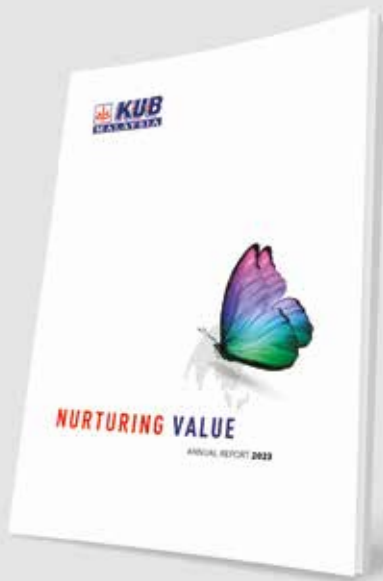




# NURTURING VALUE

ANNUAL REPORT **2023**



## NURTURING VALUE

The cover of this year's annual report depicts a butterfly perched upon a digital globe, symbolising our recent transformational efforts and the opportunities that lie ahead for our expansion.

During the past few years, we have acted decisively to streamline our operations and drive greater efficiencies. As a result, our Group is now more stable, putting us in a strong position to build for the future. However, much like a butterfly chooses its nectar, our future success will depend on our ability to nurture value through carefully considered strategic initiatives that maximise our capabilities and build new and sustainable streams of income for the long term.



### Feedback

We are fully committed to listening to our stakeholders, and we welcome feedback on this report and any aspect of our performance.

To provide feedback, or for any inquiries on our report, please contact:

investorrelation@kub.com

Tel : +(603) 2721 9600

Fax: +(603) 2721 9610



### Feature in this Annual Report

As part of our sustainability initiatives, KUB Malaysia Berhad ('KUB') is reducing the print run of all publication including Notice of Meeting, Annual Report and etc.

We encourage you to visit our webpage at <https://www.kub.com/investor-relations/general-meetings/> to download, retrieve and view the relevant documents at your convenience.

However the printed copy of the Annual Report is also available upon request by filling the requisition form available at our webpage and returning it to us via post, email or fax.



# WHAT'S INSIDE

## CORPORATE INFORMATION

---

- 02 Corporate Information
- 03 Corporate Structure
- 04 Profile of Directors
- 14 Board Committees
- 15 Profile of Senior Management

## HIGHLIGHTS

---

- 17 5-Year Group Financial Highlights
- 18 Economic Value for Shareholders

## PERFORMANCE REVIEW

---

- 19 The Group Managing Director's Statement and Management Discussion & Analysis

## CORPORATE GOVERNANCE

---

- 26 Sustainability Statement
- 46 Corporate Governance Overview Statement
- 54 Additional Compliance Information
- 55 Statement on Risk Management and Internal Control
- 60 Board Audit Committee Report
- 62 Statement of Directors' Responsibility

## FINANCIAL STATEMENTS

---

- 63 Financial Statements

## OTHER CORPORATE INFORMATION

---

- 164 List of Properties
- 165 Analysis of Shareholdings
- 168 Notice of the 58<sup>th</sup> Annual General Meeting
- 170 Statement Accompanying Notice of the 58<sup>th</sup> Annual General Meeting
- 171 Administrative Details

Proxy Form

Group Directory

# 58<sup>th</sup>

## Annual General Meeting

### Broadcast Venue:

Board Room, KUB Malaysia Berhad,  
Suite A-22-1, Level 22, Hampshire Place Office,  
157 Hampshire, No. 1 Jalan Mayang Sari,  
50450 Kuala Lumpur

