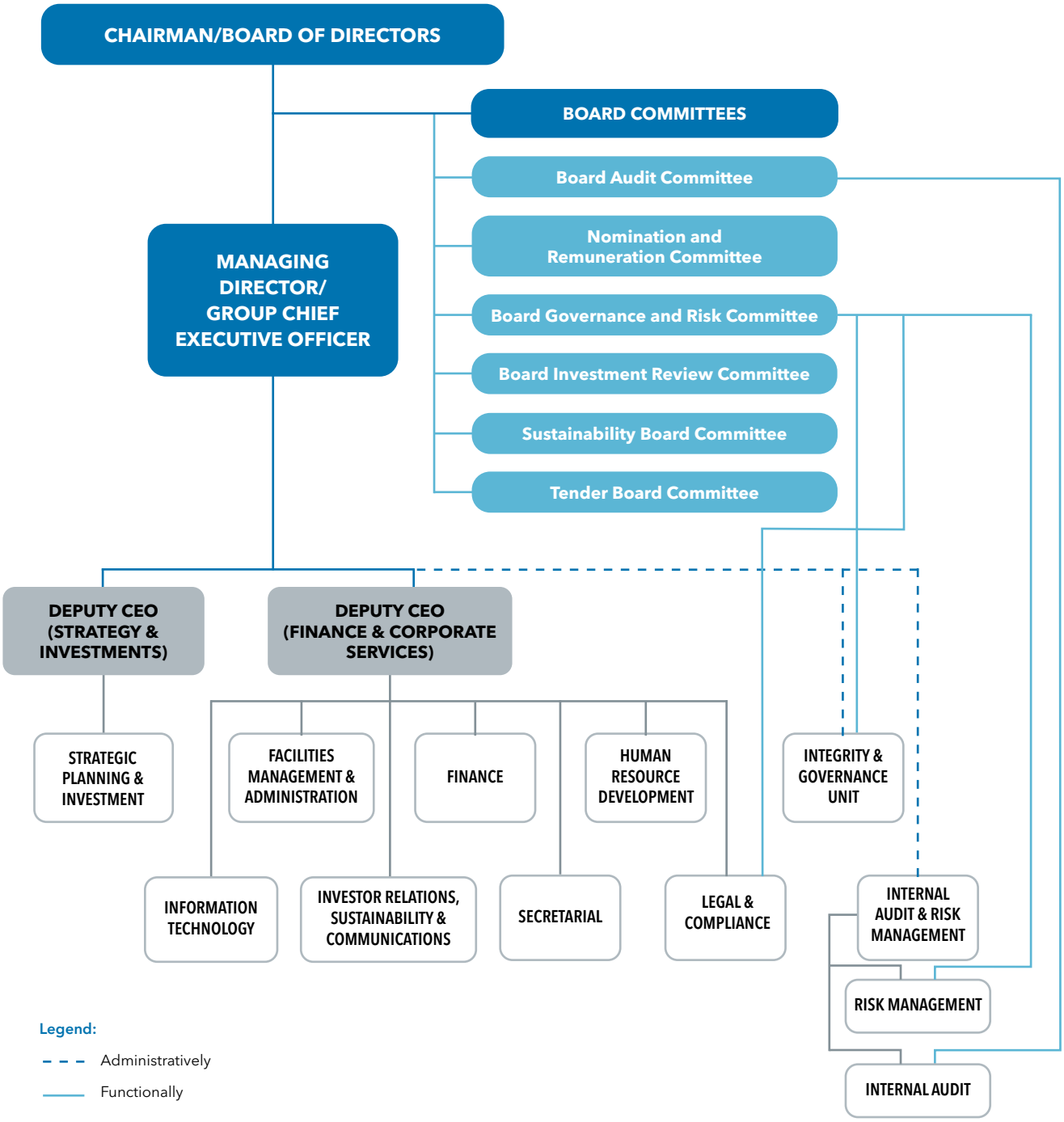
ASSOCIATE COMPANIES

- **40%** **Perangsang Water Management Sdn Bhd**
- **20%** **Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd**

Note:

The above Corporate Structure did not include KPS subsidiaries, which are/have been in liquidation, under receivership, under official assignee, dormant and/or ceased operation. For further details, you may refer to note 16 and 17 of the Company's Audited Financial Statements for the year ended 31 December 2021.

ORGANISATION STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

YB Dato' Haris bin Kasim
Chairman
Non-Independent Non-Executive Director

Puan Norita binti Mohd Sidek
Non-Independent Non-Executive Director

YBhg Dato' Idris bin Md Tahir
Independent Non-Executive Director

YBhg Dato' Ikmal Hijaz bin Hashim
Independent Non-Executive Director

Puan Norliza binti Kamaruddin
Independent Non-Executive Director

YBhg Dato' Noorazman bin Abd Aziz
Independent Non-Executive Director

Cik Sharmila Sekarajasekaran
Independent Non-Executive Director

Encik Ahmad Fariz bin Hassan
Managing Director/Group Chief Executive Officer

BOARD AUDIT COMMITTEE

Chairman
YBhg Dato' Idris bin Md Tahir

Members
YBhg Dato' Noorazman bin Abd Aziz
Cik Sharmila Sekarajasekaran

NOMINATION AND REMUNERATION COMMITTEE

Chairman
YBhg Dato' Ikmal Hijaz bin Hashim

Members
YBhg Dato' Idris bin Md Tahir
Puan Norliza binti Kamaruddin

BOARD GOVERNANCE AND RISK COMMITTEE

Chairman
Cik Sharmila Sekarajasekaran

Members
Puan Norliza binti Kamaruddin
YBhg Dato' Noorazman bin Abd Aziz
YBhg Dato' Idris bin Md Tahir

BOARD INVESTMENT REVIEW COMMITTEE

Chairman
YBhg Dato' Noorazman bin Abd Aziz

Members
Cik Sharmila Sekarajasekaran
YBhg Dato'Ikmal Hijaz bin Hashim

SUSTAINABILITY BOARD COMMITTEE

Chairman
Puan Norliza binti Kamaruddin

Member
YBhg Dato' Ikmal Hijaz bin Hashim

TENDER BOARD COMMITTEE

Chairman
YBhg Dato' Ikmal Hijaz bin Hashim

Members
YBhg Dato' Idris bin Md Tahir
YBhg Dato' Noorazman bin Abd Aziz

CORPORATE INFORMATION

COMPANY SECRETARY

Puan Selfia binti Muhammad Effendi
(SSM PC No. 201908000999/ MAICSA 7046782)

REGISTERED OFFICE

17th Floor, Plaza Perangsang
Persiaran Perbandaran
40000 Shah Alam
Selangor Darul Ehsan
Tel : +603-5524 8400
E-mail : irsc@kps.com.my
Web : www.kps.com.my

PRINCIPAL BANKERS

Bank Islam Malaysia Berhad
Tingkat Bawah, Wisma PKPS
Persiaran Perbandaran
40675 Shah Alam
Selangor Darul Ehsan

Affin Bank Berhad
F-G-38 & 39
Jalan Ikhtisas 14/1
Off Persiaran Damai
40000 Shah Alam
Selangor Darul Ehsan

RHB Bank Berhad
No. 16 & 18
Jalan Tengku Ampuan
Zabedah D9/D Seksyen 9
40100 Shah Alam
Selangor Darul Ehsan

PRINCIPAL BANKERS

Maybank Islamic Berhad
Shah Alam Main Branch
Persiaran Perbandaran
Seksyen 14, 40000 Shah Alam
Selangor Darul Ehsan

AUDITORS

Messrs BDO PLT
(LLP0018825-LCA & AF0206)
Level 8, Menara Centara
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

LISTING

Bursa Malaysia Securities Berhad
Main Market
(22 July 2003)
Stock Code: 5843

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor, Malaysia
Tel : +603-7890 4700
Fax : +603-7890 4670

MANAGEMENT TEAM

Encik Ahmad Fariz bin Hassan
Managing Director/ Group Chief Executive Officer

Puan Suzila binti Khairuddin
Deputy Chief Executive Officer, Finance & Corporate Services

Encik Azlan bin Abdul Jalil
Deputy Chief Executive Officer, Strategy & Investments

Puan Selfia binti Muhammad Effendi
Company Secretary/ Director, Secretarial

Puan Siti Shazlina binti Shamsiruddin
Director, Human Resource Development

Encik Mohamad Azlan bin Jaafar
Director, Internal Audit & Risk Management

Encik Zulkifli bin Mawardi
Director, Investor Relations, Sustainability & Communications

Encik Russell Raj George
Director, Legal & Compliance/ Chief Integrity & Governance Officer

5-YEAR FINANCIAL HIGHLIGHTS

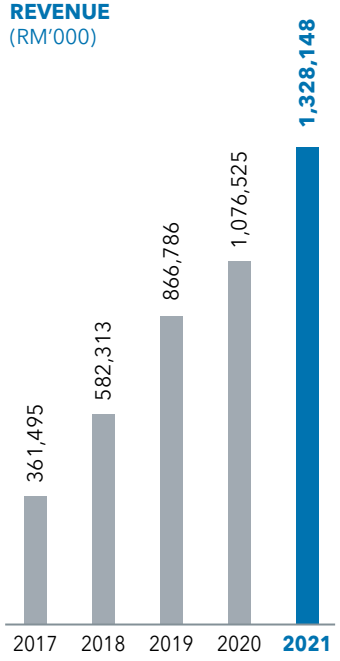
		2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Financial Indicators						
Revenue		361,495	582,313	866,786	1,076,525	**1,328,148**
EBITDA*	N1, N2	99,717	(127,097)	129,821	138,155	**163,673**
Profit/(Loss) Before Tax and Zakat ("PBT/LBT")*	N2	69,886	(179,639)	54,994	57,258	**87,923**
Profit/(Loss) After Tax and Zakat ("PAT/LAT")*	N2	63,016	(196,757)	29,223	40,088	**63,884**
Profit/(Loss) Attributable to Owners of the Parent		58,762	(205,549)	26,882	34,116	**57,200**
Financial Ratios						
EBITDA Margin (%)		27.6%	(21.8%)	15.0%	12.8%	**12.3%**
PBT/LBT Margin (%)		19.3%	(30.8%)	6.3%	5.3%	**6.6%**
PAT/LAT Margin (%)		17.4%	(33.8%)	3.4%	3.7%	**4.8%**
Basic Earnings/(Loss) Per Share Attributable to Owners of the Parent (Sen)		11.78	(38.25)	5.00	6.35	**10.64**
Dividend Per Share (Sen)*		4.25	4.25	32.60^	2.50	**4.50**
Financial Indicators						
Shareholders' Equity		1,361,579	1,134,208	957,763	993,632	**1,040,389**
Total Assets		1,944,922	2,170,175	2,295,756	2,276,488	**2,283,752**
Total Loans & Borrowings		307,658	611,136	668,333	616,206	**591,729**
Financial Ratios						
Return on Capital Employed (%)		4.9%	(8.2%)	5.1%	4.9%	**6.5%**
Return on Equity (%)		4.3%	(18.1%)	2.8%	3.4%	**5.5%**
Return on Assets (%)		3.0%	(9.5%)	1.2%	1.5%	**2.5%**
Gearing Ratio		0.2	0.5	0.7	0.6	**0.6**
Net Assets Per Share Attributable to Owners of the Parent (RM)		2.73	2.11	1.78	1.85	**1.94**

Note*

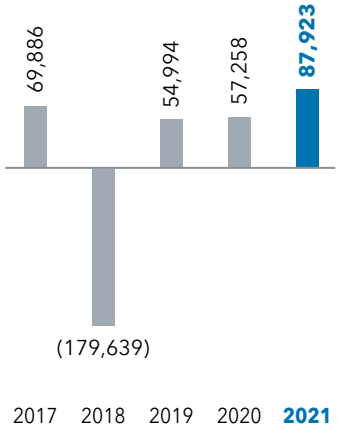
^ *Special Dividend*
N1 *Defined as Earnings Before Interest, Taxes, Depreciation and Amortisation.*
N2 *Including the items below for the respective years:*
2018 - RM208 million share of loss from an associate namely SPLASH Holdings.
2021 - RM14.8m gain from disposal of Toyoplas properties, RM4.2m PPP loan (from US govt for KKMW and KKLC)

5-YEAR FINANCIAL HIGHLIGHTS

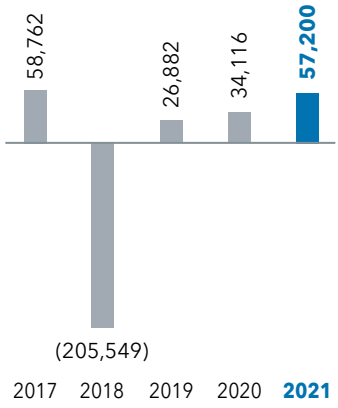
REVENUE
(RM'000)



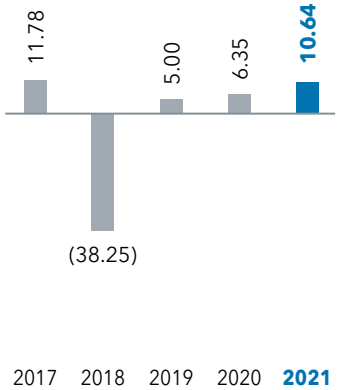
PROFIT/(LOSS) BEFORE TAX AND ZAKAT (RM'000)



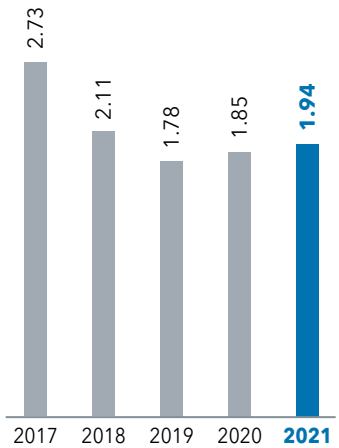
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT
(RM'000)



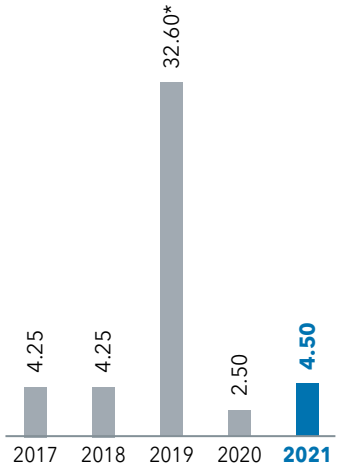
EARNINGS/(LOSS) PER SHARE
(SEN)



NET ASSETS PER SHARE
(RM)



DIVIDEND PER SHARE
(SEN)



* Note: Special Dividend

FINANCIAL CALENDAR

FINANCIAL YEAR

1 January 2021 to 31 December 2021

ANNUAL REPORT

Issued on 26 April 2022

ANNOUNCEMENTS ON QUARTERLY RESULTS

27 **May 2021**
1st Quarter Results

27 **August 2021**
2nd Quarter Results

25 **November 2021**
3rd Quarter Results

25 **February 2022**
4th Quarter Results

25 **November 2021**

ANNOUNCEMENT ON DIVIDENDS

Interim Dividend of 2.0 sen per share for Financial Year Ended 31 December 2021.

Entitlement Date :
9 December 2021

Payment Date :
30 December 2021

29 **March 2022**

Final Dividend of 2.5 sen per ordinary share for Financial Year Ended 31 December 2021*.

Entitlement Date:
10 June 2022

Payment Date:
6 July 2022

***Note:** Subject to shareholders' approval at the 45th AGM*

44TH ANNUAL GENERAL MEETING

25 **May 2021, 10:00am**

Broadcast Venue:

KPS Corporate Office,
17th Floor, Plaza Perangsang,
Persiaran Perbandaran,
40000 Shah Alam,
Selangor Darul Ehsan.

EXTRAORDINARY GENERAL MEETING

25 **May 2021, 12:00PM**

Broadcast Venue:

KPS Corporate Office,
17th Floor, Plaza Perangsang,
Persiaran Perbandaran,
40000 Shah Alam,
Selangor Darul Ehsan.

INVESTOR RELATIONS

At KPS, keeping our shareholders well informed is one of our priorities. We continually provide relevant information pertinent to business highlights on the Group's strategic directions and business operations to our shareholders in a timely, adequate, and transparent manner.

This keeps the investment community, which consists of analysts, fund managers, individual investors, the media and other stakeholders, well informed on aspects related to investing in KPS.

GOVERNANCE

Our Investor Relations ("IR") strategy and initiatives are guided by KPS' Investor Relations Policy ("IR Policy"). We have outlined a clear policy to ensure fair and ethical business dealings with all our stakeholders. We expend substantial effort to provide full disclosure of relevant and material information in accordance with the IR Policy and Bursa Securities Main Market Listing Requirement ("MMLR").

ANNUAL GENERAL MEETING

One of the most important communication channels with investors is the Annual General Meeting ("AGM") as it is the principal forum of open dialogue with our shareholders. Besides providing shareholders with a platform to provide feedback and seek clarification from the Group, the AGM also enables the Board of Directors and the Senior Management Team to interact directly with and respond to the shareholders.

The Notice and Agenda of the 44th AGM were issued via e-notification to the shareholders no less than 28 days before the meeting, which is in accordance with Practice 13.1 of the Malaysian Code of Corporate Governance ("MCCG") and within the prescribed period allowed under the Company's Constitution and Bursa Securities MMLR. It is designed to give shareholders ample time to prepare themselves to attend or appoint a proxy to vote on their behalf.

KPS's 44th AGM was held virtually on 25 May 2021, during which the Chairman and the Managing Director/Group Chief Executive Officer ("MD/GCEO") communicated with shareholders about the Group's business, prospects, financial results, and strategic directions.

INVESTOR RELATIONS

ANNUAL REPORT

Our Annual Report is an important communications collateral for stakeholders and other interested parties. Therefore, we take great care to ensure that this publication gives a clear and accurate picture of our activities during the year as well as our developments, governance and strategic direction.

The Group has digitalised its Annual Report since 2020. The QR code in the AGM e-notification provides shareholders with the link to access the Annual Report and the Sustainability Report electronically. Printed copies of both reports are available upon request from shareholders.

IR PROGRAMMES AND ENGAGEMENTS

IR programmes and activities were actively carried out during the year for the investment community and shareholders.

MAIN AREAS OF DISCUSSION

Business Direction

- Strengthening the Group's strategic focus and positioning in the Manufacturing Sector as well as businesses in the Trading, Licensing, and Infrastructure Sectors.

Business Focus and Prospects

- Success in investing and developing the manufacturing business.
- Challenges faced by infrastructure business.
- Prospects for the core businesses.

Subsidiary Companies

- Focusing on value creation by improving operational efficiency and enhancing organic growth via product diversification, expansion of customer base, and penetration of new market segments.
- Creating synergy between Toyoplas and CPI.

Financial Strengths

- Addressing steps taken to optimise the Group's profitability, balance sheet and cashflow and ensure business sustainability.

COVID-19

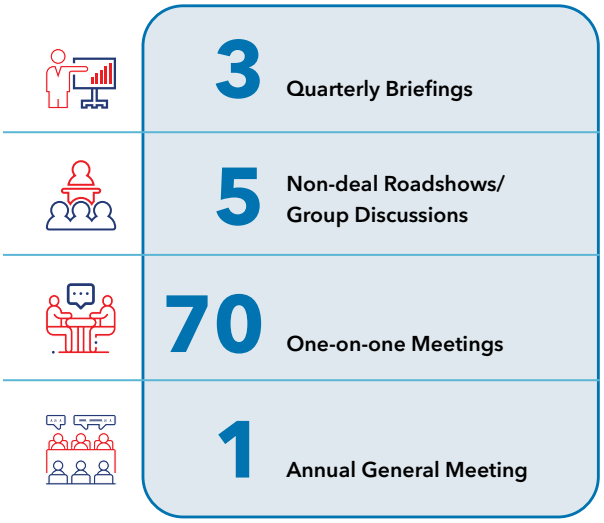
- Impacts of initiatives taken at the Group and subsidiary levels to sustain the business and ensure safety & health of employees.
- Addressing supply chain disruptions `and rise in raw material prices and how the Group mitigated the issues and future risks.

INVESTOR RELATIONS

We actively engaged with investors regularly throughout the year to improve awareness and keep them informed of the Group's business operations and strategic direction. Meetings were mainly conducted via the virtual platform in 2021 due to increased COVID-19 infections and the Movement Control Order ("MCO").

We organised a total of 79 engagements with KPS' targeted audience, aimed to increase awareness and understanding of the Group's business and operations, as well as to garner interest from potential investors.

Breakdown of the engagements are as follows:



Results Briefing

- Subsequent to filing interim results to Bursa Malaysia, a quarterly results briefing was scheduled for analysts and fund managers within a few days. It is a platform to facilitate discussions on KPS' quarterly performance, business strategies, subsidiaries' operations, prospects and outlook, as well as addressing any queries from the analysts and fund managers.
- The MD/GCEO presented the quarterly performance via virtual briefings before addressing the queries from the attendees. The Group's senior management was also present to engage directly with the attendees on matters relating to the operations of the Group.
- For the financial year ended 31 December 2021 ("FY2021"), we held three quarterly results briefings:

1Q 2021	4 June 2021
2Q 2021	3 September 2021
4Q 2021	3 March 2022

INVESTOR RELATIONS

One-on-one Meetings

- KPS focused on one-on-one meetings with analysts from the sell-side, analysts and fund managers from the buy-side, as well as existing shareholders.

- Engagements with both sell-side and buy-side parties aimed to increase awareness and understanding of KPS' strategy and business direction, and its investment appeal. During the one-on-one meetings, KPS' IR Team highlighted the performance and recent developments of the business operations.

- Out of 70 meetings, 36 were with sell-side analysts and institutional sales personnel from investment banks and research firms. 26 meetings were with buy-side analysts and fund managers from insurance companies, asset management, mutual funds and pension funds. Eight meetings were conducted with individual investors.

Non-deal Roadshows/Group Discussions

- Non-deal roadshows ("NDRs")/group discussions are usually organised by the sell-side, either investment banks or securities firms with their clients, who are from the buy-side. Buy-side is firms involved in managing insurance funds, pension funds or asset management.

- KPS participated in five NDRs/group discussions in 2021:

BIMB Securities Research
22 March 2021
20 April 2021

Alliance Investment Bank
7 April 2021
30 April 2021

Affin Hwang Investment Bank
13 April 2021

MEDIA ENGAGEMENT

Media plays a vital role in disseminating information to the mass audience through communication platforms such as newspapers, television, radio, and social media. For the past six years, KPS has gone through a transformational period, where a robust business strategy was implemented and shifted the business direction and focus to tapping into the potential of the Manufacturing sector. Supported by the other core businesses of Trading, Licensing, and Infrastructure, the Group has achieved remarkable milestones in strengthening its investment portfolio, increasing its sustainable income y-o-y, and expanding its regional presence. Therefore, engagement with the media is crucial for KPS to:

- improve awareness;
- keep the mass audience up to date with the latest business information; and
- convey the right messages to the mass audience.

INVESTOR RELATIONS

During the year, KPS issued eight press releases and was featured in six media interviews, garnering 88 news coverage through various platforms, including printed news, online news and broadcast news.

Topics Discussed and Covered	Number of news clippings
Financial news related to business performance, prospects and outlook.	38
Profiling of KPS and other business-related news.	28
KPS' Sustainability Initiatives.	22

OTHER COMMUNICATION CHANNELS

KPS uses the following communication channels to effectively reach out to targeted audiences:

WEBSITE
www.kps.com.my

EMAIL
irsc@kps.com.my

QR Code for Investor Relations portal

PRESS RELEASES
(kps.com.my)

SOCIAL MEDIA

LinkedIn:
Kumpulan Perangsang Selangor Berhad

QR Code for KPS LinkedIn

Instagram:
kps_sustainability

QR Code for KPS Instagram

INVESTOR RELATIONS

CREATING LONG-TERM SHAREHOLDER VALUE

The Group is committed to continuously delivering value to its shareholders and has been consistently rewarding our shareholders with generous dividends for their loyalty and support over the years.

On 30 March 2021, the Board of Directors ("Board") adopted a dividend policy ("Policy") under which the Group intends to pay at least 30.0% of the Group's normalised core Profit after Taxation and Minority Interest ("PATAMI") annually, to ensure stable and sustainable returns to shareholders. The dividend declaration and payment will either be in the form of interim or final dividend, subject to the approval of the Board and shareholders.

On 25 November 2021, the Board declared an interim dividend of 2.0 sen per ordinary share for FY2021. RM10.7 million was paid out to the shareholders on 30 December 2021.

The Board has also proposed another 2.5 sen as the final cash dividend for FY2021 on 29 March 2022, distributing a dividend payout of RM13.4 million. The proposal will be subject to shareholders' approval at the forthcoming 45th AGM, which will be held on 7 June 2022. Subject to the shareholders' approval, the dividend will be paid on 6 July 2022.

Including this final dividend, our shareholders will be receiving a total of 4.5 sen dividend per ordinary share with a total payout of RM24.2 million for FY2021, which is equivalent to 54.2% of FY2021 normalised core PATAMI. This is 24.2% higher than the Group's dividend policy of 30.0% of normalised core PATAMI.

RESEARCH COVERAGE

Our IR team continuously engages with the investment community to enhance awareness and garner investors' interests in KPS. We will proactively communicate and provide relevant information pertinent to the Group's strategic directions, business operations and performance to our shareholders in a timely, adequate, and transparent manner.

On 6 April 2021, BIMB Securities Sdn Bhd initiated coverage on KPS, and the following is the list of the research reports issued in 2021:

No.	Title	Date	Call	Target Price
1	Unleashing latent potential.	6 April 2021	Buy	RM1.60
2	Off to a great start of the year	28 May 2021	Buy	RM1.60
3	Earnings impacted by higher costs	30 August 2021	Buy	RM1.60
4	Strong earnings growth expected in 4Q	25 November 2021	Buy	RM1.60

INVESTOR RELATIONS

SHARE PERFORMANCE

Trading of KPS shares started on 4 January 2021, opening at RM0.92. After reaching the high at RM1.35 on 11 March 2021, our share price closed the year at RM0.72, sliding by 21.7% over the year. The performance of the broader market, as represented by the KLCI, decreased by 3.8% over the year, opening at 1,269.01 points and closing at 1,567.53 points.

KPS' share price underperformed KLCI. The sentiment in the stock market was partly affected by the vagaries in the global supply chain, which had a bearing on the manufacturing sector. Due to the uncertainty of the success of the global economic recovery, investors took a cautious stance and focused on stocks with higher market capitalisation.

SHARE PRICE PERFORMANCE KPS vs KLCI

Stock	Opened Trading on 4Jan 2021	Closed the Year on 31 Dec 2021	Performance (%)
KPS	RM0.92	RM0.72	(21.7)
KLCI	1,269.01	1,567.53	(3.8)

Source: Bloomberg

An assembly line at the Toyoplas Manufacturing plant in Senai. Johor.

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- Century Bond Bhd
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- Aqua-Flo Sdn Bhd

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The following Management Discussion and Analysis ("MD&A") is intended to convey the Management's perspective on the operating performance and financial review of Kumpulan Perangsang Selangor Berhad ("KPS" or "the Group") for the year ended 31 December 2021. We recommend that you read the MD&A in conjunction with the Financial Statements, notes thereto and other information included elsewhere in the Annual Report.

The MD&A is presented in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Financial Reporting Standards ("MFRSs"), and in relation to the disclosure requirements as per the Malaysian Code on Corporate Governance. Significant details on the Group's business operations, performance and strategy, as well as financial review and position, governance, risks and capital management, are covered in the MD&A. Your attention is also drawn to sections on our human capital development and sustainability efforts. This MD&A contains forward-looking statements that are provided to enable investors to gauge KPS's business prospects and make informed investment decisions. However, they involve inherent risks and uncertainties and other factors that are in many cases beyond our control. The forward-looking statements include, but are not limited to, for instance, our 2022 business prospects and outlook, as well as our expectations with regards to the macroeconomic and socio-geographic conditions, and their anticipated impact on the Group's business operations.

We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'expect', 'intend', 'plan', 'believe', and words of similar substance in connection with any discussion of future performance. Although KPS believes that the expectations of its Management as reflected by such forward-looking statements are reasonable based on current information, no assurance can be given that such expectations will prove to have been correct. Should one or more of the risks and uncertainties materialise, actual results may vary materially from those anticipated or projected.

MESSAGE FROM MANAGING DIRECTOR/ GROUP CHIEF EXECUTIVE OFFICER

AHMAD FARIZ BIN HASSAN

DEAR SHAREHOLDERS

On behalf of the Board of Directors of Kumpulan Perangsang Selangor Berhad ("KPS" or" the Company" or "the Group"), it is my pleasure to present the Management Discussion and Analysis ("MD&A").

ASPIRING HIGHER

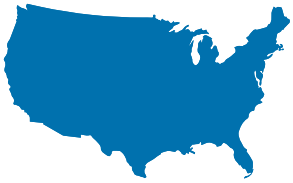
> **For KPS, 2021 was a year with agility, resilience, and determination where we continued to strive for excellence amidst the lingering impact of COVID-19 that prolonged the very challenging business conditions across the manufacturing sector. Our business continuity and value creation plans were put to test again, along with the spirit, fortitude, and tenacity of our people in facing and overcoming the vagaries and vicissitudes of the operating environment canvassing the manufacturing sector.**

The MD&A provides an overview of quantitative and qualitative accounts of the Group's financial performance for the year ended 31 December 2021 and non-financial performance as at the last practicable date of 29 March 2022. The MD&A conveys how your Company has performed and how effective the Management's decisions have been in strengthening the Group's fundamentals towards achieving sustainable growth and enhancing KPS' strategic positioning in the marketplace.

I am happy to say that we have emerged from the storm learnt, stronger and newer, continuing to embrace our core values in pursuit of the financial and operational excellence, following through LEAP25, our long-term growth strategies, as we work collectively towards our vision and mission, meeting our quantitative and qualitative objectives. We were extra blessed this year because despite and along with the challenges we were facing this year, we charted a new milestone in KPS' long history:

WE REBRANDED

US



MALAYSIA

VIETNAM

INDONESIA

CHINA

With operations in **5 countries** **(US, Malaysia, China, Indonesia & Vietnam)** and a value chain that traverses more than **80 countries**, we continue to grow, delivering sustainable value and meeting our stakeholders' expectations.

EVOLUTION
OF OUR BRAND IDENTITY

We set a new milestone recently: we evolved our brand identity. As you may have noticed in the news or at the least witnessed here in this annual report, we are sporting a brand-new logo, an entirely new look. This marks a momentous milestone since KPS' incorporation 47 years ago in our odyssey as an investment holding company. The rebranding exercise that was officiated by YAB Dato' Seri Amirudin Shari, Dato' Menteri Besar of Selangor on 28 February 2022, has allowed us to reflect on what our brand stands for and everything that we aspire to become as we move forward in the decades to come.

This marks a momentous milestone since KPS' incorporation

47 years ago in our odyssey as an investment holding company.

MANAGEMENT DISCUSSION AND ANALYSIS

KPS Managing Director/Group Chief Executive Officer Ahmad Fariz Hassan, Chairman Datuk Haris Kasim, and Menteri Besar Selangor Dato' Seri Amirudin Shari officiating the launch of KPS' new logo at the Setia City Convention Centre in Shah Alam on 28 February 2022.

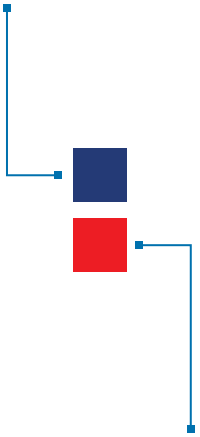
It is not just our logo and the externals such as the corporate website, social media, and corporate uniforms that has changed. But more importantly, our culture, brand promise, internal processes and practices, and focus on better communicating our business prospects have evolved too. KPS has undergone many transformations in terms of its business aspirations and investment strategies, directions, and objectives. Its investment ideology has shifted from managing state assets in Selangor to investing in scalable global businesses in strategic and high-growth sectors.

We have proven in the recent past that we have invested responsibly, resulting in us improving our strategic positioning as a global investment holding company that highly emphasises sustainable development while being cognisant of the economic, environmental, and social risks and opportunities.

Logo Rationale

The logo is associated with the Avenir LT Pro typography, which enhances the element of modernity, dynamism, and finesse in the visual identity. It is a symbol that recalls KPS' evolution and steadiness, as well as the challenges it has taken on in its new era of business in the global sphere. The typography is also inspired by KPS' strategic positioning backed by geographical, sectoral, and demographic diversity and dynamic culture. The understated elegance of the lowercase typography reveals KPS' confidence, having been firmly established since 1975.

The solid blue colour for the typography reflects KPS' commitment to maintaining a sustainable business model, whilst showing a high degree of integrity, trustworthiness, and professionalism. It also bears such qualities as sturdiness, dependability, and order.



The pixels in the logo represent the building blocks of our business and they are slanting upwards to convey its vigour, as KPS continues to grow and transform into a stronger entity. The integration of the pixels also symbolises the synergy and strength of its business and the adeptness of its people in embedding sustainable development for efficiency and competitiveness. The minimalistic arrangement of the pixels is a graphical demonstration of KPS character being progressive in its aspirations and ambitious in its objective.

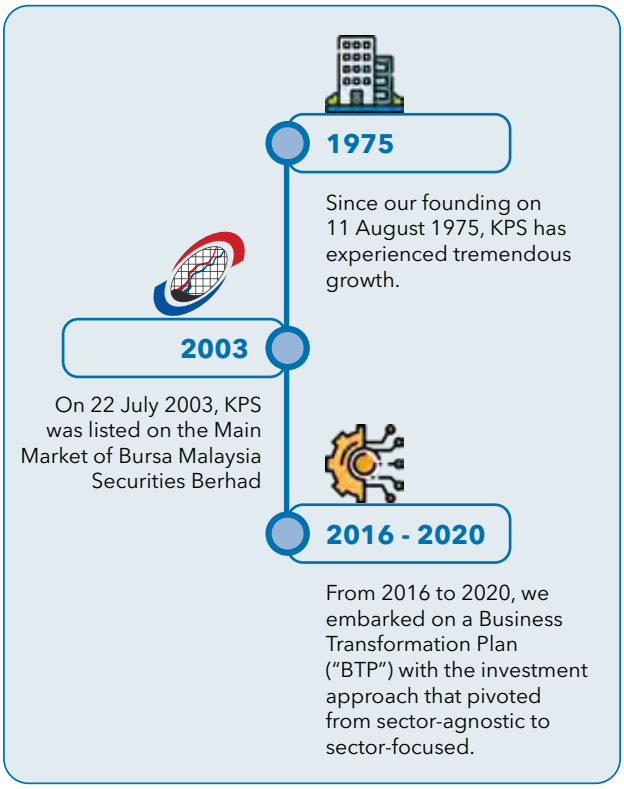
Whereas the vibrant red colour of the pixels expresses KPS' bold yet responsive and versatile character, which is further emboldened by a strong energy, optimism and courage.

Our Journey

Since our founding on 11 August 1975, KPS has experienced tremendous growth. Our journey started with a vision to be the catalyst for Selangor state's economy in the mining and property sectors. Decades later, our vision evolved, and focus was redirected towards investment particularly in the infrastructure and utility sectors. However, the business activities were still limited within the scope of the state of Selangor.

On 22 July 2003, KPS was listed on the Main Market of Bursa Malaysia Securities Berhad following the merger of its holding company, Kumpulan Darul Ehsan Berhad, an entity wholly owned by the Menteri Besar of Selangor Incorporated. The listing on Bursa Malaysia drove KPS to be more committed to the Company's overarching objective of generating sustainable growth, underpinned by the vision to become a key player in the country's infrastructure and utility sectors.

From 2016 to 2020, we embarked on a Business Transformation Plan ("BTP") with an investment approach that pivoted from sector-agnostic to sector-focused. Strategically, the implementation of the BTP was to ensure sustainable growth overarchingly and maximise shareholder value. This was done by ensuring that the assets that we acquired were of market leaders in high growth areas who were cash flow positive. In addition, the BTP also emphasised cost-effective business management and prioritised human capital development that aimed towards embodying a high-performance culture. The acquisition strategy was prudently carried out on scalable businesses primarily in a specific sector: the manufacturing sector.



Strategically, the implementation of the BTP was to ensure sustainable growth overarchingly and maximise shareholder value.

But Why Manufacturing?

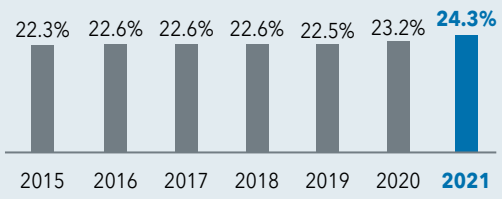
The importance of the manufacturing sector in contributing to economic growth cannot be demurred. It is key to the development agenda in all economies, playing a vital role in economic transformation, export revenue generation and job creation. As technology and consumerism evolve, the manufacturing sector will continually be on a roll in producing higher value-added, diverse, and complex products, particularly in the other catalytic sub-sectors of electrical and electronics ("E&E"), medical devices and even aerospace.

Manufacturing contributed

24.3%

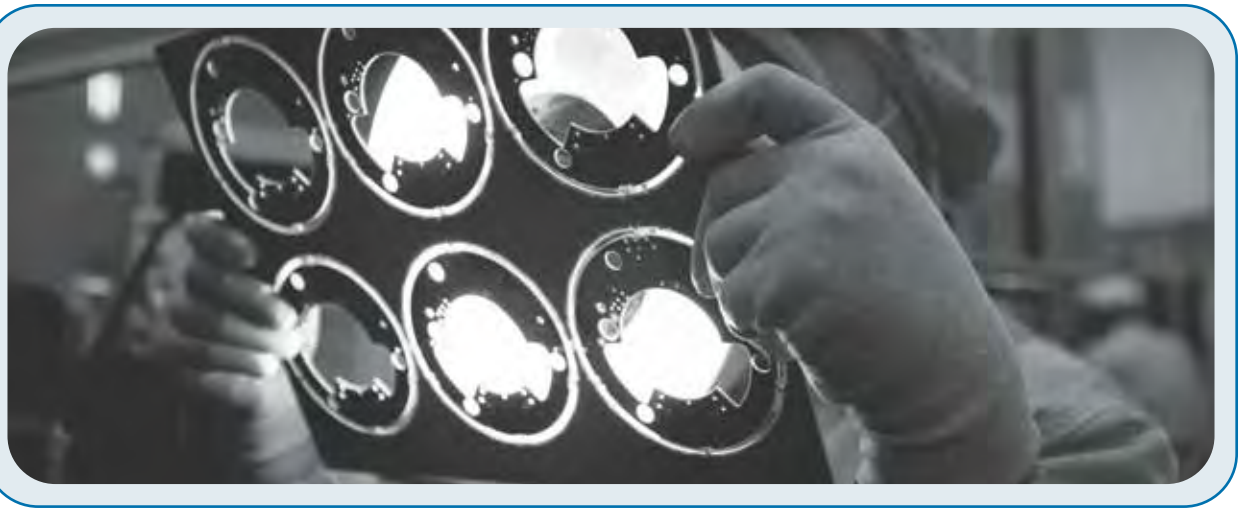
to Malaysia's 2021 GDP.

MANUFACTURING'S CONTRIBUTION TO MALAYSIA GDP



Source: Bank Negara Malaysia ("BNM")

For competitiveness, manufacturers will continue to increase their productivity by accelerating automation and innovation, undertaking research and development for commercialising products and services, implementing green and sustainable production and labour practices, and leveraging industry associations in sharing best practices. Therefore, managing environmental, social and governance ("ESG") risks and opportunities will continue to be a requisite amongst industry actors within the manufacturing sector and other sub-sectors, rendering favourable prospects of revitalising mature industries and emerging opportunities for new ones.



Product quality inspection at CPI's manufacturing plant in Bayan Lepas, Penang.

On this notion, the manufacturing sector, will by default, pulsate the economy. KPS, will, as a result, empower many industries within the sector through the many multinationals it serves, placing the Group on a sustainable growth trajectory.

That is the multiplying value of investing in the manufacturing business and I have had the privilege of working with KPS during this period of significant change.

BTP

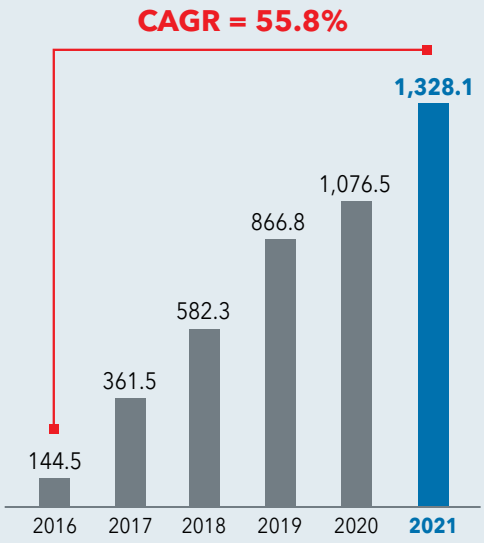
STRATEGY

- **Acquisition of Cashflow Generating Assets & Reassessment of Existing Portfolio.**
- **Cost Optimisation & Process Improvement.**
- **Human Capital Development.**

ACHIEVEMENTS

TOYO TOYOPLAS A Member of kps Group
CPI A Member of kps Group
A Member of kps Group
KING KOIL MATTRESS CO. A Member of kps Group

HISTORICAL REVENUE
(RM MILLION)



Change in revenue contribution pre-BTP, During BTP and 2021, after BTP.

MANAGEMENT DISCUSSION AND ANALYSIS

ACQUIRED SEVERAL LEADING MANUFACTURING COMPANIES

2016

KING KOIL MATTRESS CO. A Member of kps Group

A Member of kps Group

Kaiserkorp Corporation Sdn Bhd, a global brand owner of **King Koil®** and **Century Bond Bhd**, an integrated packaging solutions provider.

2018

CPI A Member of kps Group

TOYO TOYOPLAS A Member of kps Group

CPI (Penang) Sdn Bhd and a year later, **Toyoplas Manufacturing (Malaysia) Sdn Bhd**, both involved in injection moulding and electronics manufacturing services ("EMS").

90%

Group's revenue is generated from investments outside Selangor.

Business value chain surpassing **80** **countries** and global customer profiles comprising multinationals.

All these companies are operating from their respective manufacturing plants in:

JOHOR

PENANG

NEGERI SEMBILAN

Overseas operations span throughout the United States of America ("US"), China, Indonesia, and Vietnam.

US

CHINA

INDONESIA

VIETNAM

KPS
MILESTONES (1972 - 2022)

1975

KPS was established on 11 August 1975 with a vision to become a leading infrastructure and utility player.

2016

- Launched the Business Transformation Plan ("BTP"), a new growth agenda to ensure business sustainability of the Group.
- Acquired

60.0% Kaiserkorp Corporation Sdn Bhd.

71.4% Century Bond Bhd.

51.0% Smartpipe Technology Sdn Bhd.

- Emerged as majority shareholder by holding 51.0% equity stake in Aqua-Flo Sdn Bhd.

2017

Emerged as majority shareholder by holding 51.0% equity stake in KPS-HCM Sdn Bhd.

2018

- Set a new business direction for King Koil Licensing Company Inc. operations in the United States of America ("US") from licensing to direct-to-retail manufacturer.
- Acquired 100% equity stake in CPI (Penang) Sdn Bhd.
- SPLASH Holdings accepted a takeover offer of SPLASH by Air Selangor.

2019

- Smartpipe joint-ventured with Menteri Besar Kedah Incorporated ("MBI Kedah") to provide non-revenue water (NRW) solutions in Kedah.

- Acquired :

100% Century Bond Bhd.

100% Toyoplas Manufacturing (Malaysia) Sdn Bhd.

- Century Bond Bhd acquired Taspack Industrial Sdn Bhd ("Taspack") for **RM21.25 million.**

2020

- KPS set a new milestone, surpassing the **RM1 billion** revenue mark for FY2020.
- KPS awarded the Sustainability and CSR Malaysia Awards 2020, for Company of the Year (Manufacturing and Trading)

- KPS won Silver for the National Annual Corporate Reports 2020 Excellence Award ("NACRA 2020") for Companies under RM2 billion Market Capitalisation.

LEADERSHIP PERSPECTIVE AND PROFILE

2000

Acquired 30% equity stake in Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings"), 30% equity stake in Konsortium ABASS Sdn Bhd ("ABASS") and 20% equity stake in Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd.

2003

- Listed on Bursa Securities with an authorised capital of RM1.0 billion and an enlarged paid-up capital of RM431.4 million.
- Via 60% subsidiary, Hydrovest Sdn Bhd,acquired 60% equity interest in Aqua-Flo Sdn Bhd, a water chemicals treatment and equipment specialist.

2006

Via 55% subsidiary, Titisan Modal (M) Sdn Bhd, KPS completed the acquisition of 100% equity stake in ABASS.

2007

Market capitalisation hit the RM1 billion mark, reaching RM1.35 billion at the end of December 2007.

2015

Divested ABASS to Pengurusan Air Selangor Sdn Bhd.

2013

Divested Kumpulan Hartanah Selangor Berhad to Air Selangor Holdings Berhad (formerly known as Kumpulan Darul Ehsan Berhad), marking the Group's exit from the property development sector.

2012

The Group ventured into two new investments in the areas of Oil & Gas and Telecommunications. Via 100% subsidiary Perangsang Oil and Gas Sdn Bhd, KPS acquired 40% equity stake in NGC Energy Sdn Bhd. Via 100% subsidiary Perangsang Telco Sdn Bhd, KPS acquired 30% equity stake in Ceres Telecom Sdn Bhd.

2021

KPS won the **Platinum Award** for the NACRA 2021 Excellence Awards for Companies under RM2 billion Market Capitalisation.

For the third year running since 2019, KPS won the 'Company of the Year Award for Leadership in Sustainable Environment & Social Initiatives' under the Investment Holding category at the Sustainability & CSR Malaysia Awards 2021.

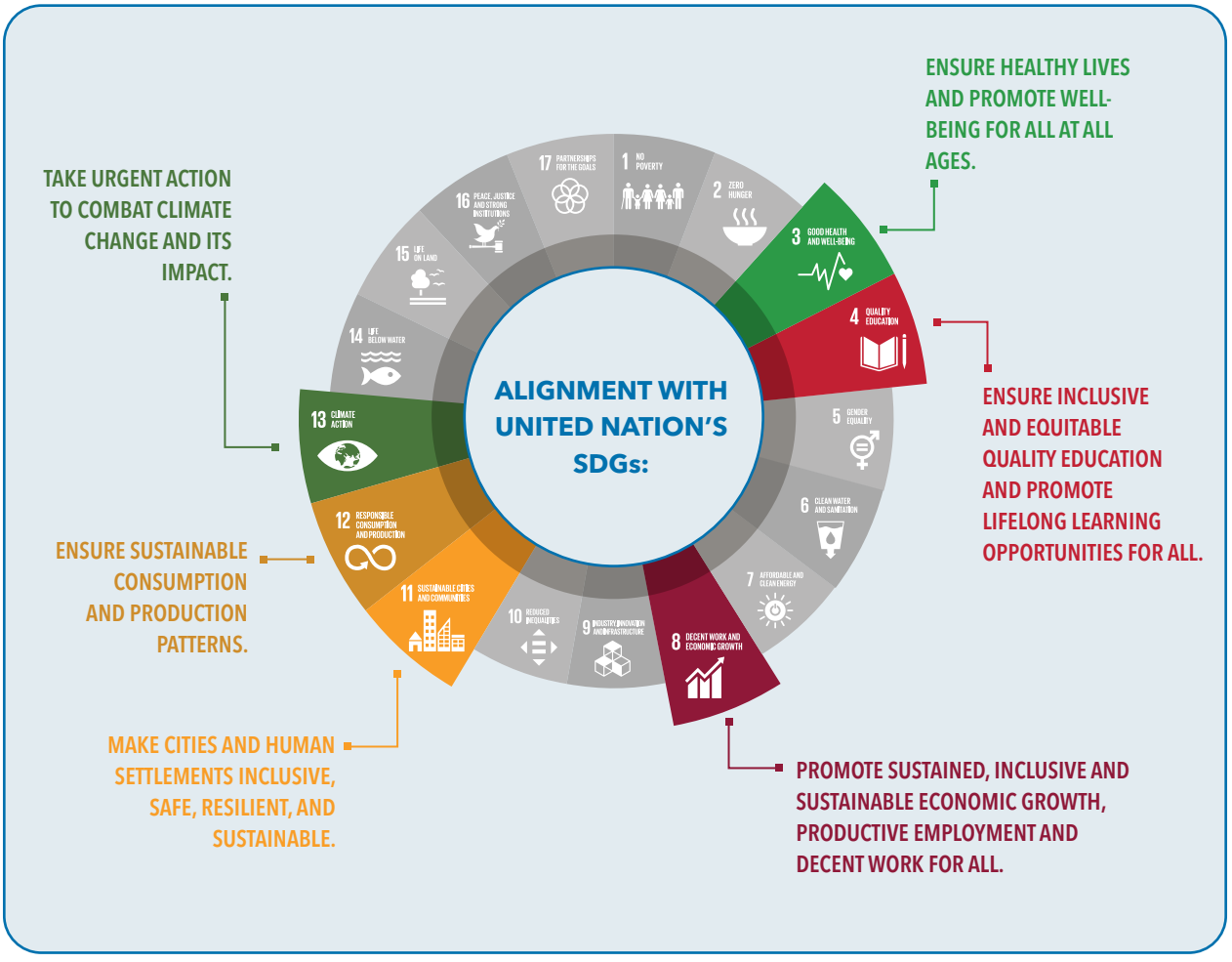
KPS bagged the Malaysia Minority Shareholders Watch Group ("MSWG")-ASEAN Corporate Governance Award 2020 for two categories: Excellence Award for CG Disclosure - Market Cap Above RM100 million to RM300 million; and Industry Excellence Award - Industrial Products & Services.

2022

kps.

With its progress so far, KPS is mindful that its core businesses have far-reaching economic, environmental, and social impacts, leaving a footprint in the community where we operate. Thus, we are committed to conducting our business responsibly by embedding sustainability aspects in the business strategy and corporate aspirations and considering the ESG risks and opportunities to create long-term value for our stakeholders.

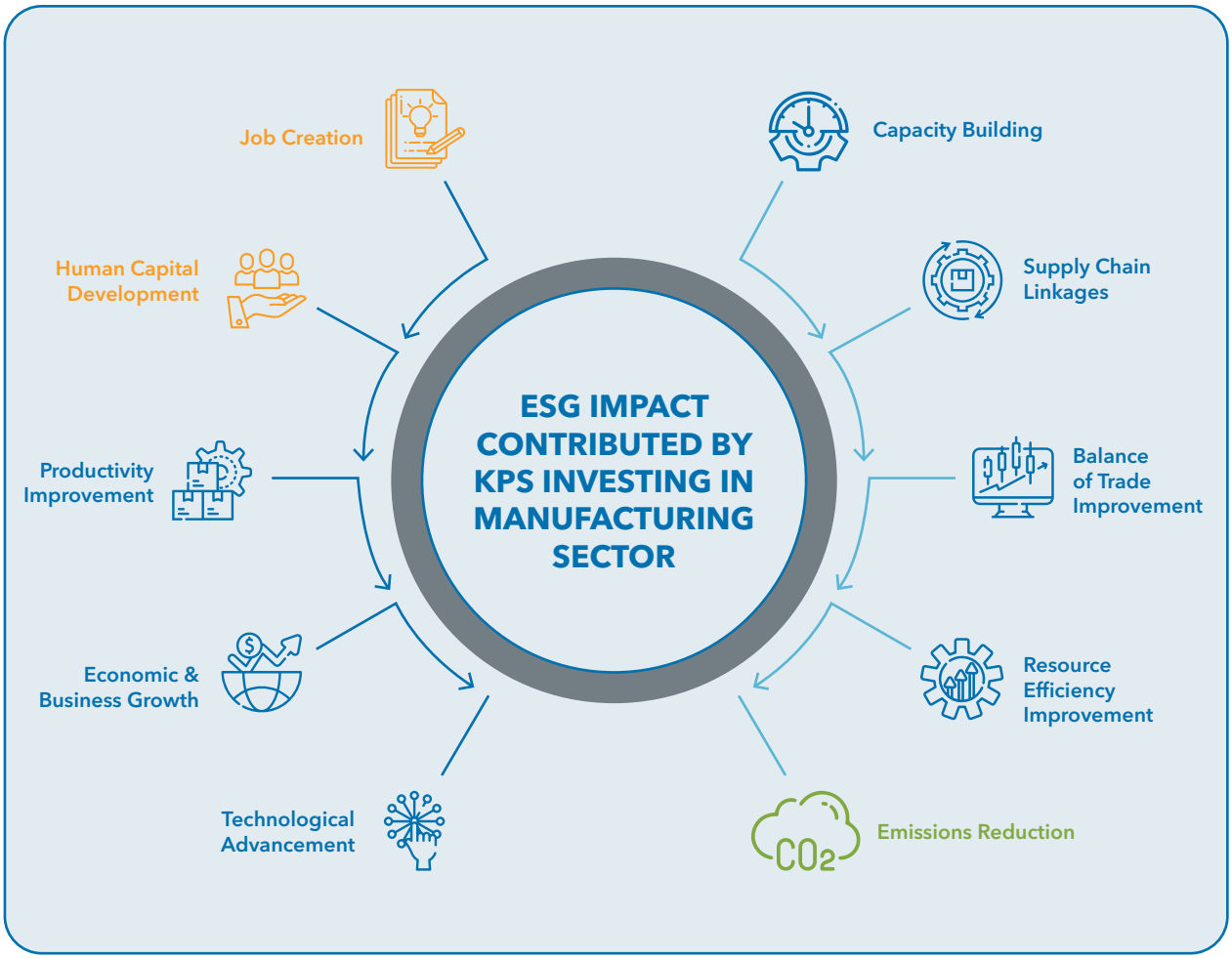
Our investment exposure in the Manufacturing sector shall continue to lend critical support in the nation-building agenda by contributing to the United Nations Sustainable Development Goals ("SDGs").



Why Rebrand?

We are a part of a dynamic and inter-linked economic system. Our investments in the manufacturing sector have elevated our impact towards sustainable development, either by catalysing other economic sectors, contributing towards social development in our communities, or managing our environmental footprint. By contributing to the system, whether directly or indirectly, we generate value for our society. And the value has augmented since the implementation of the BTP given our elevated impact on society.

It is a necessary corollary to expect that our brand equity, the brand value that is associated with KPS, should too. But somehow the market did not bounce the vibe. So, efforts still need to be exerted before we arrive at the intended brand equity. But the first step is to make sure our brand identity resonates with this intention.



MANAGEMENT DISCUSSION AND ANALYSIS

Today, we are bigger in terms of business achievements, better in terms of our ESG commitment and contributions, and reaching higher in terms of our strategic ambitions. Evidently, stakeholder perception towards KPS' brand has gradually improved, supported by the confidence in the business and cultural transformation we have experienced so far.

However, we believe the intrinsic value generated in society can be further capitalised to enhance our brand equity. We believe that our brand equity should deliver more in terms of amalgamating favourable perception towards the Group, notwithstanding the often-onerous legacy associations that could have impeded KPS' branding efforts before this.

Our brand identity must evolve with our progress.

As far as our corporate journey goes, we have changed along with our focus and reach. At times before, I saw a dissonance between KPS' brand identity and the version I aspired for the Group, as it did not fully evoke the Group's vision. When it comes to branding, a lot is in the name, and a lot is in the visual. What seemed like an appropriate identity 47 years ago no longer aligns with what our brand is trying to accomplish today.

We have expanded our geographical reach, with our focus and culture evolved. We have a different DNA now. So, our brand identity has to transform with our progress, free from parochialism and guided by new aspirations and future ambitions.

Our brand identity must bring to mind the strategic positioning culture we want our brand to represent. So, we felt that we needed to change the brand identity to be more recognisable and positively in line with our business aspirations. It must carry an apposite meaning in terms of imagery and what it stands for. And finally, it must be able to command the brand response that we aspire.

MANAGEMENT DISCUSSION AND ANALYSIS

KPS' new logo launch at the Setia City Convention Centre in Shah Alam on 28 February 2022.

Menteri Besar Selangor Dato' Seri Amirudin Shari's delivering his speech during the launch of KPS' new logo.

We decided to take the opportunity to evolve our brand to better communicate the breadth of merits and expertise that KPS truly represents, contemporaneously realigning it with our business direction and value proposition. We were very excited and proud to have announced our new brand identity and logo.

The rebranding exercise which marks the next phase of our journey is proof of KPS' ability to remain relevant and relatable in the global business arena, a turning point that will further code KPS' DNA with progressive, dynamic, and resilient genetics, complementing the opportunity for KPS to advance and meet ever-changing stakeholder expectations.

As part of our strategic brand management, we aim for the new brand identity to provide a greater differentiation to our brand, enhancing customers' and investors' loyalty. We also believe that with the element of confidence, it could further foster employee alignment and engagement.

By changing the perception about KPS to where it should be and aligning the identity that reflects dynamism to invoke the Group's vision, missions, and corporate objectives, we could improve KPS' standing in the marketplace, secure deserving recognition and receptivity from our stakeholders.

Scan the QR Code to access the **Launch video**

OUR PEOPLE

COMING TOGETHER OVERCOMING CHALLENGES

The year started with global economies reopening and countries continuing with their policy support and administering vaccine rollouts at record speed. These measures helped regain sentiment and rebuild confidence to restimulate the economic activities on the onset. Shortly after, though, the deadly Delta and highly transmittable Omicron variants emerged. Then a series of new-normal appeared in that we expected new challenges to arise continuously.

MANAGEMENT DISCUSSION AND ANALYSIS

I celebrate the incredible energy put forward by our team in the face of immense challenges to safeguard the integrity of our operations. Rather than just grinding through the obstacles, some of which we had prior acquaintance with, we stayed focused on the endgame, making sure the strategy in bridging recovery was executed well, with the Group's fundamentals strengthened, our business catalysts driven, and the growth momentum heightened. And at the end, we translated those challenges into commendable financial and operational results while still making positive ESG impacts.

Many factors contributed to being successful and delivering the commendable results. Obviously, having a sound strategy, having value creation plans, having global and regional presence, having marketable products, and having efficient processes are all important.

But that all fell on the people at our manufacturing plants, at our subsidiary companies and at our head offices to execute on the strategies, plans, and processes, making sure that our plastics injection moulding and Electronics Manufacturing Services ("EMS"), packaging solutions, and mattress businesses were successful.

So, another achievement that we are really proud of – besides the evolution of our brand identity - was really, our people coming together as a team. They held our core values to heart and struck to perform better and better by putting in the extra miles, further harnessing our business resilience in spite of reimposed mobility restrictions, intensifying supply chain disruptions, and raging input cost inflation. Their tenacious commitment and contribution to KPS' success was exemplary, especially when the challenges that came with at times were arduous and frustrating.

Our core values, '**PRIDE**', played a significant role in helping us navigate through the challenges and keeping us strong by providing us with an unyielding foundation. **PRIDE** is the acronym for **Pride**, **Respect**, **Integrity**, **Discipline** and **Extra-mile**, established on 24 October 2018. PRIDE forms the building blocks of our corporate and organisational culture. It supports our vision, shapes our work culture, and reflects what matters to us. It is the essence of our Group's identity, beliefs, philosophy and our guiding light which helps us be bold in facing head-on challenges with requisite agility. In this challenging time, Discipline and Extra-mile are two of the key core values that enable us to persevere, stay resilient and rise above. Discipline helps keep us on our toes in tracking the changes in the operating environment, continuously assessing the risks and creating mitigation plans. It urges us to act promptly and reduce the impact from the challenges while seeking to seize opportunities that arise. With Extra-Mile, we put in the extra effort to ensure that we deliver value to our stakeholders in effectively meeting their needs and sustaining their well-being.

MANAGEMENT DISCUSSION AND ANALYSIS

When times were tough during the year for our manufacturing and other businesses due to the mobility restrictions, supply chain disruptions and workforce challenges, we needed an anchor and a compass to lead us through the unprecedented vagaries in the operating environment. For us, it was our core values, PRIDE. During the difficult times, PRIDE reminded us of what drives KPS, who we are and our objectives. PRIDE was the clad that safeguarded us while navigating the volatile, uncertain, complex and ambiguous ("VUCA") business conditions.

We persevered through the challenging 2021 by linking our behaviours to PRIDE, having constant engagement and discussion sessions with our team members about expectations and meeting our shared corporate objectives.

Regular employee engagement promotes talent retention, fosters customer loyalty and improves organisational performance and stakeholder value.

ADDRESSING SOCIAL CONCERNS DURING RECOVERY

While navigating KPS through recovery, the top priority was creating safe workspaces with all reasonable precautions to ensure the safety and comfort of all our employees as they adjusted back to working in-office. In-office work was not the same as it was pre-COVID. We had to plan how best to support our people during this transitional period by making the in-office experience and remote experience equitable, and where needed, allowing flexibility for hybrid work.

On 27 May 2021, the Board approved the Quality, Safety, Health and Environmental policy to continue to enhance the quality of works, services, safety, health and environmental performance of employees alongside the relevant persons. The Management and employees will work in tandem to prevent any potential non-conformity of work and services, any possibility of injury arising from incidents occurring at the workplace, and any concerns of environmental aspects or issues.

The ebb and flow of the number of positive cases during the year reinforced our focus on business growth and efficiency, making way for building our resilience. We encountered the volatility of economic and sectoral prospects and experienced first-hand the many potential disruption and discontinuities within our operating environment. But, when it comes to our workforce and resilience, as the pandemic had taught us, we had to balance employees seeking certainty and flexibility with KPS pursuing stability and agility.

COVID-19 VACCINATION STATUS
AS AT 28 FEBRUARY 2022

Total Staff	**2,194**
	63% Booster 3rd Dose
Total Staff	**1,171**
	33% Completed 2nd Dose
Total Staff	**84**
	2% Completed 1st Dose
Total Staff	**53**
	2% Pending Vaccination Date
TOTAL	**3,502***

** Out of 3,510 staff*

Stringent COVID-19 screening and testing for all KPS employees were carried out vigorously throughout 2021 to protect the health and safety of all our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

SUPPORTING OUR PEOPLE BRIDGING RECOVERY

EMPLOYEE SAFETY AND WELL-BEING

Ensuring workplace safety is the shared responsibility of employers and employees, where the Group's Health and Safety committees promote strict adherence to enforcement of regulations and SOPs through regular briefings and programmes.

In the face of a pandemic, reinforcing a positive safety culture builds employees' trust in our ability to keep them protected by instilling adequate COVID-19 preventive measures. We continuously stress compliance with the following procedures to safeguard the well-being of our employees and stakeholders:

- increasing the frequency of cleaning and disinfecting offices and manufacturing facilities;
- practising social distancing; and
- observing other safety and health measures consistent with specific regulatory requirements and guidance from the Ministry of Health and other governing bodies.

Optimising our hybrid workforce with flexible work-from-home ("WFH") and helping them shift and adjust from WFH to fully in-office mode.

Being mindful of their physical and mental well-being compelled us to organise more engagement initiatives, building team morale and staying connected.

TECHNOLOGY ADOPTION TO INCREASE AGILITY

The integration of automation and robotics have considerably enhanced operations at our manufacturing plants by enabling business continuity.

This allows us to stay operational even when unpredictable staffing challenges and labour shortages arise.

UPSKILLING AND PROFESSIONAL DEVELOPMENT

We encourage our employees to expand their knowledge and extend their network. The recovery phase has highlighted the importance of professional development. It has also made upskilling and cross-training of the workforce at the manufacturing plants necessary to undertake changeovers should we need to manufacture different products, or take over the lines of sick colleagues, in the event of disruptions arising from labour availability.

We will be more resilient in the long-term if we provide opportunities for our people to build multiple competencies, from technical skills to soft skills.

ENGAGEMENT AND COMMUNICATION

A transparent and consistent communication process is necessary to stay engaged with a remote workforce, as our people must remain connected across departments, locations, and manufacturing plants.

We prioritised regular communication – both top-down and bottom-up – enabling all of us to engage as effectively as before the WFH policy was implemented.

MANAGEMENT DISCUSSION AND ANALYSIS

Toyoplas develops a rigorous quality assurance system at its plastics components assembly lines.

The challenges we faced in 2021 were mainly systemic, but some were surmountable. The Malaysian Government ("the Government") declared a state of emergency in January 2021 in a few areas where our manufacturing plants are located and took a stance to reimpose various Movement Control Orders ("MCO") through August 2021 in the attempt to curb the rising number of new positive cases. Following this, socio-economic uncertainty conjured, spooking the global and local business environment with lengthy and onerous supply chain disruptions.

While manoeuvring these challenges, we continued to examine and feel the pulse of the market continuously and tweaked our business strategies accordingly, amongst others, thoroughly rebalancing our existing businesses, capitalising on emerging opportunities while ensuring competitive repositioning of our products to outpace the challenges and be ahead of the curve.

I am proud that our business strategies and execution were proven to be effective, leading to the subsidiary companies' growing its fundamental resilience in weathering the continued impact of the pandemic, as demonstrated by the Group's' commendable year-on-year revenue and earnings performance.

GAINING STRONGER GROUND DESPITE CHALLENGES

At the end of 2020, many predicted 2021 to be better. But as each quarter progressed, it was clear that the recovery was long and, at times, very winding. Just like when one contracts the virus, the symptoms of infection would typically include spiralling bouts of chills, headaches, fevers, and a constant struggle to breathe. And through all that, debilitating fatigue. And at the end of the infection tunnel, though, more often, there would be light through which hope of getting better afloat – a recovery.

Vaccine rollouts had taken the global and local economies on the track to recovery. Alas, the fears triggered by the emergence of new COVID-19 variants dampened the overall economic recovery momentum. The situation was made worse by the manifestation of physical risks of climate change, such as extreme flooding, the southern migration of the polar vortex, hurricanes, and extreme heat, wreaking further havoc in the supply chains in many parts of Europe, the Americas, Asia, and this part of the world.

MANAGEMENT DISCUSSION AND ANALYSIS

The global supply chain issues that we faced resulted from many factors. Some of which were the Suez Canal's blockage in March 2021 by a grounded container vessel, resulting in raw material prices escalating and delays in delivery of goods such as integrated circuit ("IC") chips and steel coil and foam used in mattresses for our manufactured products. Power curbs in China were not resolved until December 2021, causing the shutdown of factories, slowing China's economy and snarling the global supply chains. The resulting shortages in global freight capacity further affected the lead time of logistics of manufacturing companies.

Warehouse operations at Toyoplas' manufacturing plant in Senai, Johor, play a vital role in ensuring on-time delivery.

Our global reach, agility and timely execution were the ingredients of the recipe that helped us manage the unfavourable impact arising from these challenges and create demand to keep the growth momentum.

To better manage the supply lead time and soaring raw material prices, our team planned ahead, built strong relationships with the suppliers to get insights on the logistics status and worked closely with our customers on the anticipated demand.

Our team had brainstormed and thereafter put into action workable alternative plans to keep the production of our manufacturing plants in the US, China, Indonesia, Malaysia, and Vietnam running.

2021 was aptly described as another challenging year on many fronts, but the Group braced through it, outpacing the challenges and even rising above them in some instances. And this success had a lot to do with the agility, commitment, grit, and resilience of our people. We have proven that amidst a confluence of challenges we managed to manoeuvre, pivot, adapt and focus on the end game, ensuring the shared corporate objectives and long-term goals were not only met, but surpassed.

MANAGEMENT DISCUSSION AND ANALYSIS

KPI 2021/ACTUAL 2021 VS TARGET 2021/ACHIEVEMENT

KEY PERFORMANCE INDICATORS 2021	TARGET FY2021	ACTUAL FY2021	ACHIEVEMENT
Group Revenue	RM1.4 billion	**RM1.3 billion**	
Group EBITDA	RM161.2 million	**RM163.7 million**	
Group PBT	RM89.7 million	**RM87.9 million**	
Toyoplas			
i. New customers/projects	3	**5**	
ii. No. of projects transferred to Vietnam	1	**2**	
CPI			
i. New customers/projects	3	**4**	
CBB			
i. New customers for offset business	3	**3**	
ii. New customers for OEM business	2	**1**	
iii. Commencement of production for rigid boxes	August 2021	**May 2021**	
King Koil			
i. Sales target for existing customers	US$27.0 million	**US$23.3 million**	
ii. New customers/New projects/ New licensee	2	**2**	
Aqua-Flo			
i. New customers	2	**3**	
ii. New contracts from existing customers	2	**14**	

Completed – Stretched

Completed – Met

Completed – Threshold

Below Threshold

INAUGURAL DIVIDEND POLICY

We are pleased that the Group's fundamental strength has progressed to the point where the adoption of the Dividend Policy ("the Policy") has been made possible. The announcement of our inaugural dividend policy on 30 March 2021 - in which the Company pledges to pay at least 30.0% of the Group's normalised core PATAMI annually - is another significant milestone for KPS, validating the steadiness of its value creation and the sustainability of the core businesses. It also reflects the Board's confidence in the Group and its commitment to rewarding shareholders for their ownership and support.

The Policy will be reviewed annually and may be amended in consideration of the Company's then-current financial position, profitability, cash flow, and other relevant factors, ensuring consistency with the Group's overall corporate objectives. With our unwavering commitment to taking the Group to the next level of growth, we expect to continue to reward our shareholders.

Dividend Policy:
No less than
30.0%
of normalised core PATAMI

The Board of Directors and Senior Management during the virtual 44th AGM on 25 May 2021 at KPS Corporate Office.
From left to right: Puan Suzila binti Khairuddin, Encik Ahmad Fariz bin Hassan, YB Dato' Nor Azmie bin Diron and Encik Azlan bin Abdul Jalil.

CULTURE OF EXCELLENCE

14 AUGUST 2021

KPS was declared the winner of the Malaysia Minority Shareholders Watch Group ("MSWG")- ASEAN Corporate Governance Award 2020 for two categories:

- Excellence Award for CG Disclosure - Market Cap Above RM100 million to RM300 million; and
- Industry Excellence Award - Industrial Products & Services.

6 DECEMBER 2021

The Group is proud to have bagged the Platinum Excellence Award at the prestigious National Annual Corporate Report Awards ("NACRA") 2021, for KPS 2020 Annual Report. We were also declared the winner of the Silver Excellence Award for our 2019 Annual Report. NACRA Excellence Awards are bestowed to corporate entities demonstrating reporting excellence, integrity and transparency in disclosure and accountability, and in communicating their value creations to the stakeholders.

SUSTAINABILITY & CSR MALAYSIA AWARDS 2021

29 NOVEMBER 2021

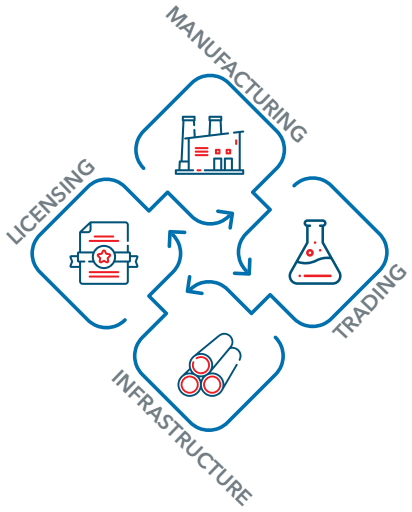
For the third year running since 2019, KPS was once again awarded the 'Company of the Year Award for Leadership in Sustainable Environment & Social Initiatives' at the Sustainability & CSR Malaysia Awards 2021. This win was a testament to the Group's outstanding commitment to corporate sustainability and CSR. For this award, we were named Company of the Year under Investment Holding for excellence in contributing towards socioeconomic development in our communities.

28 DECEMBER 2021

KPS received an appreciation award from the Lembaga Zakat Selangor ("LZS") as one of the corporate zakat paying organisations that made more than RM1 million contribution in business zakat. We strongly believe that supporting the communities is crucial for social development in the country.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has investment focus on four key sectors



MANUFACTURING

TOYOPLAS
A Member of kps Group
End-to-end Plastic Injection Moulding Solutions Provider

CPI
A Member of kps Group
Integrated Plastic Injection Moulding Solutions Providers

A Member of kps Group
Integrated Packing Solutions Provider

KING KOIL MATTRESS CO.
A Member of kps Group
In-House Mattress Manufacturer

OTHERS

TRADING

Aqua-flo
A Member of kps Group
Supply of Water Chemicals & Technical Services

LICENSING

KING KOIL MATTRESS CO.
A Member of kps Group
King Koil Brand Licensing Business

INFRASTRUCTURE

SmartPipe TECHNOLOGY
A Member of kps Group
Pipe Replacement & Rehabilitation

KPS-HCM Sdn. Bhd.
A Member of kps Group
General Civil Engineering Works, Construction and Maintenance

ASSOCIATE COMPANIES

ngc energy
Energizing The Nation
LPG Supply Solutions Provider

SPRINT
SISTEM PENYURAIAN TRAFIK KL BARAT SDN BHD
Highway Concession

Perangsang Water Management Sdn Bhd
Operations and Management of Water Projects

Scan the QR Code to access the **corporate video**

MANAGEMENT DISCUSSION AND ANALYSIS

Manufacturing, under which we have four subsidiary companies. Toyoplas Manufacturing (Malaysia) Sdn Bhd and CPI (Penang) Sdn Bhd are engaged in integrated plastics injection moulding, Century Bond Bhd provides integrated packaging solutions, and King Koil Manufacturing West, LLC is in mattresses production.

Our Trading arm, Aqua-Flo Sdn Bhd, supplies chemicals to water, waste, and sewage treatment plants.

Under Licensing, King Koil Licensing Company Inc. is the licensor and owner of the King Koil® brand worldwide.

Two subsidiary companies under the Infrastructure sector, Smartpipe Technology Sdn Bhd and KPS-HCM Sdn Bhd. Smartpipe is involved in water pipe replacement and rehabilitation business. KPS-HCM is involved in general civil engineering and infrastructure works.

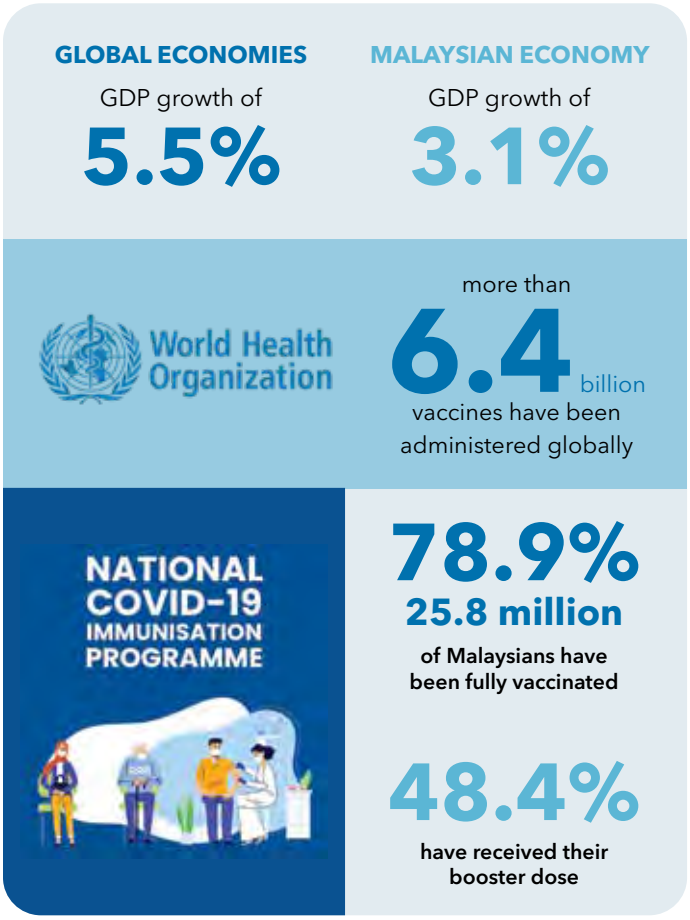
NGC Energy Sdn Bhd, whose primary business is supplying liquefied petroleum gas ("LPG") to the residential, commercial, and industrial sectors. We also have Sistem Penyuraian Trafik KL Barat Sdn Bhd which operates the SPRINT expressway and Perangsang Water Management Sdn Bhd ("PWM") which specialise in the operation and management of water projects.