**Tuesday, 31 October 2023**

**10.00 a.m.**

# CORPORATE INFORMATION

## Board of Directors

- 1 **Datuk Seri Johari bin Abdul Ghani**  
Chairman  
Non-Independent Non-Executive Director
- 2 **Ahmed Fairuz bin Abdul Aziz**  
Group Managing Director
- 3 **Dato' Ahmad Ibnihajar**  
Independent Non-Executive Director
- 4 **Teh Bee Tein**  
Independent Non-Executive Director  
(Appointed w.e.f. 19 January 2023)
- 5 **Datuk Haji Mohd Haniff bin Haji Koslan**  
Independent Non-Executive Director
- 6 **Datuk Norliza binti Abdul Rahim**  
Independent Non-Executive Director
- 7 **Megat Joha bin Megat Abdul Rahman**  
Non-Independent Non-Executive Director
- 8 **Kasinathan a/l Tulasi**  
Independent Non-Executive Director
- 9 **Tee Beng Thong**  
Independent Non-Executive Director
- 10 **Mohammad Farish Nizar bin Othman**  
Independent Non-Executive Director  
(Resigned w.e.f. 15 December 2022)

## Company Secretaries

**Azleen binti Abdullah**  
(MAICSA 7057423/PC 201908002775)

**Norita binti Misra**  
(LS 0010426/PC 202008002369)

## Registered Office

**KUB Malaysia Berhad (196501000205 (6022-D))**

Suite A-22-1, Level 22  
Hampshire Place Office  
157 Hampshire  
No. 1 Jalan Mayang Sari  
50450 Kuala Lumpur

Tel : +(603) 2721 9600  
Fax : +(603) 2721 9610  
E-mail : investorrelation@kub.com  
Website : www.kub.com

## External Auditors

**Deloitte PLT (LLP0010145-LCA)**  
Chartered Accountants (AF 0080)  
Level 16, Menara LGB  
1, Jalan Wan Kadir  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

Tel : +(603) 7610 8888  
Fax : +(603) 7726 8986

## Stock Exchange Listing

**Bursa Malaysia Securities Berhad (200301033577 (635998-W))**

Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur

Market : Main Market  
Stock Name : KUB  
Stock Code : 6874  
Sector : Industrial Products and Services

## Share Registrar

**Boardroom Share Registrars Sdn Bhd (199601006647 (378993-D))**

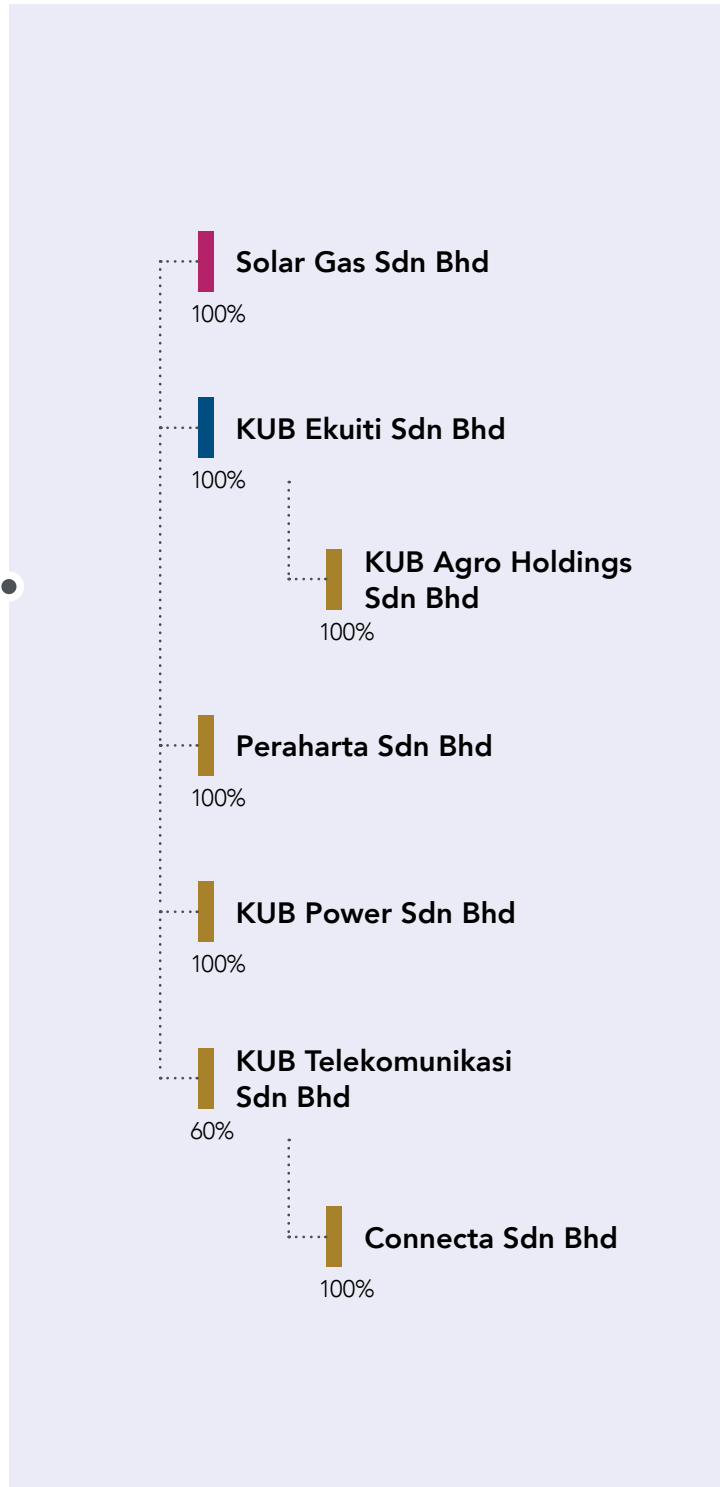
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

Tel : +(603) 7890 4700  
Fax : +(603) 7890 4670  
E-mail : BSR.Helpdesk@boardroomlimited.com

## Principal Bankers

Malayan Banking Berhad  
Affin Bank Berhad

# CORPORATE STRUCTURE



**Legend:**

- LPG Division
- Others
- Investment Holding

Note: The above structure represents active companies

## PROFILE OF DIRECTORS



### DATUK SERI JOHARI BIN ABDUL GHANI

Chairman  
Non-Independent Non-Executive Director

Malaysian



Age

59

Male



#### Date of Appointment

4 March 2019

#### Length of Tenure as Director

4 years 6 months

#### Board Committee Membership

- None

#### Jul 2022 – Jun 2023

#### Board Meeting Attendance

6/6

#### Qualification(s)

- Chartered Accountant, Association of Chartered Certified Accountants, United Kingdom

#### Areas of Expertise(s)

- Corporate Recovery/Turnaround
- Finance
- Business Management

#### Other Directorship(s)

##### Listed

- Chairman, C.I. Holdings Berhad

##### Public Companies

- None

#### Working Experience(s)

##### Present

##### > Within KUB Group

- Chairman, KUB Malaysia Berhad

##### > Other Companies/Bodies

- Chairman, JAG Capital Holdings Sdn Bhd

##### Past

- Minister of Finance II, Malaysia
- Accountant, Peat Marwick & Co. (now known as KPMG)

## AHMED FAIRUZ BIN ABDUL AZIZ

Group Managing Director

Malaysian



Age

45

Male



### Date of Appointment

1 October 2020

### Length of Tenure as Director

2 years 11 months

### Board Committee Membership

- None

### Jul 2022 – Jun 2023

### Board Meeting Attendance

6/6



### Qualification(s)

- Bachelor of Science in Accounting and Finance, London School of Economics and Political Science, United Kingdom
- Fellow Member, Institute of Chartered Accountants, England and Wales
- Member, Malaysian Institute of Accountants