MACROECONOMICS AND OPERATING ENVIRONMENT *(sources: OECD, IMF, BNM, The Edge Malaysia)*

Global economies rebounded in 2021, registering a GDP growth of 5.5% after a sharp contraction in 2020. Efforts to mitigate the pandemic, primarily through vaccine rollouts, fiscal stimulus, and policy support had improved business and consumer sentiments, reviving economic activities in advanced economies as well as emerging market and developing economies. Nevertheless, downside risks to growth remained, following uncertainties surrounding the pandemic. As a result, global economic recovery was uneven, posing further socio-economic imbalances.

When the Omicron variants emerged in November 2021, many countries turned cautious with their border reopening while China held on to its zero-COVID policy. These retriggered supply chain disruptions, including raw material and labour shortages and cost inflation across economies and business sectors.

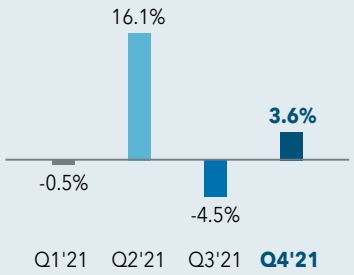
The Malaysian economy rebounded in 2021 with a 3.1% GDP growth. The signs of recovery had emerged towards the end of 2020, attributed to the low base effect, recovery in external demand and the gradual reopening of economic sectors amidst various MCOs to contain the spread of infections. The implementation of stimulus and assistance packages to mitigate the impact on households and businesses also contributed to the growth. The acceleration of the National COVID-19 Immunisation Programme *("Program Imunisasi Vaksin Kebangsaan")* had enabled the economy to fully re-open in the fourth quarter of the year.



MANAGEMENT DISCUSSION AND ANALYSIS

But like its global counterparts, the economic recovery in Malaysia was also bumpy. The surge in COVID-19 infections in 2021 triggered the reimposition of a full MCO with the reclosure of most economic sectors, allowing only key essential services to operate. New headwinds appeared from time to time and stifled the recovery momentum, overshadowing the rapidly improving vaccination rates and continuing accommodative fiscal and monetary policies. As a result, Malaysia's quarterly GDP growth path rotated between positive and negative reflecting the 'ins and outs' of nationwide lockdowns and containment measures.

MALAYSIA QUARTERLY GDP GROWTH



Toyoplas moulds engineering service is a key function to its operations.

KPS started the year with enthusiasm. In the first quarter of 2021, KPS registered a commendable start with 43.7% improvement in manufacturing sales, thanks to our businesses' geographical and sectoral diversification.

In the second and third quarters, our top line remained resilient, driven by steady sales across our manufacturing business and positive momentum in the manufacturing activities locally and globally.

However, supply chain challenges persisted, putting us to the test to remain agile and nimble in our operational strategy and processes, especially with our manufacturing operations. The shortage of IC chips thwarted the flow of orders from our consumer electronics and automotive customers, affecting Toyoplas, CPI and CBB business prospects for the year; the shortage of global freight capacity fluctuated order volumes of our local and regional subsidiary companies; prices of resin and paper shot up; the scarcity of other raw materials such as steel coil and polyurethane foam put a break on KKMW's plant utilisation; and serial MCOs in the country and abroad affected the production capacity at our manufacturing plants due to unscheduled shutdowns.

Demand Recovering Faster Than Supply Could Accommodate in 2021

Cost of Goods Sold ("COGS") Remained High, Eroding Core Earnings

RAW MATERIAL SHORTAGE

- Global chips shortage for the EMS industry, and coils for production of mattresses.
- Challenges the viability of Toyoplas, CPI, CBB , and KKMW businesses.

HIGH FREIGHT COSTS

- Shortage of containers hampering trade recovery, as shipping capacity unable to meet resurgent demand in electronics commence.
- Shipping rates in developing regions most affected to cover inventory holding cost.

UNEVEN BUSINESS RECOVERY

- Moderating Revenue Growth
- Increase in COGS
- Narrowing GP Margin

To mitigate the supply chain risks, we examined the situation and adjusted our action plans, working closely with suppliers in planning and procurement of raw materials, logistics arrangement, production scheduling and constantly communicating with the customers to keep the impact to the minimum.

MANAGEMENT DISCUSSION AND ANALYSIS

Supply Chain Impact

SHUTDOWN

- Various lockdowns as well as COVID-19 outbreaks at operating subsidiaries' sites dampened the ability to operate at optimum capacity.
- CBB: The Taspack and Nilai plants were shutdown in February (3 days) and June (7 days) 2021, respectively, due to the high number of positive COVID-19 cases detected.
- Toyoplas: The Muar and Senai plants were shutdown in June (7 days) and July (7 days) 2021, respectively, resulting in significant production downtime, extending the period before operations were back online to run at full capacity.
- In March 2021, CPI's Engineering Thermoplastics ("ETP") plant underwent a 9-day closure, given the high number of positive cases detected via contact tracing and subsequent mass testing among employees. In August 2021, the factory was shutdown for 10 days due to another 32 positive cases detected during the period.

RESTRICTED CAPACITY

- CBB was operating at reduced workforce capacity during the MCO to cater for essential customers. Some of the divisions that operated in two shifts were reduced to running only one shift.
- Toyoplas: Due to Government-imposed restrictions and COVID-19 outbreaks at Toyoplas and customer sites since the onset of the pandemic, manufacturing operations were reduced in capacity (>100 days).
- KKMW: The US furnishing manufacturing industry was affected by supply chain challenges as the supply of foam came to a grinding halt in 1H2021.
- The pandemic had earlier on caused the shutdown of plants worldwide, a shortage of raw materials and longer delivery times, all of which had created scarcity of materials in the market which pushed the prices upwards.

Stringent quality control ensures CPI manufactures products that consistently meet with customers demands.

Mitigating Strategies to Supply Chain Disruption by Subsidiary

TOYOPLAS
A Member of kps. Group

Prolonged Global Shortage of Electronic Chips

- Proactively engage with contract manufacturers and customers to gauge availability of IC components for production planning vis-à-vis monthly sales forecast.

Continuity of Operations Amid COVID-19

- Accelerate vaccination of Toyoplas' staff.
- Engage customers on duplication of tooling (with further upside in sales), to manage the risk of disruption in operations at certain sites.

Escalation of Raw Material Prices

- Engage customers to negotiate increase in product prices to reflect higher raw material costs.
- Engage customers to explore possible alternative materials and suppliers.

Escalation of Shipping Cost

- Transfer of projects from China plant to Vietnam plant to reduce high cross-border shipment cost to customers in Vietnam.

CPI
A Member of kps. Group

Disruption of Operations

- Strict adherence to the SOPs.
- CPI joint-ventured with Osram on 6 & 7 August 2021 for mass vaccination of employees ("Program Imunisasi Industri Kerjasama Awam-Swasta-PIKAS"). The current vaccination rate is 96% of total employees.
- Maintain a sufficient level of inventories. In the event of closure of its production plants, CPI will be able to utilise its external warehouse.

Disruption to Supply Chain

- Negotiate with customers for potential increase in selling prices.
- Bulk purchasing where possible and tap into customers' network of available suppliers.
- Frequently communicate with both customers and suppliers to ensure optimum production and supply planning.
- Coordinate prioritisation with customers.

Business Sustainability

- Constantly engage with existing customers to assess viability of new projects.
- Leverage on clientele network and other contacts in securing new customers.
- Explore the potential use of agents to facilitate new engagement with potential customers.

Business Continuity

- Coordinate closely with recruitment agents to ensure sufficient labour.
- Engagement with agents for hiring local employees.

A Member of kps. Group

Shutdown of Operations Due to Positive COVID-19 Cases

- Task Force Team under the supervision of the Safety Health Officer monitors and oversee all reported COVID-19 cases and safety matters at CBB.
- Mass swab testing for all workers when necessary and expedition of vaccination process.
- Subsidiary company , associate company or appointed subcontractor to take over and handle production backlog.

Restricted of Production Capacity

- Strict adherence to Government-enforced SOPs.
- Establish proper production plans to maximise available workforce.
- Proactively engage with customers to update real-time information on plant operations.

Limitation in Business Development

- Procure materials from various suppliers to address the paper roll shortage.
- Proactively connect with Offset division customers in addressing IC shortage and supply chain disruption issues.
- Explore various virtual marketing channels to attract new potential customers in efforts to grow sales and business development.

Operating Costs

- Negotiate with existing customers on the potential increase of selling price to pass on the rise in raw material prices.

Sales Recovery Plan

- Secure more sales from other customers to offset decline in carton sales.

MANAGEMENT DISCUSSION AND ANALYSIS

KING KOIL MATTRESS CO.
A Member of kps Group

Shortage of Key Raw Materials

- Continue expanding network of suppliers including imports.
- Rented additional space for raw material storage for stockpiling.
- Revised product specifications to replace proprietary units with generic units from other suppliers.
- Implemented topper splicing programme and reworked old inventory to offset some foam shortages.

Increasing Raw Material Prices

- Expand network of suppliers for more competitive prices.
- Reduce reliance on proprietary components.
- Selling prices increased starting 22 July 2021, with expectations to pass through some materials cost increase to customers.
- Expand in-house processes.

Business Continuity

- Promote better work environment and culture (e.g., KKMW retained all workers through the plant shutdown last year).
- Production planning based on 6-days per week and 10-hours per day to ramp up output while recruiting more workers.

Aqua-flo
A Member of kps Group

Business Development limitation

- During the Extended Movement Control Order, Aqua-Flo was allowed to operate as the business is considered as essential services.
- Secured a police permit to enable Aqua-Flo staff to travel inter-state to submit tender documents.
- Maintain good relationships with Water Treatment Plant Operators to be notified and updated on revised tender deadlines.

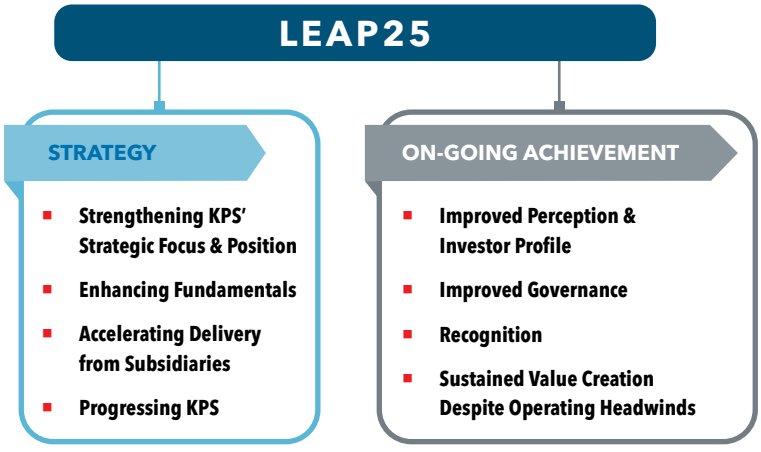
Increase in Operating Costs

- Participate continuously in tenders with a comfortable margin to ensure the contracts are successfully secured.
- Constantly communicate with all major customers and suppliers to ensure the availability of products during lockdown periods.
- Logistics and delivery schedules are planned ahead with all relevant supporting documents to ensure smooth transportation of chemicals to customers.
- Pre-orders from major customers enabled sufficient stock of additional chemical inventories to ensure undisrupted operations.

COVID-19 Compliance Cost

- Strict compliance with Government-enforced SOPs.
- Staff presence at the office was required, based on a rotation basis.

Our team continued to navigate the testy operating environment successfully. The commendable performance was a testament, first and foremost, to the relentless commitment of all our people not only in Malaysia but also in the US, China, Indonesia, and Vietnam. That very commitment drove the meticulous planning and methodical execution of our business strategy as per LEAP25.



MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF
FINANCIAL PERFORMANCE

As the year closed, KPS prevailed against the challenges and achieved a commendable set of results, delivering double digit revenue and earnings growth. My utmost gratitude to our **3,712*** employees for keeping on proving that we can rise above the challenges. Their unwavering determination was what drove us to aspire higher even in the face of adversity.

MALAYSIA

1,705

US

100

CHINA

616

INDONESIA

1,185

VIETNAM

92

SINGAPORE

14

**As of 31 December 2021*

REVENUE

The Group returned yet another set of commendable results for the year in review, with higher contribution from our core business. LEAP25, our long-term business strategy, alongside with our core values, "PRIDE", has guided us through this challenging period when our operations in Malaysia, Vietnam, China, and USA were affected by the movement restrictions. At times, some operations had to be shutdown while some could only operate at partial capacity in compliance to local regulatory requirements.

Revenue for the year was RM1,328.1 million, an increase of 23.4% over the previous year's RM1,076.5 million. The Manufacturing business contributed 86.8% to the revenue, growing by 28.8% to RM1,152.2 million. This was followed by the Trading and Licensing businesses, which contributed RM121.9 million and RM35.5 million, accounting for 9.2% and 2.7% of the revenue, respectively. The Infrastructure business contributed RM9.6 million. The remaining revenue contribution was from our property investment, chipping in RM8.9 million.

REVENUE

23.4%

RM1,328.1 million

2020: RM1,076.5 million

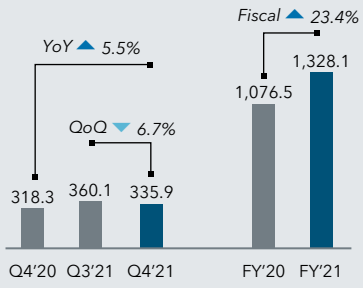
GROUP REVENUE BY SECTOR

Manufacturing	86.8%
Trading	9.2%
Licensing	2.7%
Infrastructure	0.7%
Property Investment	0.6%

Manufacturing	83.1%
Trading	11.5%
Licensing	3.6%
Infrastructure	0.9%
Property Investment	0.9%

Manufacturing	75.1%
Trading	13.5%
Licensing	4.2%
Infrastructure	5.9%
Property Investment	1.3%

REVENUE
RM MILLION



- Revenue increased YoY due to higher contribution from the manufacturing sector.
- Increase in FY'21 due to better performance as most businesses operated as usual with upliftment of the MCO.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING PROFIT

The Group achieved an operating profit of RM104.8 million this year, increased by 105.5% as compared to RM51.0 million recorded in FY2020. This was mainly supported by other income contributed by the gain on disposal of properties amounting to RM14.8 million, higher forex gains and lower impairment loss on assets.

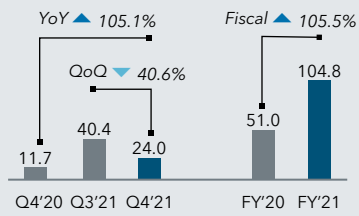
OPERATING PROFIT

105.5%

RM104.8 million

2020: RM51.0 million

OPERATING PROFIT
RM MILLION



- Increased YoY mainly due to better performance from Manufacturing business.
- Increased FY'21 due to:
  - ✓ Better performance by core businesses.
  - ✓ Gain on disposal of properties amounting to RM14.8 million.
  - ✓ Lower impairment on assets.

EXPENSES

The Group's total expenses were RM204.4 million, higher by 6.4% as compared to RM193.3 million in FY2020. The higher expenses were due to higher selling and distribution expenses to support sales growth at Toyoplas and KKMW, resulting from higher freight and transportation charges brought about by the supply chain issue.

FINANCE COSTS

The Group's earnings were supported by lower finance costs of RM24.1 million against RM30.4 million in FY2020, in line with the progressive loan repayment at the Group level.

SHARE OF PROFIT FROM ASSOCIATES

The share of profits from associates came in 80.1% lower to RM7.3 million this year from RM36.6 million last year.

The share of profit from SPRINT, NGC Energy and PWM was RM2.9 million, RM2.0 million and RM2.4 million, respectively. Exacerbating the lower traction this year, understandably, was the absence of an extraordinary RM18.6 million gain from the securitisation of remaining proceeds from the disposal of SPLASH that was recorded in the fourth quarter of the previous year.

PROFITS

KPS progressed steadily, staying nimble in executing the business strategy and safeguarding the viability of the Group's business. To help it manage this volatility, the Group continued to take a more sustainable price-to-cost position by expanding the cost-pass-through mechanism to a more extensive customer base while supporting demand and managing its business margin.

The Group achieved a higher Profit After Tax ("PAT") by 59.4% to RM63.9 million compared with RM40.1 million in the previous year. This achievement was driven by a stronger contribution from the core business and supported by lower finance costs. Similarly, PATAMI increased by 67.7% to RM57.2 million from RM34.1 million in FY2020, notching up Earnings Per Share ("EPS") very strongly to 10.6 sen from 6.4 sen posted in the previous year.

PAT
59.4%
RM63.9 million
2020: RM40.1 million

PATAMI
67.7%
RM57.2 million
2020: RM34.1 million

EPS
10.6 sen
2020: 6.4 sen

REVIEW OF FINANCIAL POSITION

ASSET SIZE

The Group maintained its total assets during the reporting period at RM2.3 billion.

GEARING

KPS lowered its gearing ratio to 0.57x during the year in review from 0.62x in FY2020, focusing on consolidating its investments following significant borrowings in the previous few years. Our total borrowings stood at RM591.7 million as of 31 December 2021, lower against the RM616.2 million posted the previous year.

NET ASSETS

The Group closed the financial year with a higher Net Assets Per Share of RM1.94 compared with RM1.85 the year before. This was due to higher retained earnings and foreign currency translation reserve recognised in FY2021. Adjusting for goodwill and intangible assets, the Group's net tangible assets per share came in higher at RM1.12 compared with RM1.04 in the previous year.

LIQUIDITY

Our cash and bank balances stood at RM461.8 million as of 31 December 2021, compared with RM440.3 million at the end of FY2020. The strong war chest enabled us to weather through the challenging period.

CAPITAL EXPENDITURE

At the beginning of the year, the capital expenditure ("CAPEX") outlay was RM86.9 million. However, as the year progressed, considering the sustained impact of the pandemic on other sectors of the economy, the CAPEX outlay was pragmatically reviewed. As a result, the actual CAPEX spend was RM76.7 million during the year, almost all of which was used for supporting the growth of our manufacturing business.

CREATING NEW OPPORTUNITIES AMIDST LINGERING PANDEMIC IMPACT

2021 CAPEX Outlay of RM86.9 million to Support Growth

MANUFACTURING : 95.5%

TOYOPLAS (A Member of kps. Group)

CAPEX : RM27.2 million

- New prospects from existing customers in Consumer electronics.
- Strengthening footprint in Vietnam.
- Construction of the second manufacturing plant in Vietnam.

CPI (A Member of kps. Group)

CAPEX: RM42.9 million

- Construction of the new EMS factory in Penang.
- New plastic injection moulding machines to support sales growth.
- Installation of new machineries to support process automation.

A Member of kps. Group

CAPEX: RM11.7 million

- Installation of new machineries and process automation.
- Introduction of new products and acquisition of new customers to drive growth.

KING KOIL MATTRESS CO. (A Member of kps. Group)

CAPEX: RM1.2 million

- Capacity expansion to meet demand from existing and new customers nationwide.
- Enhancing e-commerce presence.

OTHERS : 4.5%

Aqua-flo (A Member of kps. Group)

CAPEX : RM0.3 million

- Improving market share in potable water chemicals.
- Focusing on new growth areas in the industrial and municipal water treatment segments.

kps.

CAPEX: RM3.6 million

- Upgrading of Plaza Perangsang's IT system.
- Purchasing of hardware & software.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

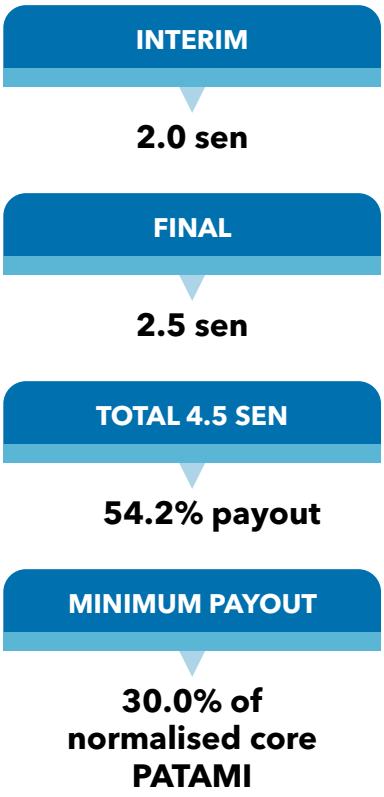
On 25 November 2021 an interim dividend of 2.0 sen per ordinary share was declared for the financial year ended 30 December 2021 and RM10.7 million was paid out to the shareholders for FY2021. The announcement of the interim dividend reflected KPS' business strength and sustainability. It also reflected the Board's confidence in the Group and its commitment to reward shareholders for their ownership and support.

The Board has, on 29 March 2022, proposed a final dividend of 2.5 sen per ordinary share totaling RM13.4 million, subject to the shareholders' approval at the 45th Annual General Meeting on 7 June 2022. The final dividend will be paid on 6 July 2022, entitled to shareholders registered in the Records of Depositors at the close of business on 10 June 2022. The interim and final dividend combined, the total dividend for financial year ended 31 December 2021 works out to RM24.2 million, which is equivalent to 54.2% of 2021 normalised core PATAMI.

This is 24.2% higher than the Group's guidance of minimum 30.0% payout as per the dividend policy.

Returning 4.5 sen demonstrates our financial commitment to our shareholders for their support, despite ongoing challenges in our business operating landscape. Our excess capital remained at a level that afforded us the financial flexibility to grow our business and ensure a healthy balance sheet. We expect to continue to create value, improve earnings and generate sustainable cash flows, moving in sync with the long-term business strategy of enhancing the Group fundamentals and accelerating the delivery of all its subsidiary companies.

DIVIDEND DISTRIBUTION



MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF
OPERATING ACTIVITIES & STRATEGIC INITIATIVES

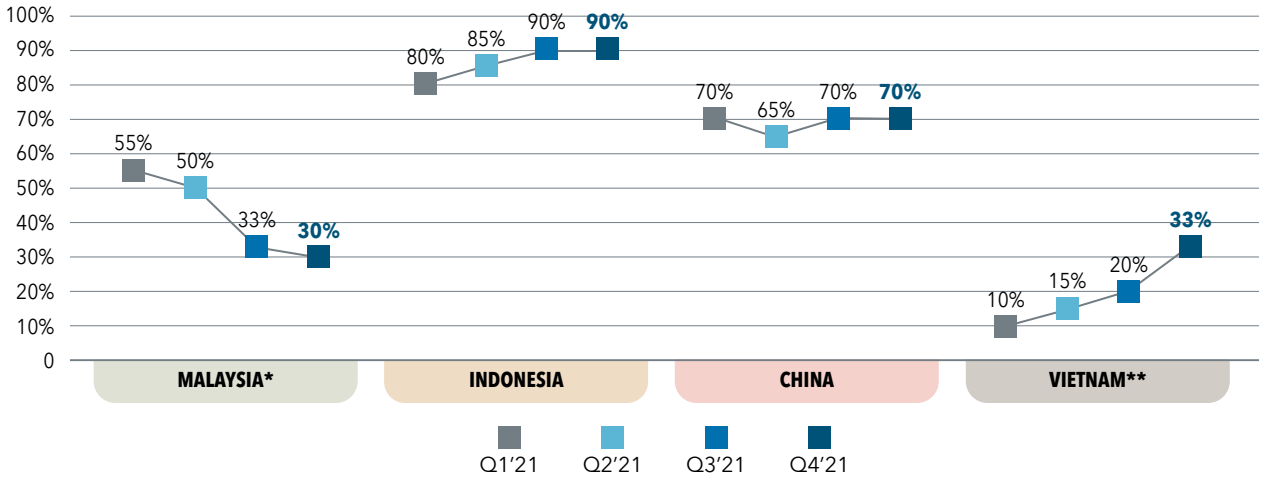
MANUFACTURING

TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

OPERATIONAL REVIEW

Toyoplas faced operating restrictions for a longer period in 2021 than 2020 for its Malaysian operations, which were subject to various lockdowns with stricter restrictions imposed by the Government to curb the spread of the COVID-19 infections. In addition, the operations in China had to observe mandatory shutdowns when several provinces faced critical electricity shortages. It was also not spared by the global supply chain disruption, experiencing raw materials shortages such as IC chips. As a result, it was subject to input cost inflation, seeing a sharp increase in the shipping cost and resin prices. Despite not having an impact to Toyoplas' cost structure directly, the ongoing chip shortage have caused lower orders from EMS partners of Toyoplas, which are contract manufacturers appointed by brand owners.

Due to the aforesaid, the capacity utilisation at Toyoplas' factories were mixed during the year:



* *The Malaysian plants were affected by the lockdowns and capacity restrictions due to closures and workforce availability.*

** *For our new plant in Vietnam, the utilisation rate started at 10% in Q1 2021 and increased to 33% in Q4 2021. This was mainly to cater for the heightened demand for consumer electronics due to the US-China trade dispute.*

One of the test stations at the Toyoplas manufacturing plant in Senai, Johor.

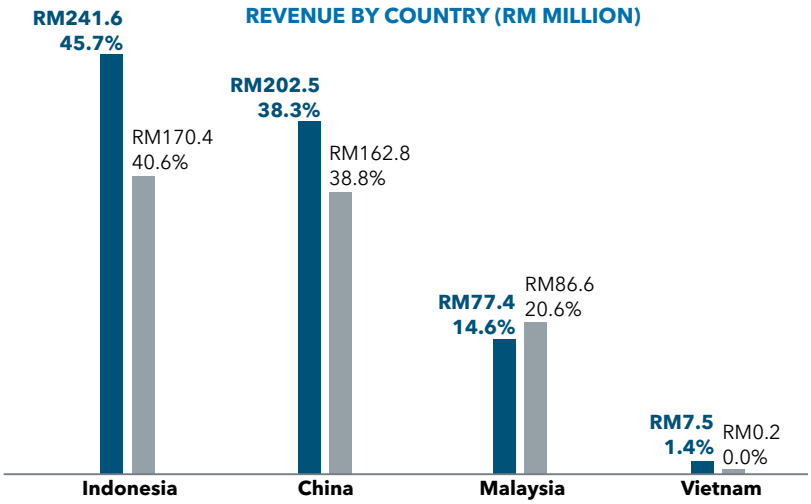
On a positive note, the market preference for E&E household products had benefitted Toyoplas as demand was less impacted by the supply chain issues. In order to minimise the impact of rising input cost to its profitability margin, it had successfully negotiated with some of its key customers to pass on a portion of the material cost increase, attributed to its good standing and reputable position as a reliable supply partner.

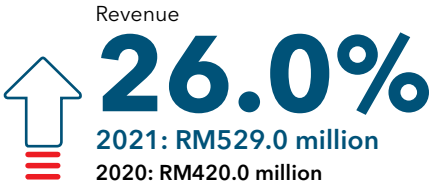
Toyoplas performed considerably well in FY2021 compared to FY2020, for which the uptick in its product demand and business resilience through geographical and sectoral diversification played a considerable role.

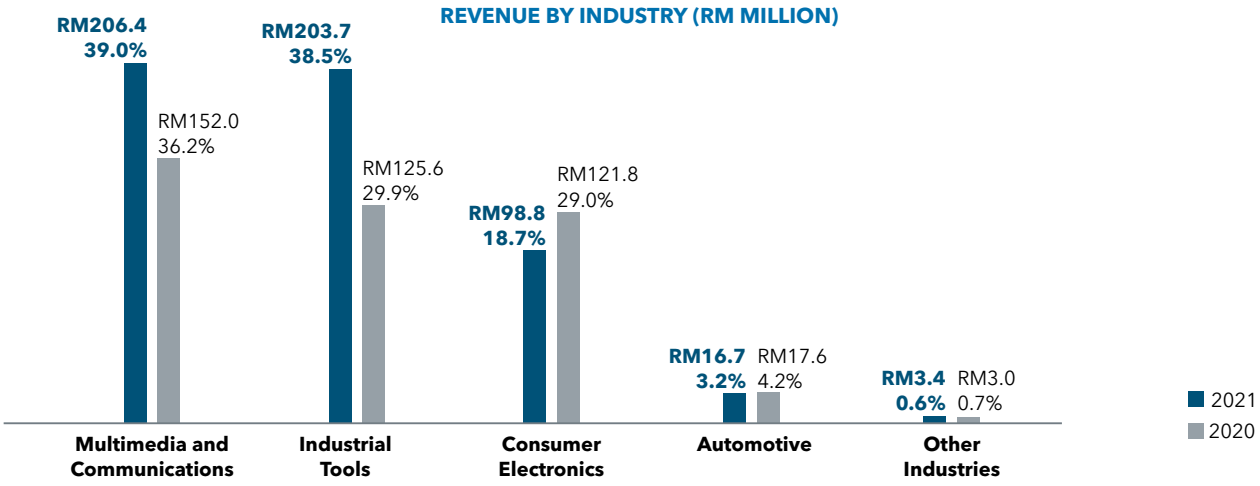
OPERATIONAL RESULTS

In FY2021, revenue improved by 26.0% to RM529.0 million from RM420.0 million in the previous year. Of the RM529.0 million revenue, the Indonesia operations generated the highest revenue for Toyoplas, contributing RM241.6 million or 45.7% of revenue. The operations in China and Malaysia contributed RM202.5 million or 38.3% and RM77.4 million or 14.6%, respectively. The new plant in Vietnam plant contributed RM7.5 million or 1.4% to Toyoplas' revenue.

From the total revenue, Multimedia and Communications was the largest industry segment for Toyoplas with RM206.4 million (39.0% of sales), followed by Industrial Tools with RM203.7 million (38.5% of sales) and Consumer Electronics with RM98.8 million (18.7% of sales). Toyoplas' solutions were also used in Automotive (RM16.7 million or 3.2% of sales) and Other Industries (RM3.4 million or 0.6% of sales).







Pre-shipment inspection of finished goods at the Toyoplas.

The improvement in revenue was attributed to the rebound in end-consumer demand in line with global GDP growth in the year following a contraction in the first year of the COVID-19 pandemic in 2020.

During the year, there was a lumpy other income due to a one- off gain from the disposal of vacant properties located in Ulu Tiram, Johor, which was the operating base of Toyoplas in Malaysia prior to its re-location in February 2020 to a bigger newly-constructed facility in Senai, Johor.

OUTLOOK

Toyoplas have established a robust long-term business plan; one which identifies targeted growth catalysts and operational support to drive sustainable growth in the coming years.

Moving forward, its foothold in Vietnam, which started operations in 2020 would be strengthened, taking advantage of the market's preference for the location as a diversion in response to the US-China trade tensions. Moving in line with the rising demand, we are constructing our own plant at Bac Giang, Vietnam which is three times the size of the Bac Ninh plant we leased. The new plant should start operating by Q4 of 2022.

In addition, it expects to explore the untapped market with existing customers and leverage on the customers' expansion plans to serve new markets. Toyoplas is also looking at growing its box build projects by working closely with current and new customers to provide them complete assembly solutions while tapping into opportunities in other industries.

Toyoplas' optimism about the future stems from the expectation that demand would steadily normalise to pre-pandemic levels, in line with Global PMI trends, which indicate steady output growth as supply chain disruption tapers off and containment measures due to the pandemic ease. In the same amplitude, the cautiousness of prospects stems from the lingering challenges from the global supply chain disruptions – commodity and raw material prices and other input costs.

MANAGEMENT DISCUSSION AND ANALYSIS

RISKS AND MITIGATION PLANS

RISKS	IMPACT	MITIGATION PLANS
Continuity of operations amidst COVID-19	• Shutdown of operations/ capacity restrictions. • Insufficient workers to operate at optimum capacity.	• Encourage workforce to get fully vaccinated and facilitate the process through PIKAS and similar programmes. • Strict adherence to SOPs imposed by the respective governments with regards to measures at the workplace and quarantine requirements. • Maintain an adequate inventory of raw materials and finished goods to mitigate risk of run-out for raw materials or finished goods in the event of temporary closures. • Make arrangements with customers should there be a need to replicate operations in alternative sites.
Shortage and escalating cost of raw materials and shipping	• Greater challenges in meeting customer delivery requirements. • Margin compression.	• Explore alternative materials and suppliers by leveraging customers network. • Negotiate with customers on potential sales price increases/explore alternative materials, suppliers and shipping routes. • Allocate projects to sites closer to customers' locations to save on shipping costs. • Make advanced order placements and shipping arrangements for both inbound and outbound.
Strategic initiatives challenged by travel limitations	• Greater challenges in securing new customers.	• Support the expansion of sales from existing customers. • Expand business through the current network of EMS partners. • Engage third-party agents with foreign market presence in addressing travel limitations to diversify sales network and source for new customers.

MANAGEMENT DISCUSSION AND ANALYSIS

CPI has established itself to be a preferred supplier of precision engineered plastic components for the automotive, healthcare, communications & information technology and other electronics industries in the region.

MANAGEMENT DISCUSSION AND ANALYSIS

MANUFACTURING

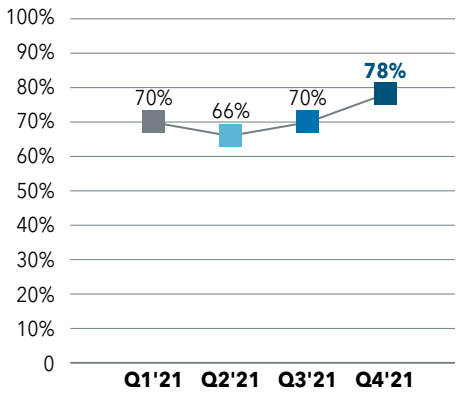
CPI (PENANG) SDN BHD

OPERATIONAL REVIEW

For CPI, the more significant challenges came in the form of shortages of IC components worldwide as production capacity could not meet resurgent demand for electronics products, while raw materials prices continued to be on an upward trend starting from the onset of the pandemic in 2020. Production was also affected due to partial closures of plants in 2021 deemed necessary mitigants to curb the spread of the COVID-19 infections.

CPI had persevered and demonstrated a positive sign of recovery in 2021, especially when compared with the prior year, as sales began picking up owing to the gradual reopening of economies globally. CPI remained diligent in its effort to onboard new customers to ensure. A sustainable revenue stream, although this was not without challenges as physical engagements were halted by the travel restrictions.

THE CAPACITY UTILISATION RATE



CPI
2020: 63%

The capacity utilisation rate reverted to a high 78% in Q4 2021 as CPI ramped up production to fulfil the backlog orders.

OPERATIONAL RESULTS

In FY2021, CPI recorded RM202.2 million in revenue, a 21.7% up from the previous year's revenue of RM166.1 million. Of the total revenue, the ETP Division contributed RM151.7 million or 75.0%, while the EMS Division registered RM50.5 million or 25.0%.

In terms of industry segment, Other Electronics trumped over the rest by contributing a revenue of RM68.1 million or 33.7%, followed by Automotive at RM48.8 million or 24.1%. Communications and Information Technology ("CIT") posted a RM45.9 million or 22.7% and Healthcare delivered a RM39.4 million or 19.5% of the revenue. All the segments recorded a higher revenue as compared to previous year, except the Automotive segment which contracted by 3.4% amid the global IC chips shortages.

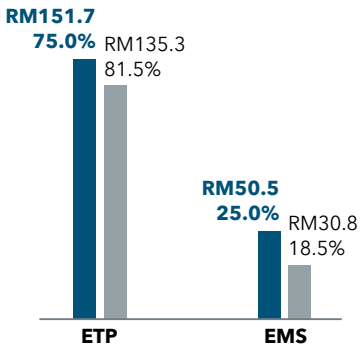
Revenue

21.7%

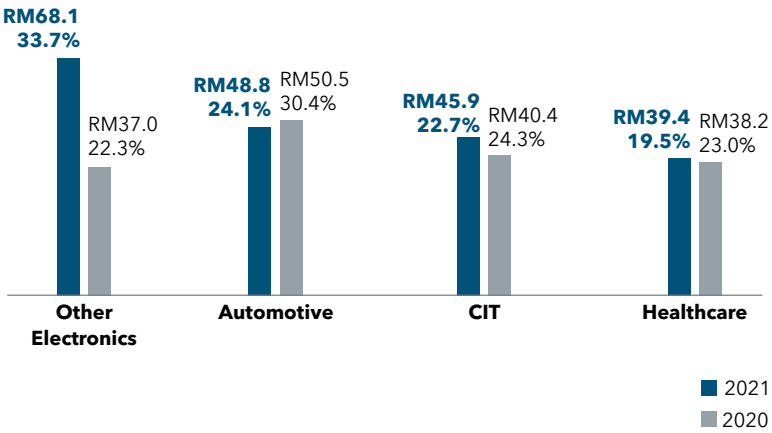
2021: RM202.2 million

2020: RM166.1 million

REVENUE BY DIVISION (RM MILLION)



REVENUE BY INDUSTRY SEGMENT (RM MILLION)



OUTLOOK

Backed by its long-standing partnerships with existing customers and the growing numbers of new customers, CPI aspires to expand its footprint, both locally and globally, while continuing its effort in exploring other new business segments and sub-segments to ensure business continuity and sustainability. With the planned completion of its new factory catering for the EMS Division by the first half of 2022 and commissioning by the second, CPI will be well poised to capture new business streams by leveraging on this newly-added capacity and capabilities, reaffirming CPI's competitive edge in the industry.

CPI expects to continue executing its business initiatives and demonstrating a culture of excellence under KPS' leadership. Prospect-wise, it shall remain cautious amid the uncertainties in the operating environment, exercising prudence in managing the escalating input cost and improving operational efficiency while focusing on business expansion plans to capture a larger market share and service a broader customer base.

RISKS AND MITIGATION PLANS

RISKS	IMPACT	MITIGATION PLANS
Continuity of operations amidst COVID-19	• Shutdown of operations/ capacity restrictions. • Insufficient workforce to operate at optimum capacity.	• Ensure people's safety with strict adherence to SOPs as guided by the relevant authorities. • Ensure production readiness by striving to maintain an ample inventory level in the event of closures so shipping can continue from its external warehouse. • Close coordination with recruitment agents for hiring local employees and close engagement with local agencies to procure allocation of foreign workers once the boarders are opened.
Raw material shortages/ price hikes	• Challenges in meeting customer delivery requirements. • Margin compression.	• Explore cost pass-through mechanisms with customers. • Close engagements with both customers and suppliers to ensure optimum production planning.
Strategic initiatives challenged by travel limitations	• Greater challenges in securing new customers.	• Explore new revenue streams in the form of new projects from existing customers. • Leverage existing customer relationships to generate new customer leads. • Explore the potential use of agents to facilitate new engagements with potential customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Inspection of finished products at CBB's Offset Division at CBB Senai, Johor.

MANUFACTURING

CENTURY BOND BHD

A Member of kps Group

OPERATIONAL REVIEW

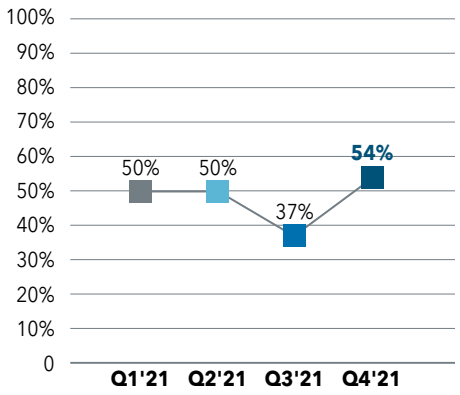
The outperformance of CBB was evident during the first half of 2021, attributed to the strong demand from the Offset, Carton, and Paper Divisions, which respectively led to the higher average selling price. However, the uptick was dragged down by the MCO in Malaysia in early June 2021, which caused factory closures and capacity limitations at selected CBB factories to curb the spread of COVID-19 infections.

With the faster pace of the vaccine rollout, the Government eased the MCO, allowing CBB to pick up its pace. Its performance recovered towards Q4 2021, as did the capacity utilisation at its manufacturing plants.

The challenges faced by CBB during the year were many: the supply of its main raw material – sack kraft paper – was disrupted. The disruption was brought about by a force majeure announced by three of its biggest suppliers. Another pressing challenge was the shortage of IC chips, hampering the execution of demand of the Offset business during the year.

Regardless of the difficulties described, the Offset segment led the recovery at the CBB Group, thanks to the steady demand from major European brand owners. The other businesses - Carton, Plastic and OEM Divisions - recovered swiftly as they mainly supplied customer's operating in essential services.

THE CAPACITY UTILISATION RATE



CBB
2020: 48%

OPERATIONAL RESULTS

CBB posted a record sale, growing its revenue by 10.3% to RM235.7 million compared RM213.7 million in FY2020, driven mainly by the steady growth in the Offset Division.

The revenue contributed by the Offset Division was RM78.1 million or 33.1%. This division grew by 23.6% versus 2020 as demand grew, with retail brands wanting better visual appeal to attract more customers. Revenue from the Carton Division was RM61.0 million or 25.9%, an improvement of 5.0% compared to 2020. The Paper Division's revenue improved by 5.8%, contributing RM63.7 million revenue or 27.0%. Meanwhile, the Plastic and Original Equipment Manufacturer ("OEM") Divisions recorded revenue contributions of RM17.7 million or 7.5% and RM15.2 million or 6.5%, respectively.

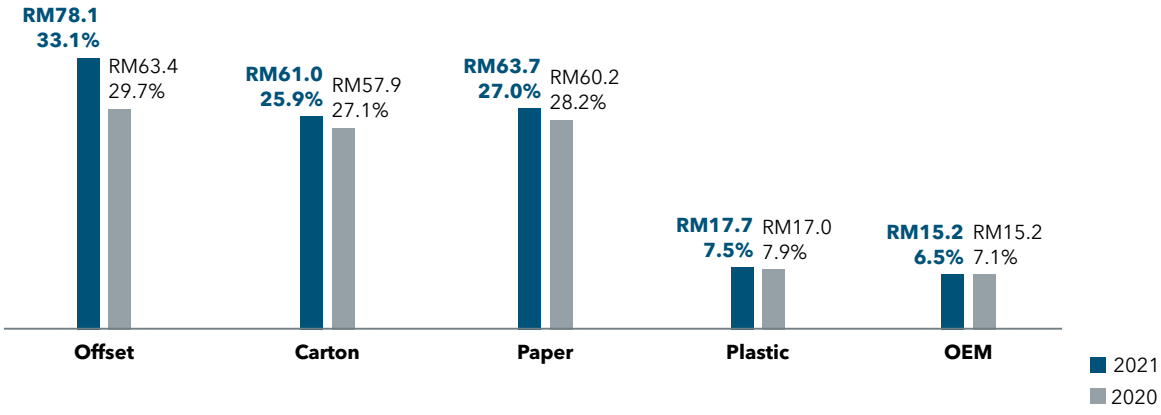
Revenue

10.3%

2021: RM235.7 million

2020: RM213.7 million

REVENUE BY DIVISION (RM MILLION)



OUTLOOK

While delivering a set of satisfactory results in 2021, CBB foresees that the challenges in the supply chain and material shortages would carry over into 2022. Despite this, the management will continue with its proactive measures to focus on market expansion, diversification, and cost optimisation while defending its current market share. CBB managed to acquire new customers in 2021, riding the momentum to drive sales aggressively and tapping into its customers' network. Geographical expansion will be supported by new product lines as well as traditional and e-commence platforms.

In 2022, CBB will continue with its diversified business strategy to strive for better financial performance through the execution of its value creation plans, which include acquiring new customers, geographical and product expansions, where the Offset Division will continue to lead the business.

RISKS AND MITIGATION PLANS

RISKS	IMPACT	MITIGATION PLANS
Continuity of operations amidst COVID-19	• Shutdown of operations/ capacity restrictions. • Insufficient workforce to operate at optimum capacity.	• Ensure people's safety with strict adherence to SOPs as guided by the relevant authorities. • Ensure production readiness by striving to maintain an ample inventory level in the event of closures.
Raw material shortages/ price hikes	• Challenges in meeting customer delivery requirements. • Margin compression.	• Expand the paper rolls supplier base coupled with re-engineering initiatives to provide alternative supplies. • Diversify from high end models, focusing on lower models allocation not impacted by the global IC shortage.
Strategic initiatives challenged by travel limitations	• Greater challenges in securing new customers.	• Explore new revenue streams in the form of new projects from existing customers and conversion of existing contracts into turnkey projects. • Leverage existing customer relationships to generate new customer leads.

MANAGEMENT DISCUSSION AND ANALYSIS

Workers operating tape-edge machines at King Koil's manufacturing plant in Arizona, the US.

MANUFACTURING

KING KOIL MATTRESS CO.
A Member of kps Group

KING KOIL MANUFACTURING WEST, LLC

OPERATIONAL REVIEW

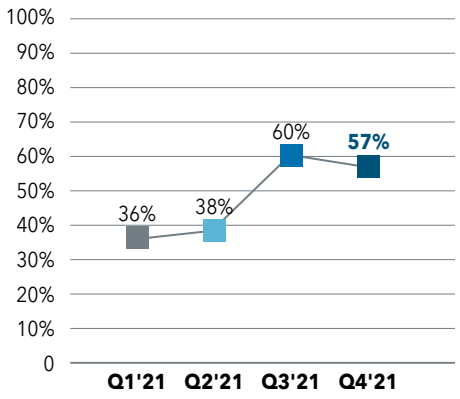
2021 saw the US bedding industry facing one of its greatest supply chain challenges in recent times. Already facing a backlog following the post-pandemic demand surge in 2020, the industry came to a grinding halt in February 2021 due to domestic foam shortage, a result of critical chemical plants' abrupt and unexpected shutdown caused by the deep freeze in Texas.

Assessing and repairing the damages to the plants and pipelines took months, during which time the cost of raw materials and transportation kept rising as demand remained strong and supply thin.

KKMW was also affected by global shipping challenges such as lower container availability, port congestion, and IC chips shortages, which affected the delivery and costs of several imported materials.

KKMW managed to steadily recover after significant resumption of domestic foam supply and implementation of various supply chain solutions, chiefly by expanding its vendor network to include suppliers based on the other side of the US and overseas. This put KKMW ahead of some of its competitors in shortening delivery time to customers, albeit at higher costs.

THE CAPACITY UTILISATION RATE



KKMW
2020: 40%

OPERATIONAL RESULTS

For FY2021, KKMW's revenue grew by 64.2% to RM155.7 million from RM94.8 million the year before. The mattress manufacturing revenue was also supported by OEM contribution from King Koil Sales Inc ("KKSI"), amounting to RM29.6 million. Collectively, KKMW and KKSI contributed RM185.3 million to the Group revenue, an increase of 87.9% compared to RM98.6 million in FY2020.

Revenue

64.2%

2021: RM155.7 million

2020: RM94.8 million

The improved performance was driven by the more robust demand from new and existing customers. The strategic decision to position King Koil as a high- end and ultra-premium brand proved to be a key factor in the business' sustainability through these challenging times. 2020 showed that the brand's more affluent target customers are more economically resilient through the worst of the pandemic, as evident in the unabating demand for King Koil products and expanded business with top retailers. This continued in 2021, despite extended delivery time and considerable price increases brought on by the supply chain challenges.

The high margins on ultra-premium categories also enabled King Koil to better digest cost increases unabsorbed by customers through price adjustments and surcharges throughout the year. These were implemented in step with others in the industry to soften the hit on profit margins already impacted by low sales volume during the worst of the raw material shortages in the first half of the year, as well as higher labour costs as KKMW retained its core workforce through this period.

King Koil's manufacturing plant in Avondale, Arizona in the US.

OUTLOOK

In 2022, KKMW will be focusing on driving revenue growth by growing business with existing customers and market share by capturing new customers among the top furnishing and bedding retailers in the US, zooming in on sales efforts, introduction of new and updated product lines and ramp-up marketing activities.

In tandem with the top-line growth, KKMW will focus on mitigating ongoing risks of input cost inflation and raw material shortages. It will also expand the production capacity and improve plant efficiency to meet customer demands at healthier margins. These are key efforts toward the business' sustainability as the US retail sector shows signs of softening as consumer confidence drops in the face of rising gas prices and overall inflation emerging from the Russia-Ukraine conflict.

RISKS AND MITIGATION PLANS

RISKS	IMPACT	MITIGATION PLANS
Continuity of operations amidst COVID-19	• Shutdown of operations/ capacity restrictions. • Insufficient workforce to operate at optimum capacity.	• Promote better work environment and culture • Introduce six-day work week to ramp up production while more workers are recruited. • Focus on training temporary workers for absorption into permanent workforce.
Raw material shortages/ price hikes	• Challenges in meeting customer delivery requirements. • Margin compression.	• Expand the network of vendors and import raw materials. • Revised products specifications to reduce reliance on proprietary components. • Maintain a higher level of inventory to avoid operational interruptions. • Cost-sharing with customers.

Aqua-Flo's in-house laboratory strictly complies with and adheres to quality standards in all its water chemicals product testing procedures.

TRADING

Aqua-flo
A Member of kps Group

AQUA-FLO SDN BHD

OPERATIONAL REVIEW

Aqua-Flo continues to be one of the leading suppliers of water treatment chemicals to potable treatment plants in Malaysia. A local pioneer in the provision and supply of water chemicals such as Liquid Chlorine, Polyaluminium Chloride and Hydrated Lime and Liquid Alum to water, waste, and sewage treatment industries, it has the advantage of technological and market leadership, priding itself in providing quality service and products and benefiting from the increasing demand for water treatment chemicals leading to a sustainable water supply in the country.

TYPE OF WATER CHEMICALS

- Liquid Chlorine
- Polyaluminium Chloride
- Hydrated Lime
- Liquid Alum to Water

Besides Selangor, Aqua-Flo has been extending its services to water treatment plants in all other states in Malaysia.

The pandemic had forced the closure of the majority of commercial and industrial sectors due to the MCO, impacting the overall demand for water consumption, resulting in a reduction in the use of chemicals in water treatment plants.

On 21 October 2021, Aqua-Flo clinched a supply contract from Pengurusan Air Selangor Sdn Bhd ("Air Selangor") worth approximately RM91.6 million. The contract is good for 14 months from 1 November 2021 to 31 December 2022 and is extendable upon request. Aqua-Flo also managed to penetrate the water meter business in 2021, by securing contracts worth RM3.9 million from Air Selangor. These contracts, coupled with the one secured in Singapore which served as a breakthrough in foreign markets this year, are expected to contribute positively to KPS' earnings.

In addition, the water meter business gained traction in the third quarter of 2021.

OPERATIONAL RESULTS

During the year in review, Aqua-Flo achieved a revenue of RM121.9 million, tapered slightly by 1.8% from RM124.1 million in FY2020. This was mainly due to the dry season at the beginning of the year, followed by reducing water demand from industrial and commercial sectors due to the MCO. Aqua-Flo contributed 9.2% of the Group's revenue.

Revenue

1.8%

2021: RM121.9 million

2020: RM124.1 million

Aqua-Flo's employees perform thorough inspection procedures at its premise.

OUTLOOK

The utilities sub-sector is projected to grow by 6.7%, driven by higher demand from the commercial and industrial segments. The increase in utility consumption is expected in line with the re-opening of economic activities.

In 2022, Aqua-Flo will actively participate in tender bids by offering competitive pricing and technical services to ensure a better success rate. It will continue to drive sales aggressively and seek new customers. It intends to explore business opportunities for projects related to chemical dosing systems and rehabilitation of filters, capitalising on opportunities to market a wider range of water chemical products while capturing more market share in the water meter business.

Aqua-Flo shall also attempt to increase market share for the potable water business and focus on new growth areas, particularly in industrial and municipal water treatment segments. Moving forward, we can expect further organic growth from the company as it continues to implement these initiatives.

RISKS AND MITIGATION PLANS

RISKS	IMPACT	MITIGATION PLANS
Payment collection risk	• Delay in collection of payments from some debtors.	• Close monitoring and follow up to collect payments due to the company. • Pro-active and scheduled communication with debtors to ensure regular payments are made.
Increase competition	• Greater challenges in securing new projects. • Margin Compression.	• Strengthen relationships with current customers, chemical suppliers and manufacturers. • Offer competitive prices while managing cost efficiently. • Focus on quality standards to ensure product quality meets the requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

King Koil bridges the gap between high quality sleep and a life well lived, for benefits that can be felt all day through.

LICENSING

KING KOIL MATTRESS CO.
A Member of kps Group

KING KOIL LICENSING COMPANY INC

OPERATIONAL REVIEW

KKLC is the owner of the King Koil® brand with 23 licensees (for trademarks and intellectual properties) in 76 countries. It generates revenue through royalty payments of 2.0% to 3.0% from the sales generated by contract manufacturers or retailers of mattresses and bedding products. During the reporting period, KKLC continued to expand and strengthen the brand's presence across the US as well as the rest of the world.

Revenue

0.3%

2021: RM35.5 million

2020: RM35.4 million

OPERATIONAL RESULTS

The revenue of the licensing sector improved slightly to RM35.5 million in FY2021 from RM35.4 million in FY2020, mainly due to higher international royalty fees.

OUTLOOK

KKLC shall remain supportive of the licensees through the current uncertainties to ensure that they will emerge from the pandemic, ready for the eventual rebound. It will continue to evaluate its slate of current and prospective licensees to ensure the brand continues its international expansion with the most credible partners.

PRESENCE OF
KING KOIL LICENSING BUSINESS

23 LICENSEES

76 COUNTRIES

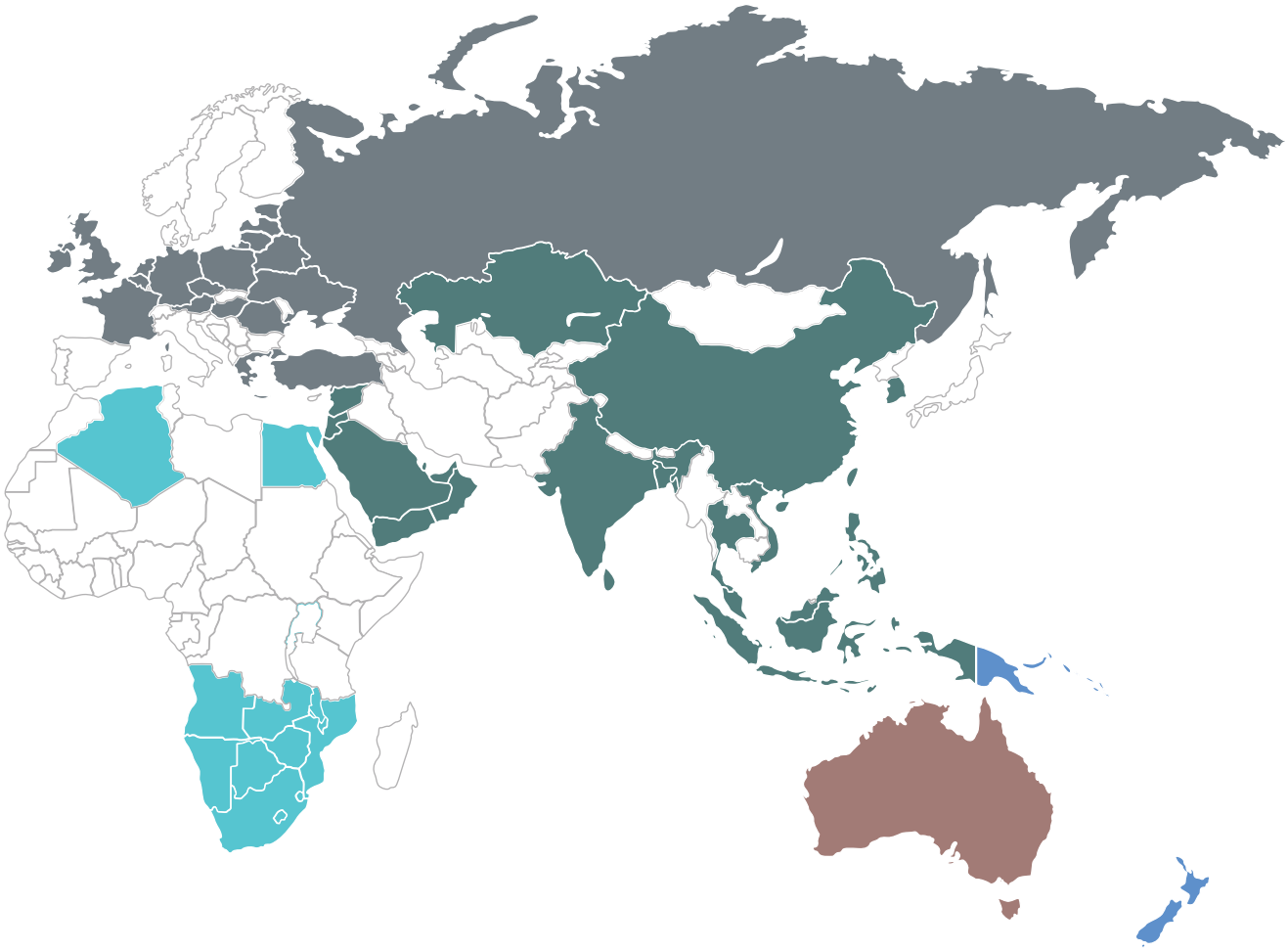
NORTH AMERICA

US (East Coast)

SOUTH AMERICA

Mexico
The Caribbean
(12 countries)

MANAGEMENT DISCUSSION AND ANALYSIS



AFRICA

Algeria
Egypt
South Africa
Angola
Botswana
Lesotho
Mozambique
Namibia
Swaziland
Zambia
Zimbabwe

ASIA

UAE
Qatar
Bahrian
Syria
Yemen
Saudi Arabia
Jordan
Lebanon
India
Sri Lanka
Maldives
Bangladesh
Kazakhstan China
Taiwan
Hong Kong
Macau
Indonesia
Malaysia
Thailand
Singapore
Brunei
Philippines
Vietnam
Thailand

AUSTRALIA

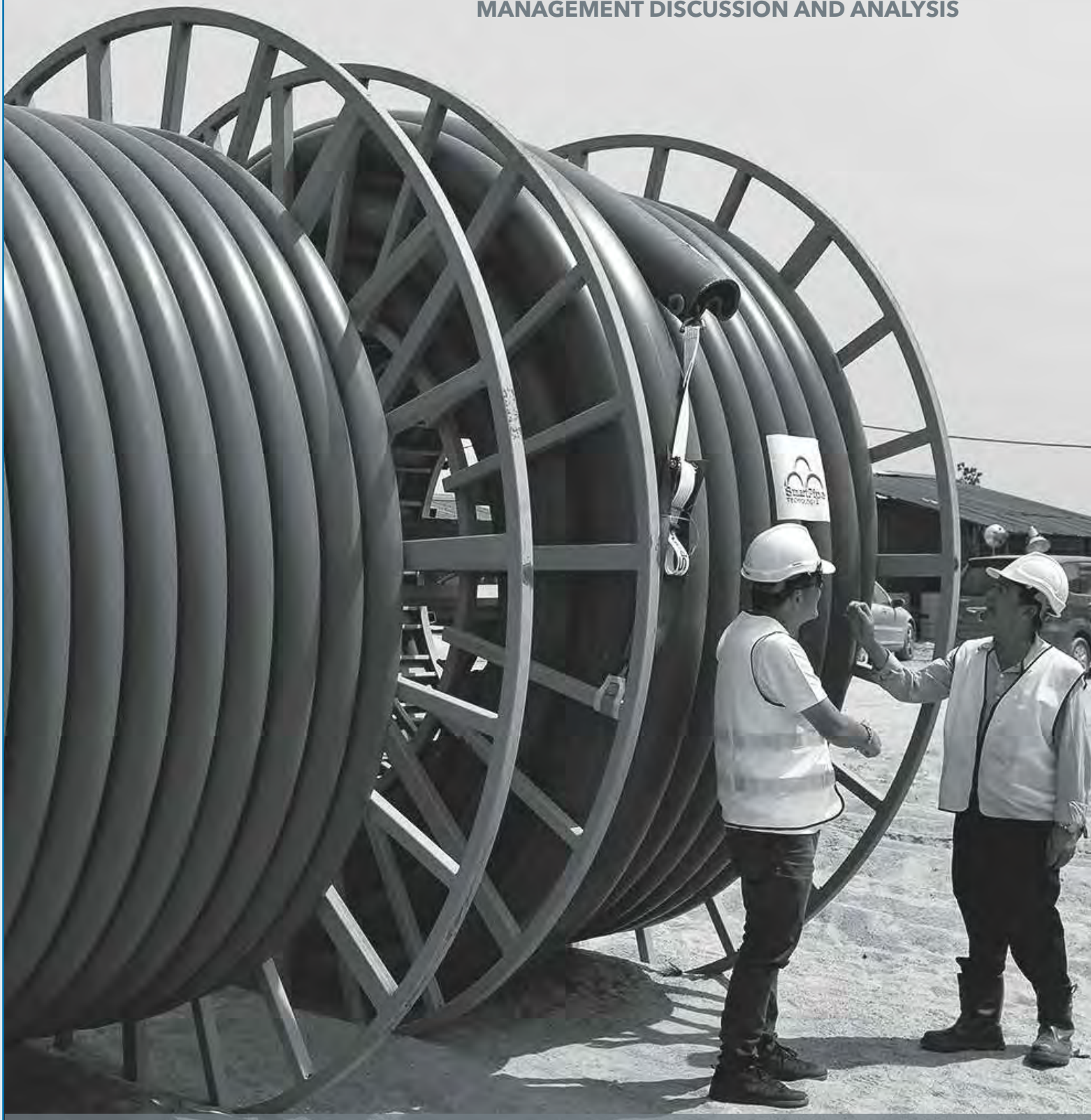
Australia

OCEANIA

New Zealand
Fiji
Papua New Guinea

EUROPE

Azerbaijian
Latvia
Lithuania
Estonia
Ireland
United Kingdom
Czech Republic
Poland
Hungary
Romania
Turkey
France
Germany
Austria
Greece
Belgium
Netherlands
Switzerland
Slovenia
Cyprus
Georgia
Russia
Belarus
Ukraine



Smartpipe is the sole company authorised by the Netherlands based Wavin Overseas BV ("Wavin") to sell and install Compact Pipe® and Wavin's other pipe rehabilitation products in Malaysia.

INFRASTRUCTURE

SmartPipe TECHNOLOGY
A Member of kps Group

SMARTPIPE TECHNOLOGY SDN BHD

OPERATIONAL REVIEW

2021 was a difficult year for Smartpipe mainly due to the direct impact of COVID-19, which caused delays and setbacks on on-going projects and other planned initiatives for the year. As the Government eased and allowed economic activities to gradually resume, the focus was on ramping-up works and completing the remaining works with Air Selangor.

OPERATIONAL RESULTS

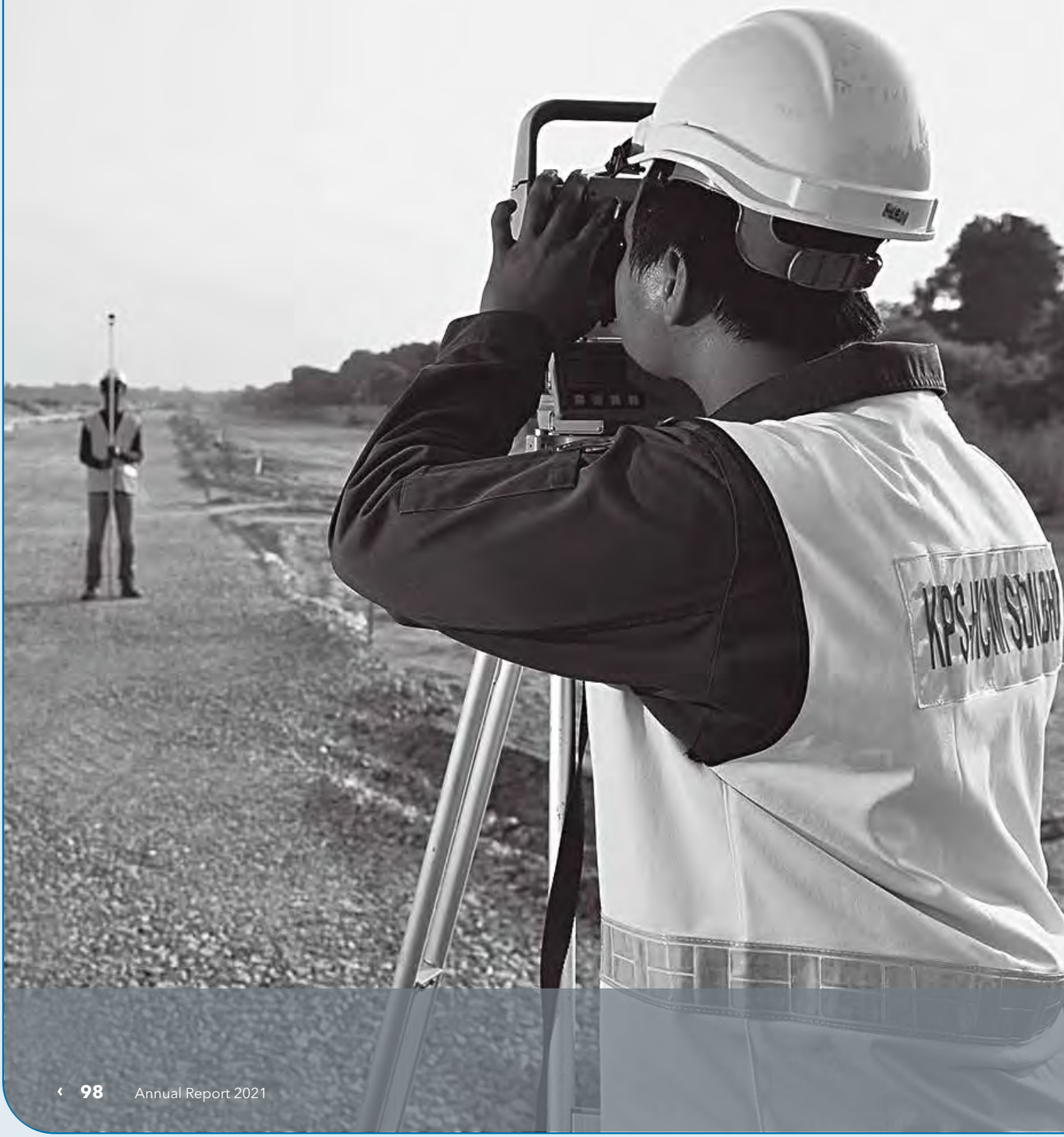
During the year in review, Smartpipe's revenue slipped to RM2.7 million from RM6.7 million in the previous year. The income reduction was mainly due to the delay in completing the Package-12 project at the Cheras-Kajang location.

OUTLOOK

Moving into 2022, Smartpipe is committed to ensuring a smooth Defect Liability Period ("DLP") for its Package 12 project towards handing over the completed project to Air Selangor at the end of the DLP targeted in the second half of 2022.

One of the Compact Pipe® installations for Pengurusan Air Selangor Sdn Bhd.

MANAGEMENT DISCUSSION AND ANALYSIS



INFRASTRUCTURE

KPS-HCM Sdn. Bhd.
A Member of kps. Group

KPS-HCM SDN BHD

OPERATIONAL REVIEW

In 2021, KPS-HCM worked towards finalising the project account with Central Spectrum (M) Sdn Bhd and its consultants. The Certificate of Practical Completion ("CPC") was obtained in April 2021, which was back dated to 31 December 2020. As such, the DLP had commenced from 1 January 2021 to 31 December 2021 for one year. KPS-HCM is targeting to obtain the Certificate of Making Good Defects ("CMGD") by 2Q 2022.

OPERATIONAL RESULTS

Despite the absence of new projects, KPS-HCM recorded higher revenue of RM6.9 million in FY2021 than RM3.1 million in FY2020. This was due to higher income from the variation order from the Pulau Indah project.

OUTLOOK

KPS-HCM shall continue to monitor the delivery of the DLP closely and subsequently obtain the CMGD by Q2 2022.

Drainage installation works at Phase 3C, Pulau Indah Industrial Park, Klang, Selangor.

MANAGEMENT DISCUSSION AND ANALYSIS

Site inspection by NGC's employees.

ASSOCIATE COMPANIES

NGC ENERGY SDN BHD

OPERATIONAL REVIEW

NGC Energy continued to be profitable in FY2021 despite the prolonged impacts from the MCO imposed by the Government. The movement restrictions and strict operating environment had disrupted demand, impacting sales, namely in the Domestic and Industrial & Commercial ("I&C") segments. The I&C customers' volumes were depressed in Q3 2021, where Enhanced MCO measures were imposed strictly nationwide, limiting businesses operations. However, I&C had shown recovery in terms of sales volume in Q4 2021 with the relaxation of the MCO and higher vaccination rates.

OPERATIONAL RESULTS

NGC Energy registered a PAT of RM4.8 million, which translated into the Group's share of profit of RM2.0 million compared to the corresponding period in 2020, where its PAT was RM16.8 million and the Group's share of profit was RM6.7 million. The lower share of profit in the current period was mainly due to lower revenue from the I&C segment and domestic sales of LPG.

NGC's employees performing on site maintenance work.

NGC adheres to strict safety and health regulations for the safe storage and handling of liquefied petroleum gas.

OUTLOOK

The sales volume in 2022 is expected to stabilise and NGC Energy intends to continue with the momentum to improve the sales volume, especially for the I&C segment. NGC Energy will intensify efforts to target higher growth and higher margin in the I&C customer segment, as per the company's long-term strategy. NGC Energy will also focus on gaining more market share in the Domestic segment and strengthening marketing efforts to penetrate the I&C segment further.

ASSOCIATE COMPANIES

SISTEM PENYURAIAN TRAFIK KL BARAT HOLDINGS SDN BHD

OPERATIONAL RESULTS

The Group's share of profit in SPRINT Holdings was RM2.9 million in FY2021 against a share of profit of RM11.5 million in the previous financial year. The lower share of profit was mostly due to lower traffic volume during the MCO as well as lower compensation from the Government for the low traffic volume. On 4 April 2022, SPRINT Holdings received a letter of offer from Amanat Lebuhraya Rakyat Berhad ("ALR") to acquire the entire equity interest of SPRINT highway at an enterprise value (EV) of approximately RM1,808 million. With a 20% interest in the SPRINT Holdings, KPS' share of the anticipated equity value of SPRINT would be RM180.8 million. Upon accepting the offer, SPRINT Holdings and ALR shall enter into a definitive agreement on the sale of SPRINT highway.

PERANGSANG WATER MANAGEMENT SDN BHD

OPERATIONAL RESULTS

The Group's share of profit in PWM was RM2.4 million in FY2021 against a share of loss of RM0.2 million in the previous financial year. The higher share of profit in FY2021 was due to the absence of a one-off expense as compared to the prior year.

PWM specialises in the operation and management of water projects.

CORPORATE GOVERNANCE

Since implementing the BTP, we have gone through a period of transformation. We have dealt with some serious challenges. But the most significant of these, hands down, had been the global outbreak of COVID-19. As a fundamentally strong investment holding company led by an effective Board, we were resiliently positioned to meet the unprecedented challenges of the pandemic.

I am grateful that our Board and governance structures operated effectively and efficiently throughout this period to provide the necessary leadership and oversight to support our business aspirations and help shape our business ambitions. Like the rest of us, the Board adapted to the changing circumstances, new hurdles, and expectations during the year. The Board's role throughout the pandemic has been to ensure there was a clear focus on our long-term strategic objectives and support our employees operating in a VUCA environment as they made quick decisions to respond to the pandemic.

Our purpose and core values have guided the decisions taken by the Board and senior management throughout the pandemic.

Board Retreat at the Marriott Hotel, Putrajaya on 10 December 2021.

Every decision was guided by our purpose and core values as a responsible business entity. More so in challenging times, it is important that the Board focus on its role of overseeing the execution of strategy and ensuring effective management of KPS' many businesses. Reporting to the Board is vital to support this. The Board received regular updates, at and between Board meetings, with most of the Board and the Committee meetings being held virtually. Our businesses at all geographical locations kept the Board regularly apprised of operational and financial positions and the impact of our strategic implementation on our stakeholders.

To this effect, KPS is committed to upholding the highest standards of Corporate Governance ("CG") by embracing good practices that ensure the Company's business affairs are conducted with integrity, transparency and professionalism. We are committed to continuing to focus on implementing effective corporate governance framework throughout the organisation.

MANAGEMENT DISCUSSION AND ANALYSIS

In its continued effort to combat corruption, KPS has, in 2021, established a corruption risk management framework ("CRM"). CRM is a management process that helps to

1. identify structural weaknesses that may present opportunities for corruption to occur;
2. provides a framework for all employees of KPS to take part in identifying risk factors and treatment; and
3. embeds corruption prevention within a well-established governance framework. Corruption risk assessment ("CRA") exercises are conducted to assess overall corruption risks associated with the business and operation of KPS and subsidiaries.

In 2021, KPS' governance ranking improved from 46th to 23rd placing among 100 public-listed companies ("PLC") in the 2020 ASEAN Corporate Governance Scorecard ("ACGS") assessment. We won two awards, namely, the Excellent Award for CG Disclosure for market capitalisation between RM100 million and RM300 million and the Industry Excellent Award under the Minority Shareholders Watchdog Group ("MSWG") - ASEAN CORPORATE GOVERNANCE AWARD 2020.

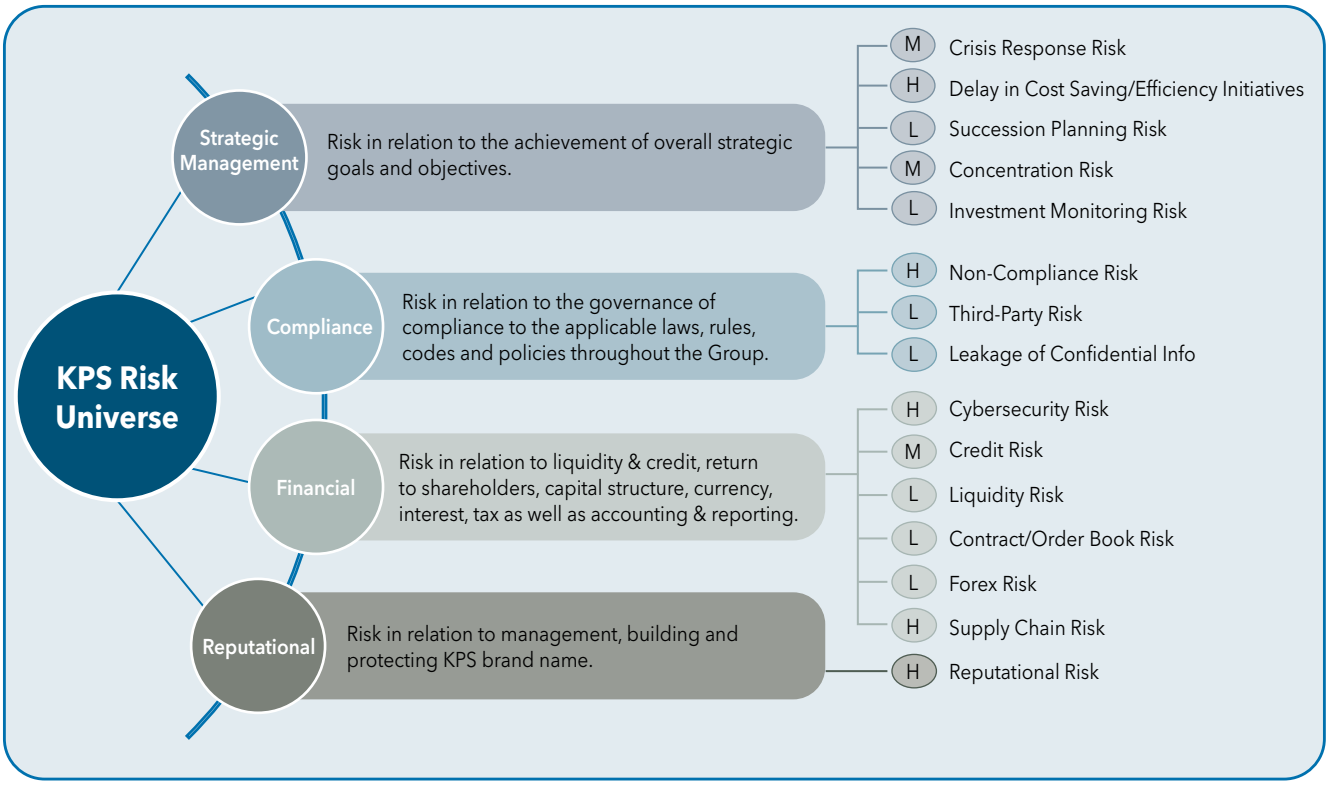
During the year in review, the Group initiated several enhancements to the existing CG framework by establishing new policies and frameworks. This also included reviewing the existing frameworks and policies to ensure that KPS continues to align its governance practices with the standards set out by the Bursa Securities MMLR, best practices of the MCCG issued by Securities Commission Malaysia ("SC"), other relevant rules and regulations, and as importantly, to the Company's business direction and long-term strategy. The new frameworks and a policy established during the year were the Cybersecurity Framework, the Corruption Risk Assessment Framework and the Occupational Safety, Health and Environment ("OSHE") Policy.

We will continue to review, benchmark, and refine KPS' governance structure and processes based on global best practices and guidelines while at the same time ensuring continued support for effective leadership within the Group.

MANAGING RISKS

The Group has a sound system of risk management and internal control in place, which not only covers the financial aspects, but also matters relating to sustainability, investment, operations, and compliance with applicable laws and regulations. Effective risk management has helped the Group achieve its optimal performance by incorporating risk information and deliberating key risk issues for decision making. To provide an integrated and organised approach to managing key risks, the Group adopts the Enterprise Risk Management ("ERM") framework based on the ISO 31000:2018 to proactively identify, assess, prioritise, and manage key risks to an optimal level.

This practice also includes the identification and management of emerging risks.



MANAGEMENT DISCUSSION AND ANALYSIS

During the year, we carried out a full review of our key and emerging risks, which includes periodic assessments of the risks we believe could threaten our business model, future performance, reputation, solvency, or liquidity.

The Risk, Control & Assurance Framework

RISK MANAGEMENT POLICY, STANDARDS AND GUIDELINES

KEY RISK AREAS

THE BOARD, BGRC, RGWC & RMD

Lines of Defence

1st line	2nd line	3rd line
Management	ERM & Compliance	Internal Audit

Top-down

Group and strategic-level risk:

- Risk Assessment
  - Identification
  - Analysis
  - Evaluation
- Risk Treatment
- Oversight
- Monitoring & Reporting.

Includes the identification and management of emerging risks.

Bottom-up

Business unit and operational-level risk:

- Risk Assessment
  - Identification
  - Analysis
  - Evaluation
- Risk Treatment
- Oversight
- Monitoring & Reporting.

Includes the identification and management of emerging risks.

BUSINESS UNIT OPERATIONAL RISK & COMPLIANCE COMMITTEES

OVERSIGHT

Board	BGRC	RGWC	Risk Management Department
Overall responsibility for risk management, including risk appetite and oversight for the risk assessment and mitigation strategy.	Overseeing the Group's governance and compliance matters and make the necessary recommendations with regard to risk, governance, compliance and sustainability matters aligned to the Group's long-term strategy.	Monitors the consistent enforcement of the ERM and compliance policies, reviewing and recommending risk appetite, parameters, profiles and action plans, as well as compliance key risks, status and action plan to BGRC for endorsement.	Operational management of ERM, business continuity management and risk governance for the Group.

The pandemic has had a more profound impact on economies and people than expected. Uncertainty remains as to whether the recent lockdowns and vaccination programmes are sufficient to bring the pandemic under control and allow life to return as it was and, if so, when. The impact was also reflected, be it directly or indirectly, across other key risks and our mitigation strategies for them.

The pandemic-stricken supply chain risk has since remained an elevated risk.

The Group has identified key risks areas, some of which are Supply Chain Risk, Business Continuity and Crisis Response Risk, Cybersecurity Risk, Regulatory Risk and COVID-19 Crisis Response Risk.

We amped up our risk management as we adapted to remote work, learnt new technologies, and found different ways to serve our customers. As witnessed, the pandemic has upset our business operations by disrupting the supply chain on many occasions, impeding our ability to deliver products and services. Thus, in managing its threats, our crisis response is critical. As part of the ERM, our business continuity plan has helped us manage those impacts on our people, in ensuring their safety.

CRISIS RESPONSE RISK: COVID-19

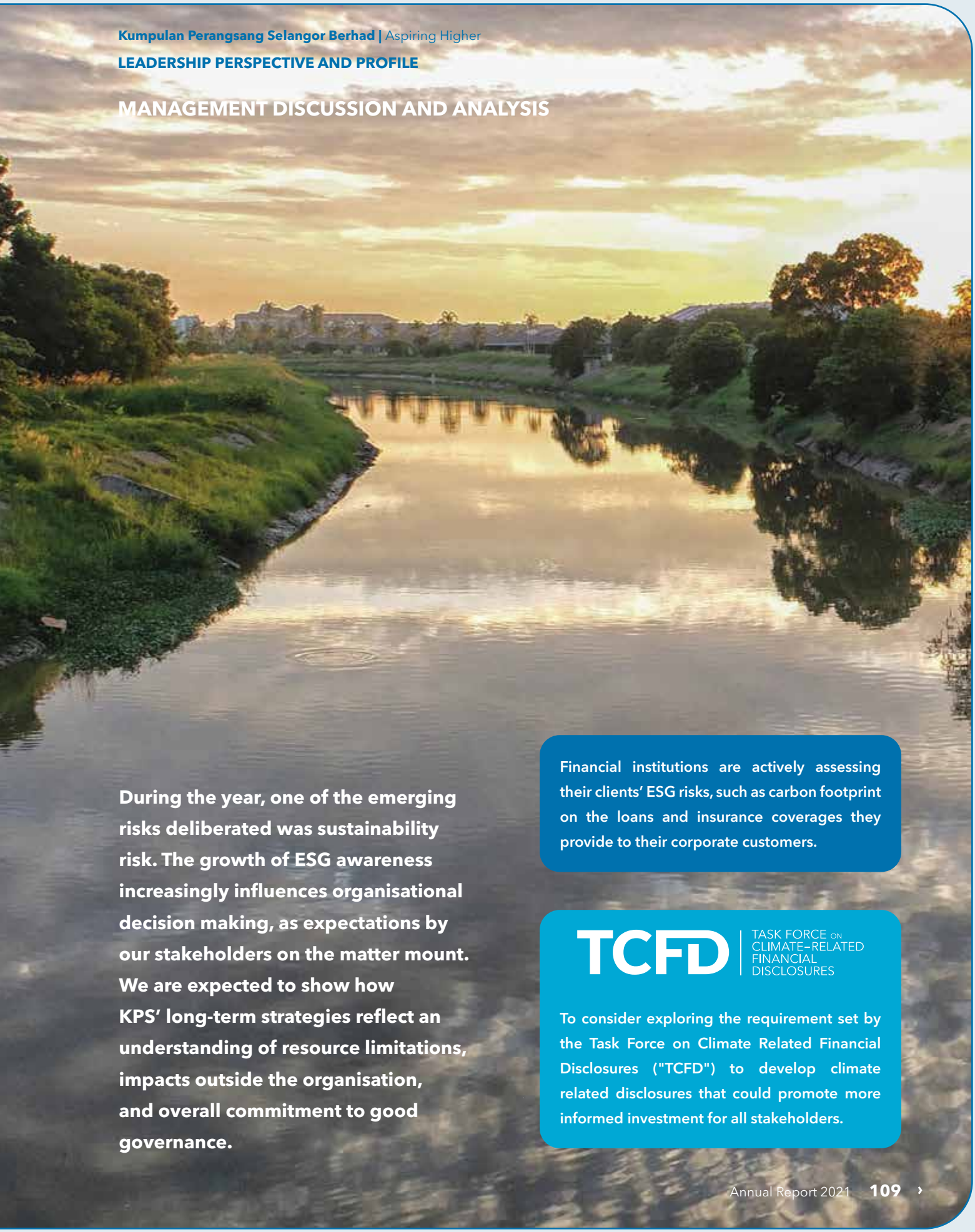
INTERNALLY

- This involves identifying business critical functions, equipment, and employees, and determining how, where and by whom critical services are provided.
- Considered suspending specific aspects of work to reduce risk of exposure, support social distancing and reduce unnecessary cash expenditures.
- Carefully monitored employee availability, health and safety. A continuity plan was developed for all critical employee roles that can be easily triggered should they become indisposed. The chain of command is clearly identified.

EXTERNALLY

- Rolled out a supply chain analysis and assessment of the possible risks faced by customers, vendors, manufacturers, suppliers, distributors, purchasers, and other stakeholders that we interact with and rely upon.

MANAGEMENT DISCUSSION AND ANALYSIS



During the year, one of the emerging risks deliberated was sustainability risk. The growth of ESG awareness increasingly influences organisational decision making, as expectations by our stakeholders on the matter mount. We are expected to show how KPS' long-term strategies reflect an understanding of resource limitations, impacts outside the organisation, and overall commitment to good governance.

Financial institutions are actively assessing their clients' ESG risks, such as carbon footprint on the loans and insurance coverages they provide to their corporate customers.

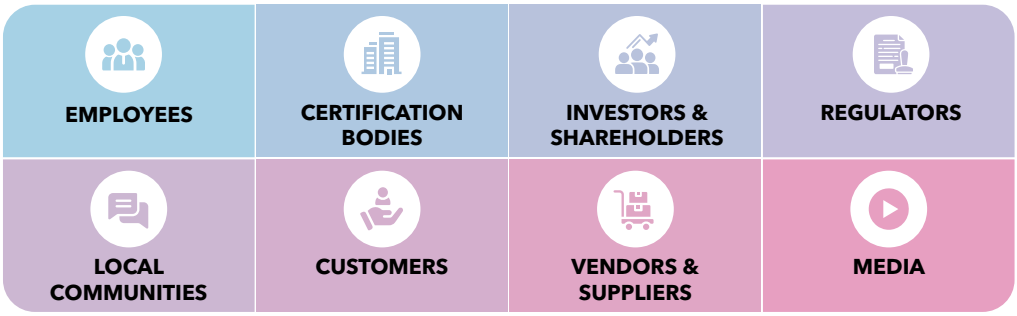
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

To consider exploring the requirement set by the Task Force on Climate Related Financial Disclosures ("TCFD") to develop climate related disclosures that could promote more informed investment for all stakeholders.

MANAGING STAKEHOLDERS

KPS is a listed investment holding company. As such, we interact with multi-stakeholders who have interests in the Group's business. Most of our engagements are based on a localised approach, meaning, all business units are required to identify their respective stakeholders and establish the most optimum ways of engaging with them. Engaging with stakeholders and understanding their views are vital to our decision-making as it helps identify emerging issues. The relationships we foster with all our stakeholders directly impact the success of our business and investments.

kps. AND ALL ITS STAKEHOLDERS



The Board and Management receive feedback from stakeholders in several ways, ranging from direct feedback from customers, suppliers, employees, investors, media, and the general public to information provided by the subsidiary companies and their respective business units, or departments at the HQ during their regular briefings to senior management or the Board. Other forms of input include periodic employee surveys results.

We also participate in various industry and NGO associations through which we engage with policymakers in establishing an effective pathway for better understanding complex industry-related issues and assimilating knowledge. These associations are also important platforms for KPS to contribute to broader, industry-wide action on sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

This enables us to develop strategy, scrutinise our activities, and understand how our decisions may affect stakeholder groups. Co-operating with our stakeholders and taking the time to understand their different views have always been of high value to us. Our commitment to stakeholder engagement is built upon the perception that knowledge-sharing, widening experiences and adopting a learner mindset will help us achieve the Group's shared objectives.

We take our commitment to public collaboration and stakeholder engagement very seriously. In the past, this was easily demonstrated through physical events that served as opportunities to directly engage with stakeholder on issues and priorities which concern them. This has been harder to navigate in the context of the continuing impact of COVID-19. However,our focus on supporting and caring for our colleagues, customers, and the communities where we operate has not changed through these unprecedented times.

We are grateful for the continued support of our stakeholders and look forward to future engagements in the year ahead.

Ahmad Fariz Bin Hassan, MD/GCEO addressing Board members, Heads of Departments and Senior Managers from all departments at the 2021 Board Retreat Meeting at the Marriott Hotel, Putrajaya on 10 December 2021.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

	VALUE DELIVERY	THE IMPORTANCE OF ENGAGEMENT
EMPLOYEES	• Competitive salary that is above market minimum. • Attractive benefits. • Training and development. • Career growth opportunities. • Work-life balance. • Enhance Health, Safety, and Environment ("HSE") protocols.	An empowered, forward-thinking, progressive, and innovative workforce is instrumental to our business success.
CERTIFICATION BODIES	Compliance with laws, regulations and international quality and safety standards reflect the strong governance practices in KPS.	Ensuring the Group adheres to the highest standards by constantly improving internal processes and operations to ensure high quality product output and provide the know-how to secure customer confidence.
INVESTORS & SHAREHOLDERS	Ensuring operational continuity, consistent returns on investment, business excellence and growth, reflecting strong corporate governance.	Our shareholders are an important source of equity capital to fund our business and growth plans.
REGULATORS	Monitoring compliance through contractual obligations to the Government and stakeholders, reflecting strong corporate governance.	• To control economic, health, infrastructure, security, and environmental risks. • Ethical business practices.
LOCAL COMMUNITIES	• Education Development. • Entrepreneurship Development. • Community Development. • HSE. • Philanthropy.	• To address waste management and other environmental issues. • To elevate the socio-economic status of our beneficiaries. • To give opportunities to underserved community members. • To reduce poverty levels.
CUSTOMERS	• Quality and safety of products are an important aspect of product creation and technical solutions. • Supply chain security and sustainability.	• Ensuring the quality and safety of our products and services, preventing risks to our business, and satisfying consumer demand for safer, high-valued products. • Achieving high customer satisfaction rate.
VENDORS & SUPPLIERS	• Valuable contracts, safe procurement practices, and service improvements. • Supply chain security and sustainability.	Our suppliers and vendors complete our value chain by transporting and delivering our products safely and efficiently.
MEDIA	To be transparent in all our business operations and when reporting financial performance.	Media platforms are important for communicating key messages to our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Frequency of Engagement — Weekly | Monthly | Quarterly | Annually | As and When Required

ENGAGEMENT CHANNELS		AREAS OF INTEREST/DISCUSSION
• Structured Training Programmes. • Talent Development Programmes. • Induction Exercise for New Employees. • Town Hall Meetings. • Lunch and Learn Programmes.	• Social, Sports, Health, and Wellness Activities. • Circulation of Human Resource Policies.	• Training and Career Development. • Diverse and Inclusive Workplace. • Employee Well-being, Health and Safety. • Better and Improved Working Environment. • Internship and Industry Placements.
• On-site Inspections. • Regular Meetings. • Submission of Regulatory Documentation. • Internal and External Audit Exercises.		• Adherence to International Organisation for Standardisation ("ISO") such as ISO 9001 and OHSAS 18001 Standards. • Incentives for Manufacturing Companies: - Investment Tax Allowance - Pioneer Status
• Annual General Meeting. • Annual Report and Sustainability Report. • Dedicated Investor Relations Section in KPS' Website and all communication channels. • Announcements of Quarterly Results.	• Analyst Briefing Sessions. • One-on-one Meetings with Analysts and Business Journalists/Publications. • Group Meetings. • Non-deal Roadshows.	• Group's Business Direction and Key Corporate Developments. • Financial Performance.
• Regulatory Discussions and Meetings with Authorities. • Public Consultation with Local Authorities.	• Site Inspections. • Seminars, Briefings, and Trainings.	• Regulatory Compliance. • HSE. • Social Management.
• CSR Activities and Outreach through Education, Entrepreneurship, and Sports Development Programmes. • Environmental Initiatives. • Philanthropy.		• Managing the impact of HSE, and Social Involvement. • Community Engagement. • Creating jobs and Other Income • Generating Education, Career and Business Opportunities
• Marketing and Promotional Contents. • Website/Social Media. • Customer Feedback Surveys. • Events/Roadshows.		• Product and Service Quality. • Supply Chain Sustainability. • Product Pricing and Credit Terms.
• Vendor/Supplier Registration. • Procurement Policies. • Performance Evaluations. • Site Visits and Meetings.		• Product and Service Quality. • Service Scope and Payment Schedule. • Supply Chain Sustainability.
• Media Interviews, Briefing Sessions, and Press Conferences. • Press Releases.		• Brand Positioning, Image, and Credibility. • Business Performance and Growth. • Ethical Business Conduct and Regulatory Compliance.

CREATING VALUE
FOR OUR STAKEHOLDERS

Our business model is focused on creating value for all our stakeholders, including shareholders and investors, business partners and associates, customers, vendors, suppliers, service providers, employees, the Government, and the communities in which we operate. In essence, we work with capital inputs to drive our value process to create products and offer services, while being guided by our business aspirations and strategy. We are cognisant of the risks involved in order to generate healthy financial and extra-financial returns.

Our value creation story communicates how we have made progress with embedding sustainability into our business strategy and culture and how these efforts with the Group's business strategy and corporate objectives. From the Management's perspective, we disclose the principal and emerging risks that may impact our global business and the mitigation actions that we have taken, providing insight into the outcome of our corporate governance whose practices we have kept improving. We have communicated and shared with the stakeholders our business aspirations and priorities and how these two support the Group's vision and shard objectives.

KPS' Board members sharing insights at a previous Board Retreat at the Marriott Hotel, Putrjaya.

MANAGEMENT DISCUSSION AND ANALYSIS

As we progress and gradually improve our awareness of integrated thinking, we aim to enhance our value creation storytelling.

LEAP25 is the formula.

At the conclusion of our BTP in 2020, LEAP25 had started to guide us to strengthen our strategic focus and positioning. The long-term strategy is designed four-pronged: firstly, to lead KPS to a more strategic position by increasing the awareness of the evolved KPS in terms of perception, investor profile and the overall brand equity; secondly, to enhance the Group fundamentals by optimising ROE and TSR; thirdly, to speed up financial and extra-financial performance through continual value creation, process improvement and efficiency enhancement at the subsidiary companies and the holding company; and fourthly, to progress further holistically, mobilised by other support functions within the Group, especially in the area of ESG.

LEAP25 has also led us to rationalise our non-strategic assets, unlocking the value of non-productive assets while considering automation and digitalisation to breed an innovative culture, increase revenue through cost optimisation, and build synergistic strengths within the Group's subsidiary companies. It has also convinced us to catapult KPS brand equity, evolving its brand identity by recently donning a more modern and progressive logo. In efforts to enhance the Group's investor profile, coverage by analysts and engagements with more institutional investors have been steadily increasing, aligned with stakeholders' perception of the Group's business aspirations, high-performance culture, strong fundamental resilience, and solid investment appeal.

LEAP25
THE LONG-TERM STRATEGY IS DESIGNED FOUR-PRONGED

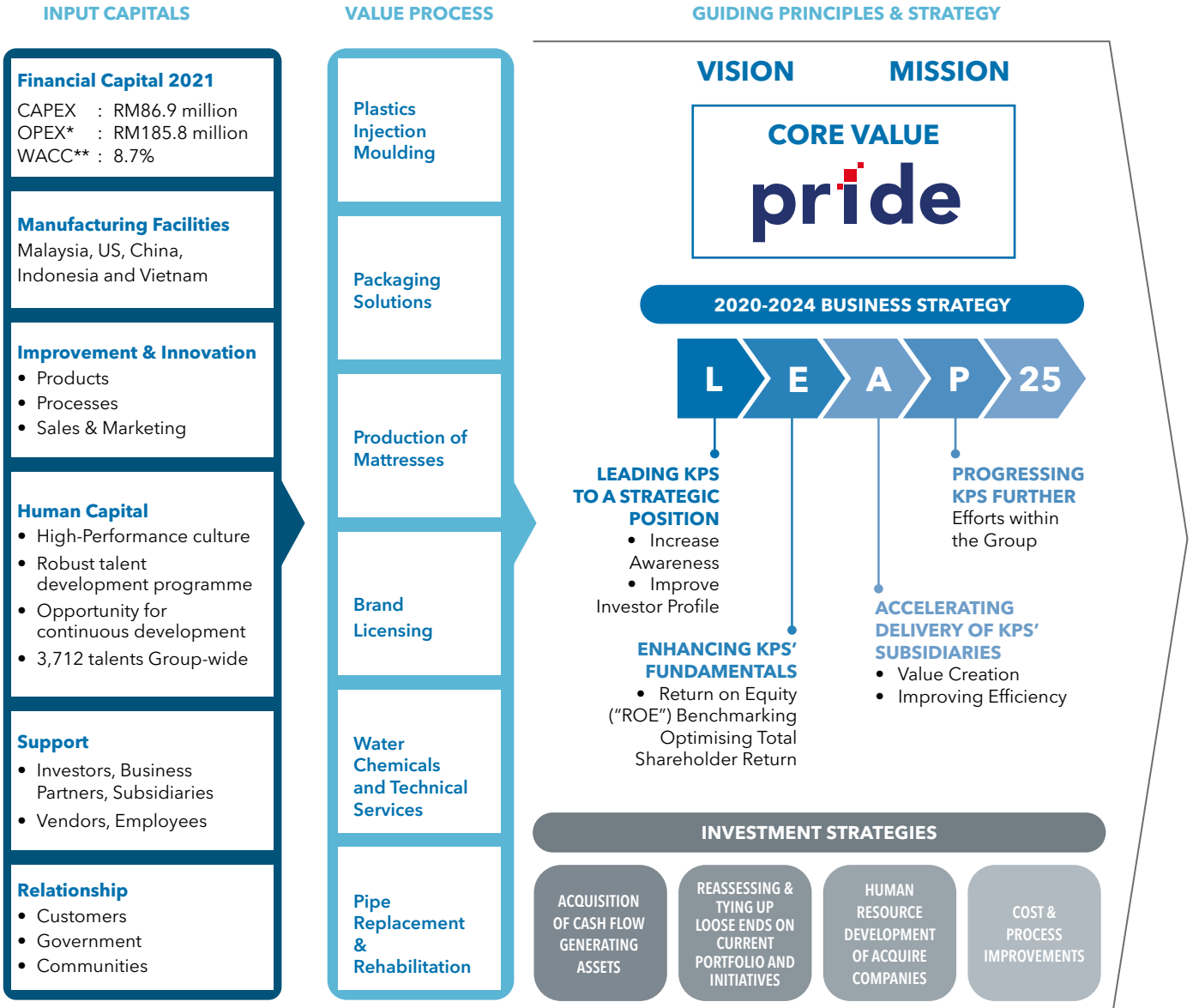
01
To lead KPS to a more strategic position by increasing the awareness of the evolved KPS in terms of perception, investor profile and the overall brand equity.

02
To enhance the Group fundamentals by optimising ROE and TSR.

03
To speed up financial and extra-financial performance through continual value creation, process improvement and efficiency enhancement at the subsidiary companies and the holding company.

04
To progress further holistically, mobilised by other support functions within the Group especially in the area of ESG.

BUSINESS MODEL FOR VALUE CREATION



Note:

* Operating Expenses
** Weighted Average Cost of Capital

MANAGEMENT DISCUSSION AND ANALYSIS

VALUE CREATED FOR KPS AND OUR STAKEHOLDERS

RISK MANAGEMENT

Strategic Management

- Business Continuity and Crisis
- Talent Management
- Concentration Risk
- Shift in Operating Environment
- Crisis Response Risk – COVID-19

Compliance

- Regulatory Risk
- Third Party Risk

Financial

- Cybersecurity Risk
- Credit Risk
- Liquidity Risk

Reputational Risk

DELIVERING FINANCIAL OUTCOMES

Revenue
RM1.3 billion
(2020: RM1.1 billion)

Profit Attributable to Owners of the Parent
RM57.2 million
(2020: RM34.1 million)

EPS
10.6 sen
(2020: 6.4 sen)

Shareholders' Equity
RM1.0 billion
(2020: RM1.0 billion)

Total Assets
RM2.3 billion
(2020: RM2.3 billion)

ROE
5.5%
(2020: 3.4%)

VALUE CREATED FOR STAKEHOLDERS

DEVELOPING OUR PEOPLE

Our focus on human resource activities and programmes are on talent development, the foundation of a high performing work culture guided by the Group's core values, PRIDE. We hold on to the truth that a high-performance culture not only fulfils economic achievements but also strengthens our commitment to sustainability that will have a significant social impact at all levels. This, in turn, will enable and empower our employees to ensure that we are driven by purpose.

Our competitive strength originates in our highly capable and competent personnel. We encourage our employees to take the initiative to improve their capabilities, promoting an active approach to career planning. Learning is present throughout one's whole career in KPS, both through structured programmes and through learning on the job and getting valuable first-hand experience. If we neglect specific learning challenges, the employee development will be unwieldy for the Group, frustrating for employees and cause uncertainty of its value.

To this effect, we firmly believe that employee development is the strategic tool to nurture our people to aim for continuous growth parallel to the Group's business aspirations and direction.

THE NEED FOR EMPLOYEE DEVELOPMENT

- Remaining competitive. We are competing not only for market share but also for employees.
- Dealing with skills shortages.
- Promoting diversity, equity, and inclusion.
- Creating a learning culture.
- Adapting to changing business structures.
- Increasing worker productivity.
- Reducing turnover.
- Aligning employee development with KPS' needs.

EMPLOYEE DEVELOPMENT FRAMEWORK ("EDF") EXERCISE]

- To identify the employee's current competency level as well as identifying the required competency level in performing their current role. The main goal for the development of EDF is to create a high-performance culture amongst KPS' employees in leading towards growth and sustainable organisation that meets the Group's strategic and operational objectives.
- To determine the readiness level of all employees in KPS for targeted critical positions in KPS to build internal bench strength and talent pipeline for business continuity and sustainability.

MANAGEMENT DISCUSSION AND ANALYSIS

Apart from talent development, we also maintained a constructive and ongoing dialogue with our people through CEO Town Halls, WhatsApp chats, sports activities, social media channels and face-to-face meetings. We also organised frequent pulse surveys to get direct feedback and understanding of matters important to our many disciplines of functions. The responses and feedback have helped us develop and work on people's priorities and development plans.

In 2021, KPS rolled out numerous programmes to boost employees' well-being and continue to develop our human capital.

CATEGORY 1:
STAFF SAFETY, PHYSICAL HEALTH & MENTAL WELLBEING

Activities Conducted

Appointment of **Safety & Health Officer** and **Committee** in KPS and subsidiaries.

Safety & Health Campaigns:

a) Safety & Health buntings displayed at KPS and subsidiaries.

Routine office sanitisation conducted by the **Building Management Services team.**

Awareness briefing on Safety & Health for KPS and Subsidiaries:

a) Awareness COVID-19 Vaccine.
b) OSH at the Workplace.
c) Healthy Food in Ramadhan.
d) Balancing Your Blood Pressure.
e) COVID–19 Patient Sharing Session.

Safety & Health Audits conducted periodically for KPS and subsidiaries:

a) ISO 9001 – 2015 (QMS – Quality Management System).
b) ISO 45001: 2018 (OHS – Quality Health & Safety Management System).

Allocation of RM500 for all staff to claim from staff "outpatient benefits" to purchase facemasks and hand sanitisers.

Virtual Healthy Sports Programmes (January to March 2021)

CATEGORY 2: EMPLOYEE DEVELOPMENT, TRAINING & CERTIFICATION PROGRAMMES

Activities Conducted

One year **job placement** at subsidiary companies.

Leadership Development Programme for Middle and Top Management at KPS and subsidiaries.

Women Leadership Development Programme for KPS and subsidiaries.

Training on governance practices by **the Malaysian Anti-Corruption Commission Academy.**

CATEGORY 3: EMPLOYEE ENGAGEMENT

Activities Conducted

Virtual Health Sports Programme (January to March 2021).

Organised internal **Table Tennis Tournament** from 5 to 9 April 2021 for KPS staff.

Conducted online **Escape Room game programme** on 28 July 2021 for KPS Team Building.

Conducted **TEAMHUNT (Virtual Treasure Hunt)** programme on 1 December 2021 for KPS and subsidiaries.

Flood relief for affected KPS employees and family members.

Employee Engagement Survey for KPS and subsidiaries.

SUSTAINABILITY AT KPS

In 2021, while we dealt with unprecedented challenges and uncertainties in the business environment, we reinforced our position by incorporating lessons learnt, having steered the Group through the pandemic in the previous year. On the external front, we proactively engaged with our customers and suppliers to reset priorities and communicate new plans to manage and mitigate risks, mainly to alleviate supply chain and logistical disruptions.

We also realised the need to adapt business processes, showing that objectivity and transparency are inextricably linked with the principle and strategies of sustainability and the importance of correctly implementing and executing our tasks, identifying problems in our operations, and seeking solutions to address them.

The fruits of our labour came in form of a commendable set of financial and extra-financial results are posting this year. We attained this on the back of improving efficiency; focusing on small wins such as incremental innovations; focusing on efforts for a more robust supply chain; identifying customers' emerging needs; streamlining product development; ensuring business viability; and learning from experiences, be it success or failure.

The reassurance of potential robust earnings prospects is underpinned by pursuing the core tasks of Supply Chain & Labour Cost; Waste Management; and GHG Emissions Monitoring in the field of sustainability management to create shared value and strengthen the Group's overall standing in the marketplace.

SUPPLY CHAIN & LABOUR COST

(Impacting material cost and margins)

- Diversify supply sources.
- Alternative materials.
- Access to more sustainable raw materials.
- More robust suppliers.
- Increased customer satisfaction.
- Abide by best practices/ compliance and law.
- Competitive pricing & cost savings.

WASTE MANAGEMENT

- Efficient Inventory Management.
- Reduce Packaging Materials.
- Recover, Reuse, Sort.
- Established Preventative Maintenance Schedule.
- Minimise water usage.
- Adopt techniques to reduce waste generated by various processes.

Benefits to:

- Customers.
- Communities.
- Environment-less pollution.
- Employees.

GHG MONITORING

Efficient use of resources: low carbon, cleaner production, and improvement in operations.

- Environment.
- People.

MANAGEMENT DISCUSSION AND ANALYSIS

KPS has been supporting underprivileged children in our community, enabling them to achieve their highest academic and social potentials.

The key to realising our vision of becoming a sustainable corporation lies in how we harmoniously link the nature of corporate management with sustainability principles and strategies, and how we implement them. Through a deeper understanding of sustainability and its application to everyday management, we will continue to explore new opportunities and growth engines to build on the pillars of previous years, namely:

- **Aiming to be a responsible corporate citizen;**
- **Upholding the highest standards of governance and ethics;**
- **Promoting sustainable business practices;**
- **Limiting the negative impact of our business on the environment; and**
- **Building and maintaining solid relationships with stakeholders.**

DOING MORE

We have chosen DOING MORE as the theme of our Sustainability Report 2021 to reflect the incremental extension of our sustainability commitment of extending impact to our society and community. We have also advanced further on our sustainability journey, believing that everyone in KPS could play a part to make the world a greener place through our sustainability efforts. By embracing and integrating ESG, making it an integral part of our business, we expect to holistically enhance the Group business performance over the long run.

This year, we shifted the gear in our efforts by adopting another best practice by disclosing GHG emissions from our operations. The disclosure highlights our commitment to addressing the global challenge of slowing global warming and arresting climate change, paving the way for KPS to exert more efforts in tackling the environmental footprint from our operations and strategising our own climate action in the immediate future.

The logic is simple, really. To manage the Group's impact on climate change, we need to monitor our emissions. And in order to monitor our emissions, we must first measure the emissions after understanding their origins within our operations, from the manufacturing to the trading business. This is the first, yet the most important, step towards supporting the 26th Conference of the Parties' ("COP26") pledge to cap the global warming to 1.5°C.

Our Educational Development Programmes have helped reduce absenteeism rates, and shape better academic performances and social skills.

UPLIFTING SOCIETY

2021 was a challenging year for both businesses and individuals. As a responsible business entity, apart from our dedication to going the extra mile to excel in our business performance, supporting the development and well-being of our employees and community are equally important elements. During the year, we sponsored and donated about RM2.2 million to aid and help many individuals, associations, NGOs, and other relevant agencies in need via our nationwide sustainability initiatives.

Our focus included education development, entrepreneurship development, community development, environment, safety and health, and philanthropy. Aside from building public trust in KPS, our strong commitment to social support and engagement activities have cast a wide net in encouraging professional and personal growth amongst the beneficiaries of our programmes. One of the most evident long-term benefits for KPS is that in taking proactive action, it has strengthened the Group's sustainability business initiatives that facilitate the triple bottom-line approach to operating our business and continuous value delivery to shareholders and other stakeholders.

SOCIAL PROGRAMME

EDUCATION: RM126,000

KPS Cerdik Programme

40 students

Sekolah Kebangsaan (A) Bukit Kemandol
Achieved reduction in student drop out rates, achieved >80% attendance and obtained better grades.

Graduate Attainment Programme

5 fresh graduates and interns

improve competency levels of **working skills and knowledge**

Celik Futuristik Programme

Collaboration with **Maxis** to distribute

43 Sim cards and i-Pads

to asnaf students of **SMK Kajang** to aid their learning process.

ENTREPRENEURSHIP: RM212,900

The Entrepreneurship Development Programme, costing about RM212,900, provided a platform to help local participants (including from the asnaf category) to start small-scale businesses, improve their competitive edge, and elevate their monthly income to RM1,000 or more. In 2021, the following were the beneficiaries of the programme:

40 local participants completed the **caregiver** training.

22 participants completed their training and classes in **postnatal services**.

30 participants attended the marketing **livestock** business planning and physical slaughter training to sharpen their technical skills in livestock management, nutrition and marketing.

This programme has helped **>60%** of the participants to attain more than **RM1,000** monthly income.

COMMUNITY, ENVIRONMENT, SAFETY AND HEALTH & PHILANTHROPY

For Community Development, we utilised **RM262,307** to support the following programmes:

Intensive sports training for **cycling, badminton and swimming** for **6** OKU athletes, enabling them to qualify as athletes to represent Malaysia in international sports competitions.

Religious Programmes & activities for the staff, e.g.: KPS Back to School 2021

Zakat Re-distribution

To promote the importance of Environment, Safety and Health matters, **RM250,150** was allocated for the following:

KPS Sustainability Challenge by collaborating with University Pertanian Malaysia to run a competition to encourage creativity and innovative ideas on promoting a sustainable environment among higher education students.

KPS Road Safety Programme for **103,804** secondary school students.

KPS donated **RM781,311** to various associations, NGOs and other relevant agencies.

We contributed to the Tabung COVID-19 Selangor by donating PPE and sanitisers to selected healthcare clinics and schools. We also extended assistance to employees and organised food donations to pandemic-stricken communities and victims of the recent floods in Selangor.

OUTLOOK

ECONOMIC LANDSCAPE

The International Monetary Fund ("IMF") projects that global growth will decelerate to 4.4% in 2022 (2021: 5.6%), taking into consideration the impacts and challenges coming from the COVID-19 pandemic and ensuing crisis, continued supply disruptions, and tapered macroeconomic support. Growth is projected to moderate to 4.0% in advanced economies in 2022 (2021: 5.4%) as policy support gradually recedes, partially cushioned by the continued release of pent-up demand.

The HIS Markit purchasing managers' index ("PMI") indicated that the global manufacturing production and new orders both rose for the eighteenth consecutive month in December 2021, with rates of expansion accelerating slightly to 53.3%. The index highlighted that manufacturers remained optimistic on balance that output will continue to recover in 2022, bolstered by the confidence of the extent of the disruption in the supply chains normalising and the global manufacturing activity improving.

The World Bank projects that economic recovery in Malaysia will gain momentum in 2022 to grow by 5.8% (2021: 3.1%) while underlying inflation is expected to be broadly contained. The growth will be mainly driven by an acceleration in private consumption while exports are projected to continue to expand, albeit slower, in line with the expected moderation in global trade growth. The success of Malaysia moving into the endemic stage in April 2022 could provide an upside to the business and public sentiment and, subsequently, economic growth.

The International Monetary Fund ("IMF")
projects that global growth

4.4%
2021: 5.6%

The World Bank
projects economic recovery in Malaysia will gain momentum

5.8%
2021: 3.1%

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY LANDSCAPE

CONSUMER ELECTRONICS

The market is projected to grow from **USD 689.5 billion** in 2020 to USD 989.4 billion in 2027 with a CAGR of **5.3%**.

Vietnam continues to be one of the main beneficiaries of supply chains shifting away from China.

Drivers – rising demand from residential sector and supportive government initiatives to boost growth.

Source: https://www.fortunebusinessinsights.com/consumer-electronics-market-104693

AUTOMOTIVE ELECTRICAL & ELECTRONICS MARKET

The global automotive electronics market size worth **USD 272.3 billion** is projected to reach USD415.6 billion by 2026, exhibiting a CAGR of during 2022-2027. **7.1%**

China the new energy vehicle mandate initiated by China in 2017 will upsurge the production and demand for electric and autonomous vehicles in the region to propel growth.

Drivers – The surge in demand for safety, security and comfort; increasing adoption of electric vehicles.

Source: https://www.grandviewresearch.com/industry-analysis/automotive-electronics-industry

HEALTHCARE

Global healthcare industry has sustained a **4%** compound growth since the past few years.

Drivers: Robust technological advancements over traditional devices, and growing adoption of IoT based smart medical devices.

Source: https://www.fortunebusinessinsights.com/healthcare-it-industry#

PACKAGING

The global packaging industry breached **USD1 trillion** in 2021. The growth of 4.8% over 2020-2021 was partly accelerated by theCOVID-19 pandemic which changed the consumer dynamics. It is projected to reach a market value of **3.9%**.

Drivers: Packaging innovation in the food industry, rising demand for convenience food, rise of e-commence.

Source: https://packagingeurope.com/smithers-predict-world-packaging-demand-surpass-1-trillion/

MATTRESS

The global mattress market value reached **$34 billion** in 2021 to $42.8 billion in 2028 at a CAGR of **6.2%** in the forecast period, 2022-2027.

Drivers: Rising number of housing units and urbanisation, demand for specialised products, increased demand from healthcare sectors.

Source: https://www.fortunebusinessinsights.com/mattress-market-102108

There is one caveat to the industry prospect.

The development of the political tension in Russia and Ukraine could put the global recovery momentum and economic prospect going forward in jeopardy. And the fact that it happened during a period when inflation was already rising is worrying. The geopolitical tension brings out a sense of déjà vu to the supply chain and socio-demographic upheaval that we had experienced in 2020. Given the close interlink between the global economies and the Baltic region, the war will have a broad economic repercussion and certainly adds to the extent of uncertainty in the operating environment.

VALUE CREATION PLANS FOR SUSTAINABLE GROWTH

We at KPS vow to continue delivering stakeholder value by capitalising on what we have efficiently and translating it to healthy financial returns. Each year, we will review and update our plans for our business to attain sustainable growth, and from there, we will zoom in further and set specific, measurable, achievable, realistic, and time-based goals for each business unit and assess our performance periodically. With these, we will be able to adjust and fine-tune our action plans to keep us on the course of creating continuous value for our stakeholders.

MANUFACTURING

TOYOPLAS

1. To focus on sales growth & preservation through:
   - diversifying its solutions for more industries and end markets.
   - new high mix low volume projects with higher margins.
   - more box build projects.
2. To optimise cost and improve efficiency via:
   - Realigning capacities by leveraging low-cost sites.
   - Utilising the Vietnam plant to attract and support customers relocating from China due to the US-China trade war.

CPI

1. To achieve sales growth via growing with existing customers, acquiring new customers and industry diversification as well as expanding its footprint.
2. To manage cost vigilantly via forward planning, negotiations, and cost pass through to mitigate the escalating raw material prices.
3. To increase capacities and capabilities to provide a wider range of solutions to the customers.

CBB

1. To continue driving growth by acquiring new customers and new models/products.
2. To expand geographically by tapping into the Offset and Carton segments in Singapore and for the consumer segment, and to penetrate into the Vietnam and Philippines markets.
3. To increase product range.
4. To implement e-commerce for the consumer segment.

KKMW

1. To drive revenue growth by getting more orders from newly acquired customers and capitalise on new projects.
2. To introduce new designs and specs via new product development.
3. To improve operational efficiency and productivity to support new customers.

TRADING

AQUA-FLO

1. To strengthen chemical sales to existing and prospective clients via active participation in tender bids, with competitive pricing.
2. To capture more market share in the water meter segment via active promotions and tenders.

LICENSING

KKLC

To sift 'stagnant' licensees and replace them with high value partners; target at least 1 licensee each in South East Asia and Europe.

INFRASTRUCTURE

SMARTPIPE

1. To continue engagement with existing and new agencies, and state authorities to promote Compact Pipe© solutions.
2. Prospects in Oil & Gas Industry for pipe replacement and rehabilitation.

GROUP PROSPECTS

We believe that the consequences of the COVID-19 crisis will continue to pose risks in 2022, possibly dampening and delaying both global and domestic economic recovery. Although we are better prepared for it, we cannot undermine the damage it could do to the recovery progress in the sectors in which KPS has business operations. We take some comfort in us transitioning to the endemic phase of COVID-19. However, at this stage, the outcome of the intended endemicity is still premature.

At the same time, we shall stand guided by the development of socio-economic indicators and geopolitical development in Russia and Ukraine, which could have a bearing on the progress of the global economic growth, global supply chain normalisation effort and ultimately, KPS' value creation plans going forward.

Generally, the market intel is still pointing at the supply chain and possibly, labour challenges abating into the second half of 2022. We expect to progress moderately in the current financial year, staying nimble in executing the business strategy and safeguarding the viability of the Group business amidst a volatile, uncertain, complex, and ambiguous operating environment. We shall remain prudent in the near term with our strategy execution.

The macro scenario notwithstanding, we shall continue to capitalise on emerging opportunities whilst ensuring competitive repositioning of our products. We shall ensure strategic execution of the value creation plans at the subsidiary companies to further strengthen our fundamentals and, ultimately, the Group's sustainable growth and profitability.

To this effect, we will persist in realizing our long-term strategic goals that include further operational efficiency improvements, penetration into new market segments and expansion of product mix and services at all subsidiary companies. We are poised to ride on the recovery wave in gaining more ground as these plans unfurl. We also endeavour to extend the cost-pass-through mechanism, carry material and production planning, and practise lean manufacturing as well as continue driving cost optimisation and operational excellence to manage our profitability margin more efficiently.

At the same time, we shall follow through with the rebranding exercise that we undertook recently to remain relevant – and relatable - in the global business arena whilst striving to achieve stakeholders' ever-changing expectations. With the tenacity of our people and a solid foundation of our vision and shared objectives, we aim to scale our brand equity further, positively shaping the experience of its customers, investors, and other stakeholders, ultimately securing an enviable strategic positioning that it fundamentally deserves.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend our appreciation to all of the stakeholders who contributed to KPS' growth, directly and indirectly.

First and foremost, my heartfelt thanks to all our employees within the Group for their commitments, hard work and sacrifices in pushing through this tumultuous period. We have all risen above and beyond the call of duty in an immensely trying time where we were pressure tested and pushed to the limits to overcome overwhelming hurdles. The Group's success so far was a direct result of your ongoing commitment.

I would also like to thank our major shareholder, Darul Ehsan Investment Group, for the trust and confidence in the Board, the Management Team, and the employees of KPS and its subsidiary companies. To my fellow Board Members, thank you for your vision, counsel, and guidance in steering the Group's direction and helping us create better versions of ourselves. And as always, we are deeply grateful to our customers, shareholders, regulatory authorities, the media, and other stakeholders, for their continued support.

I would also like to thank all the Government agencies and local authorities for their efforts, assistance, and cooperation in providing a conducive operating environment for KPS amidst the lingering impact of the prevailing socio-economic challenges.

I want to make a special mention of thanks to our former Non-Executive Chairman, Dato' Nor Azmie Bin Diron, who resigned from the Board on 1 November 2021. In his two-year tenure with KPS, Dato' Nor Azmie provided valuable advice, guidance, and support in shaping KPS's growth agenda and elevating the Group's performance. His stewardship was characterised by strategic thinking, instrumental in enhancing the visibility and credibility of KPS amongst strategic stakeholders and in the marketplace.

MANAGEMENT DISCUSSION AND ANALYSIS

With great pleasure, I welcome YB Dato' Haji Haris bin Kasim as the new Chairman of KPS, effective 6 December 2021. YB Dato' Haji Haris is the current Selangor State Secretary. I look forward to his guidance and stewardship in steering KPS towards greater heights with his vast experience in helming senior public positions in Selangor as well as the State's government-linked business entities for the past 29 years.

I would also like to extend my appreciation to Encik Koay Li Onn (Leon), our former Independent Non-Executive Director, and Encik Soffan Affendi Aminudin, our former Non-Independent Non-Executive Director, who retired and resigned from the Board on 25 May 2021 and 14 March 2022, respectively. Encik Koay was Chairman of the Board Governance and Risk Committee and Member of the Board Audit Committee, the Board Investment Review Committee, while Encik Soffan was Member of the Board Audit Committee, the Nomination and Remuneration Committee, the Board Investment Review Committee, and the Sustainability Board Committee.

Both Encik Koay and Encik Soffan had contributed immensely to the Group in their respective capacities. They had been integral to KPS' achievements, helping us navigate a period of aggressive growth, challenges, and change. They were also instrumental in guiding the Group towards embedding sustainable practices and providing oversight on the Group's sustainability strategies.

I wish them both every success in their future interests. Please join me in welcoming Cik Sharmila Sekarajasekaran, who was appointed as an Independent Non-Executive Director on 1 September 2021. She brings to KPS unique talents, experience, expertise and perspectives in furthering KPS' ambitious growth plans. Currently, Cik Sharmila is Chairman of the Board Governance and Risk Committee and Member of the Board Audit Committee and the Board Investment Review Committee.

I would also like to congratulate Puan Hashimah Mohd Isa, our former Company Secretary, on her retirement effective 6 October 2021. Over 32 years of service, Puan Hashimah has contributed immensely to the smooth running of the governance and administration of the Company, ensuring that KPS complies with standard corporate procedures and practices as per the respective guidelines and regulations. I am appreciative of the level of service that Hashimah had devoted to KPS. She took the responsibilities of her critical role seriously, went the extra mile and gave her all to get the job done. Her professionalism was unmatched, as was her work ethics. May the next phase of her life bring her all that seeks and more.

Premised on the Group's strong values and determination to drive sustainable growth, in closing, I am grateful for the immense support and confidence of our loyal shareholders, customers, bankers, business partners, vendors and suppliers, and the media fraternity throughout this period.

Thank you.

AHMAD FARIZ HASSAN
Managing Director/Group Chief Executive Officer

BOARD OF DIRECTORS PROFILE

YB DATO' HARIS BIN KASIM
Chairman, Non-Independent Non-Executive Director

Nationality : **Malaysian**
Age/Gender : **59/Male**
Date of Appointment : **6 December 2021**
Length of Tenure as Director : **3 months**

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Chairman) **-**

MEMBERSHIP OF BOARD COMMITTEES

- None

QUALIFICATIONS

- Degree in Science Social, University of Malaya.
- Diploma in Public Administration, National Institute of Public Administration ("INTAN").

MEMBERSHIP OF ASSOCIATIONS

- None

AREA OF EXPERTISE

- Public Administration, Government Relations, Finance and Economics.

OTHER DIRECTORSHIPS

Listed Entities

- None

Public Companies

- Invest Selangor Berhad
- Air Selangor Holdings Berhad
- Kumpulan Hartanah Selangor Berhad
- Permodalan Negeri Selangor Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 29 March 2022)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

YB Dato' Haris bin Kasim ("YB Dato' Haris") started his career in 1993 as an Administrative Officer before being appointed as Assistant Director in 1996 at the Ministry of Entrepreneurial Department. He was then appointed as the Assistant Secretary in Selangor State Secretary's Privatisation Unit in 1998.

In 2001, he was appointed as Assistant District Officer of Petaling District & Land Office. Thereafter, in 2005, he assumed the 'Yang Dipertua' of Kuala Selangor District Council position. Then from 2011 to 2015, YB Dato' Haris was appointed as the District Officer of District Councils of Hulu Langat and Sepang. From 2015 until 2019, YB Dato' Haris was the Director of the Selangor Islamic Religious Department before being appointed as Mayor of Shah Alam City Council for two (2) years, from 2020 to 2021. Presently, YB Dato' Haris is the Selangor State Secretary, and before that, he was the Selangor State Financial Officer.

BOARD OF DIRECTORS PROFILE

PUAN NORITA BINTI MOHD SIDEK
Non-Independent Non-Executive Director

Nationality : **Malaysian**
Age/Gender : **61/Female**
Date of Appointment : **8 April 2022**
Length of Tenure as Director : **-**

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

-

Note: Puan Norita was appointed as Director of KPS on 8 April 2022

MEMBERSHIP OF BOARD COMMITTEES

- None

QUALIFICATIONS

- Master in Business Administration from University Malaya
- Degree in Economy (Hons) from University Kebangsaan Malaysia

MEMBERSHIP OF ASSOCIATIONS

- None

AREA OF EXPERTISE

- Strategic Planning, Business Strategy, Corporate Development, and Stakeholder Engagement.

OTHER DIRECTORSHIPS

Listed Entities

- None

Public Companies

- Permodalan Negeri Selangor Berhad
- Invest Selangor Berhad
- Kumpulan Hartanah Selangor Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES
(as at 29 March 2022)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Puan Norita binti Mohd Sidek ("Puan Norita") has more than 30 years of experience in the public service, having garnered vast experience in corporate planning and honed expertise in strategic planning, business strategy, corporate development, and stakeholder engagement.

During her tenure in Perbadanan Kemajuan Negeri Selangor ("PKNS"), she was instrumental in driving the economic and social growth of the state of Selangor, pushing for development projects that emphasize on the environmental, social and governance aspects.

Prior to being appointed as the Chief Executive Officer ("CEO") of ("MBI"), Puan Norita was the Chief Operating Officer of PKNS. As the CEO of MBI, she is pivotal in administering the Selangor states assets and investment, playing a significant role in promoting and supporting state development efforts as well as social and public responsibilities. The business acumen and social cognisance developed during her tenure in PKNS and MBI would bring valuable insights through a broader perspective to the Board on various matters relevant to KPS.

BOARD OF DIRECTORS PROFILE

YBHG DATO' IDRIS BIN MD TAHIR, *DIMP*
Independent Non-Executive Director

Nationality : **Malaysian**
Age/Gender : **68/Male**
Date of Appointment : **15 August 2013**
Length of Tenure as Director : **8 years 8 months**

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Member)	**7/7**
BAC (Chairman)	**6/6**
NRC (Member)	**5/5**
BGRC (Member)	**4/4**

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Board Audit Committee.
- Member of the Nomination and Remuneration Committee.
- Member of the Board Governance and Risk Committee.
- Member of the Tender Board Committee.

QUALIFICATIONS

- Graduated from The Chartered Institute of Management Accountants ("CIMA"), UK and subsequently admitted to fellowship in 1995.

MEMBERSHIP OF ASSOCIATIONS

- Member of the Malaysian Institute of Accountants.

AREA OF EXPERTISE

- Accounting, Audit, Financial Reporting.

OTHER DIRECTORSHIPS

Listed Entities

- None

Public Companies

- Syarikat Pengeluar Air Selangor Holdings Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES
(as at 29 March 2022)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Dato' Idris bin Md Tahir started his career with Bank Negara Malaysia (Central Bank of Malaysia) as an Executive Officer of the Investment Department from 1978 until 1983, before joining Bank Islam Malaysia Berhad ("BIMB") as one of the pioneers of the group in establishing the first Islamic Bank in Malaysia. In his 29 years of service with BIMB Group of Companies, he held various senior managerial posts and was also the Chief Internal Auditor where he was involved in various Islamic Financial activities which included Islamic banking, Takaful (Islamic Insurance), Ijarah (Islamic Leasing), Wakallah (Islamic Nominees), Islamic Asset Management and Islamic Stockbroking. His last post was as Executive Director/Chief Executive Officer of BIMB Securities Sdn Bhd, an Islamic stockbroking company, before his retirement in 2012.

BOARD OF DIRECTORS PROFILE

QUALIFICATIONS

- Bachelor of Arts with Honours, University Malaya.
- MPhil. in Land Management, University of Reading, UK.

MEMBERSHIP OF ASSOCIATIONS

- None

AREA OF EXPERTISE

- Project Management, Strategic Planning and Business Strategy, Human Capital.

OTHER DIRECTORSHIPS

Listed Entities

- None

Public Companies

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 29 March 2022)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Dato' Ikmal began his career in the Administrative and Diplomatic Service of the Government of Malaysia in 1976. In late 1991, he left government service and joined United Engineers (M) Berhad as General Manager of the Malaysia Singapore Second Crossing project.

In 1993, he became the Chief Operating Officer of Projek Lebuhraya Utara-Selatan Berhad ("PLUS") and in 1995 he was promoted as the company's Managing Director.

In 1999, he was then appointed as the Managing Director of Prolink Development Sdn Bhd ("Prolink") and concurrently assumed the position of President for the Property Division of the Group. He was subsequently appointed as Managing Director of Renong Berhad from 2002 until 2003.

In November 2003, Dato' Ikmal was seconded to Pos Malaysia Berhad as the Chief Executive Officer/Managing Director as well as the Group Managing Director of Pos Malaysia and Services Holdings Berhad. In November 2007, he was appointed as Chief Executive of Iskandar Regional Development Authority ("IRDA") until February 2009. He then became the Chairman of Faber Group Berhad from 1 March 2009 until June 2014. During the said period, he was also appointed as Independent Non-Executive Director of UEM Land Berhad.

YBHG DATO' IKMAL HIJAZ BIN HASHIM,
DIMP
Independent Non-Executive Director

Nationality : **Malaysian**
Age/Gender : **69/Male**
Date of Appointment : **1 January 2018**
Length of Tenure as Director : **4 years 3 months**

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Member)	**7/7**
NRC (Chairman)	**5/5**
BIRC (Member)	**5/5**
SBC (Member)	**3/3**

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Nomination and Remuneration Committee
- Chairman of the Tender Board Committee
- Member of the Board Investment Review Committee
- Member of the Sustainability Board Committee

BOARD OF DIRECTORS PROFILE

PUAN NORLIZA BINTI KAMARUDDIN
Independent Non-Executive Director

Nationality : **Malaysian**
Age/Gender : **57/Female**
Date of Appointment : **6 April 2018**
Length of Tenure as Director : **4 years**

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Member)	**7/7**
NRC (Member)	**5/5**
BGRC (Member)	**4/4**
SBC (Chairman)	**3/3**

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Sustainability Board Committee.
- Member of the Nomination and Remuneration Committee.
- Member of the Board Governance and Risk Committee.

QUALIFICATIONS

- Industry Adjunct Professor Multimedia University.
- Professional Certificate in Corporate Public Affairs ("CPA") from The Center of Corporate Public Affairs, Melbourne Business School, Australia.
- Bachelor in Arts and Design from Universiti Teknologi MARA ("UiTM").

MEMBERSHIP OF ASSOCIATIONS

- International Public Relations Association
- Institute of Corporate Directors Malaysia

AREA OF EXPERTISE

- Reputation Management, International Business/Relations, Crisis Communications, Branding and Sustainability.

OTHER DIRECTORSHIPS

Listed Entities

- Sedania Innovator Berhad
- British American Tobacco (Malaysia) Berhad

Public Companies

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES
(as at 29 March 2022)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Norliza binti Kamaruddin ("Norliza") is a senior communications specialist with more than 25 years of experience in Malaysia and international markets. She specialises in multiple sectors including energy, finance, banking, aviation, telecommunications and hospitality and has experience in various communications practices particularly reputation management, strategic communications, strategic planning, corporate and government stakeholder management, crisis communications, corporate social responsibility, branding, media relations and internal communications. Norliza has helped organisations within ASEAN, the Middle East and America's to develop and execute communication strategies.

She is the only Malaysian in the world's three most prestigious PR and marketing awards. She was named one of 'Top 500 Most Influential PR Professional in PR Week Power Book 2014 and 2015' by the global PR Week magazine and included in the 'Power List 2014 - Top 50 Most Influential People in PR' by PR Week Asia. The Internationalist, New York also named Norliza as 'The Internationalist of the Year 2014'. Norliza is an Adjunct Professor in the Faculty of Applied Communication, Multimedia University Malaysia. In recognition of her contribution in helping to architect and develop the faculty's Bachelor in Strategic Communications programme, the faculty named its communications best student award after her name - "Liz Kamaruddin Communication Excellence Award".

BOARD OF DIRECTORS PROFILE

YBHG DATO' NOORAZMAN BIN ABD AZIZ
Independent Non-Executive Director

Nationality : **Malaysian**
Age/Gender : **66/Male**
Date of Appointment : **1 January 2020**
Length of Tenure as Director : **2 years 4 months**

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Member)	**7/7**
BAC (Member)	**6/6**
BGRC (Member)	**4/4**
BIRC (Chairman)	**5/5**

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Board Investment Review Committee.
- Member of the Board Audit Committee.
- Member of the Board Governance and Risk Committee.
- Member of the Tender Board Committee.

QUALIFICATIONS

- BSc (Finance) Louisiana State University, USA.
- Citicorp Associate Programme Training Institute, New York, USA.

MEMBERSHIP OF ASSOCIATIONS

- Member of Australian Institute of Company Directors, Australia.
- Member of Chartered Institute of Islamic Finance Professionals, Malaysia.
- Member of Institute of Corporate Directors Malaysia.

AREA OF EXPERTISE

- Planning and Business Strategy.

OTHER DIRECTORSHIPS

Listed Entities

- UEM Edgenta Berhad
- UEM Sunrise Berhad
- CTOS Digital Berhad

Public Companies

- PLUS Malaysia Berhad

Private Companies, Trustees & Other Organisations

- Yayasan UEM
- International Centre for Education in Islamic Finance

Advisory

- Kumpulan Wang Amanah Pekerja
- Ancora Fund Management Co., Indonesia
- Creador Sdn Bhd

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 29 March 2022)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Dato' Noorazman bin Abd Aziz has over 37 years of experience in banking and finance, investments and capital markets having served as Executive Director, Investments in Khazanah Nasional Berhad, Managing Director of Fajr Capital Ltd and held key positions in Citigroup, Bank Islam Malaysia Berhad, Kuala Lumpur Stock Exchange and Labuan Offshore Financial Services Authority (LOFSA), to name a few.

He was appointed to the Board of Kumpulan Perangsang Selangor Berhad on 1 January 2020. He is currently the Chairman of UEM Sunrise Berhad and sits on the Boards of UEM Edgenta Berhad, PLUS Malaysia Berhad and CTOS Digital Berhad.

He also serves as Chairman of the Board of Trustees of Yayasan UEM, the philanthropic arm of UEM Group, and Chairman of Board of Trustees of International Centre for Education in Islamic Finance (INCEIF).

BOARD OF DIRECTORS PROFILE

SHARMILA SEKARAJASEKARAN
Independent Non-Executive Director

Nationality : **Malaysian**
Age/Gender : **53/Female**
Date of Appointment : **1 September 2021**
Length of Tenure as Director : **6 months**

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Member)	**1/1**
BAC (Member)	**1/1**
BGRC (Chairman)	**1/1**
BIRC (Member)	**2/2**

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Board Governance and Risk Committee
- Member of the Board Audit Committee
- Member of the Board Investment Review Committee

QUALIFICATIONS

- Barrister-At-Law, Middle Temple, United Kingdom
- Advocate & Solicitor, High Court of Malaya, Malaysia
- B.A. Law & Economics (Honours), Keele University, United Kingdom
- Adjucator, Asian International Arbitration Centre (Malaysia) (formerly Kuala Lumpur Regional Centre for Arbitration)

MEMBERSHIP OF ASSOCIATIONS

- None

AREA OF EXPERTISE

- Strategic Planning and Business Strategy, Relationship Management

OTHER DIRECTORSHIPS

Listed Entities

- Top Glove Corporation Bhd

Public Companies

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 29 March 2022)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Ms. Sharmila Sekarajasekaran began her career as a legal assistant in 1998 with Messrs. Chooi & Co. and joined Messrs. Tay & Partners as a Senior Legal Assistant in the Intellectual Property Department in 2004. She joined the RIM Group in 2005 and held various positions in the RIM Group.

She is the Consultant in the Legal, Operations and Industry Development Departments of the RIM Group. She is also a Partner of Jerald Gomez & Associates since 2011, areas of practice are Intellectual Property, Banking Litigation, Corporate Advisory, Estate Claims and Family Law matters.

BOARD OF DIRECTORS PROFILE

ENCIK AHMAD FARIZ BIN HASSAN
Managing Director/Group Chief Executive Officer

Nationality : **Malaysian**
Age/Gender : **44/Male**
Date of Appointment : **1 January 2019**
Length of Tenure as Director : **3 years 3 months**

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE
BOD (Member) **7/7**

MEMBERSHIP OF BOARD COMMITTEES
- None

QUALIFICATIONS
- Bachelor's Degree in Accountancy, Universiti Teknologi Mara ("UiTM")
- Chartered Global Management Accountant

MEMBERSHIP OF ASSOCIATIONS
- Associate Member of the Chartered Institute of Management Accountants

AREA OF EXPERTISE
- Strategic Planning & Business Transformation, Investment Management & Value Creation, Empowerment, Governance, and Risk Management

OTHER DIRECTORSHIPS

Listed Entities
- None

Public Companies
- Century Bond Bhd
- Cash Band (M) Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES
(as at 29 March 2022)
- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Ahmad Fariz bin Hassan was appointed to the Board as Managing Director on 1 January 2019, simultaneously taking up the role of Group Chief Executive Officer. Prior to this appointment, he was the Chief Executive Officer ("CEO") of KPS since 1 May 2016. As the primary authority for sustainability, governance, investment, risk management, and control, he provides management oversight and responsibility, ensuring the efficient functioning of the business by conceiving its vision and purpose, developing corporate and business strategy, and ensuring effective structure and process to meet the Group's strategic needs.

Ahmad Fariz joined KPS as Head of Strategic Planning & Investments in 2015. In his capacity as the CEO, he spearheaded an aggressive business transformation plan, rolling out an exploitative and explorative growth agenda enhancing KPS' strategic position and investment appeal. He also inspired and embedded the high performance and empowerment culture to support the Group's shared purpose of optimising returns while staying committed to providing significant contributions toward sustainable economic, environmental, and social development.

His over 20 years of experience in corporate governance, private equity and strategic acquisition are exemplified by managing the often volatile, uncertain, complex, and ambiguous operating environment often presented in extensive and transformational corporate actions, investment activities and sustainable development initiatives. Ahmad Fariz has been pivotal in steering a new business direction for the Group, one which aims for sustainably strong business growth through continual identification of business catalysts and value creations, at the same time repositioning KPS' brand equity in the marketplace. Capitalised on his diverse industry and functional expertise and clad with a tenacious commitment to driving solutions through strategic foresight, drive, and determination to meet organisational goals, KPS has evolved as an investment holding company with core investments in the manufacturing sector.

His previous experiences include CIMB Investment Bank, Ekuiti Nasional Berhad and Khazanah Nasional Berhad.

Notes

Declaration by the Board:
- None of the Directors has any family relationship with any Director and/or Major Shareholder of KPS.
- None of the Directors has any conflict of interest with KPS.
- Other than traffic offences, none of the Directors has been convicted for any offences within the past five (5) years nor has any of them been imposed of any public sanction or penalty by any relevant regulatory bodies during the Financial Year under review.
- Dato' Haris bin Kasim was nominated as Non-Independent Non-Executive Chairman by MBI. Darul Ehsan Investment Group Berhad ("DEIG") is a major shareholder of the Company with direct shareholding of 57.88%. MBI is a holding company of DEIG.
- Puan Norita binti Mohd Sidek was nominated as Non-Independent Non-Executive Director by MBI. DEIG is a major shareholder of the Company with direct shareholding of 57.88%. MBI is a holding company of DEIG.

KEY SENIOR MANAGEMENT PROFILE

PUAN SUZILA BINTI KHAIRUDDIN
Deputy Chief Executive Officer
(Finance & Corporate Services)

Nationality : **Malaysian**
Age/Gender : **45/Female**

Date appointed to the Company as Deputy Chief Executive Officer (Finance & Corporate Services):
1 January 2019

QUALIFICATIONS

- Bachelor of Science (Hons) in Finance and Accounting, University of Salford, United Kingdom
- Chartered Certified Accountant, the Association of Chartered Certified Accountants

MEMBERSHIP OF ASSOCIATIONS

- Fellow Member of Association of Chartered Certified Accountants (ACCA)
- Member of Malaysian Institute of Accountants (MIA)

PRESENT DIRECTORSHIPS

Listed Entity

- None

Other Public Companies

- Cash Band (M) Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 29 March 2022)

- 157,307 shares in Kumpulan Perangsang Selangor Berhad

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Suzila binti Khairuddin was appointed Deputy Chief Executive Officer (Finance & Corporate Services ("DCEOFCS") on 1 January 2019. In this capacity, she manages KPS' finances and is responsible for financial reporting and taxation, treasury matters, monitoring of financial risks and opportunities as well as supervising the Group's finances. Assisting with high level decisions on policies and strategies, Suzila leads the setting and tracking of the Group's financial goals, objectives, budgets and financial metrics, whilst ensuring that financial and regulatory documents comply with the laws and regulations.

She also works closely with the Managing Director/Group Chief Executive Officer in developing other corporate policies, strategies, goals and long-term objectives for consideration, adoption and implementation at the Group level.

Prior to her current position, Suzila had served as Chief Operating Officer ("COO") since 1 April 2017 and COO/Chief Financial Officer ("CFO") since 1 June 2016. She was instrumental in overseeing the Group's ongoing operations, maintaining control over myriad businesses within the Group, and leading the strategic development of financial and operational strategies.

She joined KPS as Finance Manager on 15 December 2003, was later promoted to Senior Manager of Finance on 1 January 2008 and subsequently to Assistant General Manager of Finance on 1 January 2009. She was appointed Acting General Manager Finance and Administration on 1 November 2013 and was subsequently promoted to General Manager Finance and Administration on 1 October 2014. Prior to joining KPS, Suzila had four years of experience in Audit during her tenure with PricewaterhouseCoopers Malaysia, where she was involved in statutory and special audits of public listed companies, multinational corporations and private companies in various industries.

KEY SENIOR MANAGEMENT PROFILE

MEMBERSHIP OF ASSOCIATIONS

- None

PRESENT DIRECTORSHIPS:

Listed Entity

- None

Other Public Companies

- Century Bond Bhd

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 29 March 2022)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Azlan bin Abdul Jalil was appointed as Deputy Chief Executive Officer (Strategy & Investments) of KPS on 1 January 2019. Prior to that, he had served as Chief Investment Officer since 1 July 2017 and Director of Strategic Planning and Investments since June 2016. In his capacity as Deputy Chief Executive Officer (Strategy & Investments), Azlan is responsible for leading the end to end matters pertinent to Investments and Strategic Planning. He has played a vital role in spearheading KPS' various mergers and acquisitions ever since KPS first embarked on its Business Transformation Plan. He has displayed tremendous leadership qualities in welcoming these new companies into the bigger KPS family, as well as guiding, nurturing and finally transforming them into high performance culture companies.

Prior to joining KPS, Azlan was attached to Hong Leong Islamic Bank Berhad where he led and managed the bank's Islamic corporate banking end, comprising debt capital market transactions; financing syndication and financing restructuring exercises, servicing numerous clients encompassing government, department and agencies. GLCs, and Small and Medium Enterprises. His last position there was Head of Wholesale Banking.

Azlan has extensively developed his experience in banking, finance, investment and capital markets for over 21 years, starting at CIMB Investment Bank Berhad, Kuwait Finance House, Saudi-Arabian based Siraaj Capital Limited, Bursa Malaysia Berhad and HSBC Bank (Malaysia) Berhad. Notably, during his tenure as the Head of Sales and Market Development at Bursa Malaysia Berhad, he led the business development arm in driving the Islamic finance initiatives to greater heights, enhancing market awareness of the Malaysian Islamic finance initiatives and successfully increasing participation of global financial institution players. He started his career as an Associate with PricewaterhouseCoopers in Audit and Business Advisory specialising in the banking sector.

ENCIK AZLAN BIN ABDUL JALIL
Deputy Chief Executive Officer
(Strategy & Investments)

Nationality : **Malaysian**
Age/Gender : **44/Male**

Date appointed to the Company as Deputy Chief Executive Officer (Strategy & Investments):
1 January 2019

QUALIFICATIONS

- Bachelors of Science (Hons) in Accounting,
  University of Wales, Cardiff, United Kingdom.

HEADS OF
SUBSIDIARIES PROFILE

PUAN LIM HUI BIAN (STACEY)
Chief Executive Officer

Nationality : **Malaysian**
Age/Gender : **39/Female**

Date appointed to the Company as Chief Executive Officer of Toyoplas Manufacturing (Malaysia) Sdn Bhd:
Since 12 August 2015

QUALIFICATIONS

- Master of Business Administration, Singapore Management University
- Bachelor of Business and Commerce, Monash University Australia

MEMBERSHIP OF ASSOCIATIONS

- Malaysian International Chamber of Commerce & Industry
- Federation of Malaysian Manufacturers
- Singapore Business Federation

PRESENT DIRECTORSHIPS:

Listed Entity

- None

Other Public Companies

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 29 March 2022)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Since graduating from Monash University, Australia in 2005, Stacey Lim started her career in Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas") as a Programme Manager in Shanghai. Although it was a family business, her hard work and persistence have earned her recognition, of which in less than a year she was able to manage key major customer accounts.

In 2012, she was promoted to Global Business Development Manager and subsequently within two years of exemplary performance, she was promoted to Senior Business Development Director. Besides expanding the business, Stacey has improved the corporate image of the company and developed new sales kits for pitching the Company's services and competencies to new customers and market segments.

She was promoted to Chief Executive Officer in 2015 based on her accumulated experience and leadership positions in the manufacturing industry. Under her leadership, Toyoplas has transformed from an expert in Plastics Injection Moulding into an experienced full turnkey assembler, providing global customers with a one stop solution.

HEADS OF SUBSIDIARIES PROFILE

MEMBERSHIP OF ASSOCIATIONS

- None

PRESENT DIRECTORSHIPS:

Listed Entity

- None

Other Public Companies

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 29 March 2022)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Lim Lai Chin was appointed as the Chief Executive Officer of CPI (Penang) Sdn Bhd ("CPI") at the inception of the company in 1990. CPI is now an indirect subsidiary of KPS. Subsequent to KPS' acquisition of CPI in March 2018, his continuation as the CEO of CPI was further reaffirmed. Lim, who was also the founder of CPI, brings along with him over 30 years of experience in the plastics injection moulding and electronic industries. His extensive knowledge from having served these industries throughout the years, coupled with his passion, had enabled him to steer CPI into becoming a name to be reckoned with in the global market.

He started his career working in a manufacturing facility in Singapore. Through continuous dedication and interest in the manufacturing industry, he then founded CPI in 1990 and started the business with only six injection moulding machines to serve only a single customer at that point of time.

In 2001, Lim had further responded to the increasing market demand and had taken CPI to the next level by establishing a new manufacturing facility to expand his plastics injection moulding capabilities. Subsequently, riding on the growth of the electronics industry, he also led CPI to venture into electronic manufacturing services in 2007.

Today, CPI houses 90 high-precision plastics injection moulding machines, equipped with robotic automation in order to be ready to embrace future advancement and serve the ever-evolving market.

His focus on precision and delivering high-quality products has made it possible for CPI to establish long-lasting relationships with over 90 corporations globally, encompassing market leaders and multinational companies from the automotive, healthcare, telecommunications as well as electronics industries. In addition to his well-proven technical skills and industry know-how, Lim's strong interpersonal skills combined with his charismatic leadership has allowed him to effectively and continuously manage stakeholders of every level from employees, customers, suppliers and even competitors, thus positioning CPI as a successful company that it is today.

ENCIK LIM LAI CHIN
Chief Executive Officer

Nationality : **Malaysian**
Age/Gender : **53/Male**

Date appointed to the Company as Chief Executive Officer of CPI (Penang) Sdn Bhd:
4 January 1990 (Founder)

HEADS OF SUBSIDIARIES PROFILE

ENCIK TAN CHEE KIT
Chief Executive Officer

Nationality : **Malaysian**
Age/Gender : **67/Male**

Date appointed to the Company as Chief Executive Officer of Aqua-Flo Sdn Bhd:
1 January 2019

QUALIFICATIONS

- Bachelor of Science (Hons) in Chemistry, University of Malaya
- Diploma in Marketing, C.I.M., United Kingdom

MEMBERSHIP OF ASSOCIATIONS

- Member of Malaysian Institute of Chemistry
- Member of Malaysian Water Association

PRESENT DIRECTORSHIPS:

Listed Entity

- None

Other Public Companies

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 29 March 2022)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Tan Chee Kit started his career at Perbadanan Kilang Felda in 1978 as a Quality Control Chemist prior to joining a leading American water treatment company. Thereafter, in 1985, he joined a British multinational company. In 1995, he assisted in setting up Aqua-Flo Sdn Bhd. Throughout his career, he has been involved in many water treatment projects, in particular, water quality control and marketing of water treatment chemicals. As the Chief Executive Officer of Aqua-Flo Sdn Bhd, he brings with him more than 39 years of water treatment experience to the company.

Notes

Declaration by the Key Senior Management:

- None of the Key Senior Management has any family relationship with any Director and/or Major Shareholder of KPS.
- None of the Key Senior Management has any conflict of interest with KPS.
- Other than traffic offences, none of the Key Senior Management has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.