### Areas of Expertise(s)

- Corporate Finance
- Tax, Treasury and Financial Reporting
- Audit and Advisory

### Other Directorship(s)

#### Listed

- Pos Malaysia Berhad

#### Public Companies

- KUB Development Berhad

### Working Experience(s)

#### Present

##### > Within KUB Group

- Directors within KUB Group of Companies

##### > Other Companies/Bodies

- None

#### Past

- Group Chief Executive Officer, KUB Malaysia Berhad (December 2019 to September 2020)
- Group Chief Financial Officer, KUB Malaysia Berhad (2016 to 2019)
- Group Chief Financial Officer/Head of Group Corporate Finance/Senior Manager, Group Corporate Finance, Naza Corporation Group of Companies (2008 to 2015)
- Manager, Group Corporate Finance/Executive, Investment Banking Division, CIMB Investment Bank Berhad (2005 to 2008)
- Senior Associate 1, Messrs. Ernst & Young (2002 to 2005)
- Associate, Messrs. Arthur Andersen & Co. (2001 to 2002)

## PROFILE OF DIRECTORS



### DATO' AHMAD IBNIHAJAR

Independent Non-Executive Director

Malaysian



Age

73

Male



#### Date of Appointment

27 November 2015

#### Length of Tenure as Director

7 years 10 months

#### Board Committee Membership

- Member, Board Nomination and Remuneration Committee

#### Jul 2022 – Jun 2023

#### Board Meeting Attendance

6/6

#### Qualification(s)

- Bachelor of Economics (Business Administration), University Malaya
- Fellow, Chartered Institute of Logistics and Transport, Malaysia

#### Areas of Expertise(s)

- Banking
- Investment
- Management and Leadership

#### Other Directorship(s)

##### Listed

- None

##### Public Companies

- None

#### Working Experience(s)

##### Present

##### > Within KUB Group

- None

##### > Other Companies/Bodies

- Chairman, Heirs Corporation Sdn Bhd since 1991
- Chairman, Penang Sentral Sdn Bhd

##### Past

- Chairman, KUB Malaysia Berhad
- Board of Governors, Universiti Sains Malaysia
- Chairman, D'Nonce Technology Berhad from 2000 to 2018
- Chairman, Commerce Assurance Berhad from 2001 to 2005
- Director, Malaysian Resources Corporation Berhad from 2000 to 2013
- Managing Director, Penang Port Sdn Bhd from 1999 to 2013
- Director, PW Consolidated Berhad from 1997 to 2004
- Director, Bumiputera Technology Venture Capital Sdn Bhd from 1996 to 2008
- Managing Director, Bumiputera Technology Venture Capital Management Sdn Bhd from 1996 to 2008
- Managing Director, Taiping Securities Sdn Bhd from 1996 to 1999
- Executive Director, WM Svenc-Nor JV Sdn Bhd from 1991 to 1993
- Managing Director, United Traders Securities Sdn Bhd from 1984 to 1991
- Branch Manager, Malayan Banking Berhad from 1980 to 1984
- Forex Dealer and Portfolio Manager, Malayan Banking Berhad, London from 1976 to 1979

**TEH BEE TEIN**

Independent Non-Executive Director

Malaysian



Age

67

Female

**Date of Appointment**

19 January 2023

**Length of Tenure as Director**

9 months

**Board Committee Membership**

- Chairman, Board Audit Committee

**Jan 2023 – Jun 2023****Board Meeting Attendance**

2/2

**Qualification(s)**

- Member, Malaysian Institute of Accountants
- Fellow Member, Association of Chartered Certified Accountants – UK
- Approved Company Auditor
- Registered Tax Agent

**Areas of Expertise(s)**

- Statutory and Internal Audits
- Taxation Consulting and Planning
- Business Restructuring and Due Diligence
- Training and Seminars
- Building Construction and Property Development
- Manufacturing
- Retailers/Trading
- Investments