HEADS OF DEPARTMENTS

ENCIK AZLAN BIN ABDUL JALIL
Deputy Chief Executive Officer (Strategy & Investments)

ENCIK RUSSELL RAJ GEORGE
Director, Legal & Compliance (Chief Integrity & Governance Officer)

ENCIK MOHAMAD AZLAN BIN JAAFAR
Director, Internal Audit & Risk Management

ENCIK ZULKIFLI BIN MAWARDI
Director, Investor Relations, Sustainability & Communications

PUAN SITI SHAZLINA BINTI SHAMSIRUDDIN
Director, Human Resource Development

PUAN SUZILA BINTI KHAIRUDDIN
Deputy Chief Executive Officer (Finance and Corporate Services)

PUAN SELFIA BINTI MUHAMMAD EFFENDI
Director, Secretarial/ Company Secretary

HEADS OF DEPARTMENTS PROFILE

ENCIK AHMAD FARIZ BIN HASSAN
Managing Director/Group Chief Executive Officer

Note: Please refer to page 139 for Encik Ahmad Fariz Bin Hassan's complete profile.

ENCIK AZLAN BIN ABDUL JALIL
Deputy Chief Executive Officer (Strategy & Investments)

Note: Please refer to page 141 for Encik Azlan Bin Abdul Jalil's complete profile.

PUAN SUZILA KHAIRUDDIN
Deputy Chief Executive Officer (Finance & Corporate Services)

Note: Please refer to page 140 for Puan Suzila Binti Khairuddin's complete profile.

Notes:

Declaration by the Key Senior Management:

- None of the Key Senior Management has any family relationship with any Director and/or Major Shareholder of KPS.
- None of the Key Senior Management has any conflict of interest with KPS.
- Other than traffic offences, none of the Key Senior Management has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.

PUAN SELFIA BINTI MUHAMMAD EFFENDI
Director, Secretarial/Company Secretary

NATIONALITY	AGE	GENDER
Malaysia	45	Female

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (AS AT 29 MARCH 2022)

- 5,000 shares in Kumpulan Perangsang Selangor Berhad

EDUCATION/QUALIFICATION:

- Certified Integrity Officer Program Malaysia Anti-Corruption Academy, 2020
- Certificate in Corporate Governance Malaysia Institute of Management, 2019
- Certificate in Quranic Studies University Malaya, 2005
- Honours Degree in Chartered Secretaries and Administrators
  Institute of Chartered Secretaries & Administrators ("ICSA"), UK, 2001

RESPONSIBILITIES:

As the Company Secretary for KPS Group, Selfia is responsible for managing compliance obligations relating to corporate secretarial matters and statutory requirements as per the Companies Act, 2016, Capital Markets and Services Act 2007, and Bursa Malaysia Securities Berhad Main Market Listing Requirements.

In her capacity, she undertakes the planning, administering, and managing of the affairs of the Secretarial Department, providing advisory and efficient secretarial services to all companies within the Group with the specific objective to ensure that the Group comply with relevant statutory and regulatory requirements, and protect the interest of the Group, its Directors and shareholders through the implementation of good corporate governance and best practices, all whilst keeping abreast of the latest enhancements and changes required for corporate governance regulatory requirements, frameworks and best practices.

ENCIK ZULKIFLI BIN MAWARDI
Director, Investor Relations, Sustainability & Communications

NATIONALITY	AGE	GENDER
Malaysia	51	Male

EDUCATION/QUALIFICATION:

- Institute for Sustainability Leadership
  University of Cambridge, UK
- Saïd Business School
  University of Oxford, UK
- B.Sc (Statistics)
  Univ. of Illinois at Urbana-Champaign, US

RESPONSIBILITIES:

Zulkifli is responsible for developing effective communication strategies, accurately portraying the Group's prospect and investment appeal, shaping favourable stakeholder perception, and maintaining a healthy brand value. With his leadership experience, he ensures that the Group's positive image is strengthened, its corporate and investor profiles and brand equity elevated by promoting its vision, mission, and business aspirations. He drives shareholder and other stakeholder engagements, building healthy relationships and trust, ultimately creating value for the Group and its stakeholders.

In this capacity, he also plans the development, execution, and communication of sustainability initiatives, emphasising taking consideration of ESG risks and opportunities in balancing the Group's complex business obligations with the commitment to effectively managing its sustainability impact.

HEADS OF DEPARTMENTS PROFILE

ENCIK RUSSELL RAJ GEORGE
Director, Legal & Compliance (Chief Integrity & Governance Officer)

NATIONALITY	AGE	GENDER
Malaysia	50	Male

EDUCATION/QUALIFICATION:

- LLB (Honors) University of London
- Certificate of Legal Practice Malaysia

RESPONSIBILITIES:

Russell was a practising lawyer and a partner in a boutique legal firm specialising in corporate and commercial laws. He is now in charge of the Legal and Compliance Department in KPS, overseeing legal and compliance matters within KPS Group. As the Chief Integrity & Governance Officer of the Group, he is also responsible for the implementation of the Integrity and Governance Unit ("IGU") function, establishing a systematic whistleblowing and complaint management system to ensure appropriate actions are in place in to manage legal matters and empower the implementation of good governance within the Group.

PUAN SITI SHAZLINA BINTI SHAMSIRUDDIN
Director, Human Resource Development

NATIONALITY	AGE	GENDER
Malaysia	45	Female

EDUCATION/QUALIFICATION:

- Bachelor of Commerce (B.Com.)
  Human Resources Management and Management
  Curtin University of Technology, Australia

RESPONSIBILITIES:

Shazlina is a Director of Human Resource Development, where she strategically oversees the Group's Human Resources activities by spearheading the Group Culture Change and Transformation through the execution of Human Resource strategies in support of the overall business plan and strategic direction, specifically in the areas of Succession Planning, Talent Management, Change Management, and Organisational Performance to reflect better commitment towards high-performance culture to create operational excellence. Shazlina also holds the responsibility as a Recovery Director for the Crisis Management Team to prepare the Group to respond to and mitigate risks from potential emergencies and calamities.

ENCIK MOHAMAD AZLAN BIN JAAFAR
Director, Internal Audit & Risk Management

NATIONALITY	AGE	GENDER
Malaysia	48	Male

EDUCATION/QUALIFICATION:

- Bachelor of Commerce
  University of New South Wales, Australia

RESPONSIBILITIES:

Mohamad Azlan heads the internal audit function and leads the overall ERM activities, overseeing both functions that include planning, execution, monitoring, and reporting for KPS Group. He is responsible for assisting the Group's strategic plan in implementing and improving the processes and controls, aimed at adding value to KPS Group's operations in accomplishing its objectives by introducing a systematic and disciplined approach to evaluating and enhancing the effectiveness of the Group risk management, control, and governance processes.

With different roles in his previous employment, Azlan participated in various organisation-wide agendas, including transformation initiatives, governance, and value creation, all of which will facilitate his positive contribution to the Group's business growth.

AWARDS
AND ACCOLADES

2021
EXCELLENCE AWARDS
COMPANIES WITH LESS THAN RM2 BILLION IN MARKET CAPITALISATION

PLATINUM

KUMPULAN PERANGSANG SELANGOR BERHAD

Drawing the curtains on 2021, we are proud to have achieved a new milestone by being awarded Platinum for the NACRA 2021 Excellence Awards for Companies with less than RM2 Billion Market Capitalisation category.

SILVER FOR THE NACRA 2020 EXCELLENCE AWARDS
Companies with less than RM2 Billion Market Capitalisation

("MSWG") - ASEAN CORPORATE GOVERNANCE AWARD 2020
- Excellence Award for CG Disclosure
- Industry Excellence Award - Industrial Products & Services.

SUSTAINABILITY & CSR MALAYSIA AWARDS 2021 COMPANY OF THE YEAR
(Investment Holding)

SUSTAINABILITY & CSR MALAYSIA AWARDS 2020 COMPANY OF THE YEAR
(Manufacturing and Trading)

OUR ACHIEVEMENTS

AWARDS AND ACCOLADES

SILVER AWARD:
EMPLOYER OF CHOICE
(PRIVATE SECTOR) 2018
Malaysian Institute of Human Resource Management

ASIA RESPONSIBLE ENTERPRISE AWARD 2018
Health Promotion Enterprise Asia

2017 JURY AWARD
Selangor Sports Council

SILVER AWARD:
EMPLOYER OF CHOICE
(PRIVATE SECTOR) 2017
Malaysian Institute of Human Resource Management

CSR MALAYSIA AWARDS 2019
COMPANY OF THE YEAR
(Manufacturing and Trading)

HR ASIA BEST COMPANIES TO WORK FOR IN ASIA 2018
HR Asia

CHAMPION 2016
RISK MANAGER OF THE YEAR
Malaysian Association of Risk and Insurance Management

SECOND RUNNER-UP 2015
RISK MANAGER OF THE YEAR
Malaysian Association of Risk and Insurance Management

MEDIA HIGHLIGHTS

Tuesday, 09 November 2021
The STAR
Rising Above Challenges in Times of Crisis

Friday, 08 October 2021
The STAR
KPS expects moderate business progress in H2

Wednesday, 07 July 2021
The Edge Markets
Kumpulan Perangsang Selangor sells three properties for RM22.5 million

Saturday, 29 May 2021
The STAR
Firm 1Q start for KPS as net profit jumps 254.8% to RM11 million

Wednesday, 26 May 2021
Selangor Journal
KPS records RM1.1 billion revenue in 2020, gets shareholders' nod for 2.5 sen dividend

Wednesday, 07 April 2021
Revamped KPS raring to go

Revamped KPS raring to go

Strong demand seen for group's molded plastic products

MANUFACTURING

"We believe the new and transformed KPS will fulfil its value-creation plan to enhance businesses."

Wednesday, 31 March 2021
The STAR
KPS announces inaugural dividend policy, proposes 2.5 sen final dividend for FY20

Tuesday, 30 March 2021
The Edge Markets
Kumpulan Perangsang Selangor adopts 30% dividend payout policy

MEDIA HIGHLIGHTS

Sunday, 28 February 2021
Selangor Kini
Kumpulan Perangsang Selangor catat prestasi kewangan 2020 lebih RM1 bilion

Saturday, 27 February 2021
BERNAMA
Perolehan KPS lebihi paras RM1 bilion

Perolehan KPS lebihi paras RM1 bilion

PENGARAH Urusan dan Ketua Pegawai Eksekutif Kumpulan, Ahmad Fariz Hassan.

Saturday, 27 February 2021
The STAR
KPS surpasses RM1billion revenue mark for FY20

KPS surpasses RM1bil revenue mark for FY20

Group posts higher revenue of RM318.6mil for the quarter ended Dec 31, 2020

Friday, 26 February 2021
The New Straits Times
KPS sets new milestone, surpassing RM1billion revenue in 2020

Friday, 26 February 2021
The STAR
KPS surpasses RM1billion revenue mark for fiscal year 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1) INTRODUCTION

The Board of Directors ("the Board" or "Directors") and Management of Kumpulan Perangsang Selangor Berhad ("KPS" or "the Company") are pleased to present the Corporate Governance Overview Statement ("CGOS"), which highlights key areas on how the Company complies with the principles, practices and step-ups of the revise Malaysian Code on Corporate Governance 2021 ("MCCG"), issued by the Securities Commission Malaysia ("SC") on 27 April 2021, for the financial year ended 2021 ("FY2021"). This CGOS is complemented by a Corporate Governance Report ("CG Report 2021"), prepared following the prescribed format pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), and is made available on the Company's website at www.kps.com.my and the Bursa Securities website. The CG Report 2021 explains how the Company applied each Practice under the MCCG during FY2021.

2) CORPORATE GOVERNANCE APPROACH

EMBRACING HIGH STANDARDS OF CORPORATE GOVERNANCE CULTURE WITHIN THE KPS GROUP

The Board is fully committed to discharging its duties to enhance shareholders' value in line with the broader stakeholder view of creating and delivering sustainable value for the Company's long-term success. Concurrently, the Board is committed to upholding the highest standards of Corporate Governance ("CG") by embracing good practices that ensure the business affairs of the Company are conducted with integrity, transparency and professionalism. The Board strongly advocates the importance of best practices and plays an active oversight role in the Company's governance, focusing on implementing an effective CG Framework throughout the organisation.

As a testament to the Board and Management's commitment to CG, KPS was recognised with Overall Excellent Awards (Platinum) for its Annual Report 2020 and Excellent Awards (Silver) for its Annual Report 2019 for companies with a market capitalisation of less than RM2.0 billion by the National Annual Corporate Report Awards ("NACRA") 2021 and 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In addition, KPS had also won two (2) awards in 2021, namely the Excellent Award for CG Disclosure for market capital above RM100 million to RM300 million and the Industry Excellent Award under the Minority Shareholders Watchdog Group ("MSWG")-ASEAN CG Award 2020. These awards have boosted KPS' ranking, from 46th to 23rd place among 100 public-listed companies ("PLCs") in the 2020 ASEAN CG Scorecard ("ACGS ") assessment. The ACGS assessment is the collective effort of the ASEAN Capital Markets Forum and Asian Development Bank to raise CG standards among ASEAN PLCs. It was introduced in 2011 as part of the ASEAN CG initiative.

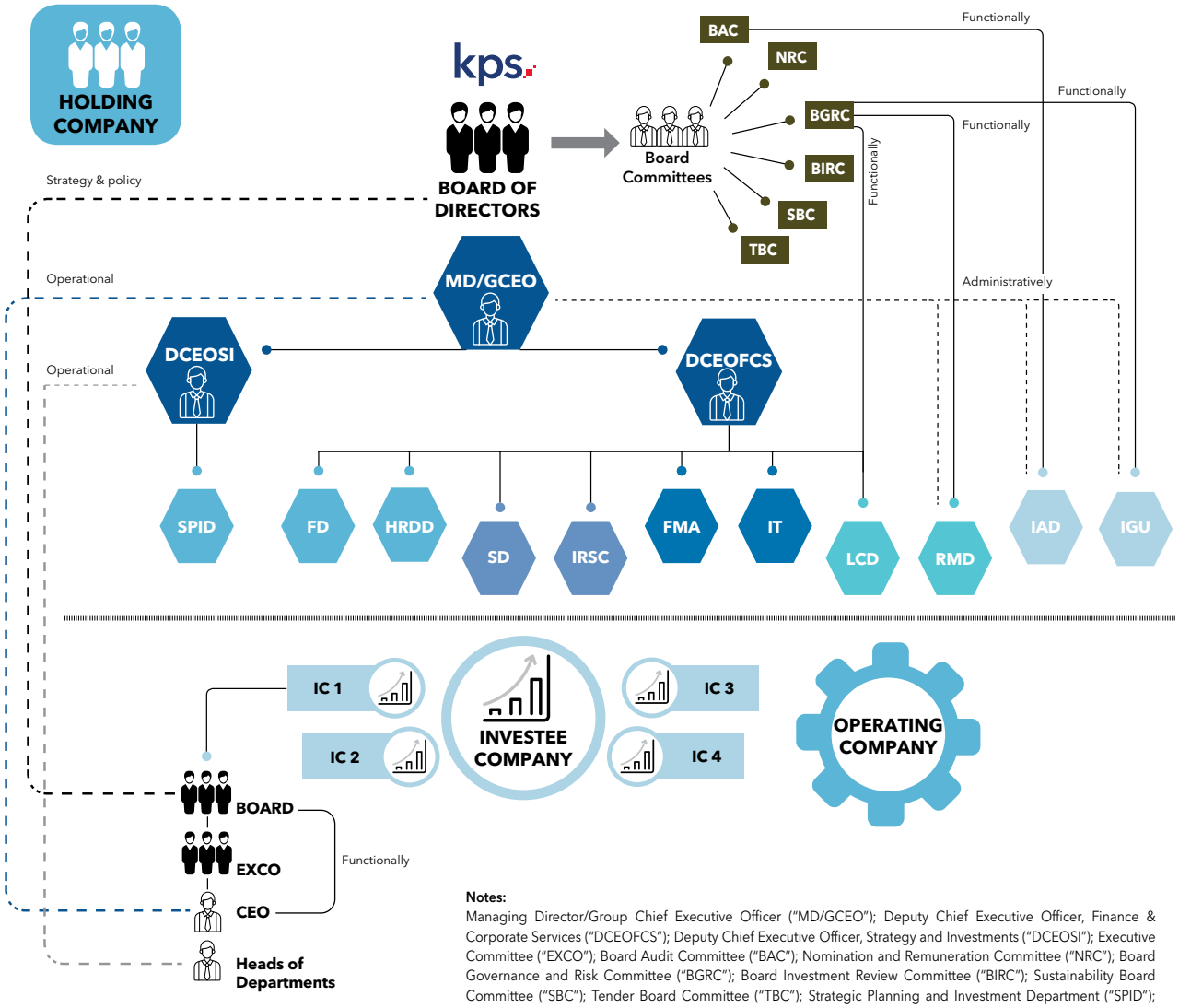
To raise the bar of the Company's CG standards, the Board periodically reviews, benchmarks, and refines KPS' governance structures and processes based on global best practices and guidelines. At the same time, it ensures continued support for effective and ethical leadership and ascertains that business sustainability is applied in the best interests of KPS. Throughout FY2021, several enhancements and initiatives were implemented, inter alia, the establishment of Cyber Security Framework, Dividend Policy, Corruption Risk Management Framework, Internal Control Framework, Senior Management Gender Diversity Policy ("SMGD") Whistleblowing Policy (subsidiaries), the revision of various policies/documents such as the Business Continuity Management Policy, Independent Director Tenure Policy, Internal Audit Charter, Code of Conduct for Directors, Annual Board Evaluation ("ABE") Template, Sustainability Policy, Investor Relations Policy, Conflict of Interest Policy , Credit Policy and Procurement Policy.

The enhancement initiatives above were undertaken by Management to ensure that they align with the Bursa Securities MMLR, MCCG issued by the SC, other relevant rules and regulations, and the Company's business direction. The Board and Management will continue evaluating the CG practices within the Group in response to evolving best practices and changing requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

KPS GOVERNANCE FRAMEWORK

As an investment holding company ("IHC") having diverse businesses in multiple geographies, the Board approved on 28 February 2017 the establishment of the KPS Group ("the Group") Governance Framework ("KPS-GF"), which caters for KPS' current and future businesses. There has been no revision made on the KPS-GF to date as it is still applicable and relevant to the existing business model and strategy of KPS. The KPS-GF will facilitate the Board in ensuring the orderly and effective discharge of the Board's responsibilities at investee companies ("IC") with regards to key areas of strategy, policy, governance, and the efficient execution of value creation plans ("VCPs") as illustrated below:



Notes:
Managing Director/Group Chief Executive Officer ("MD/GCEO"); Deputy Chief Executive Officer, Finance & Corporate Services ("DCEOFCS"); Deputy Chief Executive Officer, Strategy and Investments ("DCEOSI"); Executive Committee ("EXCO"); Board Audit Committee ("BAC"); Nomination and Remuneration Committee ("NRC"); Board Governance and Risk Committee ("BGRC"); Board Investment Review Committee ("BIRC"); Sustainability Board Committee ("SBC"); Tender Board Committee ("TBC"); Strategic Planning and Investment Department ("SPID"); Investor Relations, Sustainability and Communications Department ("IRSC"); Finance Department ("FD"); Human Resource Development Department ("HRDD"); Secretarial Department ("SD"); Legal and Compliance Department ("LCD"); Facilities Management and Administration Department ("FMA"); Information and Technology ("IT"); Risk Management Department ("RMD"); Internal Audit Department ("IAD"); Integrity and Governance Unit ("IGU")

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Under the KPS-GF, the Board is responsible for overseeing the management and business affairs of the KPS Group and makes major policy decisions for the Group. The Board has delegated certain functions to the respective Board Committees ("BC"), namely the BAC, NRC, BGRC, BIRC, SBC and TBC as set out in their respective Terms of Reference ("TOR"), to facilitate overall Board effectiveness. In addition, the Board has delegated specific powers to the MD/GCEO for day-to-day management within the approved Limit of Authority ("LOA"). The LOA outlines the decision-making authority of the Board, BC, MD/GCEO and the delegation of authority by the MD/GCEO to the Management.

KPS, as an shareholder, places great emphasis on strategy, policies, governance (internal controls, risk management, compliance, and integrity), audit and financial controls, sustainability, and performance management as outlined below:

BOARD OF DIRECTORS

PRE-INVESTMENT

- Deliberate and approve acquisition/divestment in line with KPS' strict investment criteria.
- Determination of reserved matters for all acquisitions especially:
  - Variation of business plan;
  - Change of companies' structure;
  - Threshold of investment or Capital Expenditure ("CAPEX");
  - Appointment of key personnel; and
  - Divestment of assets in total or part.
- To approve the financing required for the proposed acquisition.

POST INVESTMENT/ EXECUTION

- Approval and oversight of the overall strategic direction of Group e.g. Group's policies, budget and business plan.
- Approval of reserved matters.
- Introduction of Group-wide policies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Each IC has its delegation of authority and financial authority limit as essential guiding principles for the business conduct and accomplishment of organisational goals. Every IC Board establishes an EXCO which comprises members nominated by the respective shareholders according to the applicable shareholders' agreement. The EXCO TOR shall govern the roles and responsibilities of each EXCO member of the IC. Execution of IC plans are aligned to KPS' Group-wide strategies and policies as outlined below:

BOARD OF DIRECTORS		BOARD OF DIRECTORS
PRE-INVESTMENT Not Applicable ("N/A")	**INVESTEE COMPANY**	**POST INVESTMENT/EXECUTION** • Appointment of KPS Director as Chairman of IC; • Formulating business plan and budget aligned to KPS' objectives; • Ensure reserved matters are adhered to; • Ensure Group-wide policies cascaded by KPS are adhered to; • Overseeing and evaluating the conduct of the business; • Appointment of independent industry experts as Independent Non-Executive Director ("INED") for the IC (if necessary); and • Appointment of key Senior Management ("SM").

Following each acquisition of an IC, existing Holding Board members are nominated as board representative ("BR") to undertake chairmanship and directorship(s) positions on the IC Board, together with key management personnel or external candidates with relevant expertise (Subject Matter Expert). This is expected to augment the Holding Board's oversight of the overall strategic direction of the Group in terms of Group policies, budgets and business plans, without compromising the BR's fiduciary duties to act in good faith and in the best interests of the IC in line with Paragraph 3.02 of the SC Guidelines on the Conduct of Directors of Listed Corporations & Their Subsidiaries ("SCGCD") issued on 30 July 2020 and subsequently revised on 12 April 2021 and the Board Charter of KPS.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3) CORPORATE GOVERNANCE PRACTICES SUMMARY

Guided by the above KPS-GF, the Board is pleased to present this CGOS based on the following three (3) key CG principles as set out in the MCCG:

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

- Board Responsibilities
- Board Composition
- Remuneration

PRINCIPLE B

EFFECTIVENESS AUDIT AND RISK MANAGEMENT

- Audit Committee
- Risk Management and Internal Control Framework

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

- Communication with Stakeholders
- Conduct of General Meetings

PRINCIPLE A **BOARD LEADERSHIP AND EFFECTIVENESS**

PULL-OUT I → **Board Responsibilities** → **Board Composition** → **Remuneration**

1) BOARD RESPONSIBILITIES

Primary responsibility of the Board (Practice 1.1 of MCCG)

The Board of the Company takes full responsibility for the overall performance of the Group. The Board is mindful of its obligation to exercise unfettered judgement, in good faith with due care, skill and diligence as governed under Section 211 and 213 of the Companies Act 2016 ("CA2016") as follows:

DIRECTOR'S CORE DUTIES*

FIDUCIARY DUTY	DUTY TO USE REASONABLE CARE, SKILL AND DILIGENCE
• Act in good faith	• Ensure compliance with regulatory requirements
• Ensure integrity of financial information	• Remain well-informed on subject matter of business judgement
• Exercise power for a proper purpose	• Make business judgement for a proper purpose and in good faith
• Avoid conflict and self-dealing	• Possess reasonable level of general knowledge, skill and experience expected of a Director
• Exercise discretion properly	

** Extracted from Bursa Securities CG Guide 4th Edition*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In addition to the above and in line with growing expectations of the roles and responsibilities of Directors to go beyond the Holding Company as stipulated in SCGCD, the existing KPS-GF has facilitated an effective chain of oversight by Directors over the IC.

The Board sets the company's strategic aims, ensures that the resources are in place and reviews management performance. The Board sets the Company's values and standards and ensures its obligations to the shareholders and other stakeholders are understood and met (Practice 1.1)

- **Review, challenge and decide on Management proposals for the Company and monitor its implementation by Management; Supervise and assess Management performance in managing the Company's business**

  The Board guides Management on its short and long-term goals, defining the overall strategic direction of the business, providing advice and devising corporate strategic initiatives developed by Management, strategies on management and business development issues, and monitoring Management performance in implementing them.

  The Board deliberates, challenges Management's views/assumptions and decides on the Company's annual strategic initiatives and the business plan proposed by Management, including the annual capital and revenue budget for the ensuing year as well as the Corporate Key Initiatives ("CKIs") and Key Performance Indicators ("KPIs") for the Company and MD/GCEO. This will ensure that the CKIs/KPIs correspond with the Company's annual strategic and business plan and that best decisions are reached after considering all relevant aspects.

In addition, the Board also assumes oversight in relation to the conduct of the Company's business. The MD/GCEO supported by Management is responsible for managing the strategic and operational agenda of the Group and implementing the Group's strategies and policies as agreed by the Board. The performance of Management is measured through the Company's and Group's quarterly financial reports as well as half yearly and full year performance reviews of the MD/GCEO. The Board, on a continuous basis, is kept informed at quarterly Board meetings on the progress of the Company's strategic initiatives (their execution and challenges), critical operational issues, as well as the Group's performance based on the approved CKIs/KPIs.

A separate offsite informal session between the Board, Senior Management and Heads of Subsidiaries ("HOS"), known as the Board Retreat Session ("BRS"), is held at least twice a year and/or as and when the need arises. The BRS is a platform for the Board and Management/HOS to deliberate, exchange views/opinions and brainstorm in formulating strategic initiative plans, charting the direction of the Group, and including the reporting of its progress. During FY2021, only one (1) BRS was held from 10 to 11 December 2021 due to mobility restrictions as part of COVID-19 precautionary measures.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- **Ensuring Strategic Initiatives and Plans Support Long Term Value Creation and Include Strategies on Economic, Environmental, Social and Governance Considerations Underpinning Sustainability**

  The Board exercises oversight of policy and strategy to strengthen sustainability at Group level and across all subsidiaries. The oversight is central to gaining the trust and confidence of the shareholders and stakeholders. To this effect, the Board had on 28 November 2018 approved the adoption of the Sustainability Policy ("SP") and subsequently revised on 26 August 2021, with its scope extended to include the consideration of the risks and opportunities that could emanate from the governance aspect of the Group's business operations. The revised SP, which was approved by the Board on the aforementioned date, shall guide the Group's commitment to conducting its business responsibly through the integration of Economic, Environmental, Social and Governance ("EESG") considerations in driving sustainable development efforts within the Group.

  Guided by the SP, the Group shall take considerable steps to:

  a) Ensure that its activities create long term value for all stakeholders via sustainable development practices; and
  b) Execute the Group's strategy in a manner that addresses EESG risks and opportunities in achieving its business aspirations and operational excellence.

In addition to the above, the Board has objectively discharged its duties and responsibilities on the following, details of which are disclosed in the Company's CG Report 2021 announced to the Bursa Securities, which is available on the Company's website at www.kps.com.my.

a) There is a sound framework for internal controls and risk management within the Group, understanding the principal risks of the Group's business and recognising that business decisions involve taking appropriate risks. In consultation with Management, the Board also sets the risk appetite and expects Management to operate and ensure an appropriate risk management framework is in place to identify, analyse, evaluate, manage, and monitor significant financial and non-financial risks.
b) Ensure that the Senior Management has the necessary skills and experience and there are measures in place to provide for the orderly succession of Board and Senior Management.
c) Ensure there are procedures to enable effective communication with stakeholders.
d) Ensure that all its directors can understand financial statements and form a view on the information presented.
e) Ensure the integrity of the Company's financial and non-financial reporting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A Chairman of the Board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board, is appointed (Practice 1.2 of MCCG)

The Board was previously led by YB Dato' Nor Azmie bin Diron ("Dato' Nor Azmie"), a Non-Independent Non-Executive Chairman ("NINEC") since 17 January 2020 and has resigned effective 1 November 2021 to resume a new role in the Public Service Department, Putrajaya. Subsequently, the position was filled by YB Dato' Haris bin Kasim ("Dato' Haris") effective 6 December 2021.

During Dato' Nor Azmie's tenure as Chairman of KPS, he played a key role in ensuring the effectiveness of the Board and was responsible for instilling good CG practices within the Board. Dato' Nor Azmie has a leading influence on the Board agenda and matters reserved for the Board. His behaviour has also led to productive Board sessions and non-domineering, thus creating strong Board dynamic. Based on the ABE 2021 result, Dato' Nor Azmie has demonstrated strong leadership skills, promoting high standards of CG and efficient and effective conduct of Board meetings. This was evidenced by the scoring given by his peer Directors which is Exceed Expectation (3.40 out of 4.00 rating scale). This supports the fact that the Chairman had discharged his duties effectively as a Chairman of the Company.

The detailed roles and responsibilities of the Chairman of the Board are stipulated in Clause 3.5.1 of the Board Charter which is available on the Company's website at www.kps.com.my.

Position of Chairman of the Board and MD/GCEO held by different individuals (Practice 1.3 of MCCG)

The roles of the Chairman and the MD/GCEO are separate and held by different individuals with clear and distinct roles as stipulated in Clause 3.5.1 and 3.5.2 of the Company's Board Charter. The separation of powers ensures that no one individual has unfettered decision-making powers, thus safeguarding the equilibrium of power in the Company. Details of the separation of powers are disclosed in Practice 1.3 of the CG Report 2021.

The Chairman of the Board should not be a member of the BAC or NRC (Practice 1.4 of MCCG)

Since 2020, the former and current Chairman of the Board does not sit as a member of any BC to ensure proper checks and balances and objective reviews by the Board on matters put forward by the BC.

Qualified and Competent Company Secretaries (Practice 1.5 of MCCG)

The Company Secretaries of KPS, namely Puan Selfia binti Muhammad Effendi ("Puan Selfia") and Puan Hashimah binti Mohd Isa (who retired on 6 October 2021), are persons qualified to act as company secretaries under Section 235 of the CA2016. The Company Secretaries provide advisory services to the Board on their roles and responsibilities; corporate governance issues; compliance to relevant laws and regulatory requirements affecting the Group; manage all Board and BC meetings; attend and record all Board and BC meetings, Annual General Meeting ("AGM"), Extraordinary General Meeting ("EGM"); and facilitate Board communications.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Besides that, the Company Secretaries serve as a focal point for stakeholders' communication and engagement on CG issues as well as communication between regulators and the Board and Senior Management. They ensure that the requests and instructions of regulators are conveyed to the Board and Senior Management in a timely manner and with the appropriate advice.

The Company Secretaries constantly keep themselves abreast of evolving regulatory changes and developments in CG through continuous training. Details of training attended by the Company Secretaries are disclosed under Practice 1.5 of the CR Report 2021.

Board Meeting and Supply of Meeting Papers/Information and Circulation of Minutes of Meeting (Practice 1.6 of MCCG)

- **Supply of meeting papers/information**

  In support of a paperless environment and in line with Group sustainable practices, the Company has, since August 2014, uploaded copies of the Board papers/documents via a meeting online platform which allows directors to securely access, read and review the Board/BC papers electronically at least five (5) business days prior to the meetings. This permits prior review by the Directors and if necessary, they can request further information for deliberation at the meeting to ensure informed and effective decision-making.

  All key deliberations and decisions at Board/BC meetings including any dissenting view, and the abstinence of any Director from voting/deliberating on any conflict-of-interest matter, are duly recorded in the respective minutes of the meetings. The draft minutes of Board and BC meetings are disseminated via email for the Board and BC review and comments before tabling at the following meetings for confirmation and sign-off by the respective Chairpersons. The signed minutes are entered in minutes books kept by the Company Secretaries at the registered office.

  The Directors have direct access to Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties. The Directors also have direct access to the advice and services of the Company Secretary and are regularly updated on new statutory and regulatory requirements relating to the duties and responsibilities of the Directors. The Directors, whether collectively as a Board or in their individual capacity, may seek independent professional advice at KPS' expense in furtherance of their duties.

- **Board Meeting**

  The Board schedules meetings quarterly. Additional meetings are held as necessary to discuss specific issues that require deliberation between the scheduled meetings. The calendar for Board and BC meetings is prepared in advance, and includes pre-Board meetings, the AGM and BRS, with dates for the year circulated to the Board in November of the preceding year to give the Directors ample time to plan their attendance. A pre-Board meeting is held before any Board meeting for Management to provide the Chairman with insights into the papers that will be deliberated.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In light of the COVID-19 pandemic since March 2020, the Board, BC and AGM/EGM meetings have been conducted virtually via the online platform as permitted under Clause 120 of the KPS Constitution. All Directors attended 100% of the Board meetings and complied with the minimum attendance requirement of at least 50% of the Board meetings under Paragraph 15.05(3) of Bursa Securities MMLR. Overall, the Board is satisfied that all Directors have fully committed to the Board meetings by attending all the meetings held during FY2021. Their meeting attendance at Board, BC and other general meetings is evidenced by the attendance record set out below:

Director	Board	BAC	NRC	BGRC	BIRC	SBC	##TBC	AGM	EGM
DI	7/7	6/6	5/5	4/4				1/1	1/1
DIH	7/7		5/5		5/5	3/3		1/1	1/1
NK	7/7		5/5	4/4		3/3		1/1	1/1
DNA	7/7	6/6		4/4	5/5			1/1	1/1
*SS	1/1	1/1		1/1	2/2			N/A	N/A
$AFH	7/7							1/1	1/1
Former member who served during the year under review									
^DAD	6/6							1/1	1/1
^^SA	7/7	6/6	5/5		5/5	3/3		1/1	1/1
$$LK	3/3	3/3		2/2	2/2			1/1	N/A

Notes

1) *SS was appointed as Director of KPS and members of BAC, BGRC and BIRC effective 1.9.2021.
2) $As an Executive Director, AFH is not a member of any BC, however, he was present at all BC meetings as an invitee to update and response to the queries raised by any BC members.
3) ^ DAD has resigned as NINEC of KPS on 1.11.2021.
4) ^^ SA resigned as Director of KPS and ceased as members on BAC, NRC, BIRC and SBC effective 14 March 2022.
5) $$LK retired as Director of KPS on 25.5.2021 and ceased as members of BAC, BGRC and BIRC thereof.
6) ##No TBC meeting was held in 2021.

Abbreviation:

SA – Soffan Affendi bin Aminudin
DI – Dato' Idris bin Md Tahir
DIH – Dato' Ikmal Hijaz bin Hashim
NK – Norliza binti Kamaruddin
DNA – Dato' Noorazman bin Abd Aziz
SS – Sharmila Sekarajasekaran
AFH – Ahmad Fariz bin Hassan
DAD – Dato' Nor Azmi bin Diron
LK – Koay Li Onn (Leon)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- **Board Committees**

  The Board has established six (6) BC with delegated authority to exercise oversight in specific areas. Prior to each Board meeting, the Board shall receive reports from the Chairman of each BC on their deliberations and recommendations. The Chairman of each BC shall then table its report to the Board and present the BC's recommendations for the Board's approval at the KPS Board meeting. This permits the Board to raise any comments/views on all deliberations of the BC. Listed below is the total number of Board, BC, AGM / EGM meetings held by KPS during the FY2021:

Board	BAC	NRC	BGRC	BIRC	SBC	TBC**	AGM	EGM
7	6	5	4	5	3	-	1	1
32								

** No meeting was held during the FYE2021.

Board Charter (Practice 2.1 of MCCG)

The Board has the Board Charter, which clearly identifies the roles, powers, duties and responsibilities of the Board, BC, individual Directors, MD/GCEO and Company Secretary. It outlines the guidelines and procedures, issues, matters reserved for the Board and its BC in discharging their stewardship effectively and efficiently. The Board Charter is reviewed from time to time and updated regularly to ensure that it remains relevant to the Company's objectives and strategies and to align with the latest prevailing laws, rules and regulations. The Board Charter is available on KPS' website at www.kps.com.my.

Code of Conduct (Practice 3.1 of MCCG)

The Board established a Code of Conduct for Directors ("the Code") in 2013 with a subsequent revision on 26 August 2021 to reflect current and relevant provisions of CA2016, Bursa Securities MMLR, SCGCD & MCCG and other provision of laws applicable to the conduct of Directors.

The Code provides the fundamental guiding principles and standards applicable to the Directors whereby such principles and standards are founded on high standards of professional and ethical practices. In discharging his/her duties, a Director should always abide by and conform to the Code.

The Board also has in place a Code of Conduct for staff ("Code for Staff") which emphasises and advances the principles of discipline, good business ethics, professionalism, loyalty, integrity, and cohesiveness, all of which are critical to the success and well-being of the KPS Group. The Code for Staff is part of the KPS Group Scheme and Conditions of Service and is binding for all employees.

The Code can be found on the Company's corporate website at www.kps.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Whistleblowing Policy and Guidelines (Practice 3.2 of MCCG)

Similarly, the Board established its Whistleblowing Policy and Guidelines ("Whistleblowing Policy") on 25 August 2011 and subsequently revised in May 2018 and on 25 February 2021. The Whistleblowing Policy was then cascaded down to all ICs in May 2021, upon approval by the respective IC Boards. The Company does not tolerate any malpractice, impropriety, statutory non-compliance, or wrongdoing by any employee or director in the course of their work.

The Whistleblowing Policy is intended to provide a framework to promote responsible whistleblowing without fear. Responsible whistleblowers are offered protection from adverse consequences. Employees, suppliers, customers, contractors, and other stakeholders may use the procedures set out in the Whistleblowing Policy to report any concern regarding questionable conduct.

The Whistleblowing Policy provides a safe avenue for internal and external stakeholders of the Company to raise concerns on any alleged improper conduct through a safe and acceptable platform so that these can be addressed in an independent and unbiased manner.

Upon the establishment of the IGU on 1 January 2021, the administration of the Whistleblowing Policy has been transferred to the IGU effective February 2021. The Whistleblowing Policy provides the contact details of the Chief Integrity and Governance Officer ("CIGO") (via email: integrity@kps.com.my or telephone: +603-5524 8448) and the Chairman of the BGRC (via email: chairmanbgrc@ kps.com.my) as the avenue for stakeholders to raise concerns. During the year under review, there were no concerns raised.

The Whistleblowing Policy can be found on the Company's corporate website at www.kps.com.my.

- **Anti-Bribery and Corruption Policy**

  In line with the amendment to the Bursa Securities MMLR on 18 December 2019 with regards to anti-corruption measures ("Anti-Corruption Amendments") in support of the National Anti-Corruption Plan 2019-2023, the Board had on 28 November 2019 approved the establishment of an Anti-Bribery and Corruption Policy ("ABC Policy") to prevent corrupt practices, provide adequate safeguard measures and defences against corporate liability for corruption under Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 ("MACC Act 2009"). The ABC Policy is subject to review at least once every three (3) years to assess its effectiveness. The ABC Policy can be found on the Company's corporate website at www.kps.com.my.

- **Integrity Governance Unit**

  The Board had on 27 November 2020 approved the establishment of an IGU and appointment of CIGO and Integrity Governance Officer (IGO) for the KPS Group effective 1 January 2021 in line with the Government's directive and effort that all Government-Linked Companies ("GLC") were to establish an IGU in their respective companies.

  The establishment of the IGU will strengthen the Group's internal controls in preventing corruption, abuse of power and malpractice to inculcate a clean and healthy business culture free from corruption, abuse of power and misappropriation in line with the provision in Section 17A of MACC Act 2009. During FY2021, there were no corruption matters reported to the MACC by the IGU within the Group. As required under the MACC guideline, IGU submitted its biannual reports for FY2021 on 31 July 2021 and 10 January 2022 respectively to the *Bahagian Pengurusan Integriti Agensi* (BPIA).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board and Management take responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets (Practice 4.1 of MCCG).

The Board is duty-bound and responsible for the governance of sustainability practices within the Group. It is assisted by the SBC, which comprises selected Board members, who directly oversee the implementation within the Group of sustainability policy, strategies and plans, and the management of sustainability materiality matters, priorities and targets.

The SBC meets at least twice a year, while consultation between Management and external stakeholders occurs formally and informally throughout the year. Furthermore, cross-functional Heads of Departments ("HODs") and HOS or their appointees are represented in the Corporate Sustainability Champion ("CSC") Committee. Meetings are held, at a minimum, biannually, where significant EESG risks and opportunities are deliberated on, identified, and assessed before recommendations are made to the SBC, who in turn will guide Management on suitable initiatives and solutions.

The Board ensures that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders (Practice 4.2)

Information pertaining to sustainability strategies, priorities, targets, and performance against the KPIs are communicated to internal and external stakeholders in the Company's Sustainability Report, which is published annually together with the Annual Report.

The Board stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities (Practice 4.3 of MCCG)

The Board recognises the importance of having a good understanding and knowledge of sustainability issues relevant to the Group and its business. Hence, the Board strongly encourages all Directors to attend sustainability and climate risk training to further upskill their ability to tackle questions and deliberate on sustainability matters. Besides that, the feedback from stakeholder engagements by the Company on EESG topics is shared with the SBC. The same will be brought up to the Board on the recommendation of the SBC.

Performance evaluations of the Board and Senior Management include a review of the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities (Practice 4.4 of MCCG)

For Board performance evaluation, the existing performance criteria that includes the Board's responsibility in ensuring that sustainability components, namely EESG, cover the risks and opportunities, are being considered by Management in setting the strategic initiatives of KPS.

As for the performance evaluation of SM, the existing performance evaluation is based on two components, namely the CKIs/KPIs and 360 Degree Feedback. The sustainability component has been part of the CKIs/KPIs of the SM and HOS since 2019. The objective is to ensure that its activities create long-term value for all stakeholders via sustainable development practices and execution of the Group's strategy to address EESG risks and opportunities in achieving its business aspirations and operational excellence.

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 (Step-up – Practice 4.5 of MCCG)

Driving sustainability matters within the Group is under the purview of the Sustainability Unit under the IRSC. The Head of the IRSC is responsible for implementing the Group's sustainability policy, programmes, initiatives related to the Group and statutory reporting for the Group.

2) BOARD COMPOSITION

NRC should ensure that the composition of the Board is refreshed periodically, review the tenure of each Director and annual re-election of a Director should be contingent on satisfactory evaluation of the Director's performance and contribution to the Board (Practice 5.1 of MCCG)

The NRC reviews the Board composition and tenure of Independent Directors on an annual basis as part of the ABE exercise. The outcome from the ABE is the primary reference by the NRC in verifying the individual Director's performance and contribution before recommending the re-election of a Director under the 1/3 re-election rule.

At least half of the Board comprises Independent Directors. For Large Companies, the Board comprises a majority Independent Directors (Practice 5.2 of MCCG)

During the FY2021, the Board, led by a NINEC, consists of seven (7) Non-Executive Directors ("NEDs") and an MD/GCEO, five (5) of whom are Independent Directors ("IDs"). The existing composition of IDs exceeds the minimum number of IDs as prescribed under Paragraph 15.02 of Bursa Securities MMLR, which states that at least one third (1/3) of the Board of Directors are IDs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A high proportion of IDs, provides for effective checks and balances in the functioning of the Board. Details of the Directors, including their qualifications, experience, and details of their length of service, can be referred to in the Profile of Directors section of this Annual Report.

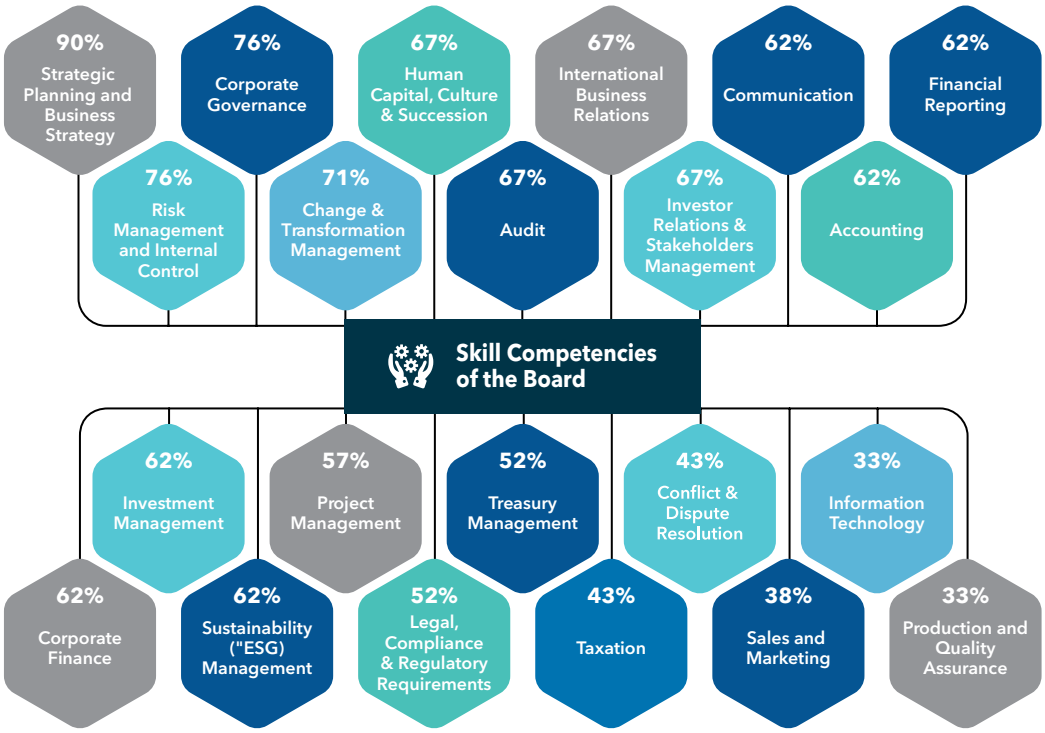
Notes:
Non Independent Non Executive Chairman ("NINEC")
Non-Independent Non-Executive Director ("NINED")
Independent Non-Executive Director ("INED")
** Board Composition as of FYE 31 December 2021*

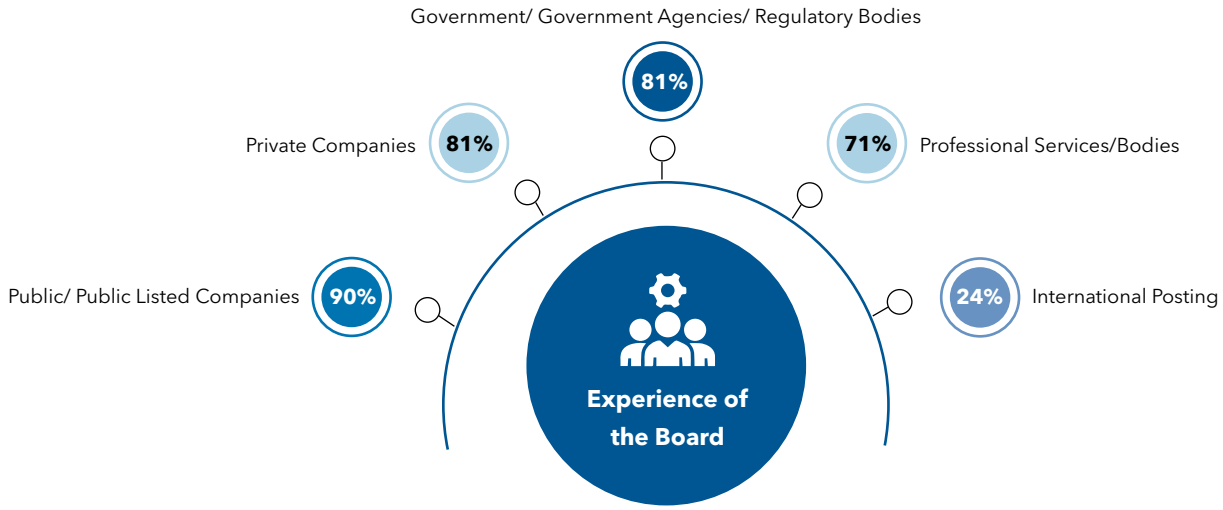
- **Board Skills Matrix**

  A Board Skills Matrix ("BSM") was developed in 2017 to serve as a guide to identify skills, knowledge, experience, and capabilities of the existing Board as well as the desired Board composition to enable it to meet both current and future challenges of the Company. Besides that, the BSM reveals the appropriate mix of skills, expertise and experience required to address existing and emerging business and governance issues.

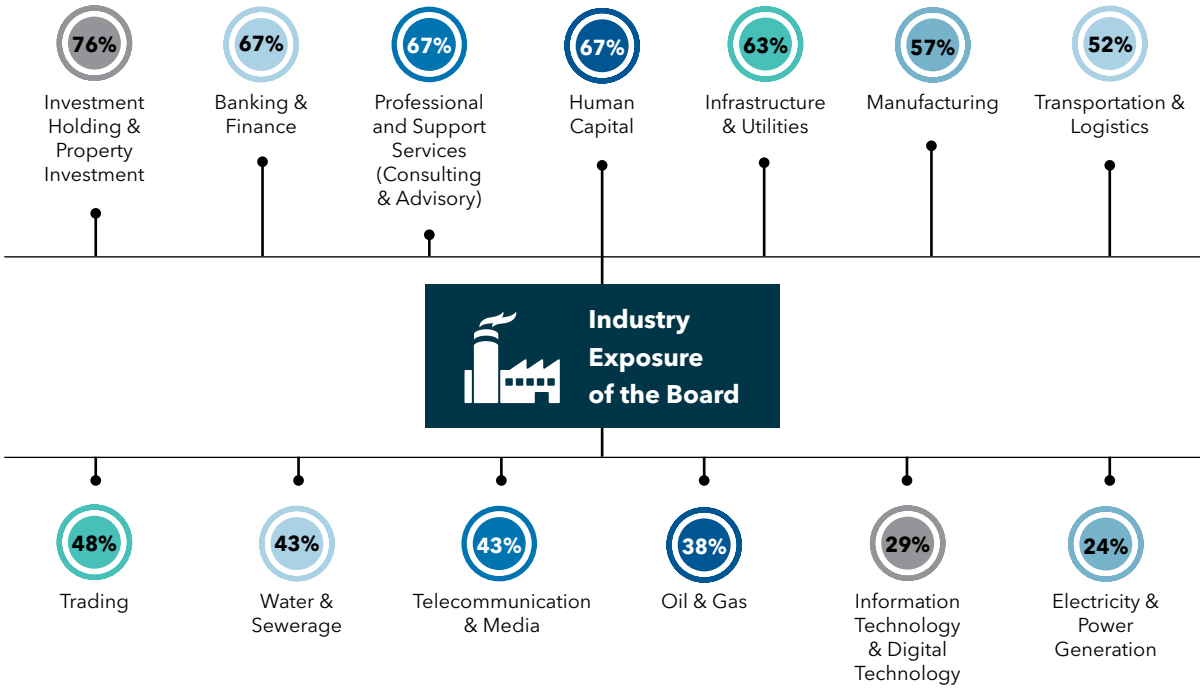
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The BSM, which forms part of the ABE Template, comprises three (3) criteria namely Key Skills; Experience; and Industry/Sector Background that the Directors bring to the Board. The Directors are required to make a self-declaration on the above three (3) criteria and rate their degree of competencies accordingly based on the rating scales endorsed by the NRC/Board. Based on the ABE 2021 results, the landscape of skills, experience and industry background of the Board composition during the FY2021 are as follows:



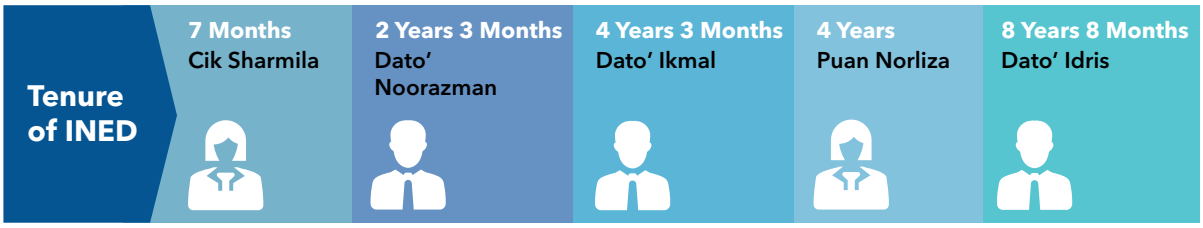


CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board has a policy which limits the tenure of its Independent Directors to nine (9) years without further extension. (Adopted Step Up 5.4 of MCCG)

The Board has in place an Independent Directors Tenure Policy ("IDT Policy") in effect since 2018 and subsequently revised in February 2021. The IDT Policy limits the tenure of an ID to nine (9) years. Upon completion of the nine (9) years, the ID may continue to serve on the Board as a non-independent director ("NID"), subject to rigorous review by the NRC and recommendation by the Board to retain and redesignate the director concerned as a NID. Currently, none of the IDs have served on the Board for more than nine (9) years from the date of his or her appointment. The IDT Policy can be found on the Company's corporate website at www.kps.com.my.



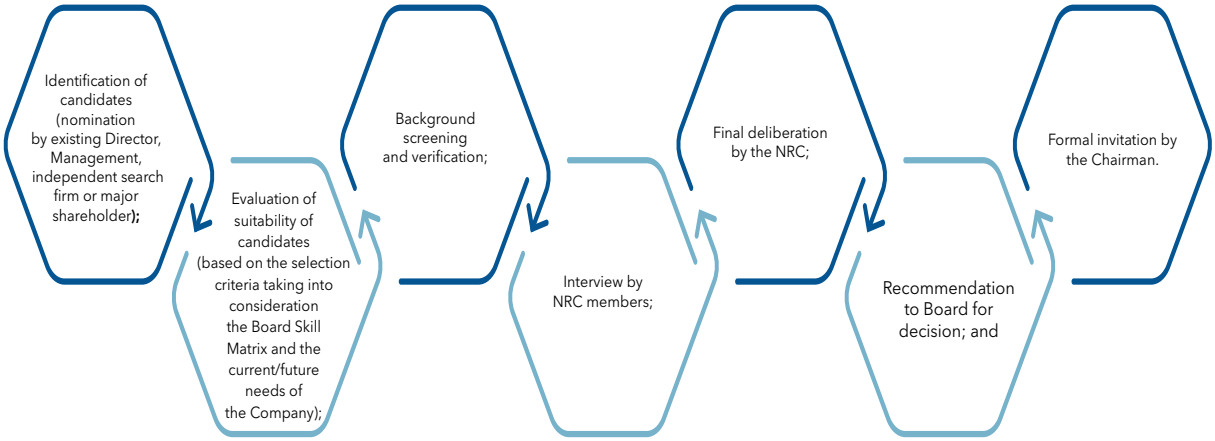
Total no. of INED: **5**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background, and gender. (Practice 5.5 of MCCG)

The NRC is responsible for reviewing the composition of the Board and, identifying, and recommending suitable candidates for the appointment of Director. The NRC shall evaluate the right candidate based on merit and against objective criteria developed by the NRC formally and transparently, having considered the candidate's skills, knowledge, experience, competencies, age, cultural background, gender, time commitment (number of the existing board positions held), integrity and professionalism.

The Board has established a clear and transparent nomination process for the appointment of a Director of the Company which involves seven (7) stages as illustrated below:



During the FY2021, the new appointments to the Board were Dato' Haris as NINEC and Cik Sharmila as INED, who were appointed on 6 December 2021 and 1 September 2021 respectively. Dato' Haris has more than 28 years' experience in public service with vast experience in the public administration, finance and economic sectors. His areas of expertise are government relations and economics, which would be of great value in navigating the government's perspectives on various matters relevant to the Company.

Cik Sharmila has added more depth to the Board with her strong and extensive experience in legal and regulatory requirements, compliance, governance, intellectual property, banking litigation and corporate advisory, which the Company could leverage. With her skills, competencies, experience, qualifications, and industry background, Cik Sharmila is a good fit for the Company and matches well with the performance criteria based on the BSM gaps of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Overall, the Board strongly believes that the present Board composition is appropriate and well-balanced as it includes professionals in the fields of strategic planning and business strategy, investor relations and stakeholders, corporate governance, risk management & internal control, audit, investment management, corporate finance, treasury management, international business relations, communication, project management, accounting, financial reporting, sustainability management, human capital, change management, legal and regulatory requirements, conflict and dispute resolution, sales and marketing, taxation, information technology and production & quality assurance. The broad spectrum of skills and experience provides the strength needed to lead the Company to meet its objectives and enable it to rest in the firm control of an accountable and competent Board.

With regards to the appointment of the MD/GCEO of the Company and HOS, the assessment by the NRC is also made based on merit and against objective criteria developed by the NRC, in a formal and transparent manner and with due regard for diversity in skills, experience, age, cultural background and gender as well as the candidate's professionalism and integrity. In renewing the contract of the MD/GCEO, the NRC would also appraise the past achievements of the MD/GCEO, CKI/KPI results as well as other non-financial achievements, as the basis for the recommendation to the Board for approval.

Sourcing of candidates for appointment of Director (Practice 5.6 of MCCG)

The sourcing of candidates is carried out via recommendations by other Board members or shareholders and independent professional search firms (as and when the need arises), based on the expectations of the roles and capabilities described and required by the Board. Cik Sharmila was sourced through the Institute of Corporate Directors Malaysia ("ICDM").

The Board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a Director (Practice 5.7 of MCCG) - DEPARTED

Clause 76(3) of the Company's Constitution provides that one-third (1/3) of the Company's Directors, for the time being, shall retire by rotation at an AGM of the Company. The NRC has determined the eligibility of each of the Directors standing for re-election at the AGM based on the performance of the Directors, taking into account their latest ABE result, contribution in the areas of Board dynamics and participation, competency and capability, time commitment, independence and objectivity together with their ability to make analytical inquiries and offer advice and guidance.

During the financial year under review, the Board approved the NRC's recommendation that the Directors who retire in accordance with Clause 76(3) of the Company's Constitution are eligible to stand for re-election. The retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

KPS has departed from the above practice mainly due to timing issues as the revised MCCG was issued on 28 April 2021. In contrast, the Notice of the KPS 44th AGM (2021) disclosing information on the Director's re-election was published on 26 April 2021, which did not include details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole as stipulated in the revise MCCG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Nonetheless, the Board does provide a statement in the Notice of the 44th AGM (2021) that it supports the reappointment of the candidate based on the NRC's recommendation, i.e., considering the results of their latest ABE, contribution in the areas of Board dynamics and participation, competency, capability, independence, objectivity together with their ability to make analytical inquiries and offer advice and guidance.

Notwithstanding the above, for the forthcoming 45th AGM of the Company to be held on 7 June 2022, the Company shall make the necessary disclosure for the Directors who are subject to re-election covering details of any interest, position or relationship that might influence, or reasonably be perceived to influence in material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole.

At the forthcoming 45th AGM to be held on 7 June 2022, two (2) Directors, namely Dato' Noorazman and Encik Ahmad Fariz whose profiles are set out on pages 136 and 139 will retire pursuant to Clause 76(3) while Dato' Haris and Cik Sharmila whose profiles are set out on pages 132 and 137 will retire pursuant to Clause 78 of the Company's Constitution, respectively.

The Board comprises at least 30% Women Directors (Practice 5.9 of MCCG) - DEPARTED

During the FY2021, the KPS Board has two women Directors which represented 25% of the total Board composition namely, Puan Norliza and Cik Sharmila.

Notwithstanding that KPS has yet to achieve the 30% requirement for women directors in its Board composition during the FY2021, the existing two (2) women directors namely Puan Norliza and Cik Sharmila, do sit as member/Chairperson in five (5) BCs of KPS specifically BAC, NRC, BGRC, SBC and BIRC, bringing diverse and valuable range of viewpoints, and suggestions regarding the subject matters discussed at the BC.

In addition to the above, the SM team who is responsible for the day-to-day operations of the Company, is represented by 43% of women (3 out of 7 SM) who provide diverse perspectives and insights in proposals/ matters for tabling to the BC/Board.

By having the above representation of women in the BC and SM team as an alternative practice for KPS at this juncture, the Board strongly believed it has assisted the Board in achieving the intended outcome set out in MCCG, i.e., Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

To uphold the gender diversity commitment, for future appointments of Directors, the Board will consider women candidates when there is a vacancy due to the resignation or retirement of a Director without compromising the existing performance criteria on the appointment of a Director with regards to the skills, knowledge, experience, competencies, age, cultural background, gender, time commitment, integrity and professionalism of the candidate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Company's Policy on Gender Diversity for Board & Senior Management (Practice 5.10 of MCCG)

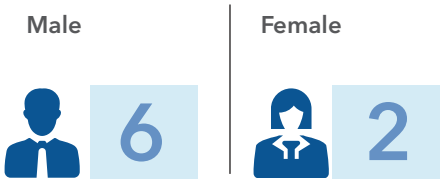
The Board is mindful of diversity in the Board composition of KPS from the perspective of skills and competencies, experience and background, gender, age, ethnicity, and nationality as an important element in maintaining its competitive advantage and to ensure decision-making processes are balanced and effective. In this regard, the Board embraces initiatives that encourage greater diversity throughout the organisation and in the boardroom, not only with respect to gender but also skill expertise and experience, age, ethnicity and independence.

Currently, the Board composition and all Board appointments/re-election are based on merit and to fill the gaps in the BSM identified as necessary rather than fulfilling any gender quotas. This is to provide a balanced Board composition that meets the objectives and strategic goals of the Company.

Notwithstanding the above, the Board on 28 April 2015 established the Board Diversity ("BD") Policy (which includes gender diversity) with a subsequent revision on 30 May 2019 to incorporate diversity in skill, expertise, experience, and independence in addition to gender, age and ethnicity in pursuit of boardroom diversity towards KPS maintaining a competitive edge. The BD Policy can be found on the Company's corporate website at www.kps.com.my.

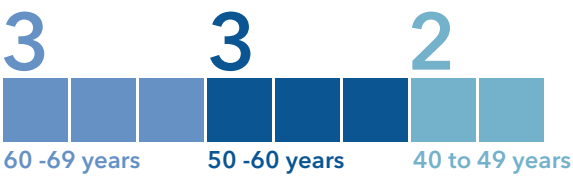
During the financial year under review, the landscape of KPS Board diversity is illustrated as follows:

Gender



Ethnicity

Age Group



Nationality

In addition, the Board on 25 November 2021 approved the establishment of the SMGD Policy to guide Management on the selection criteria for potential talents or candidates, the selection of whom should be made based on a compelling blend of skills, competencies, knowledge, experience and contribution to the Company and workplace. Although the Company does not set any specific target for any gender in the composition of SM, it has upheld its commitment to gender diversity since 2016 by promoting the appointment of women to the SM. The Company is also committed to providing a suitable working environment free from harassment and discrimination to attract and retain women employees in its SM team.

The SMGD Policy can be found on the Company's corporate website at www.kps.com.my.

NOMINATION AND REMUNERATION COMMITTEE REPORT - PARAGRAPH 15.08(A)(3) OF BURSA SECURITIES MMLR

The NRC chaired by Independent Director or Senior Independent Director (Practice 5.8 of MCCG)

During the financial year under review, the NRC is chaired by Dato' Ikmal Hijaz, an ID who was appointed as Chairman of NRC on 27 February 2020, and well supported by three (3) members. Presently, the NRC exclusively comprises NEDs with the majority being IDs. As the Chairman of NRC, Dato' Ikmal leads the succession planning and appointment of the Board and SM and HOS, as well as the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed.

The composition of the NRC complies with Paragraph 15.08A(1) of Bursa Securities MMLR and Practice 5.8 of the MCCG, where the members of the NRC were appointed by the Board from amongst the Directors of the Company and consists exclusively of NEDs, the majority of whom are independent as follows:

NRC Membership

	Name	Designation	Meeting Attendance
Chairperson	Dato' Ikmal Hijaz	INED	5/5
Members	Dato' Idris	INED	5/5
	Norliza	INED	5/5
	Soffan Affendi (ceased as NRC member on 14 March 2022)	NINED	5/5

NRC REPORT

i) Background

The Board established a Nomination Committee (NC) and Remuneration Committee (RC) respectively in 2003. Both these BCs were consolidated on 30 August 2018 to become the NRC. Subsequently, the roles and responsibilities on nomination and remuneration were combined for expediency and practicality, whereby the same members are entrusted with responsibilities for both the matters.

ii) Key objectives of NRC

a) The primary objectives of the NRC in relation to the nomination are:

- Assessing the abilities of Existing directors to contribute to effective decision making within the Board;
- Identifying, recommending the appointments of Directors and orientating new Directors;
- Identifying the mix of skills and experience and other qualities the Board requires for it to function completely and efficiently;
- Identifying, assessing and recommending the NEDs/external experts as BR to sit on the boards of subsidiaries and/or associate companies;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Reviewing and recommending to the Board the executive appointments of the MD/GCEO of KPS; and
- Identifying, reviewing and recommending to the boards of subsidiary companies the prospective independent non-interested candidate(s) with experience and/or relevant expertise.

b) Primary objectives of NRC in relation to remuneration function:

- Reviewing and recommending to the Board the remuneration packages for the NEDs, members of BC and the MD/GCEO of KPS; and
- Ensuring that the MD/GCEO of KPS is fairly rewarded for his/her performance as well as encouraging him/her to act in ways that enhances the Company's long-term profitability, sustainability, and value.

iii) Overview on NRC Activities during FY2021

During the FY2021, there were five (5) NRC meetings held on 12 January 2021, 14 February 2021, 22 February 2021, 18 March 2021 and 17 August 2021 and three (3) NRC Circular Resolution ("CR") passed. Listed below are the matters reviewed by the NRC throughout 2021:

- Assessment of 2020 CKIs/KPIs for the MD/GCEO of KPS;
- Proposed 2021 CKIs/KPIs for the MD/GCEO of KPS;
- Proposed revision of abbreviation and inclusion of new insertions in the IDT Policy;
- Proposed payment of performance bonuses for the year ended 31 December 2020 and 2021 Performance Increment of KPS;
- Performance bonus for the year ended 31 December 2020 for the MD/GCEO of KPS;
- Proposed renewal of the employment contract for the MD/GCEO of KPS;
- Outcome of the ABE of KPS for the financial year ended 31 December 2020;
- Re-election of Directors who were retiring pursuant to Clause 76(3) and 78 of the Company's Constitution;
- Proposed harmonization of the remuneration of the Boards of subsidiaries;
- Progress of 2021 CKIs/KPIs for the MD/GCEO as of 30 June 2021;
- Appointment of an Independent Director (Cik Sharmila) for KPS;
- Revision of the KPS Code of Conduct for Directors;
- Update on the 2021 Talent Management & Succession Planning for the KPS Group of Companies;
- Proposed Long-Term Incentive Plan (LTIP) Framework for KPS;
- NRC CR re: Notation of Dato' Nor Azmie's resignation effective 1 November 2021;
- NRC CR re: Review of the SMGD Policy;
- NRC CR re: Appointment of the NINEC, Dato' Haris bin Kasim effective 6 December 2021; and
- NRC CR re: Review of the revised ABE Forms for the 2021 Board evaluation.

Meetings of the NRC were attended by the MD/GCEO and DCEOFCS. Other Senior Management were invited to the meetings of the NRC, as and when necessary, to support detailed discussions. The NRC is governed by its own TOR which is accessible on KPS' website at www.kps.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board should undertake a formal and objective Annual Board Evaluation (Practice 6.1 of MCCG, Paragraph 15.08A(3)(c) and Paragraph 15.20 of Bursa Securities MMLR)

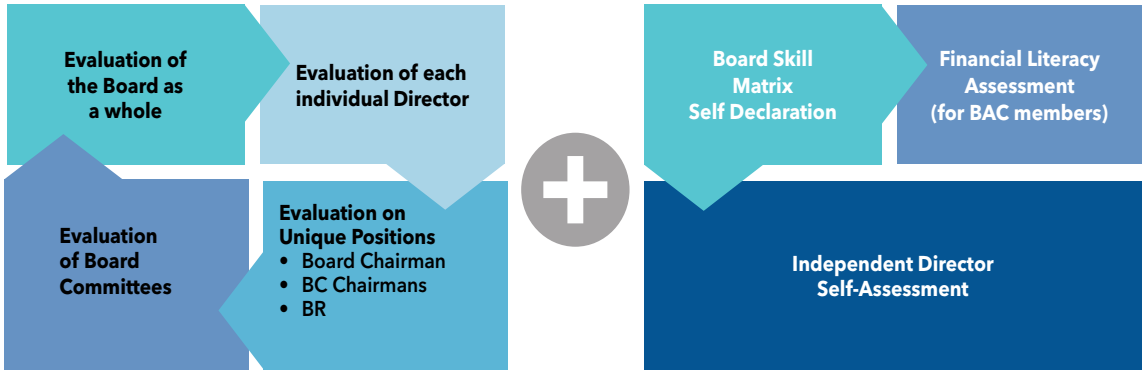
The NRC is entrusted with the responsibility of carrying out the ABE on the effectiveness of the Board. The exercise was facilitated by the office of the Company Secretary, which has professionally and continuously maintained an objective evaluation methodology. A candid assessment by the Directors is well kept, maintaining the confidentiality of the feedback given. The evaluation was then analysed, and the findings were presented to the NRC for deliberation and thereafter to the Board for endorsement.

During the financial year under review, the ABE Templates questionnaires were further enhanced to incorporate the latest regulatory requirements such as the MCCG and Bursa CG Guide. The revised ABE Template was then deliberated at the Board Retreat held on 10 to 11 December 2021 and subsequently presented to the NRC via a CR of NRC for for concurrence and was subsequently tabled and approved by the Board on 27 December 2021 via a Directors' Circular Resolution ("DCR").

Having the appropriate performance criteria in place will enable the Board to meet the following ABE objectives:

- Improve the overall performance of the Company and its Board/BC;
- Assess individual and collective successes;
- Improve working relationships;
- Reinforce individual relationships; and
- Improve the support given by Management to the Board members.

Similar to ABE 2020, the subject reviews for ABE 2021 covers the following areas:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Performance Criteria/Parameters used for each of the above subject reviews are illustrated below:

PERFORMANCE EVALUATION CRITERIA

Board Skill Matrix

- Skills;
- Experience; and
- Industry/Sector Background

Board as a whole

- Fulfilling the Board's Fundamental Roles and Responsibilities from perspective of strategic (business plan/budget/CKIs/KPIs/sustainability/ succession planning), governance (internal control and risk management,compliance,) financial,communication (investor relations); and
- Board mix and composition/dynamic.

BC (NRC, BGRC, BIRC, SBC)

- Composition;
- Skills and competencies/experience;
- Provide useful recommendations in assisting the Board for better decision-making;
- BC Chairman assessment;
- Appointment of BC members based on appropriate criteria; and
- Quality of communication by BC to the Board.

BAC

i) For BAC as a whole:
   - quality and composition;
   - skills and competencies;
   - meeting administration and conduct; and
   - fulfilling its roles and responsibilities.

ii) As for the assessment of individual BAC members:
   - interpersonal qualities;
   - experience;
   - participation in ongoing education;
   - analytical thinking;
   - understanding of risks;
   - understanding of Company's compliance processes;
   - understanding of financial and statutory reporting requirements; and
   - significant accounting policies, accounting estimates and financial reporting practices.

iii) Financial Literacy Assessment.

Individual Directors

- Roles and Responsibilities (from perspective of Strategic, Governance (Compliance, Risk);
- Contribution and Performance, Time Commitment; and
- Attributes and Personality.

Board Chairman

- Strategic thinking;
- Interpersonal communication skills;
- Promoting high standard of integrity, probity and CG;
- Leadership;
- Relationship Management; and
- Effectiveness in conducting meeting.

BR (Chairman of IC)

- Alignment of IC business plan, budget with KPS strategic initiatives;
- Providing constructive opinion on CKIs/KPIs of IC that form part of KPS Group;
- Ensuring smooth integration of KPS Group-wide policy;
- Ensuring effective compliance framework and sound Internal control and risk management at IC;
- Ensuring non-recurring key strategic audit issues/ findings highlighted by the Internal Audit or External Auditors on IC;
- Oversees the financial reporting process and ensure the quality of financial reporting of the IC is in accordance with the applicable accounting standards or internal policies; and
- Escalate pertinent strategic issues of the IC to the Holding Board.

Independent Directors' Self-Assessment

- Background relationship with KPS;
- Business relationship with KPS;
- Family relationship with KPS;
- Tenure status in KPS; and
- Other quantitative assessments.
- Independence requirements

Upon endorsement of the ABE results by the Board, each Director was provided with their individual results, together with the rating for each area of evaluation for reference and further improvement. The results of individual peer evaluation shall also form part of the justification for the NRC's recommendations to the Board for the re-election of Directors at the AGM.

- **Directors' Continuous Education Programme (Paragraph 15.08 of Bursa Securities MMLR).**

  In line with Paragraph 15.08 of Bursa Securities MMLR, the Directors recognise the importance and value of attending conferences, training programmes and seminars to keep themselves abreast of the development and changes in the industry the KPS Group operates in, as well as updates on new statutory and regulatory requirements.

  During the financial year under review, the newly appointed Directors, namely Cik Sharmila had already attended the MAP prior to joining KPS on 1 September 2021, Dato' Haris, who was appointed to the Board on 6 December 2021, will be attending the MAP from 6 to 8 April 2022.

  Besides that, the Directors are also updated by the Company Secretary on any change to regulatory requirements and governance practices which affect the Directors, from time to time. The SD's office facilitates the Board in organising internal and arranging external programmes, training sessions, briefings, workshops and seminars that are relevant to the Directors.

  Throughout FY2021, the SD had organised three (3) internal training series while the Risk Management team organised two (2) trainings on the following topics, for the Board and SM of KPS:

  a) Cybersecurity Risk (SD)

  b) MCCG 2021 Updates (SD)

  c) Related Party Transaction and Recurrent Related Party Transaction (SD)

  d) Enterprise Risk Management: Risk Refresher Session (RMD)

  e) Business Continuity Management (RMD)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of Directors' training for FY2021 are as follows:

Directors	Course/Programme Attended	Date	Remarks/Organiser
Existing Directors			
YBhg Dato' Idris	Cybersecurity Risk	30.4.2021	Tricor Axcelasia
	MCCG 2021 Updates	22.6.2021	Tricor Axcelasia
	RPT/RRPT	6.9.2021	Tricor Hive
	Enterprise Risk Management Refresher Training	12.10.2021	Tricor Axcelasia
	Business Continuity Management Refresher Training	18.10.2021	Tricor Axcelasia
YBhg Dato' Ikmal Hijaz	Cybersecurity Risk	30.4.2021	Tricor Axcelasia
	MCCG 2021 Updates	22.6.2021	Tricor Axcelasia
	SC Guidelines on Conduct of Directors of Listed Corporation & their Subsidiaries	5.7.2021	Malaysian Institute of Accountant ("MIA")
	PNB Knowledge Forum 2021	14.7.2021	Permodalan Nasional Berhad ("PNB")
	RPT/RRPT	6.9.2021	Tricor Hive
	Enterprise Risk Management Refresher Training	12.10.2021	Tricor Axcelasia
	Strengthening Governance, Integrity & Accountability	20.11.2021	International Islamic University Malaysia
	Corporate Governance Principle: Board Effectiveness	20.11.2021	Corporate Governance Public Speaker
	Sustainable Development Goals	23.11.2021	Tricor Axcelasia
Puan Norliza	Stakeholders & Community Engagement Conference	30.3.2021	Comfori
	MCCG 2021 Updates	22.6.2021	Tricor Axcelasia
	Digital Public Relations	22.7.2021	Speaker / Malaysia Press Institute
	RPT/RRPT	6.9.2021	Tricor Hive
	Sustainability is Forever	7.9.2021	Malaysian Institute of Corporate Governance
	On Year On: Taking Your MACC Act Section 17A Programme to the Next Level	9.12.2021	ICDM
	How Digital is Driving the Transformation	9.12.2021	ICDM

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Directors	Course/Programme Attended	Date	Remarks/Organiser
Existing Directors			
YBhg Dato' Noorazman	How to be an effective NED in a disruptive world	18.1.2021	ICDM/UEM Sunrise Berhad
	Directors Guide to Governance, Risk & Compliance	6.4.2021	Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")
	Cybersecurity Risk	30.4.2021	Tricor Axcelasia
	Cybersecurity Oversight in the Boardroom	1.6.2021	Institute of Enterprise Risk Practitioners/ KWAP
	MCCG 2021 Updates	22.6.2021	Tricor Axcelasia
	Mandatory Accreditation Programme (MAP)	25 to 27.7.2021	The Iclif Executive Education Centre
	Corporate Governance and ERM, including MCCG 2021 consideration	2.9.2021	Institute of Enterprise Risk Practitioners/KWAP
	Corporate Liability Provision in the MACC Act 2009, Adequate Procedures and the ISO 37001: 2016 Anti Bribery Management System	3.9.2021	Raja, Darryl & Loh/ UEM Sunrise Berhad
	RPT/RRPT	6.9.2021	Tricor Hive
	Khazanah Mega Trends Forum 2021	4 to 6.10.2021	Khazanah/ UEM Edgenta
	Business Continuity Management Refreshment Training	18.10.2021	Tricor Axcelasia
Cik Sharmila	How to be an Effective NED in a Disruptive World	18.1.2021	ICDM
	EPF's Internal Sustainability Day & Launch of Susb Investment Policy	21.1.2021	EPF
	Asean Environmental Law Conference	27 to 29.1.2021	Asia Climate Change Consortium
	Understanding Increasing Investor Expectations for Climate Governance	11.2.2021	Climate Governance Malaysia
	ESG Reporting: Investor-grade ESG Reporting & Assurance	16.3.2021	HK Institute of Certified Public Accountants

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Directors	Course/Programme Attended	Date	Remarks/Organiser
Existing Directors			
Cik Sharmila	ICDM PowerTalk Series 2021: Positive Agenda: Leadership in Covid-Exit	22 to 23.3.2021 & 25 to 26.3.2021	ICDM
	Executive Compensation and Climate Targets	26.3.2021	Climate Governance Initiative Global Summit
	Advancing Sustainable Trade and Investment through International Law	30.3.2021	Centre for International Sustainable Development Law
	BlackRock Asia Corporate Director Forum on Governance and Sustainability	14.4.2021	Blackrock
	The Net Zero Journey: What Board Members Need to Know (Part 1)	13.7.2021	Climate Governance Malaysia
	Workshop: Supply Chain Management	26.7.2021	-
	RPT/RRPT	6.9.2021	Tricor Hive
	The Net Zero Journey: What Board Members need to know (Part 2)	9.9.2021	Climate Governance Malaysia
	ICDM Members' Day Environmental, Social, and Governance	21.9.2021	ICDM
	CIMB – Cooler Earth Summit	23 to 27.9.2021	CIMB
	Getting the Story - Launch of Reporting Business and Human Rights Handbook	30.9.2021	Business & Human Rights Resource Centre
	Enterprise Risk Management Refresher Training	12.10.2021	Tricor Axcelasia
	Business Continuity Management Refresher Training	18.10.2021	Tricor Axcelasia
	Diligent – Leading with Purpose - Changing Organisational Culture	28 .10.2021	-
	Understanding Sustainability and Climate Risks: A Series of Webinars to Future-proof your Business (Part 1 - 4)	19.11.2021	ICDM

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Course/Programme Attended	Date	Remarks/Organiser
Existing Directors			
Encik Ahmad Fariz	MCCG 2021 Updates	22.6.2021	Tricor Axcelasia
	RPT/RRPT	6.9.2021	Tricor Hive
Former Directors			
YB Dato' Nor Azmie (Resigned w.e.f 1.11.2021)	Cybersecurity Risk	30.4.2021	Tricor Axcelasia
	MCCG 2021 Updates	22.6.2021	Tricor Axcelasia
	RPT/RRPT	6.9.2021	Tricor Hive
Encik Soffan Affendi (Resigned w.e.f 14.3.2022)	Cybersecurity Risk	30.4.2021	Tricor Axcelasia
	MCCG 2021 Updates	22.6.2021	Tricor Axcelasia
	RPT/RRPT	6.9.2021	Tricor Hive
Mr Koay Li Onn (Leon) (Retired w.e.f 25.5.2021)	Cybersecurity Risk	30.4.2021	Tricor Axcelasia

3) REMUNERATION

The Board has remuneration policies and procedures to determine the remuneration of Directors and Senior Management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the Company's website. (Practice 7.1).

The Company aims to set the remuneration for Directors and SM at levels that are fair and equitable to attract and retain Directors of good calibre to guide the Group successfully, taking into consideration fiduciary obligations and responsibilities, time commitment, business complexities, the nature of and changes in business/ market environments, the Company's performance as well as skills and experience required.

Guided by the above, the Company established the Directors' Remuneration Policy and Senior Management Remuneration Policy on 26 February 2018 and 30 March 2018, respectively. The policies are designed to support the Company's key strategic initiatives, business objectives and create a high performance-oriented environment. In addition, the policies are expected to attract, motivate and retain talent and promote business sustainability and growth, support the Company's long-term success, and align with market/industry practices.

Both policies can be found on the Company's website at www.kps.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The remuneration structure for the NED of KPS are as follows:

a) Directors' Fees & Meeting Allowance (Board and BC)

No.	Category	Directors Fee (RM)	Meeting allowance per attendance (RM)		
			Board	BAC	Other BC
1.	Chairman	130,000	3,500	3,000	2,000
2.	Member	100,000	2,500	2,000	1,500

b) Other Benefits

- The NEDs shall also be entitled to be repaid all travelling and hotel expenses properly incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from meetings of Directors or general meetings or which they may otherwise incur on or about the business of the Company; and

- NEDs have the benefit of Directors & Officers ("D&O") Insurance in respect of any liabilities arising from such acts committed in their capacity as Director of the Company. However, the said insurance policy does not indemnify a Director if he/she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his/her duty or trust. The Directors are required to contribute jointly with the Company towards the premium of the said policy.

c) Benefit in Kind:

- Group Hospitalisation and Surgical
- Group Term Takaful
- Group Personal Accident
- Medical Outpatient Benefits

The fee payable to NEDs shall be a fixed sum and shall not be by a commission on or percentage of profits or turnover. The fees and any benefits payable to NEDs shall be subjected to annual shareholders' approval at a general meeting in accordance with Section 230(1) of the CA 2016.

Any proposed revision of Directors' Remuneration shall be deliberated and recommended by the NRC and concurred by the Board before tabling the same to shareholders at the general meeting for approval. NEDs are not entitled to receive performance-based bonuses. The Company may extend the participation of Share Issuance Scheme or any other short-term and/or long-term incentive plans to NEDs subject to provisions set out in Bursa Securities MMLR.

The remuneration structure for MD/GCEO

As for the MD/GCEO, the remuneration would be dealt within the MD/GCEO's service contract. Remuneration packages for MD/GCEO (and of members of senior management or any other individual, as defined by the Board) should involve a balance between fixed and performance-linked (variable) elements but shall not include a commission or a percentage of turnover. The relative weightage of fixed and variable remuneration for target performance varies with level of responsibility, complexity of the role and typical market practice. The remuneration of the MD/GCEO shall be deliberated and recommended by the NRC and approved by the Board.

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The Board has a Remuneration Committee to implement its remuneration policies and procedures including reviewing and recommending matters relating to the remuneration of the board and senior management. The Remuneration Committee has written a Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website (Practice 7.2)

The Board of KPS delegated to the NRC the responsibility to set the principles and parameters relating to the KPS Group's remuneration matters. The Board established a Remuneration Committee in 2003. In August 2018, the RC was consolidated into the NRC to create a more streamlined approach towards the deliberation of remuneration matters of the KPS Group. This has expanded the role of the NRC, whereby the NRC is now responsible for the following remuneration matters of KPS:

i) To formulate or review the remuneration for the members of the Board, BC, BR on the functional board of the subsidiaries and/or associates;
ii) To review, appraise and make recommendations to the Board on the remuneration, salary increment, performance bonus and compensation for the MD/GCEO of KPS;
iii) To appraise and recommend suitable short and long-term policies and performance-related incentive schemes for the Company;
iv) To review and make recommendations to the Board on the staff annual salary increment pool and performance bonus pool for each financial year; and
v) To review and recommend any major change in the remuneration policy and employee benefits structure throughout the Company in line with market practice.

Disclosure of Directors' Remuneration (Practice 8.1 of MCCG).

Detailed disclosure on a named basis for the remuneration of individual Directors, which includes fees, meeting allowances, and other benefits in-kind, is provided for under Practice 8.1 of the CG Report 2021 of the Company.

Disclosure of Top Five (5) Senior Management Remuneration (Practice 8.2 of MCCG) - DEPARTED

Currently, the remuneration of the top five (5) SM disclosed in the CG Report 2021 is on an aggregate basis, including salary, bonus, and other benefits. At this juncture, the Board concurred with Management that disclosing SM remuneration on a named basis and by various components is neither to the Group's advantage nor in its business interests given the sensitive nature of such information and the fierce competition for talent in the market.

Notwithstanding the above, the Board ensures that the remuneration of SM is commensurate with the performance of the Company and Group, with due consideration to attract, retain and motivate SM spearhead the running of the Group's business operations. This would allow stakeholders to be appreciative of the link between the remuneration of SM and the performance of the Group.

The current disclosure on an aggregate basis already allows stakeholders to establish the nexus between remuneration and value creation in the Group. The Board will closely monitor the industry and be guided by developments in regulatory requirements in respect of such disclosure for future consideration.

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1) BOARD AUDIT COMMITTEE

The primary objective of the BAC as a committee of the Board is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting, and development of sound internal controls.

Throughout the year, the BAC dealt with issues related to financial reporting, external and internal audit findings, related party transactions and internal control, in line with the mandate provided by the TOR. The BAC has provided valuable recommendations and views to assist the Board in making informed decisions which have contributed significantly to the Board's discussions on the high-level review of the financial reporting process and financial statements.

In assisting the Board in overseeing the financial reporting process and ensuring the quality of financial reporting by the Group, the BAC monitored and reviewed the accuracy and integrity of the Group's annual and quarterly financial statements. The BAC also assisted the Board in reviewing the appropriateness of accounting policies applied by the Group and the changes in these policies.

The Chairman of the Board Audit Committee is not the Chairman of the Board (Practice 9.1 of MCCG).

The Chairman of the BAC is Dato' Idris, who is not the Chairman of the Board and is an INED. This is to promote robust and open deliberations by the Board on matters referred by the BAC. Dato' Idris is a member of the Malaysian Institute of Accountants ("MIA"), a fellow member of the Chartered Institute of Management Accountants ("CIMA") and former member of the Institute of Internal Auditors ("IIA").

The BAC has a policy that former key audit partners to observe a cooling-off period of at least three (3) years before being appointed as a member of the BAC (Practice 9.2 of MCCG).

The TOR of the BAC has incorporated a policy on observation of a cooling-off period of three (3) years since 25 February 2021 in line with the latest provision of MIA By-Laws, Section 540.5. This is to ensure external auditors' maintain objectivity, independence, and effectiveness. Currently, none of the present BAC members are former key audit partners. A copy of the BAC TOR is available on the Company's website at www.kps.com.my.

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BAC has policies and procedures to assess the suitability, objectivity and independence of the External Auditor to safeguard the quality and reliability of audited financial statements (Practice 9.3 of MCCG).

In assessing the suitability, objectivity and independence of external auditors, the BAC is guided by the External Auditors Assessment Policy ("EAA Policy"), which was approved by the Board on 29 March 2017 and subsequently revised and approved by the Board on 27 November 2020.

Based on the External Auditors Assessment 2021 carried out by the BAC and Management, the BAC was satisfied with the independence and performance of the external auditor. In its assessment, the BAC was satisfied that the provision of audit and non-audit services by the Messrs BDO PLT ("BDO") to the Company for FY2021 did not in any way impair their objectivity and independence as external auditors of the Company.

Besides that, KPS also established a policy known as the Policy on the Appointment of Existing External Auditors for Non- Audit-Related Services ("NARS Policy"), approved by the Board on 29 August 2018, which stipulates that if the cumulative engagement fee for the appointment of External Auditors for non-audit related services exceeds 30% of the total audit fees payable to them, concurrence from BAC is required. This is to ensure the independence and objectivity of the external auditor are not compromised, and there is a transparent reporting process in place for the BAC to monitor the external auditors' observance and compliance with the NARS Policy.

The BAC should solely comprise Independent Directors (Step-up Practice 9.4 of MCCG).

During the FY2021, the BAC comprises four (4) NEDs of whom three (3) are INEDs and one a (1) NINED, which is in line with Paragraph 15.09(1)(b) of Bursa Securities MMLR, which stipulates that all the BAC members must be non-executive directors, with the majority of them being independent directors:

Category	Name	Designation
Chairperson	Dato Idris	INED
Members	Dato' Noorazman	INED
	Sharmila	INED
	Soffan Affendi (ceased as BAC member on 14 March 2022)	NINED

BAC members should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. (Practice 9.5 of MCCG).

Given the increasingly demanding role as BAC members, the BAC recognises the importance of continual training and professional development to keep members abreast of relevant developments in accounting and auditing standards, practices and rules to serve effectively, and contribute positively to the BAC. Detailed disclosure on the training programmes attended by the BAC during FY2021 is provided under Practice 9.5 of the CG Report 2021.

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In accordance with Paragraph 15.20 of the Bursa Securities MMLR, the NRC also reviewed the term of office and performance of the BAC and each of its members annually to determine the members' financial literacy levels, ability to pose probing questions, competencies in grasping complex issues and skills as well as knowledge to discharge their duties and responsibilities under its TOR.

Based on the ABE 2021, the Board was satisfied with the overall performance and effectiveness of the BAC. All four (4) members demonstrated a high degree of independence, professionalism and integrity with balanced diversity, skills, and experience.

With regards to the financial literacy of the BAC members, the Board observed that all the BAC members had financial knowledge and literacy in that they possess the ability and competency to read, analyse and interpret financial statements, including the Company's statement on its financial position, statement of comprehensive income, statement of changes in equity, cash flow statement, notes to the statements, cost accounting, budgets and management discussion and analysis. The accountability of the BAC members in discharging their duties and responsibilities are in accordance with the BAC's TOR, as required under Bursa Securities MMLR and Principle B of MCCG.

More details on how the BAC discharged its duties in FY2021 are presented in the BAC Report of this Annual Report.

2) FINANCIAL REPORTING

The Board accepts the responsibility that the annual audited financial statements and interim financial results have been prepared in compliance with the CA 2016 and applicable financial reporting standards in Malaysia. This includes adopting all necessary measures to ensure that all applicable accounting policies have been applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates.

3) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board should establish an effective risk management and internal control framework and disclose the features thereof, the adequacy and effectiveness of the framework (Practice 10.1 and 10.2 of the MCCG)

The Board remains committed to maintaining sound and effective risk management and internal control procedures covering financial, operational, regulatory and compliance, governance, and sustainability to safeguard shareholders' investments and the Group's assets, and provide assurance on the reliability of the financial statements. In addition, equal priority is given to internal control of its business management and operational techniques.

While the internal control system is devised to cater for the needs of the Group and to manage the risk that may impede the achievement of the Group's business objectives, such internal control systems, by nature, cannot eliminate risk and can only provide reasonable assurance and not absolute assurance, against material misstatement or loss by identifying, managing and controlling risks, including operational risk.

Given the above, the Group established an Enterprise Risk Management ("ERM") framework in 2013, that was revised in 2018 and further enhanced in August 2020 in alignment with the ISO 31000 International Standards of Risk Management - Principles and Guidelines. The rationale for the enhancement was to proactively identify, evaluate and manage key risks to an optimal level, considering changing risk profiles as dictated by changes in business strategies, external environment and/or regulatory environment. In line with the Group's commitment to deliver sustainable value, this framework provides an integrated and organised risk management approach entity-wide.

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Besides that, the Group also actively executed the ERM initiatives based on the approved ERM Framework, which includes the continuous review, tracking and monitoring of the implementation of key mitigation strategies and updates on the Key Risk Indicators ("KRIs") for the key risk areas identified. The ERM initiatives were further extended to the subsidiaries in 2019 and the key risk areas for subsidiaries were identified and assessed together with the respective key management and EXCO of subsidiaries and subsequently approved by the Board of said subsidiaries.

The Group has established and adopted a structured KPS Internal Control Framework ("KPS-ICF") that is intended to strengthen the governance process and internal control design in the Group. On 28 May 2021, KPS-ICF was approved for adoption at KPS subsidiaries allowing the Group to have a uniformed internal control structure towards achieving Group strategic objectives.

A Statement of Risk Management and Internal Control is set out in pages 197 to 216 of this Annual Report.

The Board establishes a Risk Management Committee which comprises majority of Independent Directors, to oversee the company's risk management framework and policies (Step-up Practice 10.3 of MCCG).

The Board Risk and Management Committee was established in 2011, renamed as the Board Risk and Compliance Committee (BRCC) on 29 August 2019 and subsequently to BGRC effective 1 January 2021 in line with the establishment of the IGU at the KPS Group effective January 2021. The change of name was to reflect the additional responsibilities placed with the BGRC to reinforce effective CG in monitoring integrity and governance matters in addition to its existing responsibility to ensure the effectiveness of regulatory compliance, overall internal controls, risk management, governance systems and processes.

The BGRC is supported by the Risk and Governance Working Committee ("RGWC"), chaired by the MD/GCEO. The RGWC meets quarterly, and it monitors the consistent enforcement of the ERM Policy and Compliance Policy. It also reviews and recommends to the BGRC to endorse the risk parameters, risk appetite, risk profiles, risk action plans and compliance key risks, status, and action plans.

The BGRC comprises four (4) members, all of whom are INEDs, including the Chairman. Currently, the BGRC is chaired by Cik Sharmila, who was appointed as Chairman on 1 September 2021 in place of Mr Koay Leon, who retired as Director of KPS on 25 May 2021. Other members are Dato' Noorazman, Dato' Idris and Puan Norliza. They possess sound judgement, objectivity, an independent stance, management experience, professionalism, integrity and sound knowledge of the industry in which the KPS Group operates.

The Internal Audit function is effective and able to function independently (Practice 11.1 of MCCG)

The Board has established an in-house internal audit ("IA") function, which is led by the Director of IA ("DIA"), who reports functionally to the BAC, and administratively to the MD/GCEO. The IA provides an independent review on the adequacy, efficiency and effectiveness of risk management, internal control and governance processes and monitors compliance with policies and procedures implemented by Management at the KPS Group. The IA provides reasonable assurance to the BAC that no material issue or significant deficiency has been noted, which would pose a high risk to the overall internal control system under review.

The risk-based internal audit plan that includes internal audit coverage and scope of work is presented to the BAC annually for its consideration and approval annually.

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The activities and performance of the IA are also reviewed periodically by the BAC to ensure its adequacy and independence in performing its role and are in line with the IIA, International Professional Practice of Framework ("IPPF") on Internal Auditing and the pertinent regulations.

To ensure that the responsibilities of the IA are fully discharged, the BAC reviews:

i) The appointment and removal of the DIA;
ii) The adequacy of the IA's scope, competency, experience, and resources of the IA function;
iii) Annual review of the IA Charter;
iv) BAC TOR once every three (3) years;
v) Annual IA Plan;
vi) Setting of CKIs/KPIs for the IA; and
vii) Assessment of the IA and DIA functions, who is responsible for the regular review of the effectiveness of risk management, control and governance processes within the Group.

The IA reports encompassing the significant internal audit findings and recommendations are presented to the BAC quarterly. The relevant Management is responsible for ensuring that corrective actions on reported weaknesses are executed appropriately. The deadlines committed to by relevant Management on corrective actions are monitored monthly and undue delays must be justified to the BAC for approval.

The IA personnel constantly keep themselves abreast with professional developments, relevant industry and regulations through attending conferences/ trainings and knowledge sharing within the Group.

In accordance with the BAC TOR, the BAC had on 22 February 2022 conducted an annual assessment of the performance of the IAD by reviewing the 2021 IA Balanced Scorecard and completing the yearly IA evaluation questionnaire.

During the financial year under review, the BAC and Board approved the revision of the IA Charter to reflect mechanisms which ensure that internal audit remains independent for a jointly managed risk management function by the Head of IA. The mechanisms include the clear segregation of duties, roles and activities between internal audit and risk management functions.

Disclosure that IA personnel are free from any conflict of interest; the number of resources in the Internal Audit Department; name and qualification of the person responsible for the Internal Audit; and whether the Internal Audit function is carried out in accordance with a recognised framework. (Practice 11.2 of MCCG)

All IA personnel confirmed via the annual declaration that they are free from any relationship or conflict of interest, which could impair their objectivity and independence.

During the financial year under review, the IAD was headed by Madam Tan Eng Eng ("Eng Eng"), the former DIA and assisted by two (2) internal auditors and one (1) assurance officer at each major subsidiary, namely, Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas") CPI (Penang) Sdn Bhd ("CPI") and Century Bond Berhad ("CBB"). Eng Eng is a fellow member of the Association of Certified Chartered Accountants ("ACCA") and an MIA and IIA member. Eng Eng has vast experience in the planning, supervision, coordination, and management of audit assignments including carrying out risk and control assessments of companies in various industries such as Financial Institutions, Automotive-Retail, After Sales & Manufacturing, Construction & Property, Trading and Services. Additionally, all the internal auditors have relevant tertiary qualifications in auditing. Eng Eng resigned on 31 July 2021.

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Following the above resignation, Encik Mohamad Azlan bin Jaafar ("Encik Azlan") was appointed as the DIA effective 1 November 2021. Encik Azlan is a fellow member of the Institute of Chartered Accountants in Australia and New Zealand, a member of the Malaysia Institute of Accountants and a Certified Internal Auditor Malaysia. He has more than 20 years' experience in internal auditing in public listed companies in Malaysia.

The IAD function is guided by its IA Charter, as approved by the Board and BAC, defining its responsibilities, authority, and scope of work within the Group. Notwithstanding that, Encik Azlan is heading IA and Risk Management. As Head of IA, he must place the IA's interest ahead of the interests of any other function. There are mechanisms in KPS that the Board and BAC have approved to ensure that the BAC and Management are getting separate, transparent, and objective deliverables from each function.

The safeguards are in place to ensure that the BAC receives the objective assurance that they require for ensuring that the internal audit activities and resources are not to be combined with the Risk Management functions; clear segregation of roles and duties between the IA team and Risk Management; clear and objective communication to the BAC and separate reporting to the BGRC with clarity on the roles and responsibilities. In the event of potential conflicting loyalties or validations of the internal audit view on risk, the BAC may consider external validation to ensure the independence is not compromised.

The BAC was satisfied that the IA function was carried out in accordance with the IIA's Definition of Internal Auditing and Code of Ethics and that it conformed to the International Standards for Professional Practice of Internal Auditing ("IPPF"). The IAD is also guided by the MCCG issued by the SC.

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

1) ENGAGEMENT WITH STAKEHOLDERS

The Board ensures there is effective, transparent, and regular communication with its stakeholders (Practice 12.1 MCCG).

The Company is committed to open, transparent and timely internal and external communication, recognising the importance of transparency, accountability and avoidance of selective dissemination in disclosing information on the Group's business activities and prospects to its stakeholders. The Company has in place the Investor Relations ("IR") Policy which sets out the principles and various platforms for communication relating to the dissemination of information. This enables both the Board and Management to always communicate effectively with its shareholders and other stakeholders via the following multiple channels of communication:

a) The Annual Report and relevant circulars dispatched to shareholders and published on the Company's website;

b) Issuance of various disclosures and announcements inclusive of the quarterly financial performance of the Group to Bursa Securities;

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c) A series of engagement activities through IR programmes such as analyst and investor briefings; and

d) The AGM/EGM.

In addition, the Company has established and actively updates its corporate website at www.kps.com.my, which allows easy access to corporate information and provides a platform to gather feedback from stakeholders. In addition, the Company has also established an integrated IR portal in the corporate website through which shareholders can remain updated on the latest information about the Group such as corporate announcements, quarterly financial results, stock charts, dividend payments and interactive annual reports to enable them to make informed investment decisions. It is also a channel for shareholder feedback and a platform to ensure their concerns are understood and questions answered.

Guided by the IR Policy, the Company has in place an IR Strategy that drives effective two-way engagements between KPS and the investment community and other stakeholders. Embedded in the strategy is a comprehensive approach to providing factual and adequate disclosure on the prospects of the KPS Group's business through various communication channels to enable the shareholders and investors to make informed investment decisions.

To facilitate effective communication with stakeholders, the Board has mandated Management to roll out various IR programmes, amongst others:

a) Briefing sessions such as quarterly financial results, presentation to the investment community comprising analysts, investment managers (including one-on-one), significant shareholders, and minority shareholders at general meetings;

b) Participation in non-deal roadshows organised by research houses;`

c) Plant visits to subsidiaries, targeting participants from analysts and fund managers; and

d) Engagement with the media via centralized strategic communication channels.

2) CONDUCT OF GENERAL MEETINGS

The Notice for the Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting (Practice 13.1 of MCCG).

The AGM, held once a year, is the primary platform for shareholder engagement and the Company to explain its progress and answer any questions from shareholders, proxies and corporate representatives.

The Annual Report, together with the Notice of AGM for the 44th AGM held on 25 May 2021, was sent to shareholders 28 days prior to the meeting, which is under Practice 13.1 of the MCCG and within the prescribed period as allowed under the Company's Constitution and Bursa Securities MMLR.

Similarly, for the forthcoming 45th AGM to be held on 7 June 2022, the notice of the same will be issued 28 days prior to the meeting. Where special business items appear in the notice of the AGM, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact of the resolution.

The Notice is also published in a local newspaper (The Star) and made available on the KPS' website at www.kps.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All Directors attend General Meetings. The Chair of the BAC, NRC, BGRC and other BC provide meaningful responses to questions addressed to them (Practice 13.2 of MCCG).

The 44th AGM and EGM of the Company were conducted entirely through live streaming from its corporate office as guided by the SC Guidance and FAQs on the Conduct of General Meetings for Listed Issuers (Guidance Note) with the enforcement of the Mandatory Control Orders ("MCO") due to the COVID-19 pandemic. During the said meeting, two (2) Directors were present in person at the corporate office itself and six (6) Directors were present online via the Zoom platform.

Before the commencement of the 44th AGM, the MD/GCEO gave a detailed presentation of the Company and the Group's financial performance for the financial year ended 31 December 2020.

The Chairman of the Board chaired the 44th AGM and EGM in an orderly manner. The shareholders were allowed to submit questions online or to seek clarification on any matter of the business activities and financial performance of the Company and the Group via a facility which is available on Tricor Investor & Issuing House Services Sdn Bhd ("TIIHS")'s website at: https://tiih.online. Detailed procedures were provided to the shareholders in the Administrative Details for the 44th AGM.

The external auditors of the Company also attended the 44th AGM virtually and were available to answer questions about the conduct of the audit, preparation and content of the auditors' report.

In line with Bursa Securities MMLR, all resolutions passed at the AGM were conducted via poll voting. A poll administrator was appointed to carry out the polling process and independent scrutineers to verify the poll results at the AGM. Given that the 44th AGM was conducted virtually in its entirety, the shareholders cast their vote online via a facility available on TIIHS' website at: https://tiih.online. The Chairman announced the poll results at the end of the AGM and EGM, and these were submitted to Bursa Securities on the same day for the benefit of all shareholders.

Leveraging on technology to facilitate voting including voting in absentia; and the remote participation of shareholders at General Meetings (Practice 13.3 of MCCG).

Considering the rapidly evolving developments relating to COVID-19 pandemic and the widely implemented social distancing measures, the KPS 44th AGM and EGM were conducted entirely through live streaming from its corporate office. The shareholders participated and voted in the virtual AGM remotely. The arrangement was in accordance with Clause 53(4) and (5) of the Constitution of the Company.

To ensure the effectiveness of the proceedings and allow shareholders' participation at the AGM and EGM, KPS will continuously leverage the advances in information technology and avail the shareholders a platform upon which remote online voting (i.e., voting in absentia) can be cast whilst the broadcast is in session. During the broadcast, shareholders were given the option to submit their questions by using the Query Box.

Under Paragraph 8.29A of Bursa Securities MMLR and to improve efficiency and accuracy of the AGM and EGM results, KPS has leveraged technology to facilitate electronic voting ("e-voting") to conduct polling on all resolutions proposed at its AGM and EGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

To facilitate the process, a Poll Administrator, namely TIIHS, was appointed to carry out the polling process and Asia Securities Sdn Bhd as Scrutineers to verify the poll results. The Chairman announced the poll results at the end of the AGM and EGM and these were submitted to Bursa Securities on the same day for the benefit of all shareholders.

The Chairman of the Board should ensure that general meetings support meaningful engagement between the Board, Senior Management and shareholders, interactive and robust discussion on the Company's financial, non-financial and company's long-term strategies. Provided sufficient opportunity to pose questions all the questions should receive a meaningful response (Practice 13.4)

It has been the Company's practice that the Chairman at the general meeting (AGM/EGM) support meaningful engagement between the Board, SM and shareholders. There was a management presentation on the Business Review & Prospect (long-term strategies) covering the Company's performance report card and financial and non-financial highlights during the meeting.

All questions posed by shareholders during the AGM/EGM were answered during the meeting and recorded in the AGM/EGM minutes. The minutes were then published on the Company's website for shareholders' reference. Beside that, KPS also established another communication channel on the Company's website where the shareholders can continue to share feedback and pose questions outside the AGM/EGM if the time allocated did not permit further discussions.

The Board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the Board, Senior Management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself (Practice 13.5 of MCCG).

For the past two (2) consecutive years (2020 and 2021), KPS has held its general meeting virtually arising from COVID-19 and in line with the Guidance Notes issued by the SC. KPS will continuously work with the service provider to ensure that the infrastructure and tools used could support smooth and interactive participation by the shareholders.

During the 44th AGM and EGM held on 25 May 2021, respectively, all questions posed by shareholders during the AGM/EGM were responded to by the Board/Management during the meeting itself. Subsequently, due to time constraints, the reminding answer to the question raised by the Shareholders has been published on KPS website for shareholder's references.

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting (Practice 13.6 of MCCG)

Minutes of the 44th AGM and EGM held on 25 May 2021 were published on the KPS website on 9 June 2021 (11 Business days after the AGM/EGM) i.e., not later than 30 business days after the said meetings.

4) FOCUS AREA

Below are the three focus areas of CG during the financial year under review:

i) Strengthening Leadership

a) Continuous enhancement of the Annual Board Evaluation Template for Board Evaluation

- The Board is mindful that an objective and well-managed Board evaluation could substantially improve Board effectiveness and bring significant benefits to KPS. Hence, a holistic and comprehensive Board evaluation framework is needed for a balanced view of the Board's performance, identifying aspects and areas for improvements.

- Taking from the above, the ABE Template, which was developed by the Company internally in 2020, was further enhanced to incorporate the latest regulatory requirements and latest practices such as the MCCG and Bursa Securities CG Guide 4th Edition. The revised ABE Template was then deliberated at the Board Retreat held on 10 to 11 December 2021 and thereafter tabled to the NRC for concurrence and recommendation to the Board for approval on 27 December 2021 via a Directors' Circular Resolution (DCR). The revised ABE Template is intended to be used for the 2021 ABE exercise.

b) Enhancement of the Directors Code of Conduct

- Appropriate standards of conduct and ethical behaviour are fundamental to the preservation of the reputation of the KPS Group and the success of their operations. Adherence to ethical values will create an environment of mutual trust whilst increasing the confidence of the stakeholders and shareholders of the Company.

- Given the above, the Board had on 26 August 2021 enhanced the existing Code which was established since 2013 to reflect the current and relevant provisions of the CA2016, latest SCGCD and MCCG issued by SC, Bursa Securities MMLR and other provisions of laws applicable to the conduct of Directors.

- The Code provides the fundamental guiding principles and standards applicable to the Directors where such principles and standards are founded on high standards of professional and ethical practices. In the performance of his/her duties, a Director should always abide by and conform to the Code.

ii) Effective Internal Controls

- During the FY2021, several enhancements and initiatives were implemented to further strengthen the internal controls, inter alia, the establishment of the Cyber Security Framework, Corruption Risk Management Framework, Whistle-Blowing Policy, Internal Control Framework, revision of various policies and documents such as Business Continuity Management Policy, Internal Audit Charter, Code of Conduct for Directors, ABE Template, Sustainability Policy, Investor Relations Policy, IDT Policy, Credit Policy and Procurement Policy to support and further strengthen the CG of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

iii) Managing Stakeholders expectation and Creating Long Term Shareholders Value

- **Managing Stakeholders expectations:**

  Throughout FY2021, Management identified alternative platforms to continue engaging with stakeholders during the reporting period due to mobility restrictions as part of COVID-19 precautionary measures. The Company did not falter on our responsibilities and kept our stakeholders apprised of business performance and pertinent information, adopting digital technologies and tools to stay connected. Board meetings, internal meetings, discussions with business analysts and investors, and discourse with stakeholders were all conducted virtually to replace physical sessions while adhering strictly to the COVID-19 SOPs.

- **Creating Long Term Shareholders Value**

  On 30 March 2021, the Board adopted a Dividend Policy under which the Company intends to pay at least 30% of the Group's normalised Profit after Taxation and Minority Interest ("PATAMI") annually. The Dividend Policy, which takes effect immediately, serves as a guideline to ensure that future dividends are declared in reflection of the Group's financial position, operating performance, future investment needs, and other relevant factors. This is to ensure stable and sustainable returns to shareholders. The dividend declaration and payment will either be in the form of an interim or final dividend, subject to the approval of the Board and shareholders.

  On 25 May 2021, the shareholders had approved a single-tier final dividend of 2.5 sen per share for the financial year ended 2020.

5) CORPORATE GOVERNANCE PRIORITIES

Below are the insights covering the short term and long-term plans of the Company to enhance governance practices and processes:

i) Strengthening the Governance System - Guided by MCCG and Best Practices

LEADERSHIP & EFFECTIVENESS	EFFECTIVE INTERNAL CONTROLS	ETHICS & VALUES
• Leadership Oversight and Sounding Board to Guide Transformation Journey • Monitor Performance Management & Empowerment • Adoption of Best Practices of Corporate Governance Practices • Integration of Sustainability Consideration in Business Strategy & Operations	• Sound Internal Control • System and Automation as Business Enabler • Align Governance Structure to Strategic Priorities • Policies & Procedures that Support Business Transformation	• Transparency & Integrity in Corporate Reporting • Effective Engagement with Stakeholders • Leverage on Technology to Facilitate Efficient Medium of Engagement

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ii) Managing Risks - Translating Business Risks into Opportunities

FORWARD-LOOKING ERM	BUSINESS CONTINUITY	RESPONSIVE CRISIS MANAGEMENT
• Integration of Enterprise, Financial, Investment & Compliance Risk Management • Integration of Sustainability Aspects in ERM • Robust Investment Evaluation Integrating Risk Consideration • Cybersecurity Threats Mitigation	• Threat & Risk Assessment • Critical Path Analysis • Business Resumption Strategy • Communication & Incidence Escalation	• Communication Protocols • Regulatory Authority Consultation • Crisis Communication • Postmortem & Lesson Learnt

iii) Embedding ESG - The Implementation Process

THE DEVELOPMENT	• **SETTING THE TONE** • Set the tone at the top for driving practices • Understand the value of intergrating ESG into KPS business	+	• **MATERIALITY ASSESSMENT** • Identify and prioritise most material ESG issues KPS & Stakeholders should focus on
THE PROCESS	• **STRATEGY SETTING** • Develop strategy that is guided by vision & mission • Incorporate ESG in the strategic planning of KPS Group	+	• **KPIs TARGETS** • Determine KPSs & target to measure, evaluate and improve ESG performance
THE COMMUNICATION	• **REPORTING & ASSURANCE**		• Disclosure of Sustainability Vison, Mission, Policy, ESG Strategy and Performance • Alignment of Initiatives with UNDSGs • Assurance by SIRIM-QAS Validating ESG Data and GRI-base Sustainability Reports

COMPLIANCE STATEMENT BY THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved the CGOS. Pursuant to Paragraph 15.25 of the Listing Requirements, the Board is pleased to report that it is satisfied that to the best of its knowledge, the Company has fulfilled its obligations in accordance with applicable laws and regulations, throughout the financial year ended 31 December 2021. Save as disclosed in our CG Report 2021, which is available on our Company's website www.kps.com.my in compliance with the main principles of the MCCG.

This CGOS was presented and approved at the meeting of the Board on 25 February 2022.

STATEMENT OF
RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors of Kumpulan Perangsang Selangor Berhad ("the Board") is pleased to present this Statement on Risk Management and Internal Control ("SORMIC" or "This Statement") which outlines the nature of risk management and internal controls within Kumpulan Perangsang Selangor Berhad ("KPS" or "the Company" or "the Group") for the financial year ended 31 December 2021.

This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements and guided by the **"Statement on Risk Management and Internal Control** – Guidelines for Directors of Listed Issuers" issued by Bursa Securities. Risk management and internal controls are integrated into the management processes and embedded in all business activities within the Group.

This Statement on Risk Management and Internal Control does not deal with associate companies as the Group does not have management control over their operations.

2. RESPONSIBILITY OF THE BOARD

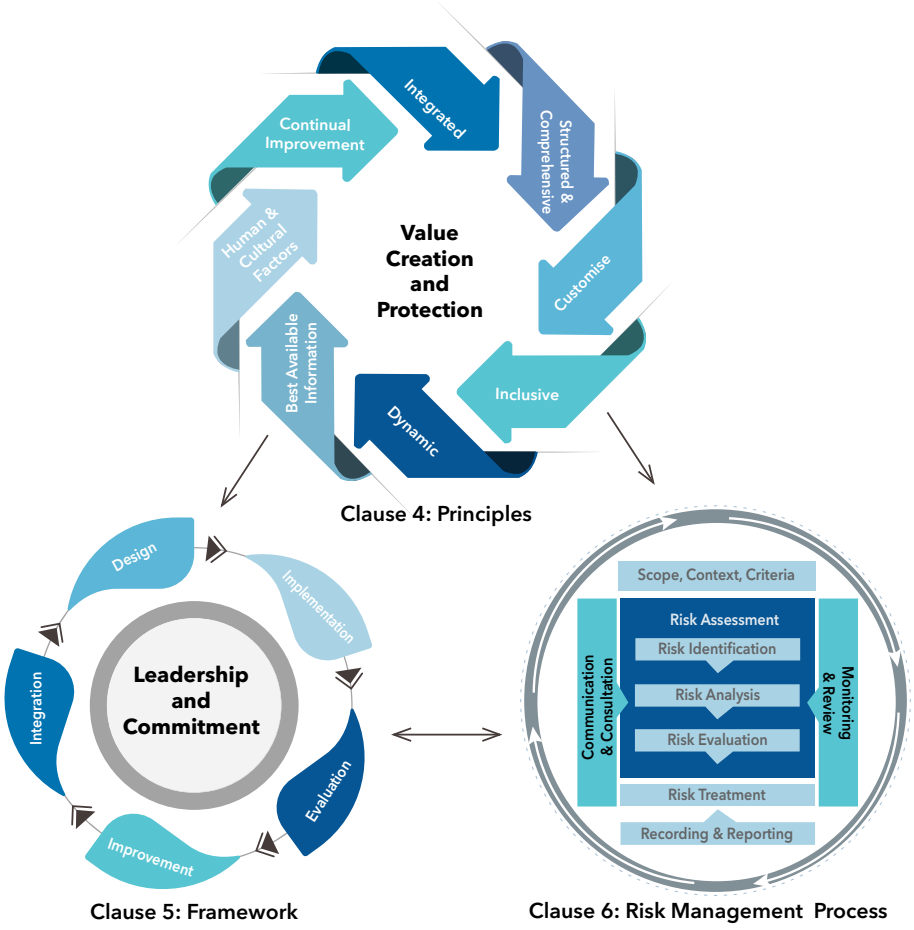
The Group is led by the Board. The Board affirms its responsibility for overseeing and ensuring a sound system of risk management and internal control for the Group. Such a system covers controls on the financial aspects and matters relating to operational, investment, risk management and compliance with applicable laws, regulations, and guidelines. Effective risk management helps the Group achieve optimal performance and profitability targets by incorporating risk information for decision making. The Board has delegated the responsibilities of risk management and governance to the respective Board Committees to ensure independent oversight of internal controls and risk management. The Board is cognisant of the importance of an integrated approach to manage key risks in achieving the Group's business objectives. The Board also recognises the fact that internal control systems are designed to manage and minimise rather than eliminate and avoid occurrences of material misstatements, unforeseeable circumstances, fraud or losses.

The Group consistently includes the deliberation of key risk issues, regulatory compliance matters, and operational concerns of all subsidiaries and associate companies in the Executive Committee ("EXCO"), Risk and Governance Working Committee ("RGWC"), Subsidiary Board, Board Committee and Board meetings that are convened quarterly.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

3. RISK MANAGEMENT

The Group has established an Enterprise Risk Management ("ERM") framework based on the ISO 31000:2018 International Standard of Risk Management - Principles and Guidelines to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to delivering sustainable value, this framework provides an integrated and organised approach to managing key risks. To uphold this broader risk management framework, we have an internal control system that augments the adequacy and effectiveness of the risk management process. The main aspects of risk management and internal control systems are outlined below:



(Note: Clause references are to corresponding provisions of ISO 31000:2018)

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The ERM framework includes a formalised reporting structure that comprises the Board Governance and Risk Committee ("BGRC") chaired by an Independent Director. The primary role of the BGRC is to provide oversight and advice to the Board with respect to risk management, internal control systems and governance matters through various policies, terms of reference, processes, initiatives and compliance with applicable laws and regulations. This is to ensure effective management of regulatory compliance throughout the Group. The BGRC deliberates, recommends and reports on all ERM and compliance-related matters to the Board. The BGRC is supported by the RGWC, which is chaired by the Managing Director / Group Chief Executive Officer ("MD/GCEO"). Both the BGRC and RGWC convene quarterly.

Functionally, the RGWC assists the BGRC in providing oversight, direction and counsel on the overall risk management process; establishing and reviewing the risk management framework, processes and responsibilities; and providing reasonable assurance that the risks are managed within tolerable ranges.

The BGRC's and RGWC's Terms of Reference have been established and approved by the Board and BGRC, respectively, to enhance the Group's corporate governance.

The Group has executed ERM initiatives based on the approved ERM framework, and these include continuous review, tracking and monitoring of key mitigation strategies, implementation of action plans and identification of key risk areas.

3.1 RISK MANAGEMENT DEPARTMENT

The Risk Management Department ("RMD") supports the Board and BGRC in discharging their risk management responsibilities. The RMD is established to provide adequate support to both the head office and subsidiary companies to ensure consistent implementation of risk management activities. The priorities and direction of RMD activities are aligned with the overall corporate strategic plan.

3.2 RISK MANAGEMENT POLICY

The Board has the responsibility of stewardship in the oversight of enterprise risk by:

1. Developing policies and procedures around the risks that are consistent with organisational strategy and risk appetite;
2. Overseeing the implementation of risk management policies and procedures by the management and;
3. Taking the necessary steps to foster a culture of risk awareness.

The Board reviews the approved ERM Policy that adopts the key principles of ISO 31000:2018 and communicates the updated requirements of the ERM Policy throughout the organisation as a guide to deal with both current and emerging risks. The policy addresses the following:

1. To embed and dissolve risk management processes into all policies and procedures;
2. To identify, assess and analyse both risks and opportunities;
3. To embrace the culture of greater transparency;
4. To ensure that risk assessment is conducted and that the process is embedded in the system; and
5. To require that an effective and formalised risk management framework is established and maintained by KPS.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The KPS Board Charter includes risk management and internal control oversight as one of the Board's main functions, in line with the requirement under the Companies Act 2016. The Board Charter can be found on the Company's website, specifically under the Corporate Governance section.

3.3 RISK MANAGEMENT PROCESSES

3.3.1 CONTINUOUS RISK IDENTIFICATION AND ASSESSMENT

KPS Headquarters (Company Level)
The RMD is responsible for developing, coordinating and facilitating the Risk Management processes within the Group. A database of risks and mitigation strategies are captured in risk registers. Continuous risk assessment and challenge sessions ensure that risk mitigation strategies are updated. Risk owners present their risk updates to the RMD for further deliberation on adequacy and completeness.

High-Level Risk profiles for the key business units are also presented to the RGWC, the BGRC and the Board on a quarterly basis for deliberation and approval.

KPS Subsidiaries
During the year under review, the key risk areas for subsidiaries were identified and assessed together with the key management and EXCO of the respective subsidiaries, after which they were approved by the boards concerned.

3.3.2 MONITORING OF KEY MITIGATION ACTIONS AND KEY RISK INDICATORS ("KRIs")

Key mitigation strategies and KRIs are reviewed and updated for each identified key risk areas for KPS and its subsidiaries. During the financial year under review, new key mitigation strategies were reviewed and revised in line with updated Group business initiatives while the implementation status was tracked and monitored based on the agreed estimated timeline for completion. Any delay in the key mitigation strategies/actions is highlighted and reported to the RGWC and BGRC on a quarterly basis.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

3.3.3 CONTINUOUS RISK AWARENESS AND RISK CULTURE EMBEDMENT

To inculcate the risk management culture within the Group, ERM Key Performance Indicators ("KPIs") have been included as part of each of the KPIs of each department.

To further embed the risk management culture, the RMD on 12 October 2021 organised a risk awareness and refresher session for the Board and key management of KPS and the subsidiaries.

The objectives of the session were:

i) To update and refresh current trends and key challenges ahead with regards to risk management and corporate governance; and

ii) To inform and create awareness on the types of cybersecurity risks.

3.3.4 RISK APPLICATION

KPS's risk management is embedded in every aspect of its business operations. Risk management is applied when there are changes to the business processes, system changes and business direction due to internal and external factors.

During the year under review, the RMD was involved in various key business processes such as process reviews of various policies and standard operating procedures ("SOP"), advisory assistance in IT and cybersecurity risk assessments, corruption risk assessment, investment / divestment evaluations and information system upgrading.

3.4 KEY RISK AREAS

The risk management process is continuously embedded into key business processes, enabling effective risk management practices group wide. During the year under review, KPS regularly assessed, deliberated, and monitored the following key risk areas:

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

KEY RISK AREAS	KEY MITIGATION ACTIONS
1. Supply Chain Risk Critical supply chain challenges are affecting the manufacturing and trading operations of subsidiaries despite strong demand during the year. Main issues among others include port congestions, limitation in business development efforts, increase in raw material prices, unavailability of raw material which give rise to the inability to meet targeted revenue and profitability ratios.	• Close engagement with suppliers to ensure supply continuity. • Impute shipping cost in sales quotations, subject to negotiation with customers. • Explore alternate materials and suppliers with customers to have more resilience and pricing options. • Working six (6) days a week to clear backlogs arising from supply chain disruptions. • Exploring virtual marketing and e-trading platforms. • Cross sourcing from other related companies to alleviate issues on plant closures arising from COVID- 19.
2. Cashflow Monitoring Monitoring cash and collateral obligations are crucial to supporting ongoing funding requirements. This entails coordinating various sources of available funds for business and potential investment.	• The establishment of the Fund Management Policy to govern the process of surplus funds. • Regular monitoring of receivable balances and follow up via stringent credit policies. • Funding strategy to support business growth and working capital requirements for the Group.
3. Business Continuity and Crisis Response Risk Robust business continuity plans and crisis communication strategies are imperative for the Group's business. These enable the Group to sustain the business while maintaining stakeholder confidence during stressful environments and situations.	• The establishment of the Group business continuity plan, crisis communication plan and strategy to enable consistent and robust crisis responses. • The establishment of crisis sub-committees such as the crisis management team, emergency response team, disaster recovery team and Quality, Health, Safety and Environment ("QHSE") team. • Loss prevention strategy by procuring optimum insurance coverage.
4. Cybersecurity Risk Cybersecurity risk is an emerging and quickly evolving risk area. These include threats to confidentiality, the availability and integrity of KPS digital assets, and network and system security.	• The deployment of security measures to protect confidential information against cybersecurity threats. • Continuous monitoring and reviewing of IT security and safety. • Continuous training on cyber security awareness.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

KEY RISK AREAS	KEY MITIGATION ACTIONS
5. Non-Compliance Risk The Group has a regional presence and is subject to regulatory requirements in different jurisdictions. These require consistent monitoring and supervision to ensure continued compliance.	• The Legal and Compliance Department retains the overall responsibility for regulatory compliance. Heads of subsidiaries and assurance officers are concurrently responsible for escalating compliance issues to the Legal and Compliance Department. • The establishment of the Sustainability Board Committee and Corporate Sustainability Champions to address Economic, Environmental, Social and Governance ("EESG") responsibilities.
6. Crisis Response Risk - COVID-19 The COVID-19 pandemic and Movement Control Order ("MCO") enforced by the governments of countries in which the Group had presence in 2021 necessitated the close monitoring of the impact on the Group's operations. The priority was largely focused on health, safety and the working environment of our employees and customers, as well as compliance with applicable rules and regulations in different jurisdictions.	• Approved and documented Business Continuity, Crisis Response, and Crisis Communication Plan as guidelines by all subsidiaries. • Continuous guidance issued Group- wide by the Crisis Management Team on the latest security and health requirements. • Strong QHSE culture at all factories. • The establishment of strong rapport with relevant government agencies and health authorities. • Sanitisation, temperature screening, social distancing, travelling restrictions, and compulsory face mask procedures in line with the requirements of local authorities. • The provision of adequate insurance coverage and social insurance for employees to cover swab tests and for hospitalisation. • The procurement of adequate alternative suppliers if the primary suppliers could not meet the quantity for production demand due to MCOs. • Full compliance to the recommendations and guidelines of the National Security Council and Ministry of Health, including a mass vaccination programme for all employees and workers.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4. CONTROL STRUCTURE AND ENVIRONMENT

The Group has established an internal control structure. It is committed to continuously evaluate, enhance and maintain the structure to ensure effective control over the Group's business operations as well as to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibility and delegated authority to assist the Board in maintaining proper control. The key elements that support the control structure and environment are described as follows:

4.1 BOARD COMMITTEES HAVE CLEARLY DEFINED ROLES AND TERMS OF REFERENCE

All Board Committees have their own set of Terms of Reference with clearly defined functions, authority and responsibilities. The management of the various companies in the Group is entrusted to the respective Chief Executive Officers or Chief Operating Officers, whose roles and responsibilities are defined in the job description and whose limits of authority are set by the respective boards of directors. All major decisions require the final approval of the respective boards of directors within the Group and are only made after appropriate in-depth analysis. The respective boards of directors receive regular and comprehensive information covering all divisions in the respective companies within the Group.

The details of the Board Charter can be found on the Company's website at www.kps.com.my.

4.2 INDEPENDENCE OF THE BOARD AUDIT COMMITTEE

Members of the Board Audit Committee ("BAC"), comprising exclusively Non-Executive Directors of the Board, are persons of high calibre and integrity; they collectively possess vast experience, knowledge and expertise across many industries. The BAC plays a significant role in helping the Board to fulfil its oversight responsibilities through the review of financial information and to provide an unbiased review of the effectiveness and efficiency of the Group's internal controls from an independent perspective.

The BAC has explicit authority to review and investigate any matter within its terms of reference and has:

(i) the required resources to perform its duties;

(ii) full and unrestricted access to any and all information pertaining to the Company and Group, including the support and cooperation from Management;

(iii) direct communication channels with both the External and Internal Auditors to obtain independent professional advice; and

(iv) the right to convene meetings with the External Auditors, the Internal Auditors, or both, without the presence of other Executive Directors and employees of the Company, whenever deemed necessary.

In addition, the BAC also ensures the objectivity, effectiveness and independence of the Internal Audit Function ("IAF") of Management. The IAF is directly accountable to the BAC, enabling the internal audit activity to be independent and the Internal Auditors to be objective in performing internal audits. The details of the BAC Terms of Reference can be found on the Company's website at www.kps.com.my.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4.3 INTERNAL AUDIT

The Internal Audit Department ("IAD") is an integral part of the Group's internal control systems and reports directly to the BAC. The IAD's primary role is to provide independent and objective assurance designed to add value to and improve the efficiency of operations within the Group. It assists the Group in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The mission for internal auditing is to enhance and protect organisational values by providing risk-based and objective assurance, advice and insight.

The annual internal audit plan, established on a risk-based approach, is annually reviewed and approved by the BAC. The IAD's performance and conduct are guided by The International Standards for the Professional Practice of Internal Auditing ("the IIA Standards") and the International Professional Practices Framework ("IPPF"). IPPF is the conceptual framework that organises authoritative guidance promulgated by the Institute of Internal Auditors ("IIA"). The IAD is also guided by the Malaysian Code on Corporate Governance established by Bursa Securities.

During the year, the Charter was reviewed and amended to reflect mechanisms to ensure that internal audit remains independent in the event of a jointly managed audit with risk management function undertaken by the head of internal audit. These mechanisms encompass the clear segregation of duties, roles and activities between internal audit and risk management functions.

4.4 DOCUMENTED INTERNAL POLICIES AND PROCEDURES

The Group periodically reviews, updates and establishes the internal policies and standard operating procedures for improvement and to reflect changes in the business structure and processes as and when necessary. The main policies and procedures are as follows:

4.4.1 FINANCIAL POLICIES & PROCEDURES

i) Delegation of Authority ("DOA") and Limit of Authority/Financial Authority Limit ("LOA/FAL")

- There is an organisational structure with formally defined lines of responsibility and delegation of authority to ensure the proper identification of accountability and segregation of duties.
- There are operational authority limits imposed on the MD/GCEO and Management within the Group with regards to day-to-day operations.

ii) Treasury Policy

The Treasury Policy, which covers policies relating to funding management, financing and inter-company advances, was established to ensure all transactions are properly authorised and reviewed to safeguard the Company's interests in its treasury activities and prepare accurate financial statements.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

iii) Related Party Transactions Policy

This policy aims to:

- Provide guidelines for KPS and its subsidiaries under which all related party transactions are reviewed by the BAC and approved by the Board;
- Provide guidance to Management and employees to ensure that all transactions involving potential related parties are determined at an arm's length basis while any conflict of interest is appropriately disclosed and addressed; and
- Ensure compliance with the disclosure requirements for all related party transactions.

iv) Foreign Exchange Policy and Guidelines

The Foreign Exchange ("FX") policy caters for business in international markets as the Group is exposed to FX risks which could affect revenue, cost competitiveness and profitability.

The main objective of the FX Policy is to ensure all FX exposures are prudently managed and mitigated to minimise the negative effects of adverse exchange rate fluctuations.

v) External Auditors Assessment Policy

The objective of the External Auditors Assessment Policy is to outline the guidelines and procedures performed by the BAC in assessing, reviewing, selecting and appointing External Auditors.

According to Section 271(4) of the Companies Act 2016, the Company appoints or re-appoints the External Auditors of the Company at each annual general meeting. The appointed External Auditors hold office until the conclusion of the next annual general meeting of the Company.

vi) Appointment of Existing External Auditors for Non-Audit Related Services Policy

The Policy for the Appointment of Existing External Auditors for Non-Audit Related Services is a set of fundamental principles and guidelines enforced by KPS relating to the appointment of existing external auditors for non-audit related services in the KPS Group of companies.

vii) Dividend Policy for Subsidiaries

This policy is a set of guidelines established to ensure that dividends declared reflect the financial and cash flow positions, operating performances and future investment needs of the subsidiary companies, to ensure sustainable returns to the shareholders.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

viii) Dividend Policy

On 30 March 2021, the Board approved the Dividend Policy which states that the Company will pay an annual dividend of at least 30% of the Group's normalised Profit After Tax and Minority Interest. This policy serves as a guideline to ensure that dividends declared reflect the Company's financial position, operating performance and future investment needs, ensuring equitable and sustainable returns to shareholders.

ix) Impairment Assessment Policy

This policy which the Board approved on 26 February 2021, serves as a guide for understanding and identifying procedures, assessments, reporting and approving the impairment assessment of assets. It also serves as a guide to the BAC and the Board in discharging its role of providing oversight over impairment assessment within the KPS Group.

x) Credit Policy

This policy is a set of fundamental principles and guidelines formulated, enforced and established by KPS pertaining to the credit management activities of the Group.

xi) Budgeting Process

A detailed budgeting process requires all entities in the Group to prepare annual budgets, which are discussed at Management level and approved by the boards of directors of the respective subsidiaries.

A reporting system on the actual performance against approved budgets is in place whereby significant variances are reported monthly to Management and quarterly to the Board.

4.4.2 BUSINESS PLANNING, INVESTMENT POLICIES AND PROCEDURES

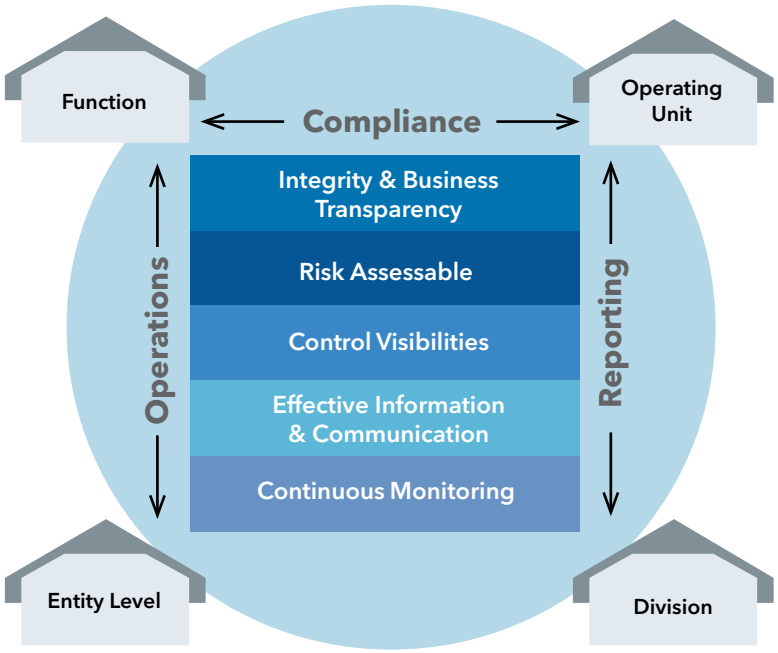
The Group has established policies and procedures for business planning, investment evaluation and monitoring which includes business planning processes and approvals, investment mandates and criteria, tracking mechanisms and the establishment of the Investment Evaluation Committee ("IEC") and Board Investment Review Committee ("BIRC"), whose terms of reference are periodically reviewed.

4.4.3 KPS INTERNAL CONTROL FRAMEWORK ("KPS-ICF")

Any effective internal control system works best with certain components that reflect the overall mission, strategies, and business objectives. The Group has established and adopted a structured KPS Internal Control Framework ("KPS-ICF") that was approved by the Board on 28 May 2020. This KPS-ICF is intended to strengthen the governance process and internal control design in KPS Group by driving a uniformed set of internal control structures to meet strategic objectives of the businesses.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The KPS-ICF was developed based on the Internal Control Integrated Framework of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") that is commonly used by many global organisations. The KPS-ICF Model was designed and established featuring five (5) customised control components similar to COSO, i.e. Integrity and Business Transparency, Risk Assessable, Control Visibilities, Effective Information and Communication and Continuous Monitoring.



In May 2021, the KPS-ICF was approved for adoption at KPS subsidiaries, allowing for the uniformity of internal control structures towards achieving the Group's strategic objectives.

4.4.4. WHISTLEBLOWING POLICY AND GUIDELINES

The Whistleblowing Policy and Guidelines ("WB Policy") are continuously reviewed to ensure effective implementation. The intent of the WB Policy is to enable individuals to raise concerns regarding malfeasance within the Group. The WB Policy was developed to achieve the following two (2) primary objectives:

1. To provide a safe and accessible avenue for employees or any other stakeholder to raise concerns so that they can be addressed in an independent and unbiased manner; and
2. To provide an internal mechanism for the organisation to be notified about concerns at the workplace and, if required, take whatever action deemed appropriate.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The details of the WB Policy can be found on the Company's website and is accessible to all. The Policy states that the whistleblowing officer can be contacted via emails, letters or calls. If the reporting individual feels that the matter cannot be raised via any of the abovementioned channels because of its severity, he or she may then contact the Chairman of the BAC, being the Director identified in this annual report.

The administration of the WB Policy was transferred to the Integrity and Governance Unit ("IGU"), when it was established in February 2021. Subsequently, complaints from reporting individuals are now escalated to the BGRC Chairman instead of the BAC Chairman.

4.4.5 INTERNAL DOCUMENT POLICY

The Board approved the Internal Document Policy to establish standardised internal documents with a focus on policy papers, framework, guidelines, procedures and other documents ("Internal Documents"). It outlines the fundamental elements of document management, including document development, approval, maintaining (retention), implementation and review of Internal Documents.

4.4.6 PERSONAL DATA PROTECTION ("PDP") POLICY

The Personal Data Protection Act 2010 ("PDPA 2010") was implemented to govern the processing of any personal data with respect to commercial transactions. Pursuant thereto, KPS established a PDP Policy that outlines personal data protection guidelines and standards that govern how the Group manages, collects, processes, uses, retains and discloses personal data as per the PDPA 2010.

4.4.7 COMPLIANCE POLICY

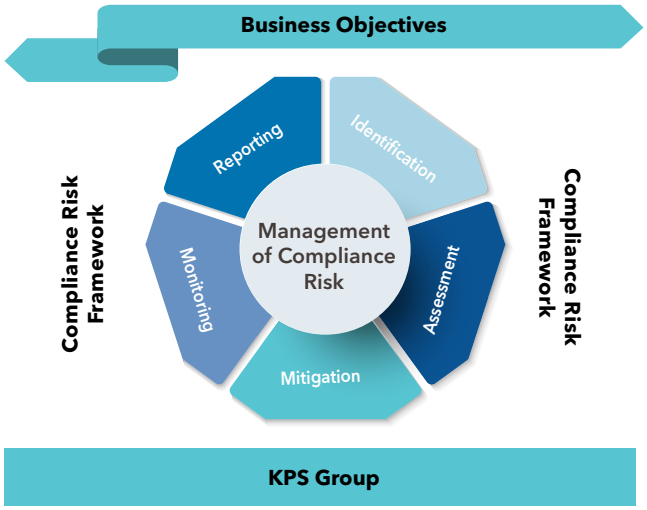
KPS aims to create a business culture that gains the trust and confidence of its stakeholders and the public while simultaneously promoting business transparency via its dedication and commitment to compliance with all laws and regulations. KPS believes that its business operations should be conducted in a fair, transparent, and responsible manner in compliance with all laws and regulations. While the business units within the Group are primarily responsible for managing compliance risk in their day-to-day business activities, the Legal and Compliance Department is responsible for ensuring that adequate control is in place to manage compliance risks.

The Compliance Policy contains the principles and guidelines adopted by the Group and explains the main processes by which compliance risks are to be identified and managed at all levels of the Group. The Compliance Policy also sets out the Board's expectations of senior management to oversee and ensure the effective management of compliance risks.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4.4.8 COMPLIANCE RISK FRAMEWORK

KPS recognises five (5) elements for an effective compliance management framework. The framework is illustrated by the diagramme below:



This framework will be periodically assessed and reviewed by the Legal and Compliance Department to ensure that it remains relevant to the Group's changing business circumstances.

The Legal and Compliance Department coordinates compliance risk management activities to identify, assess, mitigate and educate KPS employees on the risk of non- compliance. This is to provide reasonable assurance that the Group's operations and activities are conducted in line with key regulatory requirements. The Legal and Compliance Department also reports the Group's state of compliance every quarterly to relevant boards and committees within the Group.

4.4.9 ANTI-BRIBERY AND CORRUPTION POLICY

To strengthen anti-bribery and corruption management in the Group, the Anti-Bribery and Corruption Policy ("ABC Policy") was approved by the Board in November 2019 and subsequently adopted by all subsidiaries in March 2020. The ABC Policy is intended to ensure the Group's readiness to combat corruption and any wrong doing effectively as well as to establish adequate procedures against corporate liability provisions under Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act"), which came into effect on 1 June 2020. This ABC Policy applies to the Group, the organisations it controls, business associates acting on behalf of the Group, the Board of Directors and all employees of the Group.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

In line with the Government's directive and effort to strengthen the governance and integrity of all Government-Linked companies ("GLC"), the Board had on 27 November 2020 approved the establishment of the IGU at KPS. The IGU has four core functions: complaints management, detection and verification, integrity strengthening and governance.

The IGU was established to further encourage integrity and promote ethical practices within KPS. It will also assist KPS in creating a business environment that is free from corruption, abuse of power and misappropriation in line with the provisions of Section 17A of the MACC Act.

During the year under review, the Group developed its Corruption Risk Management Framework ("CRM") that was approved by the Board on 27 May 2021 and adopted by all subsidiaries in August 2021. CRM was put in place to develop and profile corruption risks through a structured risk assessment approach and embed corruption prevention strategies in the Group. The CRM principles are consistent with the ISO 37001: 2016 – Anti Bribery Management System that focuses on analysing root causes, impact and corruption risk treatment plans.

4.4.10 HUMAN RESOURCE POLICIES

The Human Resource policies provide clear guidelines for KPS to enforce key aspects of human resources practices objectively and consistently. The policies sets standards that guide KPS in managing its business and employees effectively and efficiently. In line with effective control and compliance with good corporate governance, numerous policies have been introduced, properly executed, monitored and controlled.

The policies are for:

- Talent Management and Succession Planning
- Performance Management System
- Recruitment and Staffing
- Conflict of Interest
- Senior Management Remuneration
- Head of Subsidiary Appointment
- Senior Management Gender Diversity
- Entertainment and Gift

As the custodian of the policies, the Human Resource Development ("HRD") continuously provides effective human resource management support by translating the policies into programmes and services that contribute to the successful achievement of organisational and individual goals. During the financial year in review, the HRD continued the Core Values 2.0 Training Programmes, conducted by the appointed change agent for all KPS employees as well as two subsidiaries - Aqua Flo-Sdn Bhd and Century Bond Bhd.- to inculcate the Group's "PRiDE" Core Values towards powering its aspirations going forward. This programme was also successfully conducted at other subsidiaries namely Toyoplas Manufacturing (Malaysia) Sdn Bhd and CPI (Penang) Sdn Bhd.

Employees are expected to conduct themselves and discharge their duties and responsibilities by adopting and adhering to the highest standards of KPS "PRIDE" Core Values. Employees are required to uphold and protect the interests of KPS and to avoid any conflict or potential conflict between their personal interests and those of the Group. The Conflict of Interest Policy was established to align with the Malaysian Anti-Corruption Commission Act 2009, Whistle-blower Protection Act 2010, Companies Act 2016 and all applicable laws and regulations in Malaysia.

4.4.11 PROCUREMENT POLICY

The Procurement Policy was established to achieve high standards of professionalism, transparency and accountability while maximising efficiency, effectiveness and flexibility in the procurement process within a system of checks and balances. This is to ensure that KPS obtains the best value in quality goods and services.

4.4.12 INFORMATION TECHNOLOGY POLICY

KPS' Information Technology ("IT") Policy aims to promote, standardise, develop and implement IT activities across the Group. The IT Policy ensures that corporate IT resources are appropriately protected from hazards, that these measures are achieved in a manner consistent with the business and workflow requirements, that data integrity and security are intact, and that the growth of the IT culture is strong.

The IT Policy is periodically reviewed. It was revised and approved by the Board on 25 November 2021, incorporating additional controls and practices on cybersecurity controls based on COBIT® 5 Processes for the Governance of Enterprise IT and in accordance with the KPS Cybersecurity Framework.

4.4.13 DIRECTOR REMUNERATION POLICY

The Directors' Remuneration Policy ("DR Policy") was established to provide formal and transparent guidelines with regard to the remuneration benefits for members of the Board, Board Committees and subsidiaries and/or associates of KPS. The DR Policy is designed to support the Company's key strategies, create a strong performance-oriented environment, and attract, motivate and retain talent as well as promote business stability and the growth of the Company.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4.4.14 INVESTOR RELATIONS POLICY

The Investor Relations ("IR") Policy was established to ensure compliance with the securities legislation of Bursa Securities and other governing laws and regulations regarding the disclosure of material information, as well as to manage investor expectations by making all required disclosures on a broadly disseminated basis with a balanced view of the prospects of KPS and its business.

The IR Policy shapes the IR strategy and the foundation of its initiatives, emphasizing on the clarity and reliability of the disseminated information, its openness, timeliness and consistency. The IR Policy is the framework on which the Board, Management and relevant employees base effective communication with shareholders, investors, other stakeholders, and the general public. It also facilitates feedback, which can be factored into future business decisions.

4.4.15 SUSTAINABILITY POLICY

The Sustainability Policy serves to drive the KPS Group's commitment to conduct its business responsibly through the integration of Economic, Environmental and Social ("EES") considerations in its business strategy and operations. For every decision made, KPS strives to ensure that the Group's activities create long term value for all its stakeholders via sustainable development practices. In executing the Group's strategy, every level within KPS shall strive to carry out their activities in a manner congruent to the Group's approach to addressing EES risks and opportunities towards achieving business and operational excellence.

On 26 August 2021, the Group's Sustainability Policy was revised, with its scope extended to include the consideration of the risks and opportunities that could emanate from the governance aspect of the Group's business operations. The revised Policy, which was approved by the Board on the aforementioned date, will guide the Group's commitment to conduct its business responsibly through the integration of Economic, Environmental, Social and Governance ("EESG") considerations in driving sustainable development efforts within the Group.

4.4.16 BUSINESS CONTINUITY PROGRAMME

KPS has a robust Business Continuity Management ("BCM") Programme based on ISO 22301 standards. The programme is a management process that aims to build the capability of the KPS Group to recover and continue the delivery of products and services at acceptable predefined levels in the event of any prolonged disruption. The programme includes Business Continuity Plans ("BCP"), Business Impact Analyses, Business Recovery Strategies, Testing & Exercising and risk assessments. The BCP Policy, Business Continuity Plan, Crisis Management Guidelines and Crisis Communication Policy were established to drive this. Tests on the Group BCP were also conducted to ensure the effectiveness of the BCP. The BCM programme was further extended to the subsidiaries.

On 25 November 2021, the Board approved the revisions to the BCM Policy that incorporated therein additional principles from the Business Continuity Management ISO 22301 and a revised BCM leadership structure.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4.4.17 DISASTER RECOVERY PLAN

KPS has established its Disaster Recovery Plan ("DRP") with the primary objective of ensuring the speedy recovery of critical Information Technology ("IT") applications essential to business operations in the event of a disruption. The DRP is a key component of the Group's BCM.

Data is backed-up and stored at the off-site data centre located in Cyberjaya and verified by the KPS IT Unit daily. Under the supervision of the KPS IT Unit, the Group successfully conducted DRP tests in June and November 2021.

4.4.18 CYBERSECURITY FRAMEWORK

The KPS Cybersecurity Framework was established and approved by the Board on 27 May 2021 to align cybersecurity governance and initiatives to KPS business objectives. The framework is also intended to the systems and data of KPS and its subsidiaries from cyber threats and uplift the Group's cybersecurity capabilities. The Group's cybersecurity controls are in line with the American National Institute of Standards and Technology ("NIST") Cybersecurity Framework that focuses on Identify, Protect, Detect, Respond and Recover controls, as shown in the table below:

IDENTIFY	PROTECT	DETECT	RESPOND	RECOVER
• Identify business context and critical resources	• Support the ability to limit or contain the impact of a potential cybersecurity event	• Enables timely discovery of cybersecurity events	• Support the ability to contain the impact of a potential cybersecurity incident	• Support timely recovery to normal operations • Reduce the impact from a cybersecurity incident
Minimum Cybersecurity controls: • Asset Management • Business impact assessment • Cyber Risk Management	Minimum Cybersecurity controls: • Host Security • Network Security • Software Security • Data Protection • Access Controls • Encryption Key Management • Third Party Risk Management • Training and Awareness	Minimum Cybersecurity controls: • Vulnerability Management • Security Monitoring	Minimum Cybersecurity controls: • Cyber Incident Response Plan • Cyber crisis escalation and communication	Minimum Cybersecurity controls: • Business Continuity Plan / IT Disaster Recovery

4.4.19 QUALITY, SAFETY, HEALTH AND ENVIRONMENT POLICY

On 27 May 2021, the Board approved the Quality, Safety, Health and Environmental Policy to continuously enhance the quality of work, services, safety, health and environmental performance of employees and all relevant parties. Through the policy, Management and employees are committed to ensure all work activities are carried out safely and to prevent any potential non-conformity to work guidelines to reduce the possibility of injuries arising from incidents occurring at the workplace as well as any environmental issue.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The details of the Whistleblowing Policy, Directors Remuneration Policy, Senior Management Remuneration Policy, Enterprise Risk Management Policy, Anti-Bribery and Corruption Policy, Sustainability Policy and Investor Relations Policy can be found in the Company's website at www.kps.com.my.

5. MONITORING AND REVIEW

The processes adopted to monitor and review the effectiveness of the internal control system are as follows:

i) All subsidiaries submit monthly Management Reports to their respective EXCO and Finance Departments. The reports include a review of actual results against the preceding year as well as against the budget, with explanations on significant variance and the necessary actions taken.

ii) Investment and divestment proposals and investees performance reports are tabled to the Board Investment Review Committee ("BIRC") on a quarterly basis. The Chairman of the BIRC would then update the Board on matters deliberated.

iii) Quarterly risk and compliance reports are tabled and deliberated at the RGWC and BGRC meetings for onward submission to the Board for deliberation.

iv) Quarterly financial performance reports from the management of KPS and its subsidiaries are tabled to the BAC for deliberation and subsequently recommended to the Board for approval.

v) The BAC meets at least every quarter to review internal audit findings and ensure that highlighted weaknesses in internal controls are appropriately addressed by Management. The BAC is supported by the IAD as follows:

- Internal Audit findings are discussed with auditees and respective EXCO members, with recommendations provided to address the issues.
- Submissions of reports to the BAC at quarterly intervals containing improvement opportunities, audit findings, management response and corrective actions in areas with significant risks and internal control deficiencies.
- Monthly follow-up reviews via the Internal Audit Findings Register ("IAFR") to determine the adequacy, effectiveness and timeliness of action taken by Management on audit recommendations highlighted in the 2021 internal audit reports with progress updates provided to the BAC on a quarterly basis.
- Continuous review of the BAC Terms of Reference to reflect updates to the current business environment, including Malaysia Institute of Accountant ("MIA") by-law requirements.

vi) The Board is duty-bound and responsible for the governance of sustainability practices within the Group. It is assisted by the Sustainability Board Committee ("SBC"), which comprises selected Board members who directly oversee the implementation of the Group's sustainability policies, strategies and plans. The SBC is also charged with the management of the Group's sustainability matters, priorities and targets.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The SBC convenes at least twice a year, with formal and informal consultations between Management and external stakeholders throughout the year. Furthermore, Heads of Departments and Heads of Subsidiaries, or their authorised representatives, attend Corporate Sustainability Champion meetings. These meetings are held at least bi-annually, to identify and asses significant EESG risks and opportunities, with recommendations brought to the SBC, who in turn, will guide Management towards suitable sustainability solutions and respective initiatives to address the Group's materiality matters.