**Other Directorship(s)****Listed**

- George Kent (Malaysia) Berhad

**Public Companies**

- None

**Working Experience(s)****Present****> Within KUB Group**

- None

**> Other Companies/Bodies**

- B.T. Teh Tax Services Sdn Bhd

**Past**

- Director, C.I. Holdings Berhad
- Messrs. Ernst & Young

## PROFILE OF DIRECTORS



### DATUK HAJI MOHD HANIFF BIN HAJI KOSLAN

Independent Non-Executive Director

Malaysian



Age

64

Male



#### Date of Appointment

25 August 2016

#### Length of Tenure as Director

7 years 1 month

#### Board Committee Membership

- Member, Board Risk Management Committee

#### Jul 2022 – Jun 2023

#### Board Meeting Attendance

6/6

#### Qualification(s)

- International Executive Master of Business Administration, Paris Graduate School of Management, France
- Certified International Project Manager and Fellow, American Academy of Project Management
- Registered Business Analyst and Fellow, American Academy of Financial Management

#### Areas of Expertise(s)

- Property Development
- Construction
- Taxation
- Business Strategies
- Management

#### Other Directorship(s)

##### Listed

- None

##### Public Companies

- None

#### Working Experience(s)

##### Present

##### > Within KUB Group

- None

##### > Other Companies/Bodies

- None

##### Past

- President, Ranhill Corporation Sdn Bhd from 1998 to 2000
- Executive Director, Bridgecon Holdings Berhad from 1997 to 1998
- Executive Director, Kumpulan KKHM Sdn Bhd from 1989 to 1997
- Tax Consultant, Messrs. Aidid & Co from 1986 to 1989
- Tax Consultant, Messrs. K.K San Liew & Loke from 1984 to 1986
- Tax Assistant, Jabatan Hasil Dalam Negeri (now known as Inland Revenue Board of Malaysia) from 1980 to 1984

## DATUK NORLIZA BINTI ABDUL RAHIM

Independent Non-Executive Director

Malaysian



Age

54

Female



### Date of Appointment

28 August 2018

### Length of Tenure as Director

5 years 1 month

### Board Committee Membership

- Chairman, Board Risk Management Committee
- Member, Board Nomination and Remuneration Committee

### Jul 2022 – Jun 2023

### Board Meeting Attendance

6/6



### Qualification(s)

- Master of Business Administration in Accounting, Lincoln University, US
- Bachelor of Advanced Financial Planning, Miami University, US
- Bachelor of Commerce and Management (majoring in Accounting), Lincoln University, US
- Diploma in Accountancy, Politeknik Ungku Omar

### Areas of Expertise(s)

- Property Development
- Construction
- Information Communication and Technology

### Other Directorship(s)

#### Listed

- None

#### Public Companies

- None

### Working Experience(s)

#### Present

##### > Within KUB Group

- None

##### > Other Companies/Bodies

- Chairman, Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN)

#### Past

- Chairman, UDA Holdings Berhad from November 2021 to December 2022
- Director, Boustead Heavy Industries Corporation Berhad
- Chairman, Mutiara.com from 2015 to 31 July 2018
- Board Member, JKP Sdn Bhd, Penang from 2013 to 31 July 2018
- Senator, Dewan Negara (Malaysia Senate) from May 2011 to May 2017
- Assistant Director, State Housing Office, Penang from 1992 to 1996

## PROFILE OF DIRECTORS



### MEGAT JOHA BIN MEGAT ABDUL RAHMAN

Non-Independent Non-Executive  
Director

Malaysian



Age

60

Male



#### Date of Appointment

4 March 2019

#### Length of Tenure as Director

4 years 6 months

#### Board Committee Membership

- Chairman, Board Nomination and Remuneration Committee
- Member, Board Audit Committee

#### Jul 2022 – Jun 2023

#### Board Meeting Attendance

6/6

#### Qualification(s)

- American Institute of Certified Public Accountants, US
- Degree in Accounting and Finance, Boston University, Massachusetts

#### Areas of Expertise(s)

- Accounting
- Business Development
- Corporate Restructuring
- Finance
- Strategic Planning