Continuous efforts are undertaken to ensure the standardisation, timeliness, and comprehensiveness of key internal control procedures. The system of internal controls has clear management support, including the involvement of the Board, and is designed to address the risks to which the Group is exposed.

6. CONCLUSION

For the financial year ended 31 December 2021, the Board has actively monitored and reviewed the risk management practices and effectiveness of the internal control structure, based on the adopted ERM framework, which includes processes for identifying, evaluating and managing significant risks faced by the Group. This is an ongoing process that includes the enhancement of the relevant key internal controls when there are changes in the business environment.

The Board is also assisted by Management in the implementation of policies and procedures on risks and control. This includes identifying risk control measures to address relevant risks affecting the Company.

The Board has received assurance from the MD/GCEO and Deputy Chief Executive Officer, Finance & Corporate Services that the Company's current risk management framework and internal control structure is operating adequately and effectively in all material aspects, based on the current risk management and internal control system of the Group. Where weaknesses are identified, rectification steps have been put in place.

Based on the assurances provided and with the implementation of a risk management framework as well as the adoption of an internal control system, the Board is of the opinion that the risk management and internal control system for the year under review, up to the date of the issuance of the Group's financial statements, are adequate and effective in safeguarding the investments of shareholder and the interests of all stakeholders.

7. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants.

Based on the procedures performed and evidence obtained, the External Auditors have reported to the Board that nothing has come to their attention to cause them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, nor is the statement factually inaccurate.

BOARD
AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report of the Board Audit Committee ("BAC") Report which details how the BAC discharged its functions for the Company and Group in 2021.

The BAC (as a sub-committee of the Board) plays a substantial role in assisting the Board in fulfilling its oversight responsibilities through the review of financial information and provides an unbiased review of the effectiveness and efficiency of the Group's internal controls from an independent perspective. This is to ensure the Group's alignment to best practices and that the Group operates efficiently in a dynamic market environment.

1. MEMBERS OF BAC AND ATTENDANCE

The composition of the BAC fulfills the Main Market Listing Requirements ("MMLR") as follows:

Committee Member	Designation	Appointment	Attendance
YBhg Dato' Idris bin Md Tahir (Chairman)	Independent Non-Executive Director	15/08/2013	6/6
Encik Koay Li Onn (Leon)	Independent Non-Executive Director	16/01/2019^	3/3
Encik Soffan Affendi bin Aminudin	Non-Independent Non-Executive Director	27/02/2020*	6/6
Y.Bhg Dato' Noorazman bin Abdul Aziz	Independent Non-Executive Director	27/08/2020	6/6
Cik Sharmila Sekarajasekaran	Independent Non-Executive Director	1/09/2021	1/1

^ *Resigned as member of the BAC from 25 May 2021*

* *Resigned as member of the BAC from 14 Mac 2022*

- The committee comprises no fewer than three (3) members;
- All five (5) members are Non-Executive Directors, the majority of whom, including the BAC Chairman are independent, with none being alternate Directors; and
- There is at least one (1) qualified accountant among its members, meeting the requirements of paragraph 15.09(1)(c) of the MMLR.

The BAC Chairman, YBhg Dato' Idris bin Md Tahir, is a member of the Malaysian Institute of Accountants, a former fellow of the Chartered Institute of Management Accountants ("CIMA") and former member of the Institute of Internal Auditors Malaysia ("IIAM").

2. MEETINGS

The BAC met on six (6) occasions during the financial year with meetings conducted in accordance with the requisite quorum as stipulated in the BAC's Terms of Reference ("TOR"). Detailed TOR for the BAC is available online under the Investor Relations-Corporate Governance section of the Company's website at www.kps.com.my.

3. SUMMARY OF ACTIVITIES

The BAC deliberates on various issues during its meetings. These include the quarterly unaudited financial statements, accounting policies and reporting methods, internal control matters as well as other issues that are relevant to the Group's business and investments. The BAC invites the Managing Director/Group Chief Executive Officer ("MD/GCEO") and Deputy Chief Executive Officer (Finance and Corporate Service) ("DCEOFCS") to for its BAC meetings. Other Management personnel also attend specific BAC meetings upon the Committee's request.

During the financial year and up to the date of this report, the BAC also held separate meetings with External Auditors and Internal Auditors, without the presence of Management, to discuss various matters of concern.

In carrying out its roles and responsibilities, the BAC is guided by its TOR, which was approved by the Board and aligned to the provisions of Main Market Listing Requirements (MMLR) and other best practices. During the financial year under review, the BAC, in discharging its functions and duties, carried out the following:

3.1 FINANCIAL REPORTING

a) On 23 February 2021 and 25 March 2021, the BAC reviewed the financial results for the fourth quarter ended 31 December 2020 and the audited financial statements for the financial year ended 31 December 2020 respectively and recommended the same to the Board for approval.

b) The BAC reviewed the quarterly financial results for the first, second and third quarters of 2021 on 20 May 2021, 23 August 2021, and 22 November 2021 respectively and recommended the same to the Board for approval.

On 22 February 2022 and 24 March 2022, the BAC reviewed the financial results for the fourth quarter ended 31 December 2021, and the audited financial results for the financial year ended 31 December 2021 respectively and presented the same to the Board for approval.

c) During the reviews, the BAC sought further clarification, details and explanation from Management regarding material line items and line items that recorded significant movement. The material line items include related party transactions ("RPT") entered by the Company and the Group and the potential impairment of assets.

BOARD AUDIT COMMITTEE REPORT

d) On 23 February 2021, the BAC reviewed the impairment assessment policy and revision on foreign exchange policy and guidelines and recommended both policies to the Board for approval.

e) On 23 August 2021, the BAC reviewed the revised Delegation of Authority policy and Financial Authority Limit and recommended the same for the Board's approval.

3.2 EXTERNAL AUDIT

a) On 23 February 2021, the BAC was updated by External Auditors Messrs. BDO PLT ("BDO") on Areas of Audit Emphasis by External Auditors for the year ended 31 December 2020 and reviewed the issuance of Letters of Financial Support to subsidiary companies for the financial year ended 31 December 2020.

b) On 25 March 2021, the BAC reviewed the External Auditors Assessment for the financial year ended 2020 and recommended the same to the Board for approval.

c) On 20 May 2021, the BAC reviewed the revised policy on the appointment of external auditors for non-audit related services and recommended the policy for the Board's approval.

d) On 22 November 2021, the BAC reviewed and discussed with Management, together with BDO, the 2021 Audit Planning Memorandum presented by the latter, prior to commencement of the audit. The following items were deliberated during the review and discussion:

- BDO audit approach by using risk and assurance models;
- Materiality and Performance Materiality;
- The significant areas of audit were as follows:
  - i. Property, plant & equipment, and investment properties – impairment assessment;
  - ii. Right-of-use assets ("ROU Assets") and lease liabilities;
  - iii. Goodwill and intangible assets – impairment assessment;
  - iv. Receivables;
  - v. Inventory;
  - vi. Borrowings;
  - vii. Revenue recognition; and
  - viii. Investment in subsidiaries and associates.
- BDO engagement team members;
- The 2021 Audit timeline; and
- The 2021 Audit fees.

On the same date, the BAC also received the inaugural 2020 Transparency Report of BDO. The Transparency Report provides relevant and reliable information on the design, implementation and operation of BDO's system of quality control to support its stakeholders' understanding of its audit quality matters.

e) On 22 February 2022, the BAC reviewed the financial results for the fourth quarter ended 31 December 2021 and reviewed the issuance of Letters of Financial Support to subsidiary companies for the financial year ended 31 December 2021 and recommended the same to the Board for approval.

On the same date, the BAC also received and discussed updates from the External Auditors on the progress of the 2021 annual audit. Significant accounting and auditing issues discussed during the meeting include the following:

- Appropriateness and measurement of the carrying amounts of goodwill and intangible assets;
- Appropriateness and measurement of carrying amounts of trade receivables; and
- Findings from Information Technology General Controls testing and computer -assisted audit techniques/data analytics.

f) On 24 March 2022, the BAC reviewed and recommended to the Board for approval the final draft of the External Auditors' report on the Company and the Group's annual financial statements and the External Auditors Assessment for the financial year ended 31 December 2021.

g) The BAC held, without the presence of Management, three (3) private sessions on 25 March 2021, 22 February 2022 and 24 March 2022, with the External Auditors to reinforce independence. Matters discussed on these occasions included whether there were any pertinent issues relating to the financial statement, that required special attention of the BAC other than the areas highlighted. The BAC also enquired whether the External Auditors received cooperation from Management throughout the auditing period.

3.3 INTERNAL AUDIT

a) Reviewed and approved the results of 2020 Internal Audit Department ("IAD") Key performance indicators (KPI) and 2021 KPI on 23 February 2021.

b) Reviewed and approved the revision of the 2021 Internal Audit Plan on 20 May 2021.

c) Reviewed and discussed the 2021 internal audit reports during the series of BAC Meetings and sought explanation from Management on issues highlighted in the internal audit reports.

d) Reviewed on a quarterly basis, the status of implementation of the internal audit recommendations by Management and sought explanations on long overdue action items.

e) Pre-BAC meetings were held between the BAC Chairman, Internal Audit Director and Internal Audit Associate Director to discuss key internal controls and internal audit related matters.

BOARD AUDIT COMMITTEE REPORT

f) On 23 August 2021, a discussion was held on the key highlights from the Audit Oversight Board - Annual Inspection Report 2020. Highlights discussed included insight into the audit profession, findings and observations from inspections at firm level and engagement level reviews, and the remediation of said findings.

g) Reviewed and approved revisions to the Internal Audit Charter ("IAC") on 22 November 2021.

h) Reviewed, deliberated and approved the 2022 Internal Audit Plan for the Company and the Group on 22 November 2021.

i) Reviewed and approved the results of 2021 IAD Key performance indicators (KPI) and 2022 KPI on 22 February 2022.

j) On 24 March 2022, reviewed and deliberated on the BAC Report, Statement on Risk Management and Internal Control and recommended the same for the Board approval and for inclusion in the 2021 Annual Report.

At each Board meeting, the BAC Chairman updated the Board on principal matters that were deliberated at each BAC meeting. Minutes of the BAC meetings were tabled for confirmation at the following BAC meeting and the BAC is of the view that matters it had reported to the Board for the financial year were satisfactorily highlighted and/or resolved.

4. OTHERS

Throughout the financial year, the BAC members had attended various seminars, training program and conferences to keep abreast of changes in the industry and business environment. Details are set out in the Corporate Governance Report under Practice 9.5 on pages 184 to 186.

THE INTERNAL AUDIT FUNCTION

a) The internal audit function of the Company is performed in-house by the IAD. During the financial year, the IAD is headed by an Internal Audit Director and assisted by two (2) internal auditors and three (3) assurance officers at subsidiaries namely at Century Bond Bhd, Toyoplas Manufacturing (Malaysia) Sdn Bhd and CPI (Penang) Sdn Bhd. The Internal Audit Director joined the Group on 1 November 2021 and is a fellow of the Chartered Accountants Australia and New Zealand, a Certified Internal Auditor (CIA) and a member of the Institute of Internal Auditors with more than 20 years' of internal auditing experience.

b) The IAD is guided by its IAC. The IAC sets out the purpose, scope and responsibilities of the IAD and how it maintains its independence from the Management.

c) During the year under review, on 22 November 2021, the IAD obtained approval from the BAC to revise the The IAC to reflect mechanisms that will ensure the independence of the Internal audit function in the event of a jointly managed of internal audit and risk management function by the Internal Audit Director.

d) The mission of the IAD is to enhance and protect organisational values by providing risk-based and objective assurance, advice and insight on effectiveness of governance, risk management and internal controls processes in relation to the following:

- Achievement of the goals and strategic objectives of the organisation;
- Reliability and integrity of financial and operating information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

e) The IAD's performance and conduct in evaluating the effectiveness of governance, risk management and internal control processes is guided by The International Professional Practices Framework ("IPPF") which is a conceptual framework that organises authoritative guidance promulgated by The Institute of Internal Auditors ("IIA"). The IIA is a trusted, global, guidance-setting body which provides internal audit professionals worldwide with authoritative guidance. The IAD is also guided by the Malaysian Code on Corporate Governance established by Bursa Securities.

f) During the financial year, the IAD assisted the BAC in discharging its duties and responsibilities by independently reviewing the adequacy and effectiveness of the governance, risk management and internal control processes implemented by Management.

The summary of works that were carried out by the IAD during the financial year encompassed the following:

i. Prepared a risk-based Annual Internal Audit Plan for deliberation and approval by the BAC to determine the priorities of the internal audit works, consistent with the goals of the organisation. Main factors taken into consideration when preparing the audit plan include the strategic and operational objectives, audit history and risk profiles of each auditable area.

ii. Conducted audits that covered business units (subsidiary companies), support functions and investment proposals as per the approved annual audit plan. Areas reviewed under the respective audits included:

- Business units (Subsidiary companies)

  Review of processes in relation to the establishment of business plans and strategies, the effectiveness and efficiency of operations, the adequacy of risk management practices, control and monitoring activities, ensuring targets were achieved and that assets were safeguarded, reliability and integrity of financial information as well as compliance with relevant policies, procedures and regulations.

BOARD AUDIT COMMITTEE REPORT

- Company Support Functions

  Review of processes in relation to the adequacy of risk management, control activities and monitoring activities within the Support Functions to ensure that operations were effective in achieving their established objectives.

- Investment proposals

  Review of processes in relation to adequacy of risk assessment activities undertaken by the Strategic Planning and Investment Department, adequacy of independent investment evaluation conducted by the Risk Management Department, the adequacy and reliability of information presented in the investment proposals, decision making and governance processes as well as compliance with the relevant policies and procedures.

iii. Internal audit findings were discussed with auditees with recommendations provided to address the issues.

iv. Presented internal audit reports that contain improvement opportunities, internal audit findings, management response and corrective actions in areas with significant risks and internal control deficiencies to the BAC at least at quarterly intervals.

v. Follow-up reviews were conducted and reported quarterly to determine and verify the adequacy, effectiveness and timeliness of actions taken by Management on audit recommendations highlighted in the 2021 Internal Audit reports with progress updates provided to the BAC.

vi. Conducted quarterly reviews on impairment of assets and related party transactions/ recurrent related party transactions.

vii. Presented to the BAC on a quarterly basis, the IAD's performance relative to the Annual Internal Audit Plan.

viii. During the year under review, the IAD was involved in special reviews requested by Management involving the review of proposed recurrent related party transactions and proposed related party transactions on the disposal of asset properties.

For the year ended 31 December 2021, there were three (3) internal auditors and three (3) assurance officers at three (3) subsidiaries. The total cost incurred during the year was RM960,446, excluding the cost of assurance officers. The IAD has carried out ten (10) audits out of fourteen (14) (72%) and one (1) request by the BAC. The BAC has been updated and has concurred that those four (4) audits from the FY2021 Internal Audit Plan that were not completed in FY2021 would be carried forward to FY 2022 due to travel limitations.

g) All internal auditors and Assurance Officers possess tertiary qualifications with four (4) having either relevant internal audit and/ or accounting professional qualifications. All staff are encouraged to continuously enhance their competencies through relevant professional courses and on-the-job training.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are described in Note 16 and Note 17 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year other than those disclosed in Note 16 and Note 17 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	63,884	13,750
Profit attributable to:		
Owners of the parent	57,200	13,750
Non-controlling interests	6,684	-
	63,884	13,750

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM'000
In respect of financial year ended 31 December 2020:	
Single-tier final dividend of 2.5 sen per ordinary share, on 537,385,383 ordinary shares declared on 30 March 2021 and paid on 24 June 2021	13,434
In respect of financial year ended 31 December 2021:	
Interim dividend of 2.0 sen per ordinary share, on 537,385,383 ordinary shares declared on 25 November 2021 and paid on 30 December 2021	10,748

DIRECTORS' REPORT
(continued)

DIVIDENDS (continued)

The Directors recommend a single-tier final dividend of 2.5 sen per ordinary share of approximately RM13,434,635 in respect of the financial year ended 31 December 2021, which is subject to the approval of shareholders at the forthcoming Annual General Meeting. The financial statements for the financial year ended 31 December 2021 do not reflect this proposed final cash dividend. The proposed final cash dividend, shall be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2022.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than that disclosed in Note 31(b) to the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

YB Dato' Haris Bin Kasim	(Appointed on 6 December 2021)
YBhg Dato' Idris Bin Md Tahir*	
YBhg Dato' Ikmal Hijaz Bin Hashim*	
Puan Norliza Binti Kamaruddin*	
YBhg Dato' Noorazman Bin Abd Aziz*	
Encik Ahmad Fariz Bin Hassan*	
Sharmila Sekarajasekaran	(Appointed on 1 September 2021)
Encik Soffan Affendi Bin Aminudin*	(Resigned on 14 March 2022)
YB Dato' Nor Azmie Bin Diron	(Resigned on 1 November 2021)
Encik Koay Li Onn (Leon)*	(Resigned on 25 May 2021)

*These Directors are also Directors of the Company's subsidiaries.

DIRECTORS' REPORT
(continued)

DIRECTORS (continued)

Subsidiaries of Kumpulan Perangsang Selangor Berhad (excluding those who are already listed above)

Puan Suzila Binti Khairuddin
Encik Azlan Bin Abdul Jalil
Encik Yeoh Jin Hoe
Encik Keith Christopher Yeoh Min Kit
Encik Ooi Inn Kee
Encik Abu Bakar Bin Hashim
Encik Tan Chee Kit
Encik Phang Kwai Sang
YBhg Dato' Lim Yew Boon
Encik Chan Heng Loong
Encik Aw Kwai Fong
Encik Lim Kian Tiong
Puan Norhaniesa Binti Hasan
Puan Sakeenah Binti Azman
Encik Gan Shan Ye
Encik Noor Hasnan Bin Hamzah
Puan Lim Hui Bian
Encik Tan Kian Weng
Encik Tan Hooi Bee
Encik Tan Seng Guan
Encik Hee Ching Hock
Encik Kee Hee Lai
Encik Muhamad Hafidz Bin Abdul Jamal
Encik Nurman Tan
Encik Kwek Cheng Chai
Encik Ahmad Rosly Bin Ahiar
Encik Jayapal Seshadri
Encik Muhammad Hazimin Bin Jasmani
Encik Syed Johan Izmin Bin Syed Mansor
YBhg Dato' Suraya Binti Yaacob
Encik Muhammad Sobri bin Osman
Encik Tan Siew Kim

DIRECTORS' INTERESTS

None of the 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 during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) 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 other than the remunerations received by certain Directors as directors/ executives of the related corporation.

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

DIRECTORS' REPORT
(continued)

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 9 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and the officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and the officers.

During the financial year, the total amount of insurance premium paid for the Directors and the officers of the Group and of the Company amounted to RM35,000.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS' REPORT
(continued)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year, in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT
(continued)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The significant events during the financial year and subsequent to the end of the reporting period are disclosed in Note 37 to the financial statements.

ULTIMATE HOLDING CORPORATION

The Directors regard Menteri Besar Selangor (Pemerbadanan), a corporate body formed under Enactment No. 3 of the Menteri Besar Selangor (Incorporation), Enactment 1994, as the ultimate holding corporation.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2021 are disclosed in Note 7 to the financial statements.

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

…….
Dato' Idris Bin Md Tahir
Director

…….
Ahmad Fariz Bin Hassan
Director

Shah Alam
29 March 2022

STATEMENT
BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 237 to 366 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended

On behalf of the Board,

…….
Dato' Idris Bin Md Tahir
Director

…….
Ahmad Fariz Bin Hassan
Director

Shah Alam
29 March 2022

STATUTORY
DECLARATION

I, Suzila Binti Khairuddin (CA 37527), being the officer primarily responsible for the financial management of Kumpulan Perangsang Selangor Berhad, do solemnly and sincerely declare that the financial statements set out on pages 237 to 366 are, to the best of my knowledge and belief, 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 by the abovenamed)
at Shah Alam this)
29 March 2022)

Suzila Binti Khairuddin

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kumpulan Perangsang Selangor Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss, statements of 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 237 to 366.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 ("ISAs"). 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 most significance in our audit of the financial statements of the Group and of the Company for the current 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD
(Incorporated in Malaysia) (continued)

Key Audit Matters (continued)

(a) Annual assessment of impairment of intangible assets with indefinite useful life and goodwill

The carrying amounts of brand name and goodwill of the Group as at 31 December 2021 amounted to RM198,408,000 and RM186,879,000 respectively as disclosed in Note 18 and Note 19 to the financial statements.

We determined the annual assessment of impairment of intangible assets with indefinite useful life and goodwill to be a key audit matter because of the significance of the assets to the Group's consolidated financial position and it requires significant management judgement and assumptions in determining the value-in-use of the Cash-Generating Units ("CGU") based on probability weighted approach to determine the expected cash flows. These judgements and assumptions include projected growth in future revenues and profit margins, as well as determining appropriate pre-tax discount rates and growth rates.

Our audit procedures included the following:

(i) compared prior period projections to actual outcomes to assess reliability of management's projections;

(ii) compared cash flow projections against the CGU's recent performance, then assessed and evaluated the key assumptions made in the forecast and projections;

(iii) verified projected profit margins, growth rates and terminal values to support the key assumptions in projections by corroborating information from other areas of our audit;

(iv) verified pre-tax discount rate used by management for the CGU by comparing to market rate, weighted average cost of capital of the Group and relevant risk factors; and

(v) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

(b) Impairment of trade receivables

Gross trade receivables of the Group as at 31 December 2021 were RM342,546,000 and the associated impairment losses of trade receivables were RM9,041,000, which include credit-impaired trade receivables of RM6,798,000 as disclosed in Note 22 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in assessing expected credit losses, including determining the probability of default by trade receivables and appropriate forward-looking information, incorporating the impact of the Covid-19 pandemic.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD
(Incorporated in Malaysia) (continued)

Key Audit Matters (continued)

(b) Impairment of trade receivables (continued)

Our audit procedures included the following:

(i) understand management's internal control and assessment process for impairment of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors associated with this accounting estimate;

(ii) evaluated management's assessment and explanations on the individually significant trade receivables that were past due as at 31 December 2021 with reference to supporting evidence such as payment record of the customers and correspondences with customers; and

(iii) evaluated the appropriateness of expected credit loss allowance including examining correlation coefficient between the macroeconomic indicators applied by the Group in calculating probability of default using historical data and forward-looking information adjustment, incorporating the impact of the Covid-19 pandemic.

We have determined that there are no key audit matters to communicate in our auditors' report in respect of the audit of the financial statements of the Company.

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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD
(Incorporated in Malaysia) (continued)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

(a) 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.

(b) 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 internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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 ability of the Group or of the Company 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 a going concern.

(e) 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD
(Incorporated in Malaysia) (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

(f) 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 16 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.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Rejeesh A/L Balasubramaniam
02895/08/2022 J
Chartered Accountants

Kuala Lumpur
29 March 2022

STATEMENTS OF
PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	3	**1,328,148**	1,076,525	**57,896**	218,916
Cost of sales	4	**(1,072,649)**	(862,412)	**-**	-
Gross profit		**255,499**	214,113	**57,896**	218,916
Other income	5	**52,842**	27,891	**10,428**	2,950
Administrative expenses		**(124,633)**	(120,017)	**(28,073)**	(25,673)
Selling and marketing expenses		**(55,578)**	(40,049)	**-**	-
Reversal of impairment losses/ (Impairment losses) on financial assets, net		**880**	(6,417)	**(1,016)**	(62)
Other expenses		**(24,225)**	(24,484)	**(11,779)**	(4,504)
Operating profit		**104,785**	51,037	**27,456**	191,627
Finance costs	6	**(24,139)**	(30,420)	**(11,471)**	(15,196)
Share of results of associates, net of tax	17	**7,277**	36,641	**-**	-
Profit before tax and zakat	7	**87,923**	57,258	**15,985**	176,431
Income tax and zakat	10	**(24,039)**	(17,170)	**(2,235)**	(1,417)
Profit for the financial year		**63,884**	40,088	**13,750**	175,014
Profit for the financial year attributable to:					
Owners of the parent		**57,200**	34,116	**13,750**	175,014
Non-controlling interests		**6,684**	5,972	**-**	-
		63,884	40,088	**13,750**	175,014

	Note	Group 2021 Sen	Group 2020 Sen
Earnings per share ("EPS") attributable to owners of the parent			
Basic EPS	11	10.64	6.35
Diluted EPS	11	10.64	6.35

The accompanying notes form an integral part of the financial statements

STATEMENTS OF
COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Profit for the financial year	**63,884**	40,088	**13,750**	175,014
Other comprehensive income/(loss), net of tax				
Items that may be reclassified subsequently to profit or loss				
Gain on foreign currency translations	**19,217**	793	**-**	-
Items that may not be reclassified subsequently to profit or loss				
Re-measurement of post-employment benefits	**1,133**	(1,453)	**-**	-
Total other comprehensive income/(loss), net of tax	**20,350**	(660)	**-**	-
Total comprehensive income for the financial year	**84,234**	39,428	**13,750**	175,014
Total comprehensive income attributable to:				
Owners of the parent	**72,790**	35,869	**13,750**	175,014
Non-controlling interests	**11,444**	3,559	**-**	-
	84,234	39,428	**13,750**	175,014

The accompanying notes form an integral part of the financial statements

STATEMENTS OF
FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**387,715**	359,717	**2,467**	2,974
Right-of-use assets	14	**99,817**	97,310	**9,409**	9,573
Investment properties	15	**46,602**	48,165	**46,602**	48,165
Investments in subsidiaries	16	**-**	-	**967,957**	986,058
Investments in associates	17	**158,870**	159,593	**131,809**	131,809
Intangible assets	18	**251,340**	246,659	**-**	-
Goodwill	19	**186,879**	186,241	**-**	-
Club memberships	20	**153**	153	**153**	153
Trade and other receivables	22	**1,403**	101,908	**-**	-
Deferred tax assets	26	**1,080**	1,569	**-**	-
		1,133,859	1,201,315	**1,158,397**	1,178,732
Current assets					
Inventories	21	**203,936**	164,387	**-**	-
Trade and other receivables	22	**476,721**	423,392	**181,376**	8,324
Current tax assets		**7,434**	6,586	**-**	-
Cash and bank balances and short term funds	23	**461,802**	440,308	**76,935**	211,453
		1,149,893	1,034,673	**258,311**	219,777
Assets held for sale	24	**-**	40,500	**-**	-
TOTAL ASSETS		**2,283,752**	2,276,488	**1,416,708**	1,398,509

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (continued)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	30	**537,927**	537,927	**537,927**	537,927
Reserves	31	**502,462**	455,705	**505,367**	515,799
Shareholders' equity		**1,040,389**	993,632	**1,043,294**	1,053,726
Non-controlling interests		**120,631**	111,835	**-**	-
TOTAL EQUITY		**1,161,020**	1,105,467	**1,043,294**	1,053,726
LIABILITIES					
Non-current liabilities					
Other payable	28	**2,048**	80,925	**257,000**	300,000
Loans and borrowings	25	**412,153**	475,544	**-**	10,000
Lease liabilities	14	**20,625**	27,108	**5**	10
Deferred tax liabilities	26	**107,085**	102,896	**-**	-
Post-employment benefits	27	**11,083**	13,422	**-**	-
		552,994	699,895	**257,005**	310,010
Current liabilities					
Trade and other payables	28	**357,316**	298,191	**81,404**	14,760
Loans and borrowings	25	**179,576**	140,662	**35,000**	20,000
Lease liabilities	14	**13,108**	12,310	**5**	13
Contract liabilities	29	**13,265**	11,719	**-**	-
Current tax liabilities		**6,473**	8,244	**-**	-
		569,738	471,126	**116,409**	34,773
TOTAL LIABILITIES		**1,122,732**	1,171,021	**373,414**	344,783
TOTAL EQUITY AND LIABILITIES		**2,283,752**	2,276,488	**1,416,708**	1,398,509

The accompanying notes form an integral part of the financial statements

CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Share capital RM'000	Foreign currency translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 January 2021		**537,927**	**(482)**	**1,927**	**454,260**	**993,632**	**111,835**	**1,105,467**
Profit for the financial year		-	-	-	**57,200**	**57,200**	**6,684**	**63,884**
Re-measurement of post-employment benefits		-	-	-	**1,133**	**1,133**	-	**1,133**
Gain on foreign currency translation		-	**14,457**	-	-	**14,457**	**4,760**	**19,217**
Total comprehensive income for the financial year		-	**14,457**	-	**58,333**	**72,790**	**11,444**	**84,234**
Transactions with owners								
Dividends paid to shareholders	12	-	-	-	**(24,182)**	**(24,182)**	-	**(24,182)**
Dividends paid to non-controlling interests	16	-	-	-	-	-	**(2,455)**	**(2,455)**
Dividend paid to a preference shareholder of a subsidiary		-	-	-	**(2,167)**	**(2,167)**	-	**(2,167)**
Issuance of shares to non-controlling interests		-	-	-	-	-	**123**	**123**
Disposal of shares to non-controlling interest		-	-	-	**316**	**316**	**(316)**	-
Total transactions with owners		-	-	-	**(26,033)**	**(26,033)**	**(2,648)**	**(28,681)**
Transfer from retained earnings	31(b)	-	-	**1,236**	**(1,236)**	-	-	-
As at 31 December 2021		**537,927**	**13,975**	**3,163**	**485,324**	**1,040,389**	**120,631**	**1,161,020**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

Group	Note	Share capital RM'000	Foreign currency translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 January 2020		537,927	(3,688)	1,243	422,281	957,763	109,250	1,067,013
Profit for the financial year		-	-	-	34,116	34,116	5,972	40,088
Re-measurement of post-employment benefits		-	-	-	(1,453)	(1,453)	-	(1,453)
Gain/(Loss) on foreign currency translation		-	3,206	-	-	3,206	(2,413)	793
Total comprehensive income for the financial year		-	3,206	-	32,663	35,869	3,559	39,428
Transactions with owners								
Acquisition of a subsidiary	16	-	-	-	-	-	711	711
Dissolution of a subsidiary	16	-	-	-	-	-	(119)	(119)
Dividends paid to non-controlling interests	16	-	-	-	-	-	(2,086)	(2,086)
Subscription of additional interest in a subsidiary	16	-	-	-	-	-	520	520
Total transactions with owners		-	-	-	-	-	(974)	(974)
Transfer from retained earnings	31(b)	-	-	684	(684)	-	-	-
As at 31 December 2020		537,927	(482)	1,927	454,260	993,632	111,835	1,105,467

The accompanying notes form an integral part of the financial statements

STATEMENT OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2021		**537,927**	**515,799**	**1,053,726**
Profit for the financial year		**-**	**13,750**	**13,750**
Other comprehensive income, net of tax		**-**	**-**	**-**
Total comprehensive income		**-**	**13,750**	**13,750**
Transaction with owners				
Dividends paid to shareholders	12	**-**	**(24,182)**	**(24,182)**
As at 31 December 2021		**537,927**	**505,367**	**1,043,294**
As at 1 January 2020		537,927	340,785	878,712
Profit for the financial year		-	175,014	175,014
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	175,014	175,014
As at 31 December 2020		537,927	515,799	1,053,726

The accompanying notes form an integral part of the financial statements

STATEMENTS OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax and zakat		**87,923**	57,258	**15,985**	176,431
Adjustments for:					
Amounts due to subsidiaries written back		**-**	-	**(7,148)**	-
Amortisation of intangible assets	18	**5,366**	4,729	**-**	-
Depreciation of:					
- property, plant and equipment	13	**31,613**	34,041	**549**	657
- right-of-use assets	14	**14,321**	12,587	**164**	180
- investment properties	15	**2,208**	2,738	**2,208**	2,185
Dividend income from subsidiaries	3	**-**	-	**(46,414)**	(208,754)
(Income)/Expense arising from termination of lease contracts	14	**(19)**	65	**-**	-
Gain on:					
- disposal property, plant and equipment and right-of-use assets		**(14,739)**	(318)	**(6)**	-
- fair value of short term funds		**(3,148)**	(2,043)	**(3,148)**	(2,008)
- disposal of a subsidiary	16	**(1)**	-	**(1)**	-
Income arising from Covid-19 related lease concession	14	**-**	(196)	**-**	-
Impairment loss on:					
- property, plant and equipment	13	**2,001**	177	**-**	-
- right-of-use assets	14	**-**	395	**-**	-
- investment properties	15	**-**	1,857	**-**	-
- investment in a subsidiary	16	**-**	-	**8,443**	2,400
- goodwill	19	**126**	723	**-**	-
Inventories (written back)/written down and off	21	**(913)**	2,305	**-**	-
Loss on fair value of club membership	20	**-**	50	**-**	-
Profit payment/interest expense	6	**24,139**	30,420	**11,471**	15,196
Profit rate/interest income		**(4,355)**	(6,798)	**(66)**	(918)
Property, plant and equipment written off	7	**870**	402	**20**	15
Provision of post-employment benefits	27	**(1,060)**	1,374	**-**	-
(Reversal of impairment losses)/Impairment losses on financial assets, net		**(880)**	6,417	**1,016**	62

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Adjustments for (continued):					
Share of profit of associates	17	**(7,277)**	(36,641)	**-**	-
Net (gain)/loss on unrealised foreign exchange		**(385)**	6,873	**-**	-
Write back of accrued liabilities		**-**	(1,265)	**-**	-
Operating profit/(loss) before working capital changes		**135,790**	115,150	**(16,927)**	(14,554)
Increase in inventories		**(38,636)**	(23,413)	**-**	-
(Increase)/Decrease in receivables		**(8,616)**	55,486	**(16)**	(510)
Decrease in payables		**(19,858)**	(14,395)	**(337)**	(56,479)
Net movement in intercompany balances		**51,936**	(33,964)	**-**	-
Cash generated from/(used in) operations		**120,616**	98,864	**(17,280)**	(71,543)
Contribution paid for post-employment benefits	27	**(181)**	(138)	**-**	-
Dividends received from:					
- subsidiaries	3	**-**	-	**46,414**	208,754
- associates	17	**8,000**	200,229	**-**	-
Zakat paid		**(2,500)**	(1,520)	**(2,235)**	(1,417)
Tax paid, net of refunds received		**(21,580)**	(15,278)	**-**	-
Net cash from operating activities		**104,355**	282,157	**26,899**	135,794
CASH FLOWS FROM INVESTING ACTIVITIES					
Dissolution of a subsidiary	16	**-**	(119)	**-**	-
Profit rate/interest income received		**5,606**	5,223	**40**	5,058
Purchase of:					
- property, plant and equipment	13	**(61,334)**	(25,866)	**(65)**	(322)
- investment properties	15	**(645)**	(1,019)	**(645)**	(1,019)
- intangible assets	18	**(953)**	(1,044)	**-**	-
Payment of right-of-use assets		**(12,621)**	(2,018)	**-**	-
Addition of interest in a subsidiary		**-**	-	**(128)**	-
Acquisition of subsidiaries, net of cash and cash equivalents	16	**-**	(1,259)	**-**	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (continued)					
Proceeds from disposal of:					
- property, plant and equipment and right-of-use assets		**23,733**	3,733	**9**	-
- assets held for sale	24	**40,500**	-	**-**	-
- a subsidiary	16	**1**	-	**1**	-
(Placement)/Withdrawal of short term funds		**(50,824)**	(145,143)	**103,840**	(114,710)
Net cash (used in)/from investing activities		**(56,537)**	(167,512)	**103,052**	(110,993)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to shareholders	12	**(24,182)**	-	**(24,182)**	-
Dividends paid to non-controlling interest	16	**(2,455)**	(2,086)	**-**	-
Dividend paid to a preference shareholder of a subsidiary		**(2,167)**	-	**-**	-
Loans and borrowings:					
- drawdowns	25	**94,557**	83,092	**35,000**	21,500
- repayments	25	**(119,034)**	(137,899)	**(30,000)**	(51,500)
Payments of lease liabilities	14	**(13,964)**	(11,470)	**(13)**	(32)
Payments of lease interest	14	**(1,958)**	(1,704)	**(1)**	(2)
Profit payment/interest expense paid		**(22,181)**	(25,844)	**(11,470)**	(14,780)
Net movement in intercompany balances		**6,381**	72	**(129,963)**	10,085
Net movement in deposits pledged with licensed banks for more than three (3) months and sinking trust fund		**4,775**	13,429	**(23)**	41,228
Net cash (used in)/from financing activities		**(80,228)**	(82,410)	**(160,652)**	6,499
Net (decrease)/increase in cash and cash equivalents		**(32,410)**	32,235	**(30,701)**	31,300
Effect of exchange rate changes on cash and cash equivalents		**7,855**	(5,070)	**-**	-
Cash and cash equivalents at beginning of financial year		**186,979**	159,814	**32,748**	1,448
Cash and cash equivalents at end of financial year	23	**162,424**	186,979	**2,047**	32,748

The accompanying notes form an integral part of the financial statements

NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company is located at 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are described in Note 16 and Note 17 to the financial statements, respectively. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year other than those disclosed in Note 16 and Note 17 to the financial statements.

The immediate holding company of the Company is Darul Ehsan Investment Group Berhad, a company incorporated in Malaysia. The ultimate holding corporation is Menteri Besar Selangor (Pemerbadanan), a corporate body formed under Enactment No. 3 of the Menteri Besar Selangor (Incorporation), Enactment 1994.

The consolidated financial statements for the financial year ended 31 December 2021 comprise the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 29 March 2022.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 237 to 366 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new Amendments to MFRSs during the financial year. The new Amendments to MFRSs adopted during the financial year are disclosed in Note 38(a) to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

3. REVENUE

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Revenue from contracts with customers:				
Sale of manufacturing products	**966,931**	799,750	**-**	-
Sale of chemical products	**121,885**	124,064	**-**	-
Sale of bedding products	**185,314**	94,800	**-**	-
Royalties	**35,511**	39,227	**-**	-
Construction contracts	**9,588**	9,165	**-**	-
Management fee from subsidiaries	**-**	-	**2,563**	1,168
	1,319,229	1,067,006	**2,563**	1,168
Revenue from other sources:				
Rental income	**8,919**	8,994	**8,919**	8,994
Leasing income	**-**	525	**-**	-
Dividend income from subsidiaries	**-**	-	**46,414**	208,754
	8,919	9,519	**55,333**	217,748
	1,328,148	1,076,525	**57,896**	218,916
Timing of revenue recognition				
Transfer over time	**45,099**	48,392	**-**	-
Transfer at a point in time	**1,274,130**	1,018,614	**2,563**	1,168
Revenue from contracts with customers	**1,319,229**	1,067,006	**2,563**	1,168

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 36 to the financial statements, which has been organised into business units based on their products and services from which the sale transactions originated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

3. REVENUE (continued)

(a) Revenue from sales of manufacturing, chemical and bedding products

Revenue from sales of manufacturing, chemical and bedding products are recognised at a point in time when the products have been transferred or the services has been rendered to the customer and coincide with the delivery of products and services and acceptance by customers, net of discounts.

There is no material right of return and warranty provided to the customers on the sales of manufacturing, chemical and bedding products.

There is no significant financing component in the revenue arising from sales of manufacturing, chemical and bedding products as the sales are made on the normal credit terms not exceeding twelve (12) months.

(b) Revenue from royalties

Revenue from royalties represents access granted to the brand name over the contract term and is recognised over time in accordance with the substance of the agreement over the royalties term of an on-going contract.

(c) Revenue from construction contracts

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from construction contracts is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer.

Revenue from construction contracts is recognised over the period of the contract using the output method by reference to the progress towards complete satisfaction of that performance obligation if control of the asset transfers over time.

(d) Revenue from management fee

Management fee is recognised on a straight-line basis when subsidiaries simultaneously receives and consumes the benefits.

(e) Rental and leasing income

Rental and leasing income is recognised on a straight-line basis over the lease term of an on-going lease.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

4. COST OF SALES

	Group	
	2021	**2020**
	RM'000	**RM'000**
Cost of inventories sold:		
- manufacturing products	**796,590**	660,313
- chemicals products	**110,892**	112,565
- bedding products	**156,069**	80,935
Construction contracts	**9,098**	8,599
	1,072,649	862,412

5. OTHER INCOME

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit rate/interest income from:				
- subsidiaries	**-**	-	**21**	-
- related companies	**1,897**	3,618	**-**	-
- deposits with licensed banks	**2,458**	3,180	**45**	918
	4,355	6,798	**66**	918
Sales of scrap	**3,172**	2,024	**-**	-
Gain on:				
- disposal of a subsidiary	**1**	-	**1**	-
- disposal of property, plant and equipment and right-of-use assets	**14,739**	318	**6**	-
- fair value of short term funds	**3,148**	2,043	**3,148**	2,008
- realised foreign exchange	**3,969**	2,922	**-**	-
- unrealised foreign exchange	**12,362**	3,864	**-**	-
Fair value gain on forward foreign exchange contracts	**3,427**	-	**-**	-
Reversal of impairment losses on:				
- amounts due from related companies	**64**	-	**-**	-
- trade receivables	**609**	956	**-**	5
- other receivables	**1,377**	1,335	**-**	-
Tooling income	**-**	2,315	**-**	-
Covid-19 relief	**-**	1,801	**-**	-
Income from government assistance	**4,120**	1,872	**-**	-
Amounts due to subsidiaries written back	**-**	-	**7,148**	-
Write back of accrued liabilities	**-**	1,265	**-**	-
Others/Miscellaneous income	**1,499**	378	**59**	19
	52,842	27,891	**10,428**	2,950

Profit rate/interest income is recognised as it accrues, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

6. FINANCE COSTS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit payment/interest expense on:				
- short term borrowings	**1,117**	1,271	**48**	504
- lease liabilities	**1,958**	1,704	**1**	2
- term loans	**9,992**	14,432	**201**	1,677
- sukuk murabahah Islamic medium term notes	**11,072**	13,013	**-**	-
- amounts due to subsidiaries	**-**	-	**11,221**	13,013
	24,139	30,420	**11,471**	15,196

7. PROFIT BEFORE TAX AND ZAKAT

Other than those disclose elsewhere in the financial statements, the profit before tax and zakat is arrived at after charging:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration:				
- statutory audit				
- BDO PLT	**689**	669	**174**	170
- Non-BDO PLT	**1,327**	1,770	**-**	-
- non-statutory audit services	**10**	10	**5**	5
Directors' remuneration (Note 9)	**5,346**	4,956	**3,214**	2,773
Employee benefits (Note 8)	**238,385**	212,703	**17,024**	13,969
Property, plant and equipment written off	**870**	402	**20**	15
Loss on foreign exchange:				
- realised	**5,438**	590	**-**	-
- unrealised	**11,977**	10,737	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

8. EMPLOYEE BENEFITS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages, salaries and bonus	**182,906**	174,620	**14,693**	11,411
Defined contribution plan	**8,080**	7,367	**1,617**	1,470
Social security contributions	**8,041**	3,856	**60**	64
Other benefits	**39,358**	26,860	**654**	1,024
	238,385	212,703	**17,024**	13,969

9. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors during the financial year are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Non-Executive Directors:				
Fees	**825**	896	**710**	776
Other emoluments	**304**	270	**275**	250
	1,129	1,166	**985**	1,026
Executive Directors:				
Salaries and bonus	**1,329**	1,500	**1,329**	1,500
Other emoluments	**669**	247	**900**	247
	1,998	1,747	**2,229**	1,747
Total remuneration for Directors of the Company	**3,127**	2,913	**3,214**	2,773

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

9. DIRECTORS' REMUNERATION (continued)

The details of remuneration received and receivable by Directors during the financial year are as follows: (continued)

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Directors of subsidiaries				
Non-Executive Directors:				
Fees	**62**	120	**-**	-
Other emoluments	**17**	18	**-**	-
	79	138	**-**	-
Executive Directors:				
Fees	**12**	12	**-**	-
Salaries	**1,909**	1,721	**-**	-
Allowances	**13**	18	**-**	-
Other emoluments	**206**	154	**-**	-
	2,140	1,905	**-**	-
Total remuneration for Directors of subsidiaries	**2,219**	2,043	**-**	-
Total Directors' remuneration	**5,346**	4,956	**3,214**	2,773
Total Non-Executive Directors' remuneration	**1,208**	1,304	**985**	1,026
Total Executive Directors' remuneration	**4,138**	3,652	**2,229**	1,747
Total remuneration for Directors	**5,346**	4,956	**3,214**	2,773

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group and from the Company amounted to RM121,000 (2020: RM143,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

10. INCOME TAX AND ZAKAT

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysian income tax:				
Current income tax	**17,608**	16,731	**-**	-
Over provision in prior years	**(1,827)**	(1,224)	**-**	-
	15,781	15,507	**-**	-
Foreign income tax:				
Current income tax	**4,043**	2,716	**-**	-
(Over)/Under provision in prior years	**(415)**	91	-	-
	3,628	2,807	**-**	-
	19,409	18,314	**-**	-
Deferred taxation: (Note 26)				
Relating to origination and reversal of temporary differences	**1,696**	(3,276)	**-**	-
Under provision in prior years	**434**	612	**-**	-
	2,130	(2,664)	**-**	-
Income tax	**21,539**	15,650	**-**	-
Zakat	**2,500**	1,520	**2,235**	1,417
	24,039	17,170	**2,235**	1,417

(a) Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

(b) Zakat has been calculated at 2.5% of the adjusted net current assets multiplied by the estimated Muslim equity holding in the Group and the Company.

(c) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

10. INCOME TAX AND ZAKAT (continued)

(d) The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Profit before tax and zakat	**87,923**	57,258	**15,985**	176,431
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	**21,102**	13,742	**3,836**	42,343
Tax effects in respect of:				
- non-taxable income	**(7,094)**	(4,594)	**(13,423)**	(50,110)
- non-deductible expenses	**16,152**	13,108	**10,545**	9,727
- effect of share of results in associates	**(1,746)**	(8,794)	**-**	-
- tax incentives	**(2,071)**	(1,013)	**-**	-
- effect of utilisation of previously unrecognised deferred tax assets	**(1,027)**	(2,350)	**(958)**	(1,960)
- deferred tax assets not recognised	**579**	8,835	**-**	-
- effect of different tax rates in foreign jurisdictions	**(2,548)**	(2,763)	**-**	-
	23,347	16,171	**-**	-
(Over)/Under provision in prior years:				
- income tax	**(2,242)**	(1,133)	**-**	-
- deferred tax	**434**	612	**-**	-
	21,539	15,650	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

10. INCOME TAX AND ZAKAT (continued)

(e) Tax on each component of other comprehensive income is as follows:

	Group		
	Before tax RM'000	**Tax effect RM'000**	**After tax RM'000**
2021			
Item that may be reclassified subsequently to profit or loss			
Gain on foreign currency translations	**19,217**	**-**	**19,217**
Item that may not be reclassified subsequently to profit or loss			
Re-measurement of post-employment benefits	**1,453**	**(320)**	**1,133**
2020			
Item that may be reclassified subsequently to profit or loss			
Gain on foreign currency translations	793	-	793
Item that may not be reclassified subsequently to profit or loss			
Re-measurement of post-employment benefits	(1,867)	414	(1,453)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

11. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	2021 RM'000	**2020 RM'000**
Profit for the financial year attributable to owners of the parent (RM'000)	**57,200**	34,116
Weighted average number of ordinary shares in issue ('000)	**537,385**	537,385
Basic earnings per share (sen)	**10.64**	6.35

(b) Diluted EPS

The diluted earnings per ordinary share equals basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

12. DIVIDENDS

	Group and Company			
	2021		2020	
	Dividend per share Sen	**Amount of dividend RM'000**	**Dividend per share Sen**	**Amount of dividend RM'000**
In respect of the financial year ended 31 December 2020:				
Final dividend paid on 24 June 2021	**2.5**	**13,434**	-	-
In respect of the financial year ended 31 December 2021:				
Interim dividend paid on 30 December 2021	**2.0**	**10,748**	-	-
		24,182		-

The Directors recommend a single-tier final dividend of 2.5 sen per ordinary share of approximately RM13,434,635 in respect of the financial year ended 31 December 2021, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

The financial statements for the financial year ended 31 December 2021 do not reflect this proposed final cash dividend. The proposed final cash dividend, shall be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2022.

13. PROPERTY, PLANT AND EQUIPMENT

Group 2021	Note	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Construction work-in-progress RM'000	Total RM'000
Cost								
As at 1 January		**13,622**	**213,195**	**3,785**	**126,870**	**46,389**	**10,845**	**414,706**
Additions		**-**	**430**	**208**	**13,378**	**5,994**	**43,333**	**63,343**
Disposals		**-**	**(5,075)**	**(935)**	**(9,793)**	**(7,715)**	**-**	**(23,518)**
Written off		**-**	**-**	**-**	**(35)**	**(3,657)**	**-**	**(3,692)**
Reclassification from right-of-use assets	14	**-**	**-**	**-**	**1,203**	**-**	**-**	**1,203**
Reclassification to intangible assets	18	**-**	**-**	**-**	**-**	**-**	**(1,128)**	**(1,218)**
Reclassification		**-**	**-**	**-**	**3,763**	**287**	**(4,050)**	**-**
Foreign exchange movement		**-**	**3,079**	**248**	**10,202**	**1,819**	**259**	**15,607**
As at 31 December		**13,622**	**211,629**	**3,306**	**145,588**	**43,117**	**49,169**	**466,431**

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2021	Note	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Construction work-in-progress RM'000	Total RM'000
Accumulated depreciation								
As at 1 January		-	11,189	2,832	23,768	16,669	-	54,458
Depreciation charge for the financial year		-	5,577	322	18,410	7,304	-	31,613
Disposals		-	(1,559)	(933)	(8,573)	(7,429)	-	(18,494)
Written off		-	-	-	(35)	(2,787)	-	(2,822)
Reclassification from right-of-use assets	14	-	-	-	637	-	-	637
Foreign exchange movement		-	1,432	233	7,885	1,233	-	10,783
As at 31 December		-	16,639	2,454	42,092	14,990	-	76,175
Accumulated impairment losses								
As at 1 January		-	479	-	15	37	-	531
Impairment charge for the financial year		-	-	-	1,919	82	-	2,001
Foreign exchange movement		-	9	-	-	-	-	9
As at 31 December		-	488	-	1,934	119	-	2,541
Carrying amount								
As at 31 December		13,622	194,502	852	101,562	28,008	49,169	387,715

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2020	Note	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Construction work-in-progress RM'000	Total RM'000
Cost								
As at 1 January		14,020	207,126	3,165	127,227	76,816	11,922	440,276
Additions		-	576	196	12,731	6,677	6,002	26,182
Acquisition of a subsidiary	16	-	61	-	1,606	52	-	1,719
Disposals		(398)	(375)	(247)	(11,551)	(443)	-	(13,014)
Written off		-	-	(116)	(8,188)	(4,774)	-	(13,078)
Transfer to non-current assets held for sale	24	-	-	(173)	-	(32,443)	-	(32,616)
Transfer from non-current assets held for sale	24	-	-	931	216	1,061	-	2,208
Reclassification from right-of-use assets	14	-	-	-	2,666	-	-	2,666
Foreign exchange movement		-	(600)	29	1,546	(557)	(55)	363
Reclassifications		-	6,407	-	617	-	(7,024)	-
As at 31 December		13,622	213,195	3,785	126,870	46,389	10,845	414,706

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2020	Note	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Construction work-in-progress RM'000	Total RM'000
Accumulated depreciation								
As at 1 January		-	5,927	1,788	18,719	42,589	-	69,023
Depreciation charge for the financial year		-	5,628	501	20,672	7,240	-	34,041
Disposals		-	(67)	(111)	(9,272)	(149)	-	(9,599)
Written off		-	-	(116)	(8,188)	(4,372)	-	(12,676)
Transfer to non-current assets held for sale	24	-	-	(173)	-	(29,305)	-	(29,478)
Transfer from non-current assets held for sale	24	-	-	931	183	1,010	-	2,124
Reclassification from right-of-use assets	14	-	-	-	1,263	-	-	1,263
Foreign exchange movement		-	(299)	12	391	(344)	-	(240)
As at 31 December		-	11,189	2,832	23,768	16,669	-	54,458
Accumulated impairment losses								
As at 1 January		-	479	-	-	270	-	749
Impairment charge for the financial year		-	-	-	15	162	-	177
Transfer to non-current assets held for sale	24	-	-	-	-	(395)	-	(395)
As at 31 December		-	479	-	15	37	-	531
Carrying amount								
As at 31 December		13,622	201,527	953	103,087	29,683	10,845	359,717

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2021	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost				
As at 1 January	**237**	**451**	**9,203**	**9,891**
Additions	**-**	**-**	**65**	**65**
Written off	**-**	**-**	**(60)**	**(60)**
Disposal	**-**	**-**	**(48)**	**(48)**
As at 31 December	**237**	**451**	**9,160**	**9,848**
Accumulated depreciation				
As at 1 January	**86**	**450**	**6,381**	**6,917**
Depreciation charge for the financial year	**4**	**1**	**544**	**549**
Written off	**-**	**-**	**(40)**	**(40)**
Disposal	**-**	**-**	**(45)**	**(45)**
As at 31 December	**90**	**451**	**6,840**	**7,381**
Carrying amount				
As at 31 December	**147**	**-**	**2,320**	**2,467**

Company 2020	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost				
As at 1 January	237	451	8,911	9,599
Additions	-	-	322	322
Written off	-	-	(30)	(30)
As at 31 December	237	451	9,203	9,891
Accumulated depreciation				
As at 1 January	81	374	5,820	6,275
Depreciation charge for the financial year	5	76	576	657
Written off	-	-	(15)	(15)
As at 31 December	86	450	6,381	6,917
Carrying amount				
As at 31 December	151	1	2,822	2,974

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land has an unlimited useful life and is not depreciated. Construction work-in-progress represent machinery under installation and factory building under construction are not depreciated until such time when the assets are available for use.

Depreciation on other property, plant and equipment is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal depreciation period and annual rates are as follows:

Buildings	2%
Motor vehicles	20%
Plant and machinery	8% - 10%
Office equipment, furniture and fittings:	
- furniture, fittings and equipment	10% - 50%
- computer and office equipment	10% - 33.33%

(b) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Purchase of property, plant and equipment	**63,343**	26,182	**65**	322
Finance cost capitalised at 4.12% (2020: 3.63%) per annum	**(44)**	(50)	**-**	-
Unpaid and included under other payables	**(1,965)**	(266)	**-**	-
Cash payments on purchase of property, plant and equipment	**61,334**	25,866	**65**	322

(c) Carrying amounts of freehold land and buildings of the Group charged as securities to banks for loans and borrowings granted to the Group as disclosed in Note 25 to the financial statements are as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Land and building	**43,306**	42,590
Construction work-in-progress	**-**	4,752
	43,306	47,342

(d) An impairment loss of RM2,001,000 in relation to property, plant and equipment has been recognised during the financial year due to the recoverable amounts of the property, plant and equipment, which are determined based on the higher of value in use or fair value less cost of disposal, are lower than their carrying amounts.

14. LEASES

The Group as a lessee

Right-of-use assets

Carrying amounts	Balance as at 1.1.2021 RM'000	Additions RM'000	Depreciation charge for financial year RM'000	Disposal RM'000	Transfer to property, plant and equipment (Note 13) RM'000	Termination of lease contracts RM'000	Foreign exchange movement RM'000	Balance as at 31.12.2021 RM'000
Leasehold land	**56,260**	**12,621**	**(1,537)**	**(3,970)**	**-**	**-**	**94**	**63,468**
Buildings	**26,482**	**8,314**	**(11,022)**	**-**	**-**	**(933)**	**1,139**	**23,980**
Machineries	**14,489**	**123**	**(1,720)**	**-**	**(566)**	**-**	**4**	**12,330**
Office equipment	**22**	**-**	**(13)**	**-**	**-**	**-**	**-**	**9**
Motor vehicles	**57**	**-**	**(29)**	**-**	**-**	**-**	**2**	**30**
	97,310	**21,058**	**(14,321)**	**(3,970)**	**(566)**	**(933)**	**1,239**	**99,817**

Carrying amounts	Balance as at 1.1.2020 RM'000	Additions RM'000	Depreciation charge for financial year RM'000	Termination of lease contracts RM'000	Transfer from assets held for sale (Note 24) RM'000	Transfer to property, plant and equipment (Note 13) RM'000	Impairment charge for financial year RM'000	Foreign exchange movement RM'000	Balance as at 31.12.2020 RM'000
Leasehold land	56,961	754	(1,448)	-	-	-	-	(7)	56,260
Buildings	23,091	12,582	(9,386)	(108)	65	-	(33)	271	26,482
Machineries	7,679	9,838	(1,624)	-	-	(1,403)	-	(1)	14,489
Office equipment	51	-	(29)	-	-	-	-	-	22
Motor vehicles	87	-	(100)	-	432	-	(362)	-	57
	87,869	23,174	(12,587)	(108)	497	(1,403)	(395)	263	97,310

14. LEASES (continued)

The Group as a lessee (continued)

Lease liabilities

	Balance as at 1.1.2021 RM'000	Additions RM'000	Payments of lease liabilities RM'000	Accretion of interest RM'000	Termination of lease contracts RM'000	Foreign exchange movement RM'000	Balance as at 31.12.2021 RM'000
Carrying amounts							
Buildings	**27,817**	**8,314**	**(12,427)**	**1,437**	**(952)**	**791**	**24,980**
Machineries	**11,362**	**123**	**(3,375)**	**512**	**-**	**3**	**8,625**
Office equipment	**23**	**-**	**(14)**	**1**	**-**	**-**	**10**
Motor vehicles	**216**	**-**	**(106)**	**8**	**-**	**-**	**118**
	39,418	**8,437**	**(15,922)**	**1,958**	**(952)**	**794**	**33,733**

	Balance as at 1.1.2020 RM'000	Additions RM'000	Payments of lease liabilities RM'000	Accretion of interest RM'000	Lease concession RM'000	Termination of lease contracts RM'000	Transfer from liabilities held for sale (Note 24) RM'000	Foreign exchange movement RM'000	Balance as at 31.12.2020 RM'000
Carrying amounts									
Buildings	24,687	12,582	(10,949)	1,378	(196)	(43)	98	260	27,817
Machineries	4,563	8,574	(2,086)	312	-	-	-	(1)	11,362
Office equipment	54	-	(33)	2	-	-	-	-	23
Motor vehicles	-	-	(106)	12	-	-	310	-	216
	29,304	21,156	(13,174)	1,704	(196)	(43)	408	259	39,418

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

14. LEASES (continued)

The Company as a lessee

Right-of-use assets Carrying amounts	Balance as at 1.1.2021 RM'000	Depreciation charge for financial year RM'000	Balance as at 31.12.2021 RM'000
Leasehold land	**9,551**	**(152)**	**9,399**
Office equipment	**22**	**(12)**	**10**
	9,573	**(164)**	**9,409**

Carrying amounts	Balance as at 1.1.2020 RM'000	Depreciation charge for financial year RM'000	Balance as at 31.12.2020 RM'000
Leasehold land	9,702	(151)	9,551
Office equipment	51	(29)	22
	9,753	(180)	9,573

Lease liabilities Carrying amount	Balance as at 1.1.2021 RM'000	Payment of lease liabilities RM'000	Accretion of interest RM'000	Balance as at 31.12.2021 RM'000
Office equipment	**23**	**(14)**	**1**	**10**

Carrying amount	Balance as at 1.1.2020 RM'000	Payment of lease liabilities RM'000	Accretion of interest RM'000	Balance as at 31.12.2020 RM'000
Office equipment	55	(34)	2	23

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

14. LEASES (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Represented by:				
Current liabilities	**13,108**	12,310	**5**	13
Non-current liabilities	**20,625**	27,108	**5**	10
	33,733	39,418	**10**	23
Represented by:				
Lease liabilities owing to financial institutions	**8,535**	11,410	**-**	-
Lease liabilities owing to non-financial institutions	**25,198**	28,008	**10**	23
	33,733	39,418	**10**	23

(a) The Group and the Company leases a number of land, building, machineries, office equipment and motor vehicles in the locations, which they operate with fixed periodic rent over the lease term.

In addition, the Group has certain leases of office equipment and office building with lease term of 12 months or less, and low value leases of office equipment. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

In the previous financial year, the Group negotiated and received lease concessions amounting to RM196,000 from its landlords for buildings as the Group had to temporarily suspend the operations of production due to Covid-19.

(b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, if any, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on a straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	up to 99 years
Buildings	1 - 5 years
Machineries	1 - 5 years
Office equipment	5 years
Motor vehicles	5 years

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

14. LEASES (continued)

(c) The following are the amounts recognised in profit or loss:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	**14,321**	12,587	**164**	180
Interest expense on lease liabilities (included in finance costs)	**1,958**	1,704	**1**	2
Expense relating to short-term leases (included in administrative expenses)	**2,041**	924	**36**	20
Expense relating to leases of low-value assets (included in administrative expenses)	**43**	70	**-**	-
(Income)/Expense arising from termination of lease contracts	**(19)**	65	**-**	-
	18,344	15,350	**201**	202

(d) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Included in net cash from/(used in) operating activities:				
Payment relating to short-term leases and leases of low-value assets	**2,084**	994	**36**	20
Included in net cash (used in)/from financing activities:				
Payment of lease liabilities	**15,922**	13,174	**14**	34
	18,006	14,168	**50**	54

(e) Leasehold land of the Group with carrying amounts of RM30,537,000 have been charged as securities to banks for loans and borrowings granted to the Group as disclosed in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

14. LEASES (continued)

(f) The following table summarises the incremental borrowing rate as at the end of the reporting date and remaining maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

	Incremental borrowing rate per annum %	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	Total RM'000
Group				
31 December 2021				
Lease liabilities	**3.07 - 7.60**	**14,826**	**22,080**	**36,906**
31 December 2020				
Lease liabilities	3.10 - 7.60	13,601	29,004	42,605
Company				
31 December 2021				
Lease liabilities	**4.75**	**6**	**5**	**11**
31 December 2020				
Lease liabilities	4.75	14	11	25

(g) Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.

(h) In the previous financial year, impairment loss on right-of-use assets of Infrastructure Cash-Generating Units ("CGU") amounted to RM394,683 was recognised due to the decline in the subsidiary's operations. The recoverable amount of Infrastructure CGU was determined based on the fair value less cost to sell ("FVLCTS") method. The net assets of these subsidiaries were used as a proxy for their recoverable amounts based on FVLCTS method and are within Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

15. INVESTMENT PROPERTIES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
As at 1 January	**48,165**	89,498	**48,165**	49,331
Additions	**645**	1,019	**645**	1,019
Depreciation charge for the financial year	**(2,208)**	(2,738)	**(2,208)**	(2,185)
Impairment charge for the financial year	**-**	(1,857)	**-**	-
Transfer to non-current asset held for sale (Note 24)	**-**	(37,757)	**-**	-
As at 31 December	**46,602**	48,165	**46,602**	48,165

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cost	**101,625**	100,980	**101,625**	100,980
Accumulated depreciation	**(55,023)**	(52,815)	**(55,023)**	(52,815)
Carrying amount	**46,602**	48,165	**46,602**	48,165

The investment properties consist of the following:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Leasehold land	**4,063**	4,121	**4,063**	4,121
Buildings	**42,539**	43,119	**42,539**	43,119
Construction work-in-progress	**-**	925	**-**	925
Carrying amount	**46,602**	48,165	**46,602**	48,165
Fair value	**80,000**	80,000	**80,000**	80,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

15. INVESTMENT PROPERTIES (continued)

(a) Investment properties, which are owned are initially measured at cost. Right-of-use assets held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets. After initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of the lease liabilities.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation period and rates are as follows:

Leasehold land	99 years
Buildings	1% - 10%

Construction work-in-progress are not depreciated until such time when the assets are available for use.

(b) Certain investment properties of the Group and of the Company have been charged as securities to banks for loans and borrowings granted to the Group and of the Company as disclosed in Note 25 to the financial statements with carrying amounts as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Buildings	**29,470**	30,523	**29,470**	30,523

(c) The fair values of the investment properties of the Group and of the Company which comprise of leasehold land and buildings have been arrived on the basis of valuation carried out by independent firms of professional valuers and categorised as Level 3 in the fair value hierarchy. The independent professional valuers have adopted the comparison method, making reference to relevant comparable transactions in the market as well as the present worth of the improvement and land values. In arriving at the valuation, the independent professional valuers have made adjustments for factors, which would affect the market value of the investment properties including but not limited to views, size, floor levels and time factors. There is no transfer between levels in the hierarchy during the financial year.

(d) Investment properties of the Group and of the Company are mainly used to generate rental income. However, the fair value of the investment properties reflects the highest and best use of the said properties should the investment properties be disposed. Currently, management does not intend to dispose off the investment properties and the existing use of the investment properties remains for rental purposes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

15. INVESTMENT PROPERTIES (continued)

(e) Description of valuation techniques used and key inputs to valuation on investment properties of the Group and of the Company measured at Level 3:

Property category	Valuation technique	Significant unobservable inputs	2021 RM	2020 RM
Group				
Leasehold land and buildings	Comparison method	Adjusted property value	**637 - 1,105 per s.q.f.t**	637 - 1,105 per s.q.f.t
Company				
Leasehold land and buildings	Comparison method	Adjusted property value	**637 - 1,105 per s.q.f.t**	637 - 1,105 per s.q.f.t

(f) The following are recognised in the statements of profit or loss in respect of investment properties:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Leasing and rental income:				
- investment properties	**8,919**	8,994	**8,919**	8,994
- investment properties under assets held for sale	**-**	525	**-**	-
Direct operating expenses incurred on income generating investment properties	**503**	535	**503**	535

(g) In the previous financial year, the Group recognised an impairment loss of RM1,857,000 in relation to a building, which were transferred to assets held for sale as disclosed in Note 24 to the financial statements. The recoverable amounts determined based on fair value less cost to sell were lower than their carrying amounts. The fair value has been categorised as Level 3 in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	**2020**
	RM'000	**RM'000**
Unquoted shares, at cost	**978,800**	988,458
Less: Accumulated impairment losses	**(10,843)**	(2,400)
	967,957	986,058

(a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(b) Details of the subsidiaries are as follows:

Name of subsidiaries	**Country of incorporation/ Principal place of business**	**Proportion of effective ownership interest (%)**		**% of ownership interest held by non-controlling interest**		**Principal activities**
		2021 %	**2020 %**	**2021 %**	**2020 %**	
+Viable Chip (M) Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Investment holding
Cash Band (M) Berhad	Malaysia	**100.0**	100.0	**-**	-	Investment holding
Nadi Biru Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Investment holding
Bold Approach Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Investment holding
Perangsang Packaging Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Investment holding
Perangsang Dinamik Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Investment holding

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2021 %	2020 %	2021 %	2020 %	
+ Perangsang Oil and Gas Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Investment holding
Perangsang Capital Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Investment holding
Aqua-Flo Sdn. Bhd.	Malaysia	**51.0**	51.0	**49.0**	49.0	Trading in chemical products
KPS-HCM Sdn. Bhd.	Malaysia	**51.0**	51.0	**49.0**	49.0	Buildings and road construction, maintenance and rehabilitation
^ Kuala Langat Mining Sdn. Bhd.	Malaysia	**-**	100.0	**-**	-	Dormant
* Selangor Amal Holdings Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	In liquidation
Held under Cash Band (M) Berhad						
Perangsang Hotel and Properties Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Leasing of hotel
* Brisdale International Hotel Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	In liquidation

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2021 %	2020 %	2021 %	2020 %	
Held under Nadi Biru Sdn. Bhd.						
Smartpipe Technology Sdn. Bhd.	Malaysia	**64.0**	64.0	**36.0**	36.0	Contractors and subcontractors for the laying of pipes for all kinds of constructional, structural and civil engineering works
Held under Smartpipe Technology Sdn. Bhd.						
Darul Aman Water Solution Sdn. Bhd.	Malaysia	**31.0**	31.0	**69.0**	69.0	Construction of engineering projects, urban pipelines, urban communication and power lines
Held under Bold Approach Sdn. Bhd.						
Kaiserkorp Corporation Sdn. Bhd.	Malaysia	**60.0**	60.0	**40.0**	40.0	Investment holding
Held under Kaiserkorp Corporation Sdn. Bhd.						
∞ Kyco Industries, Inc	United States of America	**60.0**	60.0	**40.0**	40.0	Investment holding
+ King Koil International Pte. Ltd.	Singapore	**60.0**	60.0	**40.0**	40.0	Investment holding

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2021 %	2020 %	2021 %	2020 %	
Held under Kyco Industries Inc.						
∞ King Koil Licensing Company, Inc.	United States of America	**60.0**	60.0	**40.0**	40.0	Licensing
∞ King Koil Sales, Inc.	United States of America	**60.0**	60.0	**40.0**	40.0	Distribution and marketing
∞ King Koil Manufacturing West, LLC	United States of America	**36.0**	36.0	**64.0**	64.0	Production, sale and distribution of mattresses, related bedding an sleep products
Held under Perangsang Dinamik Sdn. Bhd.						
CPI (Penang) Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Manufacture, assembly and sale of electronic products and plastic moulded components and parts
+ Toyoplas Manufacturing (Malaysia) Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Manufacturing, assembly and sale of plastic injection moulded components and tooling

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%) 2021 %	2020 %	% of ownership interest held by non-controlling interest 2021 %	2020 %	Principal activities
Held under CPI (Penang) Sdn. Bhd.						
PCM Manufacturing Sdn. Bhd.	Malaysia	**60.0**	60.0	**40.0**	40.0	Secondary processes including silk screening, spray printing & tempo printing
Held under Toyoplas Manufacturing (Malaysia) Sdn. Bhd.						
+ Toyoplas Holdings Pte. Ltd.	Singapore	**100.0**	100.0	**-**	-	Investment holdings, traders and commission agents and provision of services
+ PT Toyoplas Manufacturing Indonesia	Indonesia	**100.0**	100.0	**-**	-	Producing semi-conductor and other electronics components, electronic measurement instruments and test equipment, household electrical appliances, pump equipment and electrical tools

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2021 %	2020 %	2021 %	2020 %	
Held under Toyoplas Manufacturing (Malaysia) Sdn. Bhd. (continued)						
+ Toyoplas Manufacturing (HK) Co., Ltd.	Hong Kong	**100.0**	100.0	**-**	-	Trading of precise plastic mould and electrical precision plastic accessories, electrical appliance and its accessories and telecommunication products
Held under Toyoplas Holdings Pte. Ltd.						
+ Toyoplas Manufacturing (Shanghai Songjiang) Co., Ltd.	The People's Republic of China	**100.0**	100.0	**-**	-	Tooling, manufacturing and plastic injection moulding
+ Toyoplas Manufacturing (Vietnam) Co., Ltd.	Vietnam	**100.0**	100.0	**-**	-	Production and sales of precise plastic mould and electrical appliance and its accessories, telecommunication products and provide after sales service
+@ Toyoplas Manufacturing (Bac Giang) Co., Ltd.	Vietnam	**100.0**	-	**-**	-	Manufacturing and selling of plastic injection moulding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2021 %	2020 %	2021 %	2020 %	
Held under Toyoplas Manufacturing (HK) Co., Ltd.						
+ Toyoplas Manufacturing (Dongguan) Co., Ltd	The People's Republic of China	**100.0**	100.0	**-**	-	Production and sales of the precise plastic mould and electrical precision plastic accessories, electrical appliance and its accessories, telecommunication products and provide after sales service
+ Toyoplas Manufacturing (Nanning) Co., Ltd.	The People's Republic of China	**100.0**	100.0	**-**	-	Production and sales of the precise plastic mould and electrical appliance and its accessories, telecommunication products and provide after sales service
Held under Perangsang Packaging Sdn. Bhd.						
Century Bond Bhd.	Malaysia	**100.0**	100.0	**-**	-	Investment holding and provision of management services

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%) 2021 %	2020 %	% of ownership interest held by non-controlling interest 2021 %	2020 %	Principal activities
Held under Century Bond Bhd.						
Pro Pulp Packages Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Manufacture of pulp, paper and paper board
^ CB Bags Sdn. Bhd.	Malaysia	**-**	100.0	**-**	-	Dissolved
Prestige Packages Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Manufacturing and sale of multi-wall paper bags, woven laminated bags and pulp moulded products and food process packaging, and manufacture, prosses and trade in all kinds of food and beverage products including but not limited to coffee and sugar
Polyplus Packages (JB) Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Manufacturing and sales of corrugated carton boxes
Polyplus Packages Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Manufacturing and sales of corrugated carton boxes

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2021 %	2020 %	2021 %	2020 %	
Held under Century Bond Bhd. (continued)						
Multiview Enterprises Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Sales and marketing of industries packaging tapes, materials and machinery and household care products
*+ Cenbond Packages Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Under voluntary liquidation
Eversynergy Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Property holding
Held under Pro Pulp Packages Sdn. Bhd.						
Century Packing & Printing Sdn. Bhd.	Malaysia	**60.0**	60.0	**40.0**	40.0	Offset printing for corrugated carton boxes and packaging
Held under CB Bags Sdn. Bhd.						
^ Prestige Packages (Perlis) Sdn. Bhd.	Malaysia	**-**	100.0	**-**	-	Dissolved
Held under Prestige Packages Sdn. Bhd.						
Centoz Industries Sdn. Bhd.	Malaysia	**80.0**	80.0	**20.0**	20.0	Manufacture and sale of paper products

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2021 %	2020 %	2021 %	2020 %	
Held under Prestige Packages Sdn. Bhd. (continued)						
Brandpak Industries Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Manufacture and marketing of stretch films, plastic bags and liners
+ PT Prestige Packages Indonesia	Indonesia	**100.0**	100.0	**-**	-	Manufacture and sale of cement paper bags
+ Esteem Packaging Pte. Ltd.	Singapore	**80.0**	80.0	**20.0**	20.0	Trading in paper and plastic packaging products
Held under Polyplus Packages (JB) Sdn. Bhd.						
Taspack Industrial Sdn. Bhd.	Malaysia	**85.0**	85.0	**15.0**	15.0	Processing and supplying of instruction manual books, boxes and all other packing materials
+ PT Infinity Packaging Solutions	Indonesia	**51.0**	51.0	**49.0**	49.0	Processing of packaging and boxes from paper and cardboard

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2021 %	2020 %	2021 %	2020 %	
Held under Polyplus Packages (JB) Sdn. Bhd. (continued)						
# Infinity Packaging Solution Sdn. Bhd.	Malaysia	**51.0**	100.0	**49.0**	-	Offset printing for corrugated carton boxes, pulp moulded products and packaging
Polyplus Packages (PG) Sdn. Bhd.	Malaysia	**60.0**	60.0	**40.0**	40.0	Manufacturing and sales of corrugated carton boxes and packaging
Held under Multiview Enterprises Sdn. Bhd.:						
Multiview Packaging Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Manufacture and trading of industrial packaging tapes and related products
+ Multiview (S) Pte. Ltd.	Singapore	**100.0**	100.0	**-**	-	Sales and marketing of household care products and packaging materials
Macro Chemicals Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Contract manufacturing of adhesive and household care products

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

+ Subsidiaries not audited by BDO PLT or member firms of BDO International
* In liquidation or under official assignee
# Dilution of equity interest during the financial year
^ Disposed/Liquidated/Dissolved during the financial year
@ Incorporation of subsidiary during the financial year but has no significant impact to the financial statements of the Group
∞ Exempted from statutory audit under local legislation

(c) The Group reviews the investments in subsidiaries for impairment when there is an indication of impairment. Impairment loss is recognised when the carrying amount of investments in subsidiaries exceed their recoverable amounts. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiaries. The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the projected revenue growth rates, terminal growth rates and the appropriate pre-tax discount rates used for each of the subsidiary by Cash-Generating Units ("CGU"), as disclosed in Note 19 to the financial statements.

During the financial year, the Company recognised impairment losses of RM8,443,000 (2020: RM2,400,000) in respect of certain subsidiaries due to declining business operations. The recoverable amounts of the cost of investment in the subsidiary is based on its fair value less cost to sell, which is categorised as Level 3 in the fair value hierarchy.

(d) Dilution of equity interest in a subsidiary

During the financial year, Polyplus Packages (JB) Sdn. Bhd. ("PPJB") disposed 49% equity interest in Infinity Packaging Solution Sdn. Bhd. for a total cash consideration of RM49. Upon completion of the disposal, PPJB became a 51% owned subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Disposal of a subsidiary

Disposal of Kuala Langat Mining Sdn. Bhd. ("KLM")

The Company had on 17 March 2021 entered into a Share Sale Agreement with Kumpulan Semesta Sdn. Bhd. to dispose 100% of its equity interest in KLM for a total cash consideration of RM1,000. The disposal of KLM has the following effects on the financial position and financial performance of the Group and of the Company for the year ended 31 December 2021:

Group and Company	**RM'000**
Sales proceeds	**1**
Less: Share of net assets	-
Gain on disposal	**1**
Net cash inflow arising from disposal	**1**

(f) Dissolution of subsidiaries

Current financial year

(i) Dissolution of CB Bags Sdn. Bhd. ("CB Bags")

CB Bags, an 100%-owned subsidiary of the Group was dissolved on 3 November 2021.

There is no financial impact to the financial position and financial performance of the Group arising from the dissolution.

(ii) Dissolution of Polyplus Packages (Perlis) Sdn. Bhd. ("Polyplus Packages (Perlis)")

Polyplus Packages (Perlis), an 100%-owned subsidiary of the Group was dissolved on 1 April 2021.

There is no financial impact to the financial position and financial performance of the Group and of the Company arising from the dissolution.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(f) Dissolution of subsidiaries (continued)

Previous financial year

(i) Dissolution of Perangsang Metal Sdn. Bhd. ("Perangsang Metal")

Perangsang Metal, a 70%-owned subsidiary of the Company was dissolved on 23 January 2020. Accordingly, the cost of investment and accumulated impairment losses on investment amounting to RM350,000 have been reversed. There is no financial impact to the Group arising from the dissolution.

(ii) Dissolution of Ready Chemical (M) Sdn. Bhd. ("Ready Chemical")

Ready Chemical, an 80%-owned subsidiary of the Group was dissolved on 26 June 2020. The dissolution of Ready Chemical has the following effects on the financial position and financial performance of the Group for the year ended 31 December 2020:

Group	**RM'000**
Cost of investment, representing carrying amount	**411**
Less: Share of net assets	
- Net assets transferred to the Group	**(530)**
- Cash consideration paid to non-controlling interest	**119**
	(411)
Gain on dissolution	**-**
Net cash outflow arising from dissolution	**119**

(iii) Dissolution of Prior Packaging Industries Sdn. Bhd. ("Prior Packaging")

Prior Packaging, a wholly-owned subsidiary of the Group was dissolved on 26 June 2020. There is no financial impact to the Group arising from the dissolution.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Incorporation/Acquisition of subsidiaries

Current financial year

(i) Registration of Toyoplas Manufacturing (Bac Giang) Co., Ltd. ("TMV2") as an indirect wholly-owned subsidiary of Toyoplas Manufacturing Malaysia Sdn. Bhd.

On 19 March 2021, Toyoplas' wholly owned subsidiary, Toyoplas Holdings Pte. Ltd. ("THS"), received an Investment Registration Certificate from Bac Giang Province Industrial Zones Authority in Vietnam to undertake the business activities concerning the production and processing of plastic components as an export processing enterprise in the province.

On 5 April 2021, THS received a Certificate of Enterprise Registration of its wholly-owned subsidiary TMV2 with a charter capital of VND104,715,000,000 (equivalent to RM18,638,380). TMV2 will undertake the aforementioned business activities. There is no financial impact to the Group arising from the registration.

Previous financial year

(i) Incorporation of Infinity Packaging Solution Sdn. Bhd. ("Infinity Packaging")

On 7 January 2020, Polyplus Packages (JB) Sdn. Bhd. ("Polyplus JB"), a wholly-owned subsidiary of Century Bond Bhd. had incorporated a new subsidiary known as Infinity Packaging, with a paid-up share capital of RM100 comprising 100 ordinary shares.

(ii) Incorporation of Polyplus Packages (PG) Sdn. Bhd. ("Polyplus PG")

On 16 February 2020, Polyplus JB, a wholly-owned subsidiary of Century Bond Bhd. had incorporated a new subsidiary known as Polyplus PG with paid-up share capital RM2 comprising two (2) ordinary shares.

In the previous financial year, the issued and paid-up share capital of Polyplus PG was increased to RM1,300,000 comprising 1,300,000 ordinary shares during the financial year. Polyplus JB subscribed 779,998 ordinary shares by transferring a machine at an agreed value of RM540,000 and cash consideration of RM239,998. In addition, a non-controlling interest subscribed 520,000 ordinary shares for cash consideration of RM520,000 at an issue price of RM1 per share.

Pursuant to that, the effective ownership interest of the Group had decreased from 100% to 60%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Incorporation/Acquisition of subsidiaries (continued)

Previous financial year (continued)

(iii) Acquisition of 51% equity interest in PT Infinity Packaging Solutions ("PT Infinity")

On 26 February 2020, the Group acquired 51% equity interest, representing 1,275,000 ordinary shares in PT Infinity for a total cash consideration of RM1,275,000.

i. The fair values of the identifiable assets acquired and liabilities assumed and the effects on cash flows arising from the acquisition are as follows:

	Note	At date of acquisition RM'000
Property, plant and equipment	13	1,719
Inventories		185
Trade and other receivables		279
Cash and bank balances		16
Trade and other payables		(748)
Total fair value of identified net assets		1,451
Non-controlling interests		(711)
Goodwill on acquisition	19	535
Total fair value of purchase consideration		1,275
Cash and cash equivalents of the subsidiary acquired		(16)
Net cash flow of the Group on acquisition		1,259

ii Impact of acquisition in statement of profit or loss of the Group is as follows:

	2020 RM'000
Revenue	6,765
Loss after tax	2,472

If the acquisition had taken place at the beginning of the financial year, PT Infinity's contribution to the Group's revenue and loss, net of tax would have been RM6,899,723 and RM2,305,191 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Incorporation/Acquisition of subsidiaries (continued)

Previous financial year (continued)

(iv) Summary of effects of acquisition of Toyoplas Manufacturing (Malaysia) Sdn. Bhd. ("Toyoplas")

On 15 August 2019, the Group had acquired 100% equity interest in Toyoplas for a total consideration of RM311,250,000. The Group had recognised goodwill of RM59,201,000 on a provisional basis.

Subsequently, during the financial year ended 31 December 2020, the Group completed the Purchase Price Allocation ("PPA") exercise to determine the fair values of the net assets of Toyoplas in accordance with requirements of MFRS 3 *Business Combinations*.

The details are as follows:

	RM'000
Provisional goodwill	59,201
Final goodwill	57,556
Reduction in goodwill	(1,645)

The adjusted fair values of Toyoplas's identifiable assets and liabilities have been reflected in the statements of financial position as at 31 December 2019, as follows:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
As at 31 December 2019			
Statement of financial position			
Non-current assets			
Property, plant and equipment	373,001	(2,497)	370,504
Intangible assets	251,762	2,374	254,136
Goodwill	187,725	(1,645)	186,080
Inventories	141,692	1,402	143,094
Non-current liability			
Deferred tax liabilities	106,810	(366)	106,444

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(h) Subscription of additional new ordinary shares/accretion of interests in subsidiaries

Current financial year

Subscription of additional new ordinary shares in Aqua-Flo Sdn. Bhd. ("AFSB")

On 22 February 2021, the Company had subscribed additional 127,500 new ordinary shares in AFSB at an issue price of RM1.00 per ordinary share for cash consideration of RM127,500. The Company's interest in AFSB remained the same after the subscription.

Previous financial year

(i) Subscription of additional new ordinary shares in Darul Aman Water Solution Sdn. Bhd. ("DAWS")

On 11 March 2020, the issued and paid share capital of DAWS was increased to RM1,000 by way of issuance of additional of 999 ordinary shares at an issue price of RM1 per share. SPT, an indirect subsidiary of the Company, had subscribed additional 489 new ordinary shares in DAWS at an issue price of RM1 for a cash consideration of RM489, while a non-controlling interest subscribed 510 ordinary shares for a cash consideration of RM510 at an issue price of RM1. Pursuant to that, the effective ownership interest of the Group had decreased from 60% to 31%.

The Group considers that it controls DAWS even though it owns less than fifty percent (50%) of the voting rights. This is due to the Group having control over the Board of Directors and the power to govern the relevant activities of DAWS.

(ii) Subscription of additional new ordinary shares in Smartpipe Technology Sdn. Bhd. ("SPT")

On 3 June 2020, Nadi Biru Sdn. Bhd., a wholly owned subsidiary of the Company had subscribed additional 400,000 new ordinary shares in SPT at an issue price of RM1.00 for cash consideration of RM400,000. Accordingly, the Group's interest in SPT has increased from 60% to 64%.

(i) Share capital reduction

Current financial year

Share capital reduction of Cash Band (M) Berhad ("CBM") pursuant to Section 117(1) and 117(4)

CBM has undertaken capital reduction exercise under Section 117 of the Companies Act 2016 ("CA 2016") in the following manners:

i. reduction in issued and paid up capital of CBM under section 117(1) of CA 2016 by RM9,785,249 and settled via offset with amount due from the immediate holding company. Accordingly, the cost of investment in CBM has reduced by RM9,785,249.

ii. reduction in issued and paid up capital of the Company under section 117(4) of CA 2016 by RM33,759,109 via cancellation of the paid up share capital which is lost or unpresented by available assets. However, there is no impact to the Company during the financial year

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(i) Share capital reduction (continued)

Previous financial year

(i) Share capital reduction of CBM pursuant to Section 117(1) and 117(4)

CBM had undertaken capital reduction exercise under Section 117 of the CA 2016 in the following manners:

iii. reduction in paid up capital of CBM under section 117(1) of CA 2016 by RM43,265,326 and to be settled via offset with amount due from the Company. Accordingly, the cost of investment in CBM has reduced by RM43,265,326.

iv. reduction in paid up capital of CBM under section 117(4) of CA 2016 by RM50,370,610 via cancellation of the paid up share capital which is lost or unpresented by available assets. However, there is no impact to the Company during the year.

(ii) Share capital reduction of Kaiserkorp Corporation Sdn. Bhd. ("Kaiserkorp") pursuant to Section 117(4)

Kaiserkorp had undertaken a reduction in issued and paid up capital under section 117(4) of CA 2016 by RM11,805,130 via cancellation of the paid up share capital which is lost or unpresented by available assets. However, there is no impact to the Company during the year.

(j) Reclassification of investments in subsidiaries to/from non-current assets held for sale.

Previous financial year

Reclassification of investment in Kuala Langat Mining Sdn. Bhd. ("KLM")

On 10 December 2020, the Company had committed to a plan to dispose its entire interest in a subsidiary, KLM and had commenced efforts to dispose the subsidiary. Accordingly, the cost of investment and accumulated impairment losses on investment amounting to RM16,327,769 has been reclassified to non-current asset held for sales.

16. INVESTMENTS IN SUBSIDIARIES (continued)

(k) Summarised financial information on subsidiaries with significant non-controlling interests

Summarised financial information of Kaiserkorp Corporation Sdn. Bhd. ("Kaiserkorp Group") and Aqua-Flo Sdn. Bhd. ("Aqua-Flo") which have non-controlling interests ("NCI") that are material to the Group, are set out below. The summarised financial information presented below is the amount before inter-companies elimination. The NCI in respect of other entities within the Group are not material to the Group.

(i) Summarised statements of financial position

	Kaiserkorp Group		Aqua-Flo Sdn. Bhd.		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current assets	**146,897**	145,557	**3,579**	3,602	**150,476**	149,159
Current assets	**85,823**	71,270	**86,541**	74,946	**172,364**	146,216
Total assets	**232,720**	216,827	**90,120**	78,548	**322,840**	295,375
Non-current liabilities	**48,979**	51,415	**-**	-	**48,979**	51,415
Current liabilities	**29,936**	29,021	**43,056**	34,376	**72,992**	63,397
Total liabilities	**78,915**	80,436	**43,056**	34,376	**121,971**	114,812
Net assets	**153,805**	136,391	**47,064**	44,172	**200,869**	180,563
Equity attributable to owners of the parent	**92,283**	81,835	**24,003**	22,528	**116,286**	104,363

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(k) Summarised financial information on subsidiaries with significant non-controlling interests (continued)

(ii) Summarised statements of profit or loss and other comprehensive income

	Kaiserkorp Group		Aqua-Flo Sdn. Bhd.		Total	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Revenue	**220,825**	134,027	**121,886**	124,064	**342,711**	258,091
Profit for the financial year	**11,759**	9,004	**6,394**	6,651	**18,153**	15,655
Profit attributable to owners of the parent	**12,745**	9,316	**6,394**	6,651	**19,139**	15,967

(iii) Summarised statements of cash flows

	Kaiserkorp Group		Aqua-Flo Sdn. Bhd.		Total	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Net cash flows from operating activities	**10,826**	4,149	**4,443**	21,434	**15,269**	25,583
Net cash flows (used in)/from investing activities	**(1,790)**	(2,463)	**100**	(7,728)	**(1,690)**	(10,191)
Net cash flows used in financing activities	**(7,280)**	(2,428)	**(3,569)**	(3,548)	**(10,849)**	(5,976)
Net increase/(decrease) in cash and cash equivalents	**1,756**	(742)	**974**	10,158	**2,730**	9,416
Cash and cash equivalents at 1 January	**19,926**	21,644	**22,762**	12,604	**42,688**	34,248
Effect of foreign exchange	**815**	(976)	-	-	**815**	(976)
Cash and cash equivalents at 31 December	**22,497**	19,926	**23,736**	22,762	**46,233**	42,688

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(I) Subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	Kaiserkorp Group RM'000	Aqua-Flo RM'000	Other individually immaterial subsidiaies RM'000	Total RM'000
As at 31 December 2021				
NCI percentage of ownership interest and voting interest	**40%**	**49%**	**-**	
Carrying amount of NCI	**61,522**	**23,061**	**36,047**	**120,630**
Profit/(Loss) attributable to NCI	**5,098**	**3,133**	**(1,547)**	**6,684**
Dividends paid to NCI	**-**	**1,839**	**616**	**2,455**
As at 31 December 2020				
NCI percentage of ownership interest and voting interest	40%	49%	-	
Carrying amount of NCI	54,556	21,644	35,635	111,835
Profit/(Loss) attributable to NCI	3,726	3,259	(1,013)	5,972
Dividends paid to NCI	-	1,686	400	2,086

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

17. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Unquoted shares, at cost	**183,299**	183,299	**131,809**	131,809
Share of post-acquisition reserves	**(24,429)**	(23,706)	-	-
	158,870	159,593	**131,809**	131,809

(a) Investments in associates are measured at cost less impairment losses, if any, and accounted for using the equity method in the consolidated financial statements.

Management reviews the investments in associates, which is assessed by reference to the higher of the fair values less cost to sell and value in use of the associates. Estimating a value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk and others relevant factors.

(b) Details of the associates are as follows:

Name of associates	**Country of incorporation/ Principal place of business**	**Efective interest in equity (%) 2021**	**2020**	**Nature of relationship**
Held by the Company:				
+Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd. ("SPRINT Holdings")	Malaysia	**20.0**	20.0	Investment holding and provision of management services. The activities contribute to the infrastructure business segment of the Group.
+Perangsang Water Management Sdn. Bhd. ("PWM")	Malaysia	**40.0**	40.0	Water project operation and management. The activities contribute to the infrastructure business segment of the Group.
Held by Viable Chip (M) Sdn. Bhd.:				
+Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings")	Malaysia	**30.0**	30.0	Investment holding. The activities contribute to the infrastructure business segment of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

17. INVESTMENTS IN ASSOCIATES (continued)

(b) Details of the associates are as follows (continued):

Name of associates	Country of incorporation/ Principal place of business	Efective interest in equity (%) 2021	2020	Nature of relationship
Held by Perangsang Oil and Gas Sdn. Bhd.:				
+NGC Energy Sdn. Bhd. ("NGC Energy")	Malaysia	**40.0**	40.0	Operation, marketing and selling of liquefied petroleum gas. The activities contribute to the oil and gas business segment of the Group.

+ Associates not audited by BDO PLT or member firms of BDO International

The above investments are accounted for as investments in associates by virtue of ability of the Group to exercise significant influence over the financial and operating policies of the investee companies through representation in the Board of Directors of these associates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

17. INVESTMENTS IN ASSOCIATES (continued)

(c) The summarised financial information of the material associates which are accounted for using the equity method are as follows:

Summarised statements of financial position

As at 31 December 2021	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
Non-current assets	-	1,275,339	269,599	-	1,544,938
Current assets	155	253,500	165,090	10,873	429,618
Total assets	155	1,528,839	434,689	10,873	1,974,556
Non-current liabilities	-	339,978	35,089	-	375,067
Current liabilities	155	881,659	181,260	-	1,063,074
Total liabilities	155	1,221,637	216,349	-	1,438,141
Net assets attributable to owner of associates	-	307,202	218,340	10,873	536,415

Summarised statements of profit or loss and other comprehensive income

Year ended 31 December 2021	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
Revenue	-	138,563	740,186	3,437	882,186
Profit for the financial year	-	14,704	4,815	6,026	25,545

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

17. INVESTMENTS IN ASSOCIATES (continued)

(c) The summarised financial information of the material associates which are accounted for using the equity method are as follows (continued):

Reconciliation of net assets to carrying amount of Group's interest in associates

Year ended 31 December 2021	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
Group's share of net assets	**-**	**61,440**	**87,336**	**4,349**	**153,125**
Goodwill	**-**	**3,356**	**2,389**	**-**	**5,745**
Carrying amount of Group's interest in associates	**-**	**64,796**	**89,725**	**4,349**	**158,870**
Group's share of result in associates	**-**	**2,941**	**1,926**	**2,410**	**7,277**
Dividends received from associates	**-**	**-**	**3,600**	**4,400**	**8,000**

Summarised statements of financial position

As at 31 December 2020	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
Non-current assets	-	1,315,761	280,625	-	1,596,386
Current assets	155	262,751	76,701	15,856	355,463
Total assets	155	1,578,512	357,326	15,856	1,951,849
Non-current liabilities	-	401,060	34,652	-	435,712
Current liabilities	155	884,955	100,149	8	985,267
Total liabilities	155	1,286,015	134,801	8	1,420,979
Net assets attributable to owner of associates	-	292,497	222,525	15,848	530,870

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

17. INVESTMENTS IN ASSOCIATES (continued)

(c) The summarised financial information of the material associates which are accounted for using the equity method are as follows (continued):

Summarised statements of profit or loss and other comprehensive income

Year ended 31 December 2020	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
Revenue	31,996	237,006	557,992	3,568	830,562
Profit/(loss) for the financial year	62,040	57,394	16,843	(466)	135,811

Reconciliation of net assets to carrying amount of Group's interest in associates

Year ended 31 December 2020	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
Group's share of net assets	-	58,499	89,010	6,339	153,848
Goodwill	-	3,356	2,389	-	5,745
Carrying amount of Group's interest in associates	-	61,855	91,399	6,339	159,593
Group's share of result in associates	18,612	11,479	6,736	(186)	36,641
Dividends received from associates	195,429	-	4,800	-	200,229

(d) The financial statements of the associates of the Group are coterminous with those of the Group, except for SPLASH Holdings and SPRINT Holdings which have a financial year end of 31 March.

The share of results of SPLASH Holdings and SPRINT Holdings for the current financial year are for the twelve (12) months period ended 31 December 2021, incorporating the three (3) months period ended 31 March 2021 based on the latest audited financial statements and the management financial statements for the nine (9) months period ended 31 December 2021.

18. INTANGIBLE ASSETS

Group 2021	Note	Brand name RM'000	Technical know-how RM'000	Customer relationships RM'000	Website and software development RM'000	Trademarks RM'000	Website under installation RM'000	Total RM'000
Cost								
As at 1 January		**190,664**	**53,026**	**12,253**	**3,261**	**412**	**599**	**260,215**
Additions		**-**	**-**	**-**	**814**	**139**	**-**	**953**
Reclassification from property, plant and equipment	13	**-**	**-**	**-**	**1,218**	**-**	**-**	**1,218**
Foreign exchange movement		**7,744**	**-**	**-**	**178**	**5**	**21**	**7,948**
As at 31 December		**198,408**	**53,026**	**12,253**	**5,471**	**556**	**620**	**270,334**
Accumulated amortisation								
As at 1 January		**-**	**7,669**	**4,108**	**1,469**	**310**	**-**	**13,556**
Amortisation charge for the financial year		**-**	**3,535**	**1,027**	**745**	**59**	**-**	**5,366**
Foreign exchange movement		**-**	**-**	**-**	**72**	**-**	**-**	**72**
As at 31 December		**-**	**11,204**	**5,135**	**2,286**	**369**	**-**	**18,994**
Carrying amounts								
As at 31 December		**198,408**	**41,822**	**7,118**	**3,185**	**187**	**620**	**251,340**

18. INTANGIBLE ASSETS (continued)

Group 2020	Brand name RM'000	Technical know-how RM'000	Customer relationships RM'000	Website and software development RM'000	Trademarks RM'000	Website under installation RM'000	Total RM'000
Cost							
As at 1 January	194,441	53,026	12,253	2,229	423	611	262,983
Additions	-	-	-	1,044	-	-	1,044
Foreign exchange movement	(3,777)	-	-	(12)	(11)	(12)	(3,812)
As at 31 December	190,664	53,026	12,253	3,261	412	599	260,215
Accumulated amortisation							
As at 1 January	-	4,380	3,081	1,112	274	-	8,847
Amortisation charge for the financial year	-	3,289	1,027	367	46	-	4,729
Foreign exchange movement	-	-	-	(10)	(10)	-	(20)
As at 31 December	-	7,669	4,108	1,469	310	-	13,556
Carrying amounts							
As at 31 December	190,664	45,357	8,145	1,792	102	599	246,659

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

18. INTANGIBLE ASSETS (continued)

(a) Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

(b) Intangible asset with indefinite useful life

Brand name relates to the King Koil® for the Group's specialised bedding and licensing components. The useful life of the brand is estimated to be indefinite. Details of impairment testing of brand name are disclosed in Note 19 to the financial statements.

(c) Intangible assets with definite useful life

(i) Trademarks include cost of registration and renewals of trademark, product line and product names, which are capitalised and amortised over the estimated useful life of five (5) years.

(ii) Cost of website and software development expenditure are capitalised and amortised over the estimated useful life of five (5) years.

(iii) The technical know-how are recognised separately from goodwill on acquisition of subsidiaries are capitalised and amortised over the estimated useful life of fifteen (15) years.

(iv) The customer relationships are recognised separately from goodwill on acquisition of a subsidiary. The useful lives of the customer relationships are in the range of nine (9) to nineteen (19) years, determined based on customer attrition from the acquired relationships.

(v) Website under installation are not amortised until such time when the assets are available for use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

19. GOODWILL

	Note	Group 2021 RM'000	2020 RM'000
Cost			
As at 1 January		**189,555**	188,671
Acquisition of subsidiaries	16	**-**	535
Transfer from assets held for disposal	24	**-**	723
Foreign exchange movement		**764**	(374)
As at 31 December		**190,319**	189,555
Accumulated impairment			
As at 1 January		**(3,314)**	(2,591)
Charge for the financial year		**(126)**	(723)
As at 31 December		**(3,440)**	(3,314)
Carrying amount			
As at 31 December		**186,879**	186,241

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on estimation of the value-in-use, which requires significant judgements, estimates about the future results and key assumptions made by the management. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

19. GOODWILL (continued)

Impairment tests for goodwill and other intangible assets with indefinite useful lives

Goodwill arising from business combinations and brand name has been allocated to three individual CGU for impairment testing, namely bedding products, manufacturing and infrastructure.

Bedding products CGU represents goodwil and brand name relating to King Koil® arose from the acquisition of Kaiserkorp Corporation Sdn. Bhd..

Manufacturing CGU represents goodwill from acquisition of Century Bond Bhd., CPI (Penang) Sdn. Bhd., and Toyoplas Manufacturing (Malaysia) Sdn. Bhd. ("Toyoplas").

In the previous financial year, Infrastructure CGU represented goodwill from the acquisition of Smartpipe Technology Sdn. Bhd..

The carrying amounts of goodwill and brand name allocated to each CGU are as follows:

2021	**Goodwill RM'000**	**Brand name RM'000**	**Total RM'000**
Bedding products	**19,585**	**198,408**	**217,993**
Manufacturing	**167,294**	**-**	**167,294**
	186,879	**198,408**	**385,287**
2020			
Bedding products	18,821	190,664	209,485
Manufacturing	167,294	-	167,294
Infrastructure	126	-	126
	186,241	190,664	376,905

In performing the impairment assessment of the carrying amount of goodwill and brand name allocated to Bedding products and Manufacturing CGUs, the Group adopted the probability-weighted cash flow approach due to the possible outcomes of the CGU's performance arising from the inherent uncertainty of Covid-19 pandemic. The probability-weighted cash flow approach uses all expectations about possible cash flows, instead of the single most likely cash flow, which also aligns with management's internal forecasts. This cash flow projection is based on financial budget approved by management covering a one (1) year period and cash flows beyond the one (1) year period are extrapolated using the estimated growth in future revenues and are weighted based on the following scenarios:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

19. GOODWILL (continued)

Impairment tests for goodwill and other intangible assets with indefinite useful lives (continued)

Bedding products CGU

2021	Upside scenario	Base scenario	Downside scenario
Weighting	**10%**	**60%**	**30%**
Revenue growth rate for FY2022	**60%**	**29%**	**10%**
Average revenue growth rate for FY2023 - FY2026	**6%**	**6%**	**6%**
Average gross profit margin for FY2022 - FY2026	**39%**	**31%**	**29%**
Pre-tax discount rate	**10.5%**	**10.5%**	**10.5%**

2020	Upside scenario	Base scenario	Downside scenario
Weighting	10%	60%	30%
Sales volume growth rates in FY2021	90%	82%	10%
Sales volume growth rates for FY2022	10%	10%	5%
Sales volume growth rates for FY2023 to FY2025	5%	5%	5%
Average selling price (per unit)	USD420	USD420	USD400
Pre-tax discount rate	10.5%	10.5%	10.5%

As at 31 December 2021, the recoverable amount of Bedding Products CGU based on value in use ("VIU") calculations was higher than the carrying amount of the goodwill and brand name, therefore no impairment loss was required.

However, the recoverable amount is sensitive to changes in certain key assumptions. The sensitivity of the impairment assessment to a reasonably possible change in each of the key inputs with all other variables held constant is as follows:

	Change in assumption	Impact
Probability weighted	Downside scenario: 57%	
	Base scenario: 43%	
	Upside scenario: 0%	Breakeven
Gross profit margin in FY2022 - FY2026	Reduce by 11.1%	Breakeven
Pre-tax discount rate	Increase by 3.9%	Breakeven

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

19. GOODWILL (continued)

Impairment tests for goodwill and other intangible assets with indefinite useful lives (continued)

Manufacturing CGU

Toyoplas

2021	Upside scenario	Base scenario	Downside scenario
Weighting	**10%**	**60%**	**30%**
Revenue growth rate for FY2022	**30%**	**1%**	**-10%**
Average revenue growth rate for FY2023 - FY2026	**5%**	**5%**	**5%**
Average gross profit margin for FY2022 - FY2026	**23%**	**20%**	**15%**
Pre-tax discount rate	**11.0%**	**11.0%**	**11.0%**

In the previous financial year, the average revenue growth rate and pre-tax discount rate were 10% and 11% respectively as key assumptions for the pre-tax cash flows calculation.

As at 31 December 2021, the recoverable amount of Toyoplas based on VIU calculations was higher than the carrying amount of the goodwill and brand name, therefore no impairment loss was required.

However, the recoverable amount is sensitive to changes in certain key assumption. The sensitivity of the impairment assessment to a reasonably possible change in each of the key inputs with all other variables held constant is as follows:

	Change in assumption	Impact
Probability weighted	Downside scenario: 83% Base scenario:17% Upside scenario: 0%	 Breakeven
Gross profit margin in FY2022 - FY2026	Reduce by 23.1%	Breakeven
Pre-tax discount rate	Increase by 10.2%	Breakeven

Century Bond Bhd. and CPI (Penang) Sdn. Bhd.

The recoverable amounts were determined based on the VIU calculations by discounting the pre-tax cash flows based on financial budgets prepared by the Group covering a five-year period based on the following key assumptions:

	2021 %	2020 %
Pre-tax discount rate	**11.0%**	11.0 %
Revenue growth rate	**6.0% - 10.0%**	8.0%-11.0%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

19. GOODWILL (continued)

Impairment tests for goodwill and other intangible assets with indefinite useful lives (continued)

Century Bond Bhd. and CPI (Penang) Sdn. Bhd. (continued)

As at 31 December 2021, the recoverable amount of Century Bond Bhd. and CPI (Penang) Sdn. Bhd. based on VIU calculations was higher than the carrying amount of the goodwill and brand name, therefore no impairment loss was required.

There are no reasonably possible changes in any key assumptions used that would cause the carrying amount of this CGU to materially exceed the recoverable amount.

Infrastructure CGU

The goodwill attributable to Infrastructure CGU arose from the acquisition of KPS-HCM Sdn. Bhd. and Smartpipe Technology Sdn. Bhd..

The recoverable amount of Infrastructure CGU was determined based on the fair value less cost to sell ("FVLCTS") method. The net assets of these subsidiaries are used as a proxy for their recoverable amounts based on FVLCTS method and are within Level 3 of the fair value hierarchy.

Based on the impairment test, impairment of goodwill amounted to RM126,000 (2020: RM723,000) were recognised due to decline business operation of the subsidiary.

20. CLUB MEMBERSHIPS

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At fair value				
As at 1 January	**153**	153	**153**	153
Transfer from non-current assets held for sale (Note 24)	**-**	50	**-**	-
Loss on fair value	**-**	(50)	**-**	-
As at 31 December	**153**	153	**153**	153

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

20. CLUB MEMBERSHIPS (continued)

(a) Investments in the club memberships are classified as financial assets measured at fair value through profit or loss.

(b) Fair value of club memberships is determined by reference to the quoted price active markets at the end of the reporting date, which are adjusted for differences in key attributable price such as type of membership.

Fair value of club memberships of the Group and of the Company are categorised as level 2 in the fair value hierarchy. There is no transfer between levels of hierarchy during the financial year.

21. INVENTORIES

	Group	
	2021	**2020**
	RM'000	**RM'000**
At cost		
Raw materials	**127,286**	101,338
Work-in-progress	**9,399**	18,956
Finished goods	**64,190**	40,087
At net realisable value		
Raw materials	**1,088**	861
Work-in-progress	**257**	1,847
Finished goods	**1,716**	1,298
	203,936	164,387

(a) Inventories are stated at the lower of cost and net realisable value. Cost of inventories consists of purchase price and is determined using the first-in, first-out formula.

(b) During the financial year, inventories recognised as an expense in cost of sales of the Group is RM947,982,654 (2020: RM753,642,132).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

21. INVENTORIES (continued)

(c) The amounts of inventories written back, inventories written down and inventories written off recognised in the statement of profit or loss are as follows:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Recognised in cost of sales		
Inventories written back	**(913)**	-
Inventories written down	**-**	2,196
Inventories written off	**-**	109
	(913)	2,305

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Trade receivable				
Related company	**-**	1,399	**-**	-
Less: Impairment losses	**-**	(11)	**-**	-
Non-current trade receivables, net	**-**	1,388	**-**	-
Other receivables				
Sundry receivable	**3,350**	13,350	**-**	-
Amount due from a related company	**-**	8,542	**-**	-
	3,350	21,892	**-**	-
Less: Impairment losses				
- sundry receivable	**(3,350)**	(4,726)	**-**	-
- amount due from a related company	**-**	(64)	**-**	-
	(3,350)	(4,790)	**-**	-
Non-current other receivables, net	**-**	17,102	**-**	-
Total non-current receivables	**-**	18,490	**-**	-
Other non-current assets				
Prepayments	**1,403**	83,418	**-**	-
	1,403	101,908	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Trade receivables				
Third parties	**312,746**	325,262	**266**	288
Related companies	**29,800**	54,999	**-**	23
	342,546	380,261	**266**	311
Less: Impairment losses				
- third parties	**(8,245)**	(11,053)	**(198)**	(198)
- related companies	**(796)**	(4,960)	**-**	-
	(9,041)	(16,013)	**(198)**	(198)
Current trade receivables, net	**333,505**	364,248	**68**	113
Other receivables				
Sundry receivables	**39,848**	34,773	**4,848**	1,613
Amounts due from subsidiaries	**-**	-	**176,449**	4,360
Amounts due from related companies	**686**	7,248	**685**	1,896
	40,534	42,021	**181,982**	7,869
Less: Impairment losses				
- sundry receivables	**(120)**	(179)	**(102)**	(102)
- subsidiaries	**-**	-	**(1,016)**	-
	(120)	(179)	**(1,118)**	(102)
Current other receivables, net	**40,414**	41,842	**180,864**	7,767
Total current receivables	**373,919**	406,090	**180,932**	7,880

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current (continued)				
Other current assets				
Indirect tax receivables	**4,289**	2,969	**328**	328
Prepayments	**98,513**	14,333	**116**	116
	102,802	17,302	**444**	444
	476,721	423,392	**181,376**	8,324
Total non-current receivables	-	18,490	-	-
Total current receivables	**373,919**	406,090	**180,932**	7,880
Total receivables	**373,919**	424,580	**180,932**	7,880
Other non-current assets	**1,403**	83,418	**-**	-
Other current assets	**102,802**	17,302	**444**	444
Total other assets	**104,205**	100,720	**444**	444
Total trade and other receivables	**478,124**	525,300	**181,376**	8,324

(a) Total receivables are classified as financial assets measured at amortised cost.

(b) Included in non-current receivables is a receivable of RM3,349,813 (2020: RM3,349,813) from Leo Hospitality Sdn. Bhd. arising from lease income and business commission receivables, which is charged a fixed profit rate of 4.5% (2020: 4.5%) per annum over a period of twenty-three (23) months commenced from April 2017. Sensitivity analysis for fixed rate finance lease receivable at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates. Full allowance for impairment had been recognised in the prior year due to default on payments by the lessee.

(c) Trade receivables, excluding amounts due from related companies, are unsecured and interest-free with normal trade credit terms ranges from 30 to 90 days (2020: 30 to 90 days). The credit term of trade amounts due from related companies ranges from 30 to 365 days (2020: 30 to 365 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(d) Trade amounts due from related companies are unsecured, interest-free except for an amount of RM17,334,308 (2020: RM34,998,562), which bears a fixed profit rate of 10% (2020: 10%) per annum. Sensitivity analysis at the end of reporting period is not presented as fixed rate instrument is not affected by change in interest rate.

(e) Non-trade amounts due from subsidiaries represent advances and payment on behalf, which are unsecured, interest-free and except for an amount of RM141,100,000 (2020: Nil), which bears a floating interest rate of 2.56% (2020:Nil) per annum and receivable within next twelve (12) months. Sensitivity analysis for floating interest rate at the end of reporting period is not presented as changes in floating profit rate would not materially affect profit or loss.

(f) Non-trade amounts due from related companies of the Group and of the Company represent advances and payment on behalf, which are unsecured, interest-free except for an amount due to a related company of the Group, which bears a floating interest rate ranging from 6.40% to 7.15% (2020: 6.40% to 7.15%) per annum and receivable in cash and cash equivalents, as follows:

	2021 RM'000	2020 RM'000
Non-current	**-**	8,542
Current	**2,440**	2,400
	2,440	10,942

In the previous financial year, the carrying amount of the non-current amount due to a related company was reasonable approximation of its fair value due to the insignificant impact of discounting. Sensitivity analysis for floating interest rate at the end of reporting period is not presented as changes in floating interest rate would not materially affect profit or loss.

(g) Included in other receivables of the Group is a sum of RM10,000,000 (2020: RM18,623,590) charged to financial institutions for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(h) Currency exposure profile of total receivables are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Ringgit Malaysia	**251,142**	314,509	**180,932**	7,880
United States Dollar	**111,780**	95,982	**-**	-
Singapore Dollar	**5,680**	4,864	**-**	-
Euro	**1,954**	2,466	**-**	-
Brunei Darussalam Dollar	**66**	68	**-**	-
Indonesia Rupiah	**3,297**	6,691	**-**	-
	373,919	424,580	**180,932**	7,880

(i) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the foreign currencies strengthened or weakened by 10% and the exchange rates against the respective functional currencies of the Group, with all other variables held constants:

	Company	
	2021 RM'000	**2020 RM'000**
Profit after tax		
USD/RM		
- strengthen by 10%	**8,495**	7,295
- weaken by 10%	**(8,495)**	(7,295)
IDR/RM		
- strengthen by 10%	**251**	509
- weaken by 10%	**(251)**	(509)
SGD/RM		
- strengthen by 10%	**432**	370
- weaken by 10%	**(432)**	(370)
EURO/RM		
- strengthen by 10%	**149**	187
- weaken by 10%	**(149)**	(187)

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(j) The Group applies the MFRS 9 simplified approach in measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for trade receivables. During this process, the probability of non-payment by the trade receivable is adjusted by forward looking information on macroeconomic factors, which the Company has identified as consumer price index, gross domestic product, unemployment rate, inflation rate and producer price index, and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivable. For trade receivable, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

For trade receivables that contain a significant financing component and other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. The Group defined significant increase in credit risk based on past due information, i.e. twelve (12) months after credit term. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result in default events on a financial instrument that are possible within twelve (12) months after the reporting date.

For the purpose of assessing whether the credit risk of the Group has increased significantly since initial recognition, the Group compares the risk of a default occurring at the reporting date with the risk of a default occurring at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that are reasonable and supportable, including historical experience and forward-looking information, which are available without undue cost or effort.

Significant judgement is required in determining the probabilities of default by receivables and appropriate forward-looking information in assessing the expected credit loss allowance.

(k) The information about the credit risk and expected credit losses ("ECL") allowance for trade receivables of the Group and of the Company using the provision matrix are as follows:

Group	Current RM'000	1 - 90 days past due RM'000	More than 1 - 90 days past due RM'000	Total RM'000
31 December 2021				
Gross carrying amounts				
- trade receivables	**283,862**	**38,559**	**20,125**	**342,546**
ECL allowances	**(475)**	**(752)**	**(7,814)**	**(9,041)**
	283,387	**37,807**	**12,311**	**333,505**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(k) The information about the credit risk and expected credit losses ("ECL") allowance for trade receivables of the Group and of the Company using the provision matrix are as follows: (continued)

Group	Current RM'000	1 - 90 days past due RM'000	More than 1 - 90 days past due RM'000	Total RM'000
31 December 2020				
Gross carrying amounts				
- trade receivables	282,445	58,127	41,088	381,660
ECL allowances	(475)	(419)	(15,130)	(16,024)
	281,970	57,708	25,958	365,636
Company				
31 December 2021				
Gross carrying amount				
- trade receivables	**41**	**27**	**198**	**266**
ECL allowances	**-**	**-**	**(198)**	**(198)**
	41	**27**	**-**	**68**
31 December 2020				
Gross carrying amounts				
- trade receivables	72	38	201	311
ECL allowances	-	-	(198)	(198)
	72	38	3	113

22. TRADE AND OTHER RECEIVABLES (continued)

(I) The reconciliation of movements of impairment losses for total receivables at the end of each reporting period are as follows:

	Group			Company		
	Lifetime ECL allowance RM'000	Credit-impaired RM'000	Total allowance RM'000	Lifetime ECL allowance* RM'000	Credit-impaired RM'000	Total allowance RM'000
Trade receivables						
As at 1 January 2021	**7,234**	**8,790**	**16,024**	**-**	**198**	**198**
Charge for the financial year	**640**	**528**	**1,168**	**-**	**-**	**-**
Reversal	**(114)**	**(495)**	**(609)**	**-**	**-**	
Written off	**(5,520)**	**(2,040)**	**(7,560)**	**-**	**-**	**-**
Foreign exchange movement	**3**	**15**	**18**	**-**	**-**	**-**
As at 31 December 2021	**2,243**	**6,798**	**9,041**	**-**	**198**	**198**
As at 1 January 2020	170	8,988	9,158	-	136	136
Charge for the financial year	7,304	1,322	8,626	-	67	67
Reversal	(236)	(720)	(956)	-	(5)	(5)
Written off	-	(791)	(791)	-	-	-
Foreign exchange movement	(4)	(9)	(13)	-	-	-
As at 31 December 2020	7,234	8,790	16,024	-	198	198

** The effect of expected credit loss is insignificant*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(I) The reconciliation of movements of impairment losses for total receivables at the end of each reporting period are as follows (continued):

		Lifetime ECL		
Group	**12-month ECL (i)**	**-not credit-impaired (ii)**	**- credit-impaired (iii)**	**Total allowance**
2021	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Other receivables				
As at 1 January 2021	**-**	**18**	**4,887**	**4,905**
Charge for the financial year	**-**	**2**	**-**	**2**
Written off	**-**	**-**	**(60)**	**(60)**
Reversal	**-**	**-**	**(1,377)**	**(1,377)**
As at 31 December 2021	**-**	**20**	**3,450**	**3,470**
2020				
Other receivables				
As at 1 January 2020	-	-	6,222	6,222
Charge for the financial year	-	18	-	18
Reversal	-	-	(1,335)	(1,335)
As at 31 December 2020	-	18	4,887	4,905
Company				
2021				
Other receivables				
As at 1 January 2021/ 31 December 2021	**-**	**-**	**102**	**102**
2020				
Other receivables				
As at 1 January 2020/ 31 December 2020	-	-	102	102

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(I) The reconciliation of movements of impairment losses for total receivables at the end of each reporting period are as follows (continued):

Group 2021	12-month ECL (i) RM'000	Lifetime ECL -not credit-impaired (ii) RM'000	 - credit-impaired (iii) RM'000	 Total allowance RM'000
Amounts due from related companies				
As at 1 January 2021	**-**	**64**	**-**	**64**
Reversal	**-**	**(64)**	**-**	**(64)**
As at 31 December 2021	**-**	**-**	**-**	**-**
2020				
Amounts due from related companies				
As at 1 January 2020	-	-	-	-
Charge for the financial year	-	64	-	64
As at 31 December 2020	-	64	-	64

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(l) The reconciliation of movements of impairment losses for total receivables at the end of each reporting period are as follows (continued):

Company 2021	12-month ECL (i) RM'000	Lifetime ECL -not credit-impaired (ii) RM'000	Lifetime ECL - credit-impaired (iii) RM'000	Total allowance RM'000
Amounts due from subsidiaries				
As at 1 January 2021	**-**	**-**	**-**	**-**
Charge for the financial year	**-**	**-**	**1,016**	**1,016**
As at 31 December 2021	**-**	**-**	**1,016**	**1,016**
2020				
Amounts due from subsidiaries				
As at 1 January 2020	-	-	497	497
Written off	-	-	(497)	(497)
As at 31 December 2020	-	-	-	-

(i) Stage 1: financial assets that have not had a significant increase in credit risk since initial recognition
(ii) Stage 2: financial assets that have had a significant increase in credit risk since initial recognition
(iii) Stage 3: credit-impaired financial assets

Credit-impaired refers to receivable who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period.

(m) No expected credit losses are recognised arising from other financial assets as the amount is negligible.

(n) As at the end of each reporting period, trade receivables of the Group and of the Company are not secured by any collaterals. The Group has significant concentration of credit risks that arise from exposure to amount from a related company, which makes up 5% (2020: 12%) of total receivables. The Company is not subject to significant risk of concentration.

(o) As at the end of each reporting period, the other receivables of the Group was not subject to significant concentration of credit risk. The Company has significant concentration of credit risks that arise from exposure to amounts due from subsidiaries and related companies, which makes up 97% (2020: 79.39%) of total receivables of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(p) In the previous financial year, included in non-current receivables was a receivable from redevelopment agreement with Setia Eco Templer Sdn. Bhd. which was receivable over four (4) annual instalments commencing 2019. This amount has been classified in other current receivables during the financial year.

(q) In the previous financial year, included in other non-current assets was an amount of RM80,925,000 paid into a stakeholder account is receivable within the next twelve (12) months. This amount has been classified in other current assets during the financial year.

(r) In the previous financial year, the Group renegotiated its amount due from a related company, which led to changes in the timing of the payments. The impact arising from the renegotiation was negligible to the Group.

23. CASH AND BANK BALANCES AND SHORT TERM FUNDS

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Cash on hand and at banks	**162,424**	186,961	**2,047**	32,748
Sinking fund trust account	**6,738**	5,303	**-**	-
Deposits with licensed banks and financial institutions	**27,097**	33,325	**1,268**	1,245
Total cash and bank balances	**196,259**	225,589	**3,315**	33,993
Short term funds	**265,543**	214,719	**73,620**	177,460
	461,802	440,308	**76,935**	211,453

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

23. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)

(a) Total cash and bank balances are classified as financial assets measured at amortised cost.

(b) The Sinking Fund Trust Account of the Group is maintained in accordance with the provisions of the Trust Deed entered between a subsidiary and the trustee.

(c) Certain deposits placed with licensed banks and financial institutions of the Group and of the Company amounting to RM4,642,736 (2020: RM5,756,912) and RM1,267,826 (2020: RM1,245,310) respectively, are pledged for credit facilities granted to the Group and the Company as disclosed in Note 25 to the financial statements.

(d) Deposits with licensed banks and financial institutions of the Group and of the Company have an average maturity period of 193 days and 180 days (2020: 193 days and 120 days) respectively.

(e) Weighted average effective interest rate of deposits with licensed banks and financial institutions of the Group and of the Company as at the end of each reporting period are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	%	**%**	**%**	**%**
Fixed rate	**2.22**	2.35	**1.80**	1.80

Sensitivity analysis for fixed rate deposits with licensed banks and financial institutions at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

(f) Short term funds of the Group and of the Company represent money market deposits and are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

23. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)

(g) Sensitivity analysis of market value for the short term funds at the end of the reporting period, assuming all other variables remain constant, is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit after tax				
- increased by 2% (2020: 2%)	**4,036**	3,264	**1,119**	2,697
- decreased by 2% (2020: 2%)	**(4,036)**	(3,264)	**(1,119)**	(2,697)

(h) Currency exposure profile of cash and bank and short term funds are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**380,677**	360,530	**76,935**	211,453
United States Dollar	**37,773**	68,757	**-**	-
Indonesia Rupiah	**9,754**	4,565	**-**	-
Singapore Dollar	**4,426**	4,177	**-**	-
Euro	**60**	2,004	**-**	-
Chinese Renminbi	**27,072**	-	**-**	-
Australia Dollar	**2,023**	22	**-**	-
Hong Kong Dollar	**8**	243	**-**	-
Thailand Baht	**9**	10	**-**	-
	461,802	440,308	**76,935**	211,453

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

23. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)

(i) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the foreign currencies strengthened or weakened by 10% and the exchange rates against the respective functional currencies of the Group, with all other variables held constants:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Profit after tax		
USD/RM		
- strengthen by 10%	**2,871**	5,226
- weaken by 10%	**(2,871)**	(5,226)
RMB/RM		
- strengthen by 10%	**2,057**	-
- weaken by 10%	**(2,057)**	-
IDR/RM		
- strengthen by 10%	**741**	347
- weaken by 10%	**(741)**	(347)
SGD/RM		
- strengthen by 10%	**336**	317
- weaken by 10%	**(336)**	(317)
AUD/RM		
- strengthen by 10%	**154**	2
- weaken by 10%	**(154)**	(2)

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

23. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)

(j) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
As reported in statements of financial position	**461,802**	440,308	**76,935**	211,453
Deposits with licensed banks with maturity period of more than three (3) months	**(22,454)**	(27,550)	**-**	-
Deposits pledged with licensed banks	**(4,643)**	(5,757)	**(1,268)**	(1,245)
Sinking fund trust account	**(6,738)**	(5,303)	**-**	-
Short term funds	**(265,543)**	(214,719)	**(73,620)**	(177,460)
	162,424	186,979	**2,047**	32,748

(k) No expected credit losses were recognised arising from the deposits, cash and bank balances and short term funds because the probability of default by these financial institutions are negligible.

24. ASSETS HELD FOR SALE

Group	**As at 1 January RM'000**	**Disposals RM'000**	**As at 31 December RM'000**
2021			
Assets classified as held for sale			
Perangsang Hotel and Properties Sdn. Bhd.			
- Property, plant and equipment	**2,743**	**(2,743)**	**-**
- Investment properties	**37,757**	**(37,757)**	**-**
	40,500	**(40,500)**	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

24. ASSETS HELD FOR SALE (continued)

Group	Note	As at 1 January RM'000	Carrying amounts immediately before reclassification to held for sale RM'000	Carrying amounts immediately before reclassification from held for sale RM'000	As at 31 December RM'000
2020					
Assets classified as held for sale					
Perangsang Hotel and Properties Sdn. Bhd.					
- Property, plant and equipment	13	-	2,743	-	2,743
-Investment properties	15	-	37,757	-	37,757
KPS-HCM Sdn. Bhd.					
- Property, plant and equipment	13	84	-	(84)	-
- Right-of-use assets	14	497	-	(497)	-
- Goodwill	19	723	-	(723)	-
- Club membership	20	50	-	(50)	-
- Receivables		81,169	-	(81,169)	-
- Current tax assets		38	-	(38)	-
- Cash and bank balances		9,628	-	(9,628)	-
		92,189	40,500	(92,189)	40,500
Liabilities classified as held for sale					
KPS-HCM Sdn. Bhd.					
- Loans and borrowings	25	56,040	-	(56,040)	-
- Lease liabilities	14	408	-	(408)	-
- Payables		22,684	-	(22,684)	-
		79,132	-	(79,132)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

24. ASSETS HELD FOR SALE (continued)

Company	As at 1 January RM'000	Carrying amounts immediately before reclassification to held for sale RM'000	Carrying amounts immediately before reclassification from held for sale RM'000	As at 31 December RM'000
2020				
Assets classified as held for sale				
- Investments in subsidiaries:				
- Kuala Langat Mining Sdn. Bhd.	-	*	-	-
- KPS-HCM Sdn. Bhd.	2,915	-	(2,915)	-
	2,915	-	(2,915)	-

* The cost of investment and accumulated impairment losses on investment amounted to RM16,327,769.

(a) On 9 July 2020, Perangsang Hotel and Properties Sdn. Bhd., an indirect wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement with Aturan Lagenda Sdn. Bhd. to dispose its property, plant and equipment and investment properties ("non-current assets") as disclosed in Note 13 and Note 15 to the financial statements respectively for a total consideration of RM40,500,000. The disposal was completed during the financial year.

(b) On 10 December 2020, the Company had committed to a plan to dispose its entire interest in a subsidiary, Kuala Langat Mining Sdn. Bhd., ("KLM") and had commenced efforts to dispose the subsidiary. On 17 March 2021, the Company had entered into a Share Sale Agreement to dispose its equity interest in KLM. The disposal was completed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

25. LOANS AND BORROWINGS

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Non-current				
Secured:				
Term loans	**153,190**	172,097	**-**	10,000
Unsecured:				
Sukuk Murabahah Islamic Medium Term Notes	**257,000**	300,000	**-**	-
Term loans	**1,963**	3,447	**-**	-
	412,153	475,544	**-**	10,000
Current				
Secured:				
Bankers' acceptance	**5,994**	6,630	**-**	-
Term loans	**24,152**	30,765	**-**	10,000
Trust receipt	**22,651**	19,716	**-**	-
Factoring	**11,372**	15,459	**-**	-
Unsecured:				
Revolving credits	**48,162**	18,026	**35,000**	10,000
Sukuk Murabahah Islamic Medium Term Notes	**43,000**	-	**-**	-
Term loans	**15,910**	42,077	**-**	-
Clean import loan	**8,335**	7,989	**-**	-
	179,576	140,662	**35,000**	20,000

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Total				
Revolving credits	**48,162**	18,026	**35,000**	10,000
Bankers' acceptance	**5,994**	6,630	**-**	-
Sukuk Murabahah Islamic Medium Term Notes	**300,000**	300,000	**-**	-
Term loans	**195,215**	248,386	**-**	20,000
Trust receipt	**22,651**	19,716	**-**	-
Factoring	**11,372**	15,459	**-**	-
Clean import loan	**8,335**	7,989	**-**	-
	591,729	616,206	**35,000**	30,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

25. LOANS AND BORROWINGS (continued)

(a) Loans and borrowings are classified as financial liabilities measured at amortised cost.

(b) The carrying amounts of loans and borrowings are reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments, which are re-priced to market interest rates on or near the end of the reporting period. Fair value of the loans and borrowings of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(c) The remaining maturities of the loans and borrowings as at the end of each of reporting period are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
On demand or within one (1) year	**179,576**	140,662	**35,000**	20,000
One (1) to five (5) years	**349,175**	297,263	**-**	10,000
Over five (5) years	**62,978**	178,281	**-**	-
	591,729	616,206	**35,000**	30,000

(d) The weighted average effective profit/interest rates per annum at the end of the reporting date for loans and borrowings that are exposed to interest rate risk are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	%	**%**	**%**	**%**
Floating rate				
Revolving credits	**3.72**	6.10	**3.71**	4.15
Bankers' acceptance	**2.94**	3.15	**-**	-
Sukuk Murabahah Islamic Medium Term Notes	**3.69**	4.33	**-**	-
Term loans	**3.85**	4.58	**-**	3.85
Trust receipt	**2.78**	3.14	**-**	-
Factoring	**2.70**	2.82	**-**	-
Clean import loan	**9.34**	8.41	**-**	-

(e) Sensitivity analysis of profit/interest rates for floating rate instruments at the end of the reporting period assuming all other variables remain constant is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Effect of 100 basis point changes to profit after tax				
Floating rate instruments	**(4,497)**	(4,683)	**(266)**	(228)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

25. LOANS AND BORROWINGS (continued)

(f) Sukuk Murabahah Islamic Medium Term Notes

Perangsang Capital Sdn. Bhd. ("PCSB"), a wholly-owned subsidiary of the Company has obtained a Sukuk Murabahah Islamic Medium Term Notes of RM300.0 million which is advanced to the Company, the guarantor via a Shariah compliant arrangement for their general corporate purposes, refinancing of existing borrowings/financings and to defray expenses for the Sukuk Murabahah Program.

The tenure of the Sukuk Murabahah Islamic Medium Term Notes ranges from three (3) to eight (8) years and matures from 20 January 2022 to 29 January 2027.

The Sukuk Murabahah Islamic Medium Term Notes is secured by a corporate guarantee by the Company.

(g) Term loans

(i) Term loan - Facility of RM120.0 million

KHCM, a subsidiary of the Company has secured a Business Cash Line-I Facility of RM120.0 million to part finance the infrastructure works for the development of Phase 3C, Pulau Indah Industrial Park, Selangor.

The tenure of the Business Cash Line-I Facility was one (1) year or twelve (12) months subject to yearly review. The Business Cash Line-I Facility is secured via the following:

(i) Legal Assignment via Tripartite Agreement between KHCM, Central Spectrum (M) Sdn. Bhd. and the financier to remit the contract proceeds directly to KHCM's Non Checking Account with the financier;

(ii) Collection of 5% sinking fund from every contract proceeds or progress payment received; and

(iii) Corporate Guarantee by the Company and non-controlling interest.

(ii) Term loan - Facility of RM7.3 million

King Koil Manufacturing West, LLC ("KKMW"), an indirect subsidiary of the Company has secured a loan of RM3.5 million for the purpose of working capital and financing for the purchase of leasehold plant of RM3.8 million. The average interest rate for the borrowings secured is 3.33% with a loan tenure of two (2) to seven (7) years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

25. LOANS AND BORROWINGS (continued)

(g) Term loans (continued)

(iii) Term loan - Facility of RM11.4 million

Taspack Industrial Sdn. Bhd., an indirect subsidiary of the Company has secured banking facilities of up to RM11.4 million. The purpose of the banking facilities is to finance imports and local purchases of goods.

(iv) Term loan - Facility of RM150.0 million

PDSB, a wholly-owned subsidiary of the Company has secured a term loan facility of RM150.0 million. The purpose of the banking facilities is to part finance the acquisition of 100% equity stake in Toyoplas Manufacturing (Malaysia) Sdn. Bhd. ("Toyoplas").

The tenure of the term loan facility is eight (8) years and matures on 15 August 2027.

The term loan facility is secured via the following:

(i) Memorandum of charge over the shares of Toyoplas;

(ii) Assignment and charge over designated accounts to be opened with the Bank;

(iii) Assignment over dividend receivable and other income and receivables received by Customer from Toyoplas;

(iv) Corporate guarantee for the sum of RM150.0 million given in favour of the Bank by the Company; and

(v) An irrevocable letter of undertaking from the Company to cover cash flow shortfall in meeting the financial covenants of the Customer and debt obligations under the Banking Facility.

(v) Term loan - Facility of RM18.0 million

Toyoplas, a wholly-owned indirect subsidiary of the Company has secured a term loan facility of RM18.0 million to part finance extension of new two-storey factory.

The tenure of the term loan facility is ranging from three (3) to five (5) years and matures from 1 August 2022 to 17 June 2026.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

25. LOANS AND BORROWINGS (continued)

(g) Term loans (continued)

(v) Term loan - Facility of RM18.0 million (continued)

The term loan facility is secured via the following:

(i) Mortgage guarantees from certain directors of a subsidiary of the Group;

(ii) Legal charge over property of HSD 2603 PTD 5364 Mukim of Kesang, District of Ledang, Johor;

(iii) A guarantee for RM5,500,000 is to be executed by certain directors of a subsidiary of the Group;

(iv) Trade Financing General Agreement from Toyoplas;

(v) Legal charge over property of HSD 62238 PTD 105112, Mukim of Senai, District of Kulaijaya, Johor; and

(vi) Joint and Several Guarantees by certain directors of a subsidiary of the Group amounted to RM18,763,244.

(vi) Term loan - Facility of RM21.4 million

CPI (Penang) Sdn. Bhd. ("CPI"), a wholly-owned indirect subsidiary of the Company secured a term loan facility of RM21.4 million to part finance the acquisition of a plot of land from the Penang Development Corporation identified as Plot 109 at Bayan Lepas Industrial Park comprising an approximate area of 4.5364 acres ("Land Plot 109") at RM27,664,781.20.

The tenure of the term loan facility is eight (8) years and matures on 4 July 2027.

The term loan facility is secured via the following:

(i) Facilities Agreement to be entered between the Customer and the Bank;

(ii) First party first fixed charge over the Land Plot 109 (a plot vacant industrial land at Bayan Lepas Industrial Park Phase 4 comprising an approximate area of 4.5364 acres);

(iii) First party deed of assignment and legal charge over the Finance Service Reserve Account-I to be opened and maintained by the Customer with the Bank; and

(iv) Irrevocable and unconditional Letter of Undertaking from the Company to honour any shortfalls of the Customer's financing obligation with the Bank.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

25. LOANS AND BORROWINGS (continued)

(g) Term loans (continued)

(vii) Term loan - Facility of RM100.0 million

The Company had secured a Tawarruq Facility of RM100.0 million for working capital purposes.

The tenure of the Tawarruq Facility is six (6) years and matures on 15 November 2023. This term loan has been fully settled during the financial year.

The Tawarruq Facility was secured via the following:

(i) First legal party charge over a property held under HS(D) 92260, PT 6, Town and District of Shah Alam together with a building erected thereon namely Plaza Perangsang; and

(ii) Irrevocable letter of instruction issued by Cash Band (M) Berhad to Setia Eco Templer Sdn. Bhd. in respect on other current receivables disclosed in Note 22 to the financial statements.

(viii) Term loan - Facility of RM2.9 million

In the previous financial year, KKMW and King Koil Licensing Company, Inc., indirect subsidiaries of the Company had secured a loan of RM2.9 million for the purpose of working capital. The average interest rate for the borrowings secured was 1.00% with a loan tenure of two (2) years.

This term loan has been fully settled during the financial year.

(h) Revolving credits are secured by way of a legal charge over certain property, plant and equipment and right-of-use assets of the Group as disclosed in Note 13, Note 14 and Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

25. LOANS AND BORROWINGS (continued)

(i) Currency exposure profile of loans and borrowings are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Ringgit Malaysia	**581,459**	602,320	**35,000**	30,000
United States Dollar	**9,387**	13,002	**-**	-
Singapore Dollar	**883**	884	**-**	-
	591,729	616,206	**35,000**	30,000

(j) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the foreign currencies strengthened or weakened by 10% and the exchange rates against the respective functional currencies of the Group, with all other variables held constants:

	Group	
	2021	2020
	RM'000	RM'000
Profit after tax		
USD/RM		
- strengthen by 10%	**713**	(988)
- weaken by 10%	**(713)**	988

The exposures to Singapore Dollar is not significant, hence the effect of the change in the exchange rate is not presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

25. LOANS AND BORROWINGS (continued)

(k) The table below summarises the maturity profile of the loans and borrowings of the Group and of the Company at the end of the reporting date based on contractual undiscounted repayment obligations:

Group	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	Over five (5) years RM'000	Total RM'000
2021				
Revolving credits	**49,952**	**-**	**-**	**49,952**
Bankers' acceptance	**6,170**	**-**	**-**	**6,170**
Sukuk Murabahah Islamic Medium Term Notes	**54,076**	**242,957**	**178,405**	**475,438**
Term loans	**47,582**	**161,095**	**3,072**	**211,749**
Trust receipt	**23,280**	**-**	**-**	**23,280**
Factoring	**11,678**	**-**	**-**	**11,678**
Clean loan import	**9,114**	**-**	**-**	**9,114**
	201,852	**404,052**	**181,477**	**787,381**
2020				
Revolving credits	18,746	-	-	18,746
Bankers' acceptance	6,838	-	-	6,838
Sukuk Murabahah Islamic Medium Term Notes	-	238,613	137,319	375,932
Term loans	84,331	159,534	82,989	326,854
Trust receipt	20,335	-	-	20,335
Factoring	15,895	-	-	15,895
Clean loan import	8,660	-	-	8,660
	154,805	398,147	220,308	773,260
Company				
2021				
Revolving credits	**36,299**	**-**	**-**	**36,299**
2020				
Revolving credits	10,034	-	-	10,034
Term loans	10,770	10,385	-	21,155
	20,804	10,385	-	31,189

25. LOANS AND BORROWINGS (continued)

(I) Reconciliation of liabilities arising from financing activities:

Group	Note	Short term borrowings# RM'000	Term loans RM'000	Sukuk Murabahah Islamic Medium Term Notes RM'000	Total loans and borrowings RM'000	Lease liabilities (Note 14) RM'000	Total RM'000
As at 1 January 2021		**67,820**	**248,386**	**300,000**	**616,206**	**39,418**	**655,624**
Cash flows:							
- drawdowns		**94,557**	**-**	**-**	**94,557**	**-**	**94,557**
- repayments		**(65,863)**	**(53,171)**	**-**	**(119,034)**	**(13,964)**	**(132,998)**
- payments of profit rate/interest		**(1,117)**	**(9,992)**	**(11,072)**	**(22,181)**	**(1,958)**	**(24,139)**
Non-cash flows:							
- additions of lease liabilities		**-**	**-**	**-**	**-**	**8,437**	**8,437**
- termination of lease contracts		**-**	**-**	**-**	**-**	**(952)**	**(952)**
- foreign exchange movement		**-**	**-**	**-**	**-**	**794**	**794**
- unwinding of profit rate/interest		**1,117**	**9,992**	**11,072**	**22,181**	**1,958**	**24,139**
As at 31 December 2021		**96,514**	**195,215**	**300,000**	**591,729**	**33,733**	**625,462**

Short term borrowings comprise revolving credit, bankers' acceptance, trust receipt, factoring and clean loan import.

25. LOANS AND BORROWINGS (continued)

(I) Reconciliation of liabilities arising from financing activities: (continued)

Group	Note	Short term borrowings# RM'000	Term loans RM'000	Sukuk Murabahah Islamic Medium Term Notes RM'000	Total loans and borrowings RM'000	Lease liabilities (Note 14) RM'000	Total RM'000
As at 1 January 2020		86,227	226,066	300,000	612,293	29,304	641,597
Cash flows:							
- drawdowns		68,072	15,020	-	83,092	-	83,092
- repayments		(86,218)	(51,681)	-	(137,899)	(11,470)	(149,369)
- payments of profit rate/interest		(1,271)	(11,560)	(13,013)	(25,844)	(1,704)	(27,548)
Non-cash flows:							
- additions of lease liabilities		-	-	-	-	21,156	21,156
- lease concessions		-	-	-	-	(196)	(196)
- termination of lease contracts		-	-	-	-	(43)	(43)
- transfer from asset held for disposal	24	-	56,040	-	56,040	408	56,448
- foreign exchange movement		(261)	69	-	(192)	259	67
- unwinding of profit rate/interest		1,271	14,432	13,013	28,716	1,704	30,420
As at 31 December 2020		67,820	248,386	300,000	616,206	39,418	655,624

Short term borrowings comprise revolving credit, bankers' acceptance, trust receipt, factoring and clean loan import.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

25. LOANS AND BORROWINGS (continued)

(I) Reconciliation of liabilities arising from financing activities: (continued)

Company	Revolving credit RM'000	Term loans RM'000	Total loans and borrowings RM'000	Lease liabilities (Note 14) RM'000	Total RM'000
As at 1 January 2020	30,000	30,000	60,000	55	60,055
Cash flows:					
- drawdowns	21,500	-	21,500	-	21,500
- repayments	(41,500)	(10,000)	(51,500)	(32)	(51,532)
- payments of profit rate/interest	(504)	(1,677)	(2,181)	(2)	(2,183)
Non-cash flows:					
- unwinding of profit rate/interest	504	1,677	2,181	2	2,183
As at 31 December 2020/1 January 2021	**10,000**	**20,000**	**30,000**	**23**	**30,023**
Cash flows:					
- drawdowns	**35,000**	**-**	**35,000**	**-**	**35,000**
- repayments	**(10,000)**	**(20,000)**	**(30,000)**	**(13)**	**(30,013)**
- payments of profit rate/interest	**(48)**	**(201)**	**(249)**	**(1)**	**(250)**
Non-cash flows:					
- unwinding of profit rate/interest	**48**	**201**	**249**	**1**	**250**
As at 31 December 2021	**35,000**	**-**	**35,000**	**10**	**35,010**

26. DEFERRED TAX

(a) The deferred tax assets/(liabilities) are made up of the following:

	Group	
	2021 RM'000	**2020 RM'000**
As at 1 January	**(101,327)**	(105,455)
Recognised in profit or loss (Note 10)	**(2,130)**	2,664
Recognised in other comprehensive income	**(320)**	414
Foreign exchange movement	**(2,228)**	1,050
As at 31 December	**(106,005)**	(101,327)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**1,080**	1,569
Deferred tax liabilities	**(107,085)**	(102,896)
	(106,005)	(101,327)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

26. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Intangible assets RM'000	Property, plant and equipment RM'000	Payables and others RM'000	Offsetting RM'000	Total RM'000
As at 1 January 2020	(71,246)	(37,894)	2,170	526	(106,444)
Recognised in profit or loss	458	1,164	149	32	1,803
Recognised in other comprehensive income	-	-	414	-	414
Foreign exchange movement	2,147	576	(1,406)	14	1,331
As at 31 December 2020/1 January 2021	**(68,641)**	**(36,154)**	**1,327**	**572**	**(102,896)**
Recognised in profit or loss	**1,052**	**(2,367)**	**(330)**	**50**	**(1,595)**
Recognised in other comprehensive income	**-**	**-**	**(320)**	**-**	**(320)**
Foreign exchange movement	**(2,246)**	**(144)**	**116**	**-**	**(2,274)**
As at 31 December 2021	**(69,835)**	**(38,665)**	**793**	**622**	**(107,085)**

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Payables and others RM'000	Offsetting RM'000	Total RM'000
As at 1 January 2020	1,594	(79)	(526)	989
Recognised in profit or loss	815	78	(32)	861
Foreign exchange movement	-	(267)	(14)	(281)
As at 31 December 2020	2,409	(268)	(572)	1,569

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

26. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (continued):

Deferred tax assets of the Group (continued):

	Unutilised tax losses and unabsorbed capital allowances RM'000	Payables and others RM'000	Offsetting RM'000	Total RM'000
As at 1 January 2021	**2,409**	**(268)**	**(572)**	**1,569**
Recognised in profit or loss	**251**	**(736)**	**(50)**	**(535)**
Foreign exchange differences	**-**	**46**	**-**	**46**
As at 31 December 2021	**2,660**	**(958)**	**(622)**	**1,080**

(c) The temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unutilised tax losses				
- expires by 31 December 2028	**46,715**	49,810	**34,968**	38,958
- expires by 31 December 2029	**13,248**	13,248	**-**	-
- expires by 31 December 2030	**1,396**	1,116	**-**	-
- expires by 31 December 2031	**1,272**	-	**-**	-
Unabsorbed capital allowances	**462**	784	**-**	-
	63,093	64,958	**34,968**	38,958

Deferred tax assets have not been recognised in respect of unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences as they may not be used to offset taxable profits elsewhere in the Group and the Company, they have arisen in subsidiaries and the Company that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group and the Company were able to recognise all unrecognised deferred tax assets, the retained earnings would increase by RM15,142,000 (2020: RM15,590,000) and RM8,392,000 (2020: RM9,350,000) respectively. The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

27. POST-EMPLOYMENT BENEFITS

	Group	
	2021	**2020**
	RM'000	**RM'000**
Net defined benefit liabilities	**11,083**	13,422

Subsidiaries of the Group in Indonesia provide post-employment benefits for all their eligible employees. The defined benefit plans, calculated using the projected unit credit method, is determined by independent actuaries, primarily considering the discount rate, salary incremental rate, mortality rate and average remaining service lives. Judgement and estimates had been used to determine the valuation of the plans and the latest actuarial valuations of the plans were carried out in 2021.

(a) Movement in net defined benefit liabilities

The following table shows a reconciliation from the opening balance to closing balance for the net defined benefit liability:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Balance as at 1 January	**13,422**	10,715
Included in profit or losses		
Current service cost	**1,321**	1,106
Past service cost	**(3,306)**	(519)
Interest on obligation	**925**	787
	(1,060)	1,374
Included in other comprehensive income		
Actuarial (gains)/losses arising from:		
- Financial assumptions	**(688)**	1,598
- Experience adjustment	**(765)**	270
- Demographic adjustment	**-**	(1)
	(1,453)	1,867
Others		
Benefits paid by the plan	**(181)**	(138)
Foreign exchange rate effect	**355**	(396)
	174	(534)
Balance as at 31 December	**11,083**	13,422

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

27. POST-EMPLOYMENT BENEFITS (continued)

(b) Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages) are discount rate of 7.31% (2020: 6.9%) and future salary growth of 8.5% (2020: 8.5%). As at 31 December 2021, the weighted-average duration of the defined benefit obligation is 16.71 years (2020: 17.83 years).

(c) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group	
	2021	**2020**
	RM'000	**RM'000**
Discount rate		
- increase by 1%	**(1,158)**	(1,837)
- decrease by 1%	**1,346**	2,214
Future salary growth		
- increase by 1%	**1,378**	1,334
- decrease by 1%	**(1,092)**	(1,213)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Amounts due to related parties	**2,048**	-	**-**	-
Sundry payable	**-**	80,925	**-**	-
Amount due to a subsidiary	**-**	-	**257,000**	300,000
Total non-current payables	**2,048**	80,925	**257,000**	300,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

28. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Trade payables	**205,030**	215,726	**1,088**	1,041
Other payables				
Amount due to ultimate holding corporation	**-**	-	**-**	5
Amounts due to related companies	**46**	280	**46**	72
Amounts due to subsidiaries	**-**	-	**71,887**	4,875
Sundry payables	**115,233**	43,222	**3,338**	4,160
Accrued liabilities	**36,765**	38,740	**4,822**	4,384
	152,044	82,242	**80,093**	13,496
	357,074	297,968	**81,181**	14,537
Other current liability				
Indirect tax payable	**242**	223	**223**	223
	357,316	298,191	**81,404**	14,760
Total non-current payables	**2,048**	80,925	**257,000**	300,000
Total current payables	**357,074**	297,968	**81,181**	14,537
Total payables	**359,122**	378,893	**338,181**	314,537

(a) Total payables are classified as financial liabilities measured at amortised cost.

(b) The normal trade credit terms granted to the Group and the Company ranged from 30 to 90 days (2020: 30 to 90 days). These amounts are non-interest bearing.

(c) Non-current amounts due to related parties are non-trade in nature, unsecured, interest-bearing at rates ranged from 4.11% to 5.30% (2020: Nil) and payables after twelve (12) months in cash and cash equivalents. The carrying amounts of the non-current amounts due to related parties are reasonable approximation of their fair values due to the insignificant impact of discounting.

(d) In the previous financial year, non-current sundry payable of the Group represents contingent consideration payable to vendor of Toyoplas as disclosed in Note 16 to the financial statements, which bears a fixed interest of 4%. This amount has been classified in current payables during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

28. TRADE AND OTHER PAYABLES (continued)

(e) Sundry payables are non-interest bearing and normally settled on an average term of 30 to 90 days (2020: 30 to 90 days).

(f) The amounts due to ultimate holding corporation, related companies and subsidiaries are unsecured, non-interest bearing and payable within the next twelve (12) months except for an amount due to a subsidiary, which bears a floating profit rate of 3.69% (2020: 4.33%) per annum and payable in cash and cash equivalents, as follows:

	2021 RM'000	2020 RM'000
Non-current	**257,000**	300,000
Current	**43,000**	-
	300,000	300,000

The carrying amount of the non-current amount due to a subsidiary is reasonable approximation of its fair value due to the insignificant impact of discounting.