#### Other Directorship(s)

##### Listed

- Director, C.I. Holdings Berhad
- Director, Marine & General Berhad

##### Public Companies

- Chairman, Central Cables Berhad

#### Working Experience(s)

##### Present

##### > Within KUB Group

- Chairman, several subsidiaries of KUB

##### > Other Companies/Bodies

- None

##### Past

- General Manager, Boustead Sissons Paints Sdn Bhd
- Group CEO, Majuperak Holdings Berhad
- Chief Operating Officer/Executive Director (Operations), Mayban Securites Sdn Bhd
- Assistant General Manager, Labuan International Financial Exchange ('LFX')
- Investigations Senior Manager for Market Supervision, Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad)
- Vice President, Agro-based Group and Business Development, FIMA Berhad
- Executive Director and Chief Executive Officer, Percetakan Keselamatan Nasional and Security Printers, FIMA Berhad
- Messrs. KPMG Kuala Lumpur
- Messrs. KPMG Chicago, US

**KASINATHAN A/L TULASI**

Independent Non-Executive Director

Malaysian



Age

65

Male

**Date of Appointment**

1 October 2020

**Length of Tenure as Director**

2 years 11 months

**Board Committee Membership**

- Member, Board Audit Committee

**Jul 2022 – Jun 2023****Board Meeting Attendance**

5/6

**Qualification(s)**

- Barrister, Lincoln's Inn, UK
- Bachelor of Law (LL.B)(Hons.), University of London, UK

**Areas of Expertise(s)**

- Legal and Compliance

**Other Directorship(s)****Listed**

- None

**Public Companies**

- None

**Working Experience(s)****Present****> Within KUB Group**

- None

**> Other Companies/Bodies**

- Consultant, Messrs. Amir & Rajpal Ghai

**Past**

- Director, C.I. Holdings Berhad
- Director, Central Cables Berhad
- Advocate and Solicitor, Messrs. Affendi Zahari
- Legal Assistant, Messrs. Sajali, Amier & Partners
- Read in Chambers of Mr. Philip Waller QC, London

## PROFILE OF DIRECTORS



### TEE BENG THONG

Independent Non-Executive Director

Malaysian



Age

56

Male



#### Date of Appointment

1 October 2020

#### Length of Tenure as Director

2 years 11 months

#### Board Committee Membership

- Member, Board Risk Management Committee

#### Jul 2022 – Jun 2023

#### Board Meeting Attendance

6/6

#### Qualification(s)

- Associate Member, Certified Practising Accountant, Australia
- Bachelor of Business (Accounting), Monash University, Melbourne, Australia

#### Areas of Expertise(s)

- Professional HR Practitioner
- Trained Accountant
- C-suites and Board Interactions
- Financial Statements
- Community Relations
- Goal-setting and Strategic Planning
- Strategic Advisory
- Corporate Governance

#### Other Directorship(s)

##### Listed

- None

##### Public Companies

- None

#### Working Experience(s)

##### Present

##### > Within KUB Group

- None

##### > Other Companies/Bodies

- Vice President, St. John Ambulance of Malaysia (KSU)

##### Past

- Chief Executive Officer, Seek Executive Search Sdn Bhd
- Chief Executive Officer, JMW International Pty Ltd
- Senior Consultant/Partner, JM Williams & Associates Sdn Bhd in 2000
- BBB Distributor Sdn Bhd
- Coopers & Lybrand (nka PricewaterhouseCoopers) in 1993

**Additional Information**

1. Save as disclosed below, none of the Directors has any family relationship with or is related to any Director and/or substantial shareholders of KUB Malaysia Berhad, or has any personal interest in any business arrangement involving the Company:
  - i. JAG Capital Holdings Sdn Bhd is a substantial shareholder of KUB.
  - ii. The Nominee Directors of JAG Capital Holdings Sdn Bhd are:
    - Datuk Seri Johari bin Abdul Ghani
    - Megat Joha bin Megat Abdul Rahman
2. None of the Directors has been convicted for any offences within the past five (5) years or imposed with any public sanctions or penalties by the relevant regulatory bodies during the financial period other than traffic offences, if any.
3. The details of Directors' attendance at Board meetings held in the financial period ended 30 June 2023 are set out in the Profiles of Directors and the Corporate Governance Overview Statement in this Annual Report.

## BOARD COMMITTEES

Board Audit Committee	Appointed with effect from (w.e.f.)
1. Teh Bee Tein (Appointed as Chairman on 19/01/2023)	19/01/2023
2. Megat Joha bin Megat Abdul Rahman	01/04/2019
3. Kasinathan a/l Tulasi	16/10/2020
4. Mohammad Farish Nizar bin Othman (resigned w.e.f. 15/12/2022)	27/11/2015

Board Nomination and Remuneration Committee	Appointed w.e.f
1. Megat Joha bin Megat Abdul Rahman (Chairman)	28/05/2021
2. Dato' Ahmad Ibnihajar	28/05/2021
3. Datuk Norliza binti Abdul Rahim	28/05/2021

Board Risk Management Committee	Appointed w.e.f
1. Datuk Norliza binti Abdul Rahim (Chairman)	01/04/2019
2. Datuk Haji Mohd Haniff bin Haji Koslan	16/10/2020
3. Tee Beng Thong	16/10/2020

## PROFILE OF SENIOR MANAGEMENT



### MOHAMED ROZAIDI BIN MD SHARIF

Director/Chief Executive Officer  
Solar Gas Sdn Bhd

Malaysian



Age

45

Male



#### Qualification(s)

- Bachelor of Business Administration (Transportation), University Teknologi MARA, Shah Alam

#### Areas of Expertise(s)

- Operations
- Sales & Marketing
- Retail
- Logistics & Distribution
- Digital Solutions
- Connectivity & Telecommunications

#### Working Experience(s)

- Acting Chief Executive Officer, Solar Gas Sdn Bhd (March 2022)
- Chief Operating Officer, Solar Gas Sdn Bhd (September 2021)
- Chief Executive Officer, Postal Services, Pos Malaysia Berhad
- Group Head, Operation, Pos Malaysia

- Group Managing Director, Altel Holdings Sdn Bhd
- Chief Commercial Officer, Altel Communications Sdn Bhd
- Director, Regional Enterprise Business Solutions, Celcom Axiata Berhad
- Director, Sales Management and Planning, Celcom Axiata Berhad
- Vice President, Sales Operations and Distributions, Celcom Axiata Berhad
- Chief Executive Officer, C-Mobile Sdn Bhd
- Vice President, Sabah Region, Celcom Axiata Berhad
- General Manager, Retail Sales and Distribution, Celcom Axiata Berhad

#### Other Directorship(s)

##### Listed Entities

- None

##### Public Companies

- None

#### Date of Appointment

1 July 2022

#### Length of Tenure as Director

1 year 2 months



### DR. CHARLES CHOW KOK CHENG

Executive Director/Chief Executive Officer  
KUB Agro Holdings Sdn Bhd

Malaysian



Age

64

Male



#### Qualification(s)

- Doctor of Business Management, IPE Management School, Paris
- Master of Business Administration (General Management), Heriot-Watt University, United Kingdom
- Professional Advanced Diploma (AISP), the Incorporated Society of Planters

#### Areas of Expertise(s)

- Turnaround Plantation Company
- Plantation Management
- Consultancy and Advisory on Plantation

#### Working Experience(s)

- Group Chief Executive Officer/ Managing Director, Tradewinds Plantation Berhad (2018-2021)
- Senior General Manager-Plantation, Tradewinds Plantation Berhad (2016 to 2018)

- Director of Plantation, Tradewinds Plantation Berhad (2015 to 2016)
- General Manager (CEO'S Office) Tradewinds Plantation Berhad (2015)
- Senior General Manager-Estates, Head of Operations, Hap Seng Plantations Holdings Berhad (2014)
- Planting Advisor, Hap Seng Plantations Holdings Berhad (2011 to 2014)