(g) Currency exposure profile of total payables are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	**277,472**	305,118	**338,181**	314,537
United States Dollar	**60,526**	59,488	**-**	-
Singapore Dollar	**797**	961	**-**	-
Euro	**3,180**	477	**-**	-
Chinese Renminbi	**3**	-	**-**	-
Great Britain Pound	**39**	33	**-**	-
Japanese Yen	**3,126**	-	**-**	-
Indonesian Rupiah	**13,979**	12,816	**-**	-
	359,122	378,893	**338,181**	314,537

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

28. TRADE AND OTHER PAYABLES (continued)

(h) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the foreign currencies strengthened or weakened by 10% and the exchange rates against the respective functional currencies of the Group, with all other variables held constants:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Profit after tax		
USD/RM		
- strengthen by 10%	**(4,600)**	(4,521)
- weaken by 10%	**4,600**	4,521
IDR/RM		
- strengthen by 10%	**(1,062)**	(974)
- weaken by 10%	**1,062**	974

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

(i) The remaining maturities of the total payables as at the end of each of reporting period are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
On demand or within one (1) year	**357,074**	297,968	**81,181**	14,537
One (1) to five (5) years	**2,048**	80,925	**257,000**	240,000
Over five (5) years	-	-	-	60,000
	359,122	378,893	**338,181**	314,537

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

28. TRADE AND OTHER PAYABLES (continued)

(j) The table below summarises the maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
On demand or within one (1) year	**358,693**	297,968	**133,669**	14,537
One (1) to five (5) years	**2,279**	87,399	**277,269**	266,615
Over five (5) years	**-**	-	**-**	124,329
	360,972	385,367	**410,938**	405,481

(k) Sensitivity analysis of profit rate for floating rate instruments at the end of the reporting period assuming all other variable remain constant is as follows:

	Company	
	2021	**2020**
	RM'000	**RM'000**
Effect of 100 basis point changes to profit after tax		
Floating rate instruments	**(2,280)**	(2,280)

Sensitivity analysis of fixed rate instrument at the end of reporting period was not presented as fixed rate instrument was not affected by change in interest rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

29. CONTRACT LIABILITIES

	Group	
	2021	**2020**
	RM'000	**RM'000**
Current		
Unsatisfied performance obligations in respect of:		
Advance billings	**13,265**	11,719

(a) Advance billings represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts. Contract liabilities are recognised as revenue when performance obligations are satisfied.

(b) Movement of contract liabilities as at the end of each reporting period are as follows:

	Group	
	2021	**2020**
	RM'000	**RM'000**
As at 1 January	**11,719**	10,545
Revenue recognised during the year	**(35,557)**	(41,623)
Invoiced during the financial year	**36,925**	42,879
Foreign exchange movement	**178**	(82)
As at 31 December	**13,265**	11,719

(c) Revenue of RM13,265,000 (2020: RM11,719,000) is expected to be recognised within the next twelve (12) months in the future in respect of unsatisfied contract liabilities as at the end of the reporting period.

30. SHARE CAPITAL

	Group and Company			
	2021		**2020**	
	Number of shares '000	**Amount RM'000**	**Number of shares '000**	**Amount RM'000**
Issued and fully paid with no par value:				
As at 1 January/31 December	**537,385**	**537,927**	537,385	537,927

Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

31. RESERVES

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Foreign currency translation reserves	**13,975**	(482)	**-**	-
Capital reserve	**3,163**	1,927	**-**	-
Retained earnings	**485,324**	454,260	**505,367**	515,799
	502,462	455,705	**505,367**	515,799

(a) Foreign currency translation reserves

The foreign currency translation reserves represent the exchange differences arising from the translation of the financial statements of foreign operations of the subsidiaries whose functional currencies are different from that of the Group's presentation currency and the exchange differences arising from translation of intangible assets and goodwill denominated in foreign currencies.

(b) Capital reserve

Capital reserve represents appropriation of net profit of certain foreign subsidiaries in accordance with their local regulation. During the financial year, an amount of RM1,236,000 (2020: RM684,000) has been transferred from retained earnings.

32. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has 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 party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) holding companies of the Company;

(ii) direct and indirect subsidiaries as disclosed in Note 16 to the financial statements;

(iii) associates as disclosed in Note 17 to the financial statements;

(iv) direct and indirect subsidiaries, associates and a joint venture of the ultimate holding corporation, Menteri Besar Selangor (Pemerbadanan); and

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

32. RELATED PARTY DISCLOSURES (continued)

(a) Identities of related parties (continued)

(v) key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include the Executive Directors of the Group and of the Company.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Construction revenue from related companies	**1,990**	13,224	**-**	-
Sales of products to subsidiaries of non-controlling interest	**16,392**	18,831	**-**	-
Sales of products to related companies	**58,230**	52,333	**-**	-
Rental income from a related company	**180**	-	**180**	-
Rental income from ultimate holding corporation	**-**	258	**-**	258
Rental expense charged by related companies	**49**	18	**49**	18

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

32. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Total Directors' remuneration (Note 9)	**5,346**	4,956	**3,214**	2,773
Other key management personnel:				
Salaries, wages and bonus	**11,968**	11,133	**1,988**	1,900
Fees and allowances	**304**	307	**144**	144
Contributions to defined contribution plan	**796**	803	**353**	308
Other employee benefits	**910**	605	**38**	34
	13,978	12,848	**2,523**	2,386
	19,324	17,804	**5,737**	5,159

33. COMMITMENTS

(a) Operating lease commitments - as a lessor

The Group and the Company entered into commercial property leases on their investment properties. These non-cancellable leases have remaining lease terms in between one (1) to five (5) (2020: one (1) to five (5)) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum rentals receivable under non-cancellable operating leases of the Group and of the Company at the end of each reporting date are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Not later than one (1) year	**8,587**	4,116	**8,587**	4,116
Later than one (1) year but not later than five (5) years	**6,992**	1,351	**6,992**	1,351
Later than five (5) years	**5,524**	-	**5,524**	-
	21,103	5,467	**21,103**	5,467

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

33. COMMITMENTS (continued)

(b) Capital commitments

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Capital expenditure in respect of purchase of property, plant and equipment:				
- Approved but not contracted for	**4,914**	2,896	**2,850**	458
- Approved and contracted for	**25,432**	14,551	**710**	1,050
	30,346	17,447	**3,560**	1,508

34. GUARANTEES AND CONTINGENT LIABILITIES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured				
(i) Provision of corporate guarantee for an associate:				
Working capital and issuance of bank guarantees	**50,586**	14,000	**50,586**	14,000
(ii) Provision of corporate guarantee for subsidiaries:				
For financing of the loans and borrowings	-	-	**260,536**	190,423
Unsecured				
(i) Proportionate corporate guarantee to a related party	**-**	4,447	**-**	4,447
(ii) Performance guarantees to third parties	**677**	677	**677**	677
(iii) Provision of corporate guarantee for subsidiaries:				
For financing of the loans and borrowings	**-**	-	**300,000**	300,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

34. GUARANTEES AND CONTINGENT LIABILITIES (continued)

The Group and the Company designate guarantees given to third parties in respect of trade and contracts and to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group and the Company recognise these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors are of the view that the chances of the third parties and financial institutions to call upon the guarantees are remote.

35. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) 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 business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the current and previous financial years.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within its net debt, trade and other payables, loans and borrowings less cash and bank balances and short term funds. Capital includes equity attributable to the owners of the parent.

	Group	
	2021	**2020**
	RM'000	**RM'000**
Trade and other payables	**359,364**	379,116
Loans and borrowings	**591,729**	616,206
Cash and bank balances and short term funds	**(461,802)**	(440,308)
	489,291	555,014
Total capital, equity attributable to the owners of the parent	**1,040,389**	993,632
Capital and net debt	**1,529,680**	1,548,646
Gearing ratio	**32%**	36%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

35. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares, if any) and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2021 and 2020.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, profit/interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are regularly reviewed by the Board of Audit Committee.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at the end of the reporting period, the maximum exposure to credit risk and credit risk profiles of the Group and of the Company have been disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

35. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure to liquidity risk of the Group and of the Company arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position.

At the end of the reporting date, approximately 30% (2020: 23%) and 100% (2020: 67%) of the loans and borrowings of the Group and of the Company as disclosed in Note 25 to the financial statements matures in less than one (1) year based on the carrying amount reflected in the financial statements.

The analysis of financial instruments by remaining contractual activities has been disclosed in Note 14, Note 25 and Note 28 to the financial statements respectively.

(iii) Profit/Interest rate risk

Profit/interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments fluctuates because of changes in profit/interest rates.

The exposure to profit/interest rate risk of the Group and of the Company arises primarily from their loans and borrowings. The Group and the Company have both short and long term debts. The tenure of the debts is matched against its underlying assets. For short term working capital requirements, the cost of borrowings is principally on floating rate basis.

In addition, the Group has borrowed on a long term basis where the cost of borrowings are matched to the tenure of the underlying assets. These borrowings are based on Islamic principle and are not subject to profit/interest rate risk.

It is the Group's policy not to trade in profit/interest rate swap agreements.

The profit/interest rate profile and sensitivity analysis of profit/interest rate risk have been disclosed in Note 22, Note 23, Note 25 and Note 28 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

35. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in currencies other than Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Great Britain Pound ("GBP"), Thailand Baht ("THB"), Chinese Renminbi ("CNY"), Japanese Yen ("Yen") and Indonesian Rupiah ("IDR").

The Group has adopted its foreign exchange policy to minimise the adverse exchange rate fluctuations.

The sensitivity analysis for foreign currency risk has been disclosed in Note 22, Note 23, Note 25 and Note 28 to the financial statements respectively.

(v) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to market price risk arising from its placement in money market deposits. The instruments are classified as financial assets at fair value through profit or loss.

To manage its market price risk, the Group manages its portfolio in accordance with established guidelines and policies.

The sensitivity analysis for market price risk has been disclosed in Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

36. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has six (6) key reportable operating segments as follows:

- Manufacturing
- Trading
- Licensing
- Infrastructure
- Investment holding
- Others

Others comprised oil and gas and property investment.

(a) Geographical segment

In presenting information on the basis of geographical segment, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instrument, investments in associates and deferred tax assets.

(i) Revenue from external customers by geographical location of customers:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Malaysia	**482,867**	493,876
United States of America	**605,272**	245,497
China	**48,096**	173,297
Indonesia	**41,624**	75,578
Singapore	**1,553**	30,744
Others	**148,736**	57,533
	1,328,148	1,076,525

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

36. SEGMENT INFORMATION (continued)

(a) Geographical segment (continued)

(ii) Non-current assets other than financial instruments, investment in associates and deferred tax assets by geographical location of the assets:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Malaysia	**614,150**	602,261
United States of America	**232,200**	232,270
Indonesia	**47,191**	48,984
China	**42,846**	43,475
Others	**36,119**	11,255
	972,506	938,245

(b) There is no single customer with revenue equal or more than 10% of the Group revenue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

36. SEGMENT INFORMATION (continued)

(c) Business segment

2021	Manufacturing RM'000	Trading RM'000	Licensing RM'000	Infrastructure RM'000	Investment holding RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Consolidated RM'000
Revenue									
External revenue	**1,152,245**	**121,885**	**35,511**	**9,588**	**-**	**8,919**	**-**		**1,328,148**
Inter-segment	**-**	**-**	**-**	**-**	**89,077**	**-**	**(89,077)**	**A**	**-**
	1,152,245	**121,885**	**35,511**	**9,588**	**89,077**	**8,919**	**(89,077)**		**1,328,148**
Results									
Profit rate/ Interest income	**939**	**414**	**6**	**2,199**	**819**	**-**	**(22)**		**4,355**
Depreciation and amortisation	**43,879**	**107**	**486**	**253**	**2,922**	**-**	**5,861**		**53,508**
Finance costs	**5,546**	**-**	**-**	**1,782**	**28,053**	**-**	**(11,242)**		**24,139**
Impairment on:									
- property, plant and equipment, right-of-use assets and investment properties	**945**	**-**	**-**	**1,056**	**-**	**-**	**-**		**2,001**
- goodwill	**-**	**-**	**-**	**126**	**-**	**-**	**-**		**126**
- trade and other receivables	**887**	**281**	**-**	**2**	**-**	**-**	**-**		**1,170**
Share of results of associates	**-**	**-**	**-**	**5,351**	**-**	**1,926**	**-**		**7,277**
Segment profit	**95,776**	**8,575**	**17,462**	**3,678**	**39,624**	**(10,973)**	**(66,219)**		**87,923**

36. SEGMENT INFORMATION (continued)

(c) Business segment (continued)

2021	Manufacturing RM'000	Trading RM'000	Licensing RM'000	Infrastructure RM'000	Investment holding RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Consolidated RM'000
Assets									
Investments in associates	-	-	-	-	193,299	-	(34,429)		158,870
Additions to:									
- Property, plant and equipment	62,729	110	439	-	65	-	-		63,343
- Investment properties	-	-	-	-	645	-	-		645
- Intangible assets	814	-	139	-	-	-	-		953
- Right-of-use assets	21,058	-	-	-	-	-	-		21,058
Segment assets	1,004,148	89,940	163,694	45,591	2,999,993	-	(2,019,614)	B	2,283,752
Liabilities									
Segment liabilities	211,438	42,410	16,821	21,007	596,916	-	234,140	C	1,122,732

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

36. SEGMENT INFORMATION (continued)

(c) Business segment (continued)

2020	Manufacturing RM'000	Trading RM'000	Licensing RM'000	Infrastructure RM'000	Investment holding RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Consolidated RM'000
Revenue									
External revenue	894,550	124,064	39,227	9,165	-	9,519	-		1,076,525
Inter-segment	50	-	-	594	422,951	-	(423,595)	A	-
	894,600	124,064	39,227	9,759	422,951	9,519	(423,595)		1,076,525
Results									
Profit rate /Interest income	1,175	401	105	3,915	14,215	-	(13,013)		6,798
Depreciation and amortisation	42,125	95	1,846	338	3,023	868	5,800		54,095
Finance costs	5,473	-	244	2,886	34,830	-	(13,013)		30,420
Impairment on:									
- property, plant and equipment, right-of-use assets and investment properties	-	-	-	447	-	1,982	-		2,429
- goodwill	-	-	-	723	-	-	-		723
- trade and other receivables	1,552	1,872	605	4,612	67	-	-		8,708
Share of results of associates	-	-	-	29,905	-	6,736	-		36,641
Segment profit	52,326	9,004	11,581	28,941	381,120	7,376	(433,090)		57,258

36. SEGMENT INFORMATION (continued)

(c) Business segment (continued)

2020	Manufacturing RM'000	Trading RM'000	Licensing RM'000	Infrastructure RM'000	Investment holding RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Consolidated RM'000
Assets									
Investments in associates	-	-	-	-	193,299	-	(33,706)		159,593
Additions to:									
- Property, plant and equipment	25,178	76	439	2	322	165	-		26,182
- Investment properties	-	-	-	-	1,019	-	-		1,019
- Intangible assets	753	-	291	-	-	-	-		1,044
- Right-of-use assets	23,174	-	-	-	-	-	-		23,174
Segment assets	957,045	78,548	166,054	73,096	2,822,576	53,662	(1,874,493)	B	2,276,488
Liabilities									
Segment liabilities	242,089	33,489	11,238	20,535	398,993	8,603	456,074	C	1,171,021

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

36. SEGMENT INFORMATION (continued)

Other operations of the Group mainly comprise management services, which are not of a sufficient size to be reported separately.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group's financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

A. Inter-segment revenues are eliminated on consolidation.

B. The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Investments in associates	**158,870**	159,593
Deferred tax assets	**1,080**	1,569
Current tax assets	**7,434**	6,586
Inter-segment assets	**(2,186,998)**	(2,042,241)
	(2,019,614)	(1,874,493)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

36. SEGMENT INFORMATION (continued)

C. The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Deferred tax liabilities	**107,085**	102,896
Current tax liabilities	**6,473**	8,244
Loans and borrowings	**591,729**	616,206
Inter-segment liabilities	**(471,147)**	(271,272)
	234,140	456,074

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) Ongoing pandemic of 2019 Novel Coronavirus ("Covid-19") disease since the beginning of 2020

The 2019 Novel Coronavirus ("Covid-19") has drastically impacted the economy and society around the globe from the beginning of 2020. The World Health Organisation declared Covid-19 a pandemic on 11 March 2020, given the expected effect in derailing health and socio-economic equilibrium. As governments globally acted to prioritise the safety of their citizens, restrictions/controls on movement were implemented. This has dampened sentiment, stunted consumer confidence, and challenged the growth prospects of many businesses across disparate sectors.

The Group has business presence in Malaysia, the People's Republic of China ("PRC"), Indonesia, Vietnam, and the United States of America ("USA"), as well as extended value chains in Hong Kong and the Eurozone. All these countries have implemented movement controls/restrictions or other similar measures that curtail the capacity of the labour force, affecting the overall business cycles of the Group.

Where affected, the Group's operations have been challenged by the disruption in the supply chain, limited production capacity due to shortage of raw material, and as a result, slower inventory movement driven by the reduced end-demand from customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

(a) Ongoing pandemic of 2019 Novel Coronavirus ("Covid-19") disease since the beginning of 2020 (continued)

(i) Recovery from Covid-19 pandemic

The economic impact from Covid-19, which disrupted supply and demand chains globally, challenged the progress of the Group's manufacturing operations, adversely affecting most of the Group's financial performance. Having exerted efforts to bridge business recovery, the Group managed to moderate the adverse impacts of the pandemic on its manufacturing business, with gradual recovery in demand across the customer base.

Additionally, the Group has taken several actions to ensure the sustainability of the supply chain. However, performance has yet to revert to the pre-pandemic baseline. The Group shall monitor the situation closely and plan timely responses and measures to effectively manage and mitigate the risks emerging from this pandemic.

(ii) Covid-19 reliefs

The Group has also leveraged governments' support schemes introduced in response to the Covid-19 pandemic to manage its cash flow and liquidity requirements during this challenging period. The Group's operations in the USA have applied for the Paycheck Protection Program ("PPP") loan in 2020 and had gotten the approval, which amounted to USD445,900 (equivalent to RM1,872,244) and USD286,800 (equivalent to RM1,150,928) respectively under The Coronavirus Aid, Relief, and Economic Security Act. In 2021, the Group also obtained another approval related to 2021 application amounting to USD702,685 (equivalent to RM2,909,678).

As for the Group's operations in PRC, mainly from Toyoplas Manufacturing (Malaysia) Sdn Bhd's ("Toyoplas"), the government had provided a government subsidy to help small and medium enterprises to tide over the difficulties and support the stable and healthy development of enterprises. This will assist in alleviating the operating pressure of enterprises due to the impact of the Covid-19.

Toyoplas also managed to leverage the Jobs Support Scheme ("JSS"), which provides wage support for Singapore employers to retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty. Under the JSS, the Government of Singapore co-funds a proportion of the first SGD4,600 (equivalent to RM14,017) of gross monthly wages paid to each local employee up to March 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

(a) Ongoing pandemic of 2019 Novel Coronavirus ("Covid-19") disease since the beginning of 2020 (continued)

(ii) Covid-19 reliefs (continued)

The Group expects its business operations to gradually return to normal operating levels, aided by the progressive roll-out of mass vaccination programmes globally. The timing of the Group's recovery from the impact caused by the Covid-19 pandemic will affect the level of business of the Group.

Based on the above, management concluded that the Group would have sufficient cash flows to fulfil its obligations and finance its ongoing operations. There was no significant impact in respect of judgements and estimation uncertainty concerning the measurement of assets and liabilities in the preparation of financial statements for the financial year ended 31 December 2021.

(b) Material litigation

KPS-HCM has on 9 February 2022, received a notification from its appointed solicitors that a Notice of Adjudication against Central Spectrum (M) Sdn Bhd ("CSSB") had been issued under Construction Industry Payment and Adjudication Act 2012 ("CIPAA") for the total sum of RM10,609,181.90 ("Adjudicated Sum"). Breakdown of which are as follows:

(i) RM4,360,000.00 for the payment of first moiety of retention sum;
(ii) RM818,188.18 for the payment of wrongful deduction claims for work done of flood detention pond;
(iii) RM1,135,849.25 for the payment of idling claims due to the stop-work order instruction by CSSB;
(iv) RM4,295,144.45 for the payment of loss and expenses claims for five (5) extensions of time; and
(v) Interest for total Adjudicated Sum from the payment claim date until full and final settlement and all costs incurred in the proceedings under CIPAA.

The claim by KPS-HCM is for works done and/or services rendered for the Adjudicated Sum from 5 July 2017 until 31 December 2020 pursuant to a Letter of Acceptance bearing reference no. CSSB/LA/3C-INFRA/KPS/17/016 dated 19 June 2017 whereby KPS-HCM was appointed by CSSB as the contractor for the proposed infrastructure work for the development of phase 3C, lot 74079, Pulau Indah Industrial Park, Mukim Klang, Daerah Klang, Selangor Darul Ehsan ("Contract").

A dispute has arisen between KPS-HCM and CSSB under the Contract arising from the claims made by KPS-HCM. The Payment Claim dated 2 December 2021 was served by KPS-HCM by hand vide a letter ref: RC/LIT/64262/21 and was received on the same date by CSSB. However, no Payment Response was received by KPS-HCM until the due date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

(b) Material litigation (continued)

Hence, pursuant to Section 6(4) of CIPAA, if CSSB fails to serve any Payment Response in a manner provided under this section, it is deemed that CSSB has disputed the entire Payment Claim. As such, KPS-HCM proceeded with the filing Notice of Adjudication against CSSB.

(c) Russia-Ukraine Conflict

The Russia-Ukraine conflict resulted in the imposition of various economic sanctions on Russia by several countries across the world. These developments resulted in soaring global commodities and energy prices, supply chain disruption, significant decrease in value of Ruble and a temporary halt of trading on the Moscow Exchange.

As at the date of authorisation of the financial statements, the Russia-Ukraine conflict is still evolving and remains unpredictable. Consequently, the Group and the Company are unable to estimate the financial effects of the situation at this juncture. The Group and the Company are actively monitoring and managing the operations of the Group and the Company to minimise any impact arising from these developments.

38. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

(a) New Amendments to MFRSs adopted during the financial year

The Group and the Company adopted the following Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)	1 April 2021 (early adopt)

The adoption of these Amendments did not have any material effect on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)

38. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*	1 January 2023
Amendments to MFRS 101 *Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108 *Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112 *Deferred tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2022

A. Issued shares of the Company : 537,385,383 ordinary shares
Voting rights : One vote per ordinary share

B. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
Less than 100	861	10.02	33,866	0.01
100 to 1,000	2,068	24.07	1,183,608	0.22
1,001 to 10,000	3,481	40.52	16,009,198	2.98
10,001 to 100,000	1,906	22.19	54,233,868	10.09
100,001 to less than 5%	273	3.18	125,226,351	23.30
5% and above	2	0.02	340,698,492	63.40
TOTAL	**8,591**	**100.00**	**537,385,383**	**100.00**

C. LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

No.	Names	Shareholdings	%
1.	DARUL EHSAN INVESTMENT GROUP BERHAD Shares held in CDS account as follows: a. Own account – 1,461,916 b. ABB Nominee (Tempatan) Sdn Bhd – 309, 561,538	311,023,454	57.88
2.	PERBADANAN KEMAJUAN NEGERI SELANGOR Shares held in CDS account as follows: - Own account – 54,276 + 29,620,762 = 29,675,038	29,675,038	5.52

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2022

D. LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	Shareholdings	%
1.	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DARUL EHSAN INVESTMENT GROUP BERHAD	309,561,538	57.61
2.	PERBADANAN KEMAJUAN NEGERI SELANGOR	29,620,762	5.51
3.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIEW ENG @ NG CHIEW MING (MY3087)	15,355,000	2.86
4.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIEW ENG @ NG CHIEW MING	10,000,000	1.86
5.	TABUNG WARISAN NEGERI SELANGOR	8,384,615	1.56
6.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	5,088,000	0.95
7.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGES SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM B MOHD NURDIN (CEB)	4,280,000	0.80
8.	KENANGA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RA WHA HYUN (009)	2,650,000	0.49
9.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING YI EN	1,952,800	0.36
10.	LIM CHEE MENG	1,836,215	0.34
11.	HELLY LYKE TABALUJAN	1,600,000	0.30
12.	DARUL EHSAN INVESTMENT GROUP BERHAD	1,461,916	0.27
13.	NGU KEE LENG	1,360,153	0.25
14.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE BOON KEAT	1,170,023	0.22
15.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	1,104,900	0.21
16.	OLIVE LIM SWEE LIAN	1,100,000	0.20
17.	MAL MONTE SDN BHD	1,087,692	0.20
18.	JUMA'AH BINTI MOKTAR	1,073,615	0.20
19.	GOO MENG SENG	1,052,000	0.20
20.	LEE BEE LIAN	1,021,000	0.19

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2022

D. LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

No.	Names	Shareholdings	%
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI CHIN FOO (E-TMI)	1,020,000	0.19
22.	TAN CHEE WEE	1,013,700	0.19
23.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KAN SIN	1,001,769	0.19
24.	TAN JIN TUAN	994,269	0.19
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM B MOHD NURDIN (8037673)	960,615	0.18
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM CHEE MENG (PB)	948,876	0.18
27.	TEH CHEONG HUA	940,000	0.17
28.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHAI HOCK (MY0972)	875,000	0.16
29.	SAI YEE @ SIA SAY YEE	870,000	0.16
30.	TAN KA LIAN	838,500	0.16

E. LIST OF DIRECTORS AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

No.	Names	Shareholdings	%
1.	YB DATO' HARIS BIN KASIM	0	0.00
2.	YBHG DATO' IDRIS BIN MD TAHIR	0	0.00
3.	YBHG DATO' IKMAL HIJAZ BIN HASHIM	0	0.00
4.	PUAN NORLIZA BINTI KAMARUDDIN	0	0.00
5.	YBHG DATO' NOORAZMAN BIN ABD AZIZ	0	0.00
6.	CIK SHARMILA SEKARAJASEKARAN	0	0.00
7.	ENCIK AHMAD FARIZ BIN HASSAN	0	0.00

ADDITIONAL
COMPLIANCE INFORMATION DISCLOSURES

In compliance with Part A of Appendix 9C of the MMLR, the following additional information in respect of the financial year ended 31 December 2021 are provided:

1. Material Contract and Material Loans

Other than as disclosed in Note 37 of the Financial Statements, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors, Managing Directors/Group Chief Executive Officer, chief executives and major shareholders of the Company.

2. Utilisation of Proceeds

The Company did not raise any other proceeds from any corporate proposal during the financial year ended 31 December 2021.

3. Audit Fees and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to external auditors by the Company and the Group for the financial year ended 31 December 2021 are as follows:

	Company (RM)	Group (RM)
Audit Fees	174,000	702,000
Non-Audit Fees		
- Review of statement on risk management and internal control	5,000	5,000
- Agreed upon procedure for SUKUK	-	5,000
- Review corporate income tax finalisation	-	12,000
Total	**179,000**	**724,000**

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

4. Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the MMLR, details of the RRPT of a revenue or trading nature entered into during the financial year ended 31 December 2021 ("FY2021") by KPS Group pursuant to the shareholders' mandate obtained from the shareholders of KPS at the 44th AGM of the Company held on 25 May 2021 are as follows:

No.	Company within KPS Group	Transacting Related Parties	Nature of Transactions	Actual Value Transacted during FY2021 (RM'000)	Interested Related Parties	
					Name	Nature of relationship
(a)	Aqua-Flo@	Air Selangor and/or any of its subsidiary, associated or affiliated companies ("Air Selangor Group")	Supply and delivery of chemicals, goods and services pursuant to the Framework Agreement dated 17 October 2018 to water treatment plants in Selangor and Federal Territories of Kuala Lumpur and Putrajaya by Aqua-Flo to Air Selangor Group.	38,755	*Interested Major Shareholders*	
					• MBI • DEIG	DEIG is a major shareholder of KPS with direct shareholding of 57.88%. MBI is a holding company of DEIG and ASHB.
					Interested Persons Connected	
					• ASHB	-ASHB is is a wholly owned subsidiary of MBI.
					• Air Selangor	Air Selangor is wholly owned subsidiary of ASHB.
					• PKNS	PKNS is a substantial shareholder of KPS with direct shareholding of 5.52% and a person connected to DEIG.
					• TWNS	TWNS is a shareholder of KPS with direct shareholding of 1.56% and a person connected to DEIG.
(b)	SPT*	Air Selangor	Laying of new pipes to replace existing pipes in Selangor and Federal Territories of Kuala Lumpur and Putrajaya by SPT to Air Selangor.	883	*Interested Persons*	
					• YB Dato' Haris bin Kasim	YB Dato' Haris bin Kasim was appointed as Chairman and Non-Independent Non-Executive Director of KPS on 6 December 2021. He sits on the Board of MBI, DEIG, PKNS, Air Selangor and ASHB.
					Former Interested Persons	
					• YB Dato' Nor Azmie bin Diron	YB Dato' Nor Azmie bin Diron had resigned as Chairman and Non-Independent Non-Executive Director of KPS on 1 November 2021. Previously, he sat on the Boards of MBI, DEIG, PKNS, Air Selangor and ASHB prior to his resignation.
					• Encik Soffan Affendi bin Aminudin	Encik Soffan Affendi bin Aminudin had resigned as a Non-Independent Non-Executive Director of KPS on 14 March 2022. He was a board representative of MBI in KPS prior to his resignation.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

4. Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature (continued)

No.	Company within KPS Group	Transacting Related Parties	Nature of Transactions	Actual Value Transacted during FY2021 (RM'000)	Interested Related Parties	
					Name	Nature of relationship
(c)	Aqua-Flo[@]	Sg. Harmoni	Sales of chemical products, laboratory & monitoring equipment and disinfection system by Aqua-Flo to Taliworks.	11,219[&]	*Interested Major Shareholders* • Taliworks	Taliworks is a Major Shareholder of Aqua-Flo with direct shareholding of 24%. Sg. Harmoni is a wholly-owned subsidiary of Taliworks.

Notes:

@ Aqua-Flo is a 51%-owned subsidiary of KPS. The balance of 25% and 24% equity interests in Aqua-Flo is owned by Prismachem and Taliworks respectively. Neither Prismachem and Taliworks nor their directors and shareholders hold any shares in KPS.

* SPT is an indirect 64%-owned subsidiary of KPS. The balance 36% of the equity interest in SPT is owned by Smartpipe Holdings Sdn Bhd, an unrelated entity to KPS Group.

& Actual value is based on sales of chemicals and other contracts with Sg. Harmoni. There were no transactions with Taliworks (Langkawi) Sdn Bhd ("Taliworks (Langkawi)" since the 44th AGM held on 25 May 2021. As disclosed in Section 2.3(c) of the Circular to Shareholders dated 26 April 2021, effective from 1 November 2020, Taliworks (Langkawi) had surrendered their water operator plants to Syarikat Air Darul Aman Sdn Bhd.

5. List of Group's Properties

The Group's list and particulars of the properties in which the net book value is 5% or more of the consolidated total assets of the Group as at the end of the financial year is set out in pages 373 to 375 of this Annual Report.

6. Directors' Training

Trainings attended by the Directors during FY 2021 is set out in pages 179 to 182 of this Annual Report.

LIST OF GROUP PROPERTIES

1. KUMPULAN PERANGSANG SELANGOR BERHAD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/Land Cost as at 31/12/2021 (RM'000)
Shah Alam, Selangor	KPS	KPS	108,360 sq. ft	Leasehold 99/2086	Office & Hotel	34	05 July 2000	50,013
Tanjong Tuan, Port Dickson	KPS	KPS	1,099 sq. ft	Leasehold 99/2081	Apartment	36	14 March 2003	146
Wisma SAP Bandar Baru Selayang Mukim Batu	KPS	KPS	9,957 sq. ft	Leasehold 99/2091	Land and 3 storey shop office building	30	03 November 2010	5,988

2. AQUA-FLO SDN BHD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/Land Cost as at 31/12/2021 (RM'000)
Sungai Buluh Daerah Kuala Selangor	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	3,000 sq. ft	Leasehold 98/2091	Warehouse Store	29	31 December 2000	224
Damansara Intan Petaling Jaya	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	1,130 sq. ft	Freehold	Office	21	31 December 2000	161
			1,249 sq. ft	Freehold	Office	18	20 September 2003	174
Bandar Sultan Suleiman Pelabuhan Klang	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	14,400 sq. ft	Leasehold 99/2110	Warehouse Store	6	2015	2,610

3. CENTURY BOND BHD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/ Land Cost as at 31/12/2021 (RM'000)
PT 3292 & 3293, Mukim Sentul, District of Seremban, Negeri Sembilan	Polyplus Packages Sdn Bhd	Polyplus Packages Sdn Bhd	103,764 sq. ft	Freehold	A single storey factory with an annexed three storey office building	24	02 January 1985	4,548
PTD 65029, Mukim of Senai-Kulai, District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	90,604 sq. ft	Leasehold 60/2060	A single storey detached factory, a double storey detached factory, guard house and bin centre	22	05 July 2000	3,247
PTD 8856, Mukim of Senai-Kulai, District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	116,740 sq. ft	Leasehold 60/2055	A single storey detached factory	27	14 March 2003	1,876
PTD 8848, Mukim of Senai-Kulai, District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	108,900 sq. ft	Leasehold 60/2054	A single storey detached factory and a guard house	28	03 November 2010	1,641

LIST OF GROUP PROPERTIES

3. CENTURY BOND BHD (CONTINUED)

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/Land Cost as at 31/12/2021 (RM'000)
PTD 8849, Mukim of Senai-Kulai District of Johor Bahru	Eversynergy Sdn Bhd	Eversynergy Sdn Bhd	98,446 sq. ft	Leasehold 60/2055	A single storey detached factory	27	1997	3,016
PLO 178, Mukim Senai-Kulai, Senai Industrial Estate III Johor	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	21,780 sq. ft	Leasehold 25/2034	A single storey detached factory	13	31 October 2004	622
PTD 46029, Mukim Senai-Kulai, Senai Industrial Estate III, Johor	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	43,560 sq. ft	Leasehold 30/2025	A single storey detached factory with a double storey front office	27	28 February 2007	192
JL, Dosomuko Ujung Baru, Pelabuhan Belawan, Medan Indonesia	PT Prestige Packages Indonesia	PT Prestige Packages Indonesia	5,653 sq. ft	Leasehold 3/2022	A single storey detached factory	16	11 July 2005	548
31 Woodlands Close, 01-14 Woodlands Horizon, Singapore	Esteem Packaging Pte Ltd	Esteem Packaging Pte Ltd	171 sq. ft	Leasehold 58/2072	Factory unit on the 1st storey of the Building	8	01 October 2012	2,613
PTD 176445, Mukim Plentong, District of Johor Bahru	Taspack Industrial Sdn Bhd	Taspack Industrial Sdn Bhd	104,969 sq.ft	Freehold	A parcel of industrial land erected upon a single storey factory, a double storey office annex and other ancillary buildings	12	21 November 2003	6,577

4. CPI (PENANG) SDN BHD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/ Land Cost as at 31/12/2021 (RM'000)
Plot 79 Land Building 1 Building 2 Lot 12150, Mukim 12 Barat Daya, Pulau Pinang	CPI (Penang) Sdn Bhd	CPI (Penang) Sdn Bhd	174,601 sq. ft	Leasehold 60/2057	Land, 4 storey office building and double storey factory	23	15 October 1999	19,695
Plot 29 Hilir Sungai Keluang Satu Land Building - Warehouse Lot 12382, Mukim 12 Barat Daya, Pulau Pinang	CPI (Penang) Sdn Bhd	CPI (Penang) Sdn Bhd	65,337 sq. ft	Leasehold 60/2051	Land, 2 storey office building and single storey warehouse	29	14 May 2016	9,373
Plot 109 Land Lot 17322 Mukim 12 Barat Daya, Pulau Pinang	CPI (Penang) Sdn Bhd	CPI (Penang) Sdn Bhd	197,604 sq. ft	Leasehold 60/2069	A Piece of land	N/A	04 July 2019	27,617

LIST OF GROUP PROPERTIES

5. TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/Land Cost as at 31/12/2021 (RM'000)
8 Burn Road, #17-08 Trivex, Singapore 369977	Toyoplas Holdings Pte Ltd	Toyoplas Holdings Pte Ltd	82 sq. ft	Leasehold 50/2068	Office	14	18 August 2018	1,260
HS(D) 16074 PTD NO 5364 Mukim of Kesang, Ledang, Johor	Toyoplas Manufacturing (Malaysia) Sdn Bhd	Toyoplas Manufacturing (Malaysia) Sdn Bhd	50,395 sq. ft	Leasehold 60/2051	Land, 2 storey office building and double storey factory	28	01 January 2014	2,822
HS(D) 62238 PTD 105112 Mukim Senai District of Kulaijaya	Toyoplas Manufacturing (Malaysia) Sdn Bhd	Toyoplas Manufacturing (Malaysia) Sdn Bhd	298,688 sq. ft	Freehold	Land, 2 storey office building and double storey factory	6	28 August 2015	12,368
Apartment Unit No.11D-1 Tower A Lippo Cikarang Crown Court Executive Condominium, Jl. Pajajaran Lippo Cikarang 17550	PT Toyoplas Manufacturing Indonesia	PT Toyoplas Manufacturing Indonesia	80 sq. ft	Leasehold 60/2024	Expatriat's House	16	16 February 2005	37
Apartement Fanhouse (Pha Tower I) - Cikarang Crown Court Executive Condominium, Jl. Pajajaran Lippo Cikarang 17550	PT Toyoplas Manufacturing Indonesia	PT Toyoplas Manufacturing Indonesia	145 sq. ft	Leasehold 60/2024	Expatriat's House	15	01 August 2006	104
Factory Building Delta Silicon II, Cikarang Jl. Trembesi, Blok F5 No. 9 Delta Silicon II Cikarang Selatan, Bekasi 17550, Jawa Barat, Indonesia	PT Toyoplas Manufacturing Indonesia	PT Toyoplas Manufacturing Indonesia	53,841 sq. ft	Leasehold 60/2024	Office, Production Line, Warehouse	17	28 October 2004	24,141
Cikarang Delta Delta Silicon II Plot F5-9 Jl. Trembesi Blok F5 No. 9 Delta Silicon II Cikarang Selatan, Bekasi 17550, Jawa Barat, Indonesia	PT Toyoplas Manufacturing Indonesia	PT Toyoplas Manufacturing Indonesia	54,990 sq. ft	Leasehold 60/2024	Office, Production Line, Warehouse	17	08 April 2004	10,063

CORPORATE DIRECTORY

REGISTERED AND BUSINESS ADDRESSES OF KUMPULAN PERANGSANG SELANGOR BERHAD AND SUBSIDIARY COMPANIES

KUMPULAN PERANGSANG SELANGOR BERHAD
(Registration No. 197501002218/23737-K)

Registered Address	Business Address
17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400

CASH BAND (M) BERHAD
(Registration No. 200601016078/735830-K)

Registered Address	Business Address
17th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400	17th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400

TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD
(Registration No. 200301033853/636274-T)

Registered Address	Business Address
Suite 5.11 & 5.12 5th Floor, Menara TJB No. 9, Jalan Syed Mohd Mufti 80000 Johor Bahru Johor Darul Takzim Tel : +607-224 2823 Fax : +607-223 0229	PTD 105112, Jalan Cyber 4 Kawasan Perindustrian Senai IV Mukim Senai 81400 Daerah Kulai Johor Darul Takzim Tel : +607-595 5233 Fax : +607-595 5266

CPI (PENANG) SDN BHD
(Registration No. 199001000150/191708-P)

Registered Address	Business Address
54-3-2 Wisma Sri Mata Jalan Van Praagh 11600 Jelutong Pulau Pinang Tel : +604-283 2268 Fax : +604-283 7268	Plot 79 Kawasan Perindustrian Bayan Lepas 4 Lintang Bayan Lepas 7 11900 Bayan Lepas Pulau Pinang Tel : +604-647 6788 Fax : +604-644 4686

CORPORATE DIRECTORY

CENTURY BOND BHD
(Registration No. 199101018358/228669-V)

Registered Address	Business Address
Suite 5.11 & 5.12 5th Floor, Menara TJB No. 9, Jalan Syed Mohd Mufti 80000 Johor Bahru Johor Darul Takzim Tel : +607-224 2823 Fax : +607-223 0229	PLO 96,97,98 & 99 Jalan Cyber 5 Senai Industrial Estate Phase III 81400 Senai Johor Darul Takzim Tel : +607-598 1185 Fax : +607-598 1195

KAISERKORP CORPORATION SDN BHD
(Registration No. 199401006515/292194-D)

Registered Address	Business Address
Suite 5.11 & 5.12 5th Floor, Menara TJB No. 9, Jalan Syed Mohd Mufti 80000 Johor Bahru Johor Darul Takzim Tel : +607-2242823 Fax : +607-2230229	17th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400

AQUA-FLO SDN BHD
(Registration No. 199401039180/324865-U)

Registered Address	Business Address
17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400	827, 8th Floor, Block A Damansara Intan No. 1, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel : +603-7725 7279 Fax : +603-7725 6277

SMARTPIPE TECHNOLOGY SDN BHD
(Registration No. 201201018888/989033-T)

Registered Address	Business Address
Suite 5.11 & 5.12 5th Floor, Menara TJB No. 9, Jalan Syed Mohd Mufti 80000 Johor Bahru Johor Darul Takzim Tel : +607-224 2823 Fax : +607-223 0229	17th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400

KPS-HCM SDN BHD
(Registration No. 200701033102/791130-P)

Registered Address	Business Address
13A Jalan SS 21/56B Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel : +603-7729 5912 Fax : +603-7729 5904	93-1, 93-3 Jalan Kampong Pandan 55100 Kuala Lumpur Tel : +603-9282 2246 Fax : +603-9282 0321

NOTICE OF
45TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FORTY FIFTH ("45TH") ANNUAL GENERAL MEETING ("AGM") OF **KUMPULAN PERANGSANG SELANGOR BERHAD** ("KPS" OR "THE COMPANY") WILL BE CONDUCTED ENTIRELY THROUGH LIVE STREAMING AND ONLINE REMOTE VOTING FROM THE BROADCAST VENUE AT KPS CORPORATE OFFICE, 17TH FLOOR, PLAZA PERANGSANG, PERSIARAN PERBANDARAN, 40000 SHAH ALAM, SELANGOR DARUL EHSAN ON TUESDAY, 7 JUNE 2022 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. — **(Please refer to Explanatory Note 1)**

2. To approve a single tier final dividend of 2.5 sen per share in respect of the financial year ended 31 December 2021. — **Please refer to Explanatory Note 2 (Ordinary Resolution 1)**

3. To re-elect the following Directors who retire pursuant to Clause 78 of the Company's Constitution and who being eligible offer themselves for re-election:- — **Please refer to Explanatory Note 3**

   a. YB Dato' Haris bin Kasim — **(Ordinary Resolution 2)**

   b. Cik Sharmila Sekarajasekaran — **(Ordinary Resolution 3)**

   c. Puan Norita binti Mohd Sidek — **(Ordinary Resolution 4)**

4. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Company's Constitution and who being eligible offer themselves for re-election: — **Please refer to Explanatory Note 4**

   a. YBhg Dato' Noorazman bin Abd Aziz — **(Ordinary Resolution 5)**

   b. Encik Ahmad Fariz bin Hassan — **(Ordinary Resolution 6)**

5. To approve the payment of Directors' Remuneration to the Non-Executive Directors up to an amount of RM1,814,452 for the period immediately after the 45th AGM until the next AGM of the Company. — **Please refer to Explanatory Note 5 (Ordinary Resolution 7)**

6. To re-appoint Messrs BDO PLT ("BDO") as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. — **Please refer to Explanatory Note 6 (Ordinary Resolution 8)**

NOTICE OF 45TH ANNUAL GENERAL MEETING

SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Ordinary Resolutions:

7. Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature with KPS and its Subsidiaries ("KPS Group")

Please refer to Explanatory Note 7 (Ordinary Resolution 9)

"THAT subject always to the provisions of the Companies Act 2016 ("CA 2016") and pursuant to Paragraph 10.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), KPS Group be and are hereby authorised to enter into and give effect to the RRPT of a revenue or trading nature with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 27 April 2022 ("Related Parties") provided that such transactions and/or arrangements are:-

a) recurrent transactions of a revenue or trading nature;

b) necessary for the day-to-day operations;

c) undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and

d) not detrimental to the minority shareholders of the Company,

(collectively known as "Proposed Shareholders' Mandate");

AND THAT such approval, shall continue to be in force until:-

a) the conclusion of the next AGM of the Company following the AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at such AGM; or

b) the expiration of the period within which the next AGM of the Company after that date is required to be held under Section 340(2) of the CA 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016); or

c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorise to complete and do all such acts, deeds and things to give effect to the aforesaid Shareholders' Mandate and transactions contemplated under this resolution."

NOTICE OF 45TH ANNUAL GENERAL MEETING

ANY OTHER BUSINESS:

8. To transact any other business for which due notice has been given in accordance with the Constitution of the Company and the CA 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a single tier final dividend of 2.5 sen per share, in respect of the financial year ended 31 December 2021 ("FY 2021") if approved by shareholders at the 45th AGM, will be payable on 6 July 2022 to shareholders registered in the Records of Depositors at the close of business on 10 June 2022.

A depositor shall qualify for entitlement only in respect of:

a) Shares transferred to the Depositor's Securities Account before 4.30 p.m. on 10 June 2022 in respect of ordinary shares.

b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

By Order of the Board
KUMPULAN PERANGSANG SELANGOR BERHAD

SELFIA BINTI MUHAMMAD EFFENDI
Company Secretary
SSM PC No. 201908000999
MAICSA 7046782

Shah Alam
27 April 2022

NOTICE OF 45TH ANNUAL GENERAL MEETING

Explanatory Notes on Ordinary and Special Businesses

1. Agenda Item No. 1 - Audited Financial Statements for the Financial Year Ended 31 December 2021

The Agenda item is meant for discussion only. The provisions of Sections 248(2) and 340(1)(a) of the CA 2016 only require the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. As such, this Agenda item is not a business which requires a resolution to be put to vote by the Shareholders.

2. Agenda Item No. 2 – Final Dividend

With reference to Section 131 of the CA 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 29 March 2022, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval at the forthcoming 45th AGM.

3. Agenda Item No. 3 - Re-election of Directors pursuant to Clause 78 of the Company's Constitution

Clause 78 of the Company's Constitution provides amongst others, that the Board shall have the power to appoint any person to be a Director to fill a casual vacancy or as an additional Director to the existing Board, and that any Director so appointed shall hold office until the next following AGM and shall then be eligible for re-election.

Accordingly, the following Directors shall hold office until the conclusion of the 45th AGM and shall then be eligible for re-election pursuant to Clause 78 of the Company's Constitution:

(i) Cik Sharmila Sekarajasekaran was appointed as an Independent Non-Executive Director of KPS on 1 September 2021.

(ii) YB Dato' Haris bin Kasim was appointed as Non-Independent Non-Executive Chairman of KPS on 6 December 2021.

(iii) Puan Norita binti Mohd Sidek was appointed as Non-Independent Non-Executive Director of KPS on 8 April 2022.

Cik Sharmila has added more depth to the Board with her strong and extensive experience in legal and regulatory requirements, compliance, governance, intellectual property, banking litigation and corporate advisory, which the Company could leverage. Based on skills, competencies, experience, qualification, and industry background, Cik Sharmila is a good fit for the Company and matches well with the performance criteria based on the Company's Board Skill Matrix gaps.

Dato' Haris has more than 28 years in the public service with vast experience in public administration and finance and economic sectors. His areas of expertise are government relations and economics, which would bring further valuable assistance in navigating the government's perspectives on various matters relevant to the Company.

NOTICE OF 45TH ANNUAL GENERAL MEETING

Puan Norita has more than 30 years of experience in the public service, having garnered vast experience in corporate planning and honed expertise in strategic planning, business strategy, corporate development, and stakeholder engagement. Puan Norita's business acumen and social cognisance developed during her tenure in Perbadanan Kemajuan Negeri Selangor and Menteri Besar Selangor (Incorporated) would bring valuable insights through a broader perspective to the Board on various matters relevant to KPS.

The profiles of the retiring Directors are set out in the Profiles of the Board of Directors on pages 132 to 139 of the Annual Report 2021 of KPS.

4. Agenda Item No. 4 - Re-election of Directors who retire in accordance with Clause 76(3) of the Company's Constitution

Clause 76(3) of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. In determining the number of Directors who are to retire by rotation at the 45th AGM, two (2) out of five (5) Directors are to retire in accordance with Clause 76(3) of the Company's Constitution.

The Nomination and Remuneration Committee ("NRC") has determined the eligibility of each of the Directors standing for re-election at the AGM based on the performance of the Directors, taking into account the results of their latest Annual Board Evaluation ("ABE"), contribution in the areas of Board dynamics and participation, competency and capability, time commitment, independence and objectivity together with their ability to make analytical inquiries and offer advice and guidance.

Based on the recommendation of the NRC, the Board is satisfied with the performance, contributions and time commitment of the following Directors who retire by rotation in accordance with Clause 76(3) of the Company's Constitution and are eligible to stand for re-election based on the following justifications:

(i) Re-election of Dato' Noorazman bin Abd Aziz ("Dato' Noorazman") as Independent Non-Executive Director ("INED")

The recommendation to re-elect Dato' Noorazman is based on his vast experience and expertise in corporate banking and finance, investments, and capital markets with strong track records in investments, corporate finance and consulting practices, providing corporate, financial and strategic advice and demonstrated strong business acumen and integrity as an INED of public listed companies.

He fulfils the requirement of independence set out in the MMLR of Bursa Securities as well as the prescribed criteria under the Malaysian Code on Corporate Governance ("MCCG").

He has demonstrated his independence through his engagement in the meetings by proactively giving valuable insights to the Management in developing the Group's business strategies. He also exercised his due care and carried out his professional duties proficiently during his tenure as an INED of the Company.

NOTICE OF 45TH ANNUAL GENERAL MEETING

(ii) Re-election of Encik Ahmad Fariz bin Hassan ("Ahmad Fariz") as Managing Director/Group Chief Executive Officer ('MD/GCEO")

Encik Ahmad Fariz has vast experience, strong transformational leadership skills combined with his passion for continuous improvement. His capabilities and leadership have driven the Company effectively are proven by delivering good financial results that led KPS to achieve a new milestone of breaching RM1.0 billion revenues in 2020.

Encik Ahmad Fariz assures the Board of Directors through strategic management initiatives and problem-solving to elevate KPS Group's authority in the fields of investments focusing on manufacturing. Encik Ahmad Fariz ensures Board decisions are implemented effectively. He maintains open communication with the Board. He apprises the Board on important aspects of the Company's operations and ensures full information is disseminated to the Board members on a timely basis.

The above retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

The profiles of the retiring Directors are set out in the Profiles of the Board of Directors on pages 132 to 139 of the Annual Report 2021 of KPS.

5. Agenda Item No. 5 – Directors' Remuneration

Section 230(1) of the CA 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the shareholders' approval shall be sought at the 45th AGM on the Directors' remuneration under Ordinary Resolution 7 on payment of Directors' remuneration in respect of the period immediately after the 45th AGM to the next AGM of the Company ("Relevant Period").

The NRC at its meeting on 21 March 2022 had reviewed the proposed revision to the Director's Fee and was subsequently comprehensively deliberated by the Board at its meeting on 29 March 2022 for tabling at the 45th AGM for the shareholders' approval.

The justifications for the proposed revision in Director's Fee are as follows:

i) The existing Directors' Remuneration for the Non-Executive Directors was last reviewed in 2017 (5 years back) and approved by the shareholders at the 40th AGM of the Company held on 25 May 2017.

ii) As part of a periodical review to ensure the Group remains competitive against its peers and with the heightened responsibilities and accountabilities required for Directors per current requirements under the CA 2016, the MMLR and the MCCG, the Company has undertaken a desktop review on the benchmarking analysis and recommend the appropriate remuneration taking into account the demands, complexities and performance of the Company as well as skills and experience required.

NOTICE OF 45TH ANNUAL GENERAL MEETING

iii) As an investment holding company, KPS strives to build a diverse model of multiple-sector businesses to capture the exciting market opportunities ahead. This translates into greater responsibility and accountability of the Board, and thus the same should be remunerated fairly in line with the size and complexity of the business.

Accordingly, it is recommended that the existing annual Directors' Fees be revised as follows:

No.	Description	Existing Directors' Fees (RM/Annum)	Proposed Directors' Fees (RM/Annum)
1.	Non-Executive Chairman	130,000	150,000
2.	Non-Executive Director	100,000	120,000

Based on the Senior Management Remuneration Policy of KPS, the Managing Director/Group Chief Executive Officer of the Company is not eligible to receive the Director's fee and meeting allowance in the company where his salary is being paid. As for Director's fee and meeting allowance at subsidiaries and associate companies, it shall be made payable to KPS.

The total amount of Directors' remuneration payable to the Directors is estimated to be up to RM1,814,452 for the Relevant Period which will take effect from 8 June 2022 subject to the shareholders' approval and taking into account various factors including the number of scheduled meetings for the Board, Board of subsidiaries and Board Committees as well as the number of Directors involved in these meetings.

The Board is of the view that it is just and equitable for the Directors to be paid Directors' Remuneration on a monthly basis and/or as and when incurred within, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period effective 8 June 2022.

6. Agenda Item No. 6 – Re-appointment of Auditors

The Board Audit Committee ("BAC") at its meeting held on 24 March 2022, undertook an annual assessment of the suitability, objectivity and independence of the external auditors, BDO, in accordance with the External Auditors Assessment Policy which was approved by the Board in March 2017.

In its assessment, the BAC was satisfied with the suitability of BDO based on the quality of audit, performance, competency, and sufficiency of resources the external audit team provided to the Group. The BAC was also satisfied in its review that the provision of audit and non-audit services by BDO to the Company for financial year ended 31 December 2021 did not in any way impair their objectivity and independence as external auditors of the Company.

NOTICE OF 45TH ANNUAL GENERAL MEETING

The Board at its meeting held on 29 March 2022 approved the BAC's recommendation for the shareholders' approval to be sought at the 45th AGM on the re-appointment of BDO as external auditors of the Company for the financial year ending 31 December 2021 under Resolution 8.

7. Agenda Item No. 7 – Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for RRPT of a Revenue or Trading Nature

The proposed Ordinary Resolution 8, if passed, is primarily to renew its existing mandate and new shareholders' mandate ("Mandate") by authorising the Company and/or its subsidiaries ("Group") to enter into recurrent transactions with the related parties which are necessary for the day-to-day operations of the Group and are based on normal commercial terms and transaction prices that are not more favorable to the related parties than those generally made available to the public and the Mandate shall lapse at the conclusion of the next AGM unless the authority is renewed by a resolution passed at such general meeting.

For more details, please refer to the Circular to Shareholders dated 27 April 2022.

Notes:-

1. **IMPORTANT NOTICE**

   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the CA 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

   Shareholders **WILL NOT BE ALLOWED** to attend the 45th AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 45th AGM via the Remote Participation and Voting facilities ("RPV") provided by Boardroom Share Registrars Sdn Bhd ("Boardroom") via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com

   Please follow the procedures in the Administrative Details for 45th AGM and read Notes (2) to (14) below in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to attend this 45th AGM, via RPV the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as of 27 May 2022. Only members whose name appears on this Record of Depositors shall be entitled to attend this 45th AGM via RPV or appoint a proxy to attend, speak and vote on his/her/its behalf.

3. A member who is entitled to attend and vote at this 45th AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting via RPV.

   Please follow the Procedures for RPV in the Administrative Details for 45th AGM (continue)

5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

NOTICE OF 45TH ANNUAL GENERAL MEETING

6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee which 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 which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at Boardroom Smart Investor Portal at https://investor.boardroomlimited.com.

10. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under seal or under the hand of an officer or attorney duly authorised. The appointment of a proxy may be made in hard copy form or by electronic form. If the appointment is made in hard copy form, the Proxy Form must be deposited with Boardroom Share Registrars Sdn Bhd ("Boardroom") at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, to submit your electronic Proxy Form via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than 48 hours before the time fixed for holding the meeting.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

12. Last date and time for lodging the proxy form is at 10.00 a.m.,5 June 2022.

Please follow the Procedures for RPV in the Administrative Details for 45th AGM (continue)

13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Boardroom's Office at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, to submit your electronic Proxy Form via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

14. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with Boardroom's Office at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, submit your electronic Proxy Form via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. The certificate of appointment should be executed in the following manner:

    i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

    ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

        a. at least two (2) authorised officers, of whom one shall be a director; or

        b. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

STATEMENT
ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PROPOSED RE-ELECTION OF DIRECTORS PURSUANT TO PARAGRAPH 8.27(2) OF THE MMLR OF BURSA SECURITIES

The profile of the Directors who are standing for re-election (as per Ordinary Resolutions 5 to 6 as stated in the Notice of Annual General Meeting) at the 45th Annual General Meeting of KPS which will be held fully virtual at the Broadcast Venue at KPS Corporate Office, 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 7 June 2022 at 10.00 a.m. are as follows:

1. Ordinary Resolution 5

YB DATO' NOORAZMAN BIN ABD AZIZ
(Independent Non-Executive Director)

Nationality	:	Malaysian	**Length of Tenure**	:	2 Years 2 Months
Age/Gender	:	66/Male	**Date of Last Re-election**	:	Nil
Date of Appointment	:	1 January 2020			

Qualification:

- BSc (Finance) Louisiana State University, USA
- Citicorp Associate Programme Training Institute, New York, USA

Membership of Board Committees:

- Chairman of the Board Investment Review Committee
- Member of the Board Audit Committee
- Member of the Board Governance and Risk Committee
- Member of the Tender Board Committee

Areas of Expertise:

- Planning and Business Strategy

Directorship/Relevant Appointments (Other than KPS) :

Listed Entities

- UEM Edgenta Berhad
- UEM Sunrise Berhad
- CTOS Digital Berhad

Public Companies

- PLUS Malaysia Berhad

Relevant Experience:

Dato' Noorazman bin Abd Aziz has over 37 years of experience in banking and finance, investments and capital markets having served as Executive Director, Investments in Khazanah Nasional Berhad, Managing Director of Fajr Capital Ltd and held key positions in Citigroup, Bank Islam Malaysia Berhad, Kuala Lumpur Stock Exchange and Labuan Offshore Financial Services Authority (LOFSA), to name a few.

He was appointed to the Board of Kumpulan Perangsang Selangor Berhad on 1 January 2020. He is currently the Chairman of UEM Sunrise Berhad and sits on the Boards of UEM Edgenta Berhad, PLUS Malaysia Berhad and CTOS Digital Berhad.

He also serves as Chairman of the Board of Trustees of Yayasan UEM, the philanthropic arm of UEM Group, and Chairman of Board of Trustees of International Centre for Education in Islamic Finance (INCEIF).

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

2. Ordinary Resolution 6

ENCIK AHMAD FARIZ BIN HASSAN
(Managing Director/Group Chief Executive Director)

Nationality	:	Malaysian
Age/Gender	:	44/Male
Date of Appointment	:	1 January 2019
Length of Tenure	:	3 Years 3 Months
Date of Last Re-election	:	Nil

Qualification:

- Bachelor's Degree in Accountancy, Universiti Teknologi Mara ("UiTM")
- Chartered Global Management Accountant

Membership of Board Committees:

- Nil

Areas of Expertise:

- Strategic Planning & Business Transformation, Investment Management & Value Creation, Empowerment, Governance, and Risk Management

Directorship/Relevant Appointments (Other than KPS):

Listed Entities

- None

Public Companies

- Century Bond Bhd
- Cash Band (M) Berhad

The directors listed above do not have any conflict of interest or any family relationship with any other Directors and/or major shareholders of the Company.

The directors listed above have not been convicted of any offence within the past five (5) years nor have they been imposed of any public sanction or penalty by any relevant regulatory bodies during the FY 2021.

Relevant Experience:

Ahmad Fariz bin Hassan was appointed to the Board as Managing Director on 1 January 2019, simultaneously taking up the role of Group Chief Executive Officer. Prior to this appointment, he was the Chief Executive Officer ("CEO") of KPS since 1 May 2016. As the primary authority for sustainability, governance, investment, risk management, and control, he provides management oversight and responsibility, ensuring the efficient functioning of the business by conceiving its vision and purpose, developing corporate and business strategy, and ensuring effective structure and process to meet the Group's strategic needs.

Ahmad Fariz joined KPS as Head of Strategic Planning & Investments in 2015. In his capacity as the CEO, he spearheaded an aggressive business transformation plan, rolling out an exploitative and explorative growth agenda enhancing KPS' strategic position and investment appeal. He also inspired and embedded the high performance and empowerment culture to support the Group's shared purpose of optimising returns while staying committed to providing significant contributions toward sustainable economic, environmental, and social development.

His over 20 years of experience in corporate governance, private equity and strategic acquisition are exemplified by managing the often volatile, uncertain, complex, and ambiguous operating environment often presented in extensive and transformational corporate actions, investment activities and sustainable development initiatives. Ahmad Fariz has been pivotal in steering a new business direction for the Group, one which aims for sustainably strong business growth through continual identification of business catalysts and value creations, at the same time repositioning KPS's brand equity in the marketplace. Capitalised on his diverse industry and functional expertise and clad with a tenacious commitment to driving solutions through strategic foresight, drive, and determination to meet organisational goals, KPS has evolved as an investment holding company with core investments in the manufacturing sector.

His previous experiences include CIMB Investment Bank, Ekuiti Nasional Berhad and Khazanah Nasional Berhad.

ADMINISTRATIVE
GUIDE FOR SHAREHOLDERS

MEETING	:	**45TH ANNUAL GENERAL MEETING**
DATE	:	Tuesday, 7 June 2022
TIME	:	10.00 a.m. (Malaysia time)
BROADCAST VENUE	:	KPS Corporate Office 17th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan
MEETING PLATFORM	:	https://meeting.boardroomlimited.my ("Virtual Meeting Portal")
MODE OF COMMUNICATION	:	1) You may type your question(s) in the meeting platform. The Messaging window facility will open concurrently with the Virtual Meeting Portal one (1) hour before the scheduled commencement of the 45th Annual General Meeting ("AGM"), i.e. from **9.00 a.m. on Tuesday, 7 June 2022**. 2) You may submit questions relating to the agenda items of the AGM in advance via the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com commencing from 27 April 2022 and in any event no later than **Sunday, 5 June 2022 at 10.00 a.m.** using the same user ID and password provided in Step 2 of note 4 below, and select "SUBMIT QUESTION" to pose your questions. For further details on the mode of communication, please refer to note 5 of this Administrative Guide.

1. Virtual Annual General Meeting

As part of our continuing safety and precautionary measures, the Company ("KPS") will conduct its 45th AGM entirely via live streaming and online remote voting using remote participation and electronic voting ("RPV") facilities.

The Broadcast Venue is limited to essential individuals required to be physically present at the venue to organise and conduct the virtual AGM of the Company.

Shareholders are invited to participate and vote at the forthcoming AGM via the virtual meeting portal at https://meeting.boardroomlimited.my. **NO SHAREHOLDERS / PROXIES / CORPORATE REPRESENTATIVES** should be physically present at or will be admitted to the Broadcast Venue on the day of the AGM.

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

2. Entitlement to Participate and Vote at the AGM

Only a depositor whose name appears on the Record of Depositors of the Company as at 27 May 2022 shall be eligible to participate in the AGM or appoint proxy(ies) or corporate representative(s) to participate and vote on his/her behalf.

As the AGM is a virtual meeting, a shareholder entitled to attend and vote at the Meeting may appoint the Chairman of the Meeting as his/her proxy to attend and vote in his/her stead and indicate his/her voting instructions in the Proxy Form.

3. Voting Procedure – Poll Voting

i. Voting at the 45th AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

ii. The Company has appointed Boardroom Share Registrars Sdn Bhd ("Boardroom") as poll administrator to conduct the poll by way of electronic voting ("e-Voting"), and independent scrutineers ("Scrutineers") will be appointed to verify the results of the poll.

iii. For the purposes of this AGM, e-Voting may be carried out via personal smart mobile phones, tablets, personal computers or laptops.

iv. Members and proxies are required to use one (1) of the following methods to vote remotely:

   (a) access to **Lumi AGM** via the website URL : https://meeting.boardroomlimited.my; or

   (b) launch **Lumi AGM** by scanning the QR code given to you in the email along with your remote participation User ID and Password.

v. Please note that polling will only commence after announcement by the Chairman of poll opening and continue until such time the Chairman announces closure of the poll. The poll result report will be verified by the Scrutineers, and the results announced thereafter. The Chairman will declare whether the resolutions put to vote are duly passed.

vi. You must ensure that you are connected to the internet at all times in order to participate and vote remotely when the 45th AGM has commenced. It is therefore your responsibility to ensure that connectivity for the duration of the AGM is maintained. Kindly note that the quality of the connectivity to the Virtual Meeting Portal for the live webcast and remote online voting is dependent on the bandwidth and stability of the internet connection at remote participants' locations.

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

4. RPV Facilities

i. The RPV facilities are available to **(i) individual shareholders; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees**.

ii. If you wish to participate in the meeting, you will be able to view a live webcast of the meeting, and submit questions and your votes in real time whilst the meeting is in progress.

iii. Kindly follow the steps below on how to request for your login ID and password.

Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only)
[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 – Submit Request for Remote Participation User ID and Password.]

a. Access the website : https://investor.boardroomlimited.com
b. Click **<<Register>>** to sign up as a user.
c. Complete registration with all required information. Upload a softcopy of your MyKad (front and back), or passport in JPEG, PNG or PDF format.
d. Please enter a valid email address and wait for email verification from Boardroom to complete the registration.
e. Your registration will be verified and approved within one (1) business day and an email notification will be sent to you.

Step 2 – Submit Request for Remote Participation User ID and Password
[Note: Registration for remote access will open on 27 April 2022.]

Individual Members
- Login to https://investor.boardroomlimited.com using your User ID and Password from Step 1 above.
- Select **"KUMPULAN PERANGSANG SELANGOR BERHAD 45TH ANNUAL GENERAL MEETING"** from the list of Corporate Meetings and click **"Enter"**.
- Click on **"Register for RPV"**.
- Read and accept the General Terms & Conditions by clicking **"Next"**.
- Enter your CDS Account Number and thereafter submit your request.

eProxy Lodgement – Individual Members
- Login to https://investor.boardroomlimited.com using your User ID and Password from Step 1 above.
- Select **"KUMPULAN PERANGSANG SELANGOR BERHAD 45TH ANNUAL GENERAL MEETING"** from the list of Corporate Meetings and click **"Enter"**.
- Click on **"Submit eProxy form"**.
- Read and accept the General Terms & Conditions by clicking **"Next"**.
- Enter your CDS Account Number and indicate the number of securities.
- Appoint your proxy(ies) or the Chairman of the Meeting and enter the required particulars for your proxy(ies).

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

- Indicate your voting instructions – **FOR** or **AGAINST** or **ABSTAIN**. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate **DISCRETIONARY**.
- Review and confirm your proxy(ies) appointment.
- Click **"Apply"**.
- Download or print the eProxy Form acknowledgement.

Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees

- Write to bsr.helpdesk@boardroomlimited.com by providing the name of Member and CDS Account Number, accompanied with the Certificate of Appointment of Corporate Representative or Proxy Form, to submit the request.
- Please provide a copy of the Corporate Representative's or Proxy Holder's MyKad (front and back) or passport in JPEG, PNG or PDF format as well as his/her email address.

a. You will receive a notification from Boardroom that your request has been received and is being verified.
b. Upon system verification of your registration against the **AGM Record of Depositors as at 27 May 2022**, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
c. You will also receive your remote access User ID and Password along with the email from Boardroom if your registration is approved.
d. Please note that the closing date and time to submit your request is by **Sunday, 5 June 2022 at 10.00 am.**

Step 3 – Login to Virtual Meeting Portal

[Note: Please note that the quality of the connectivity to the Virtual Meeting Portal for the live webcast and remote online voting is highly dependent on the bandwidth and stability of the internet connectivity available at remote users' locations.]

a. The Virtual Meeting Portal will open for login one (1) hour before the scheduled commencement of the AGM, i.e. from **9.00 a.m. on Tuesday, 7 June 2022**.
b. Please follow the steps given to you in the email along with your remote access User ID and Password to login to the Virtual Meeting Portal *(Refer to Step 2(c) above)*.
c. The steps given will also guide you on how to view the live webcast, submit questions and vote.
d. The live webcast will end, and the Messaging window (for submission of questions) will be disabled once the Chairman announces the closure of the AGM.
e. You can then logout from the Virtual Meeting Portal.

Note to Users of the RPV Facilities:

1. Should your application to join the meeting be approved, Boardroom will facilitate your participation in the live stream meeting and remote voting. Your login to the Virtual Meeting Portal on the day of meeting will indicate your presence at the virtual meeting.
2. If you encounter any issues with login, connecting to the live stream meeting or online voting, please call Boardroom at +603-7890-4700 or send an email to bsr.helpdesk@boardroomlimited.com for assistance.

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

5. Mode of Communication

You may submit questions relating to the agenda items of the AGM in advance via the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com, commencing from 7 May 2022 and in any event no later than **Sunday, 5 June 2022 at 10.00 a.m.** using the same user ID and password provided in Step 2 (under note 4) above, and select "SUBMIT QUESTION" to pose questions

Alternatively, you may submit any questions for the Chairman/Board during the AGM using the Messaging window facility which will open concurrently with the Virtual Meeting Portal one (1) hour before the scheduled commencement of the AGM, i.e. from **9.00 a.m. on Tuesday, 7 June 2022**.

The Chairman and management will respond to their best endeavours, questions submitted by shareholders which relate to the matters in the agenda of the AGM. Questions that are similar or on the same matter may be consolidated and answered together.

Please note that no recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

6. Lodgement of Proxy Form

Please deposit your completed Proxy Form at the office of Boardroom Share Registrars Sdn Bhd at the **Ground or 11th Floor, Menara Symphony, No. 5 Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia**, not less than forty-eight (48) hours before the time appointed for the holding of the 45th AGM, ie not later than **Sunday, 5 June 2022 at 10.00 am.**

Alternatively, the proxy appointment can also be lodged electronically via the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com which is available to individual shareholders, not less than forty-eight (48) hours before the time appointed for the holding of the 45th AGM, ie **Sunday, 5 June 2022 at 10.00 am.** For further information, kindly refer to note (4) – "RPV facilities" above..

The lodging of the Proxy Form will not preclude you from personally participating remotely and voting at the 45th AGM should you subsequently wish to do so.

Should you wish to personally participate remotely in the AGM, kindly register your intention to do so via Boardroom's website at https://investor.boardroomlimited.com *(refer to note 4 - Steps 1 to 3 above)*. Please note that upon your registration to personally participate remotely in the AGM, any previous proxy appointment will be deemed revoked. Alternatively, please write in to bsr.helpdesk@boardroomlimited.com to revoke your earlier proxy appointment no **later than Sunday, 5 June 2022 at 10.00 am.**

7. Communication Guidance

Shareholders are also reminded to monitor the Company's website and announcements for any changes to the AGM arrangements.

8. No Door Gifts/Vouchers

No door gifts or e-vouchers will be distributed to shareholders/proxies who participate in the AGM.

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

9. Enquiries

Should you have any enquiry prior to the AGM or if you wish to request technical assistance to participate the AGM, please contact Boardroom during office hours (8.30 am to 5.30 pm) as follows:

Boardroom Share Registrars Sdn Bhd
Help Desk
Tel: +603 7890 4700
Email: bsr.helpdesk@boardroomlimited.com

10. Personal Data

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company: (i) consents to the collection, recording, holding, storing, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, recording, holding, storing, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

PROXY FORM

KUMPULAN PERANGSANG SELANGOR BERHAD

197501002218 (23737-K) (Incorporated in Malaysia)

No. of Ordinary Shares Held	
CDS Account No.	

Proxy Form for the **45th** AGM

I/We ..... NRIC No./Passport No./Company No. .....
(Full name in capital letters)

of .....
(Full address)

being a member/members of Kumpulan Perangsang Selangor Berhad ("the Company"), hereby appoint

	Name/NRIC No.	No. of Shares	Percentage (%)	
Proxy 1	.....	.....	.....	and/or failing him/her
Tel No. :	.....			
Email :	.....			
Proxy 2	.....	.....	.....	or failing him/her
Tel No. :	.....			
Email :	.....			

the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the 45th AGM of the Company to be conducted fully virtual through live streaming and online remote voting from the **Broadcast Venue at KPS Corporate Office, 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 7 June 2022 at 10.00 a.m.** or any adjournment thereof.

My/Our proxy is to vote as indicated below:-

Resolution	Agenda	For	Against
Ordinary Resolution 1	To approve a single tier final dividend of 2.5 sen per share in respect of the financial year ended 31 December 2021.		
Ordinary Resolution 2	To re-elect the following Directors who retire pursuant to Clause 78 of the Company's Constitution and who being eligible offer themselves for re-election:- YB Dato' Haris bin Kasim		
Ordinary Resolution 3	Cik Sharmila Sekarajasekaran		
Ordinary Resolution 4	Puan Norita binti Mohd Sidek		
Ordinary Resolution 5	To re-elect the following Directors who retire pursuant to Clause 76(3) of the Company's Constitution and who being eligible offer themselves for re-election:- YBhg Dato' Noorazman bin Abd Aziz		
Ordinary Resolution 6	Encik Ahmad Fariz bin Hassan		
Ordinary Resolution 7	To approve the payment of Directors' Remuneration to the Non-Executive Directors up to an amount of RM1,814,452 for the period immediately after the 45th AGM until the next AGM of the Company.		
Ordinary Resolution 8	To re-appoint Messrs. BDO PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 9	Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature.		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain voting at his/her discretion).

..... Dated this ..... day of 2022

Signature/Common Seal of Shareholder

Notes:-

1. **IMPORTANT NOTICE**

   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the CA 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

   Shareholders **WILL NOT BE ALLOWED** to attend the 45th AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 45th AGM via the Remote Participation and Voting facilities ("RPV") provided by Boardroom Smart Investor Portal at https://investor.boardroomlimited.com.

2. For the purpose of determining who shall be entitled to attend this 45th AGM, via RPV the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as of 27 May 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 45th AGM via RPV or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member who is entitled to attend and vote at this 45th AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting via RPV. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which 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 which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com.
9. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under seal or under the hand of an officer or attorney duly authorised. The appointment of a proxy may be made in hard copy form or by electronic form. If the appointment is made in hard copy form, the Proxy Form must be deposited with Boardroom Share Registrars Sdn Bhd ("Boardroom")'s Office at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, to submit your electronic Proxy Form via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than 48 hours before the time fixed for holding the meeting.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly. Last date and time for lodging the proxy form is at 10.00 am, 5 June 2022.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Boardroom's Office at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, to submit your electronic Proxy Form via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with Boardroom's Office at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or alternatively, submit your electronic Proxy Form via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. The certificate of appointment should be executed in the following manner:
    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
        (a) at least two (2) authorised officers, of whom one shall be a director; or
        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

fold here along dotted line

Affix stamp here

BOARDROOM SHARE REGISTRARS SDN BHD

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603 7890 4800 Fax : +603 7890 4650

Kumpulan Perangsang Selangor Berhad
Registration No. 197501002218 (23737-K)

17th Floor, Plaza Perangsang,
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