#### Other Directorship(s)

##### Listed Entities

- None

##### Public Companies

- None

#### Date of Appointment

1 June 2021

#### Length of Tenure as Director

2 years 3 months

## PROFILE OF SENIOR MANAGEMENT



### ADAM VIN BIN RAWI

Executive Director  
KUB Telekomunikasi Sdn Bhd

Malaysian



Age

43

Male



#### Qualification(s)

- Bachelor Degree in Electronics and Communication Engineering, Robert Gordon University, Aberdeen

#### Areas of Expertise(s)

- Integrated Network Management Systems
- Network Infrastructure
- Project Management
- International Business
- Strategic Planning

#### Working Experience(s)

- Executive Director, KUB Telekomunikasi Sdn Bhd (May 2023 - To date)
- Vice President Operations, KUB Telekomunikasi Sdn Bhd (2021 to 2023)

- Head of Telco Infrastructure, KUB Telekomunikasi Sdn Bhd (2020 to 2021)
- Head of Business Development and Strategic Planning, KUB Telekomunikasi Sdn Bhd (2017 to 2019)
- Head of Transformation, KUB Telekomunikasi Sdn Bhd (2016 to 2017)
- Country Manager, KFT International Sdn Bhd (2006 to 2016)
- Technical Support, Engineer & Project Manager, KFT International Sdn Bhd (2003 to 2006)

#### Other Directorship(s)

##### Listed Entities

- None

##### Public Companies

- None

#### Date of Appointment

15 May 2023

#### Length of Tenure as Director

4 months

#### Additional Information

1. None of the Senior Management personnel has any family relationship with or is related to any Director and/or substantial shareholders of KUB Malaysia Berhad, or has any personal interest in any business arrangement involving the Company.
2. None of the Senior Management personnel has been convicted for any offences within the past five (5) years or subjected with any public sanctions or penalties by the relevant regulatory bodies during the financial period other than traffic offences, if any.
3. The full profiles of the Senior Management are available online at [www.kub.com](http://www.kub.com).

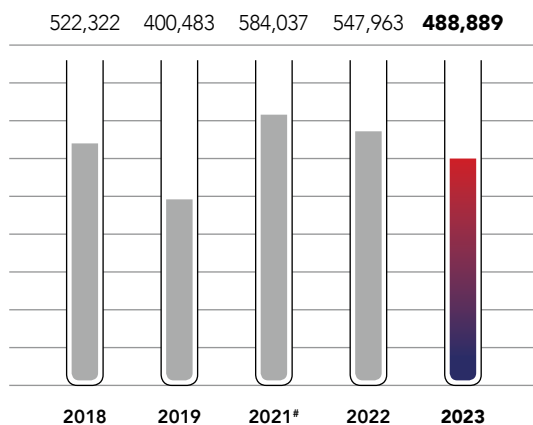
## 5-YEAR GROUP FINANCIAL HIGHLIGHTS

RM'000	2018	2019	2021 <sup>#</sup>	2022	2023
Revenue	522,322	400,483	584,037	547,963	<b>488,889</b>
Profit/(Loss) before taxation	(30,169)	20,590	167,791	33,173	<b>38,879</b>
Profit/(Loss) for the year	(19,495)	18,331	158,575	24,106	<b>33,875</b>
Profit attributable to owners of the Company	1,177	17,355	155,562	18,284	<b>33,811</b>
Shareholders' funds	315,480	335,132	483,519	493,312	<b>517,045</b>
Basic earnings per share (sen)	0.21	3.12	27.96	3.29	<b>6.08</b>
Net assets per share (RM)	0.57	0.60	0.87	0.89	<b>0.93</b>
Dividend per share (sen)	1.0	-	1.5	1.5	<b>2.0</b>
Gearing ratio (times)	0.54	0.31	0.08	0.11	<b>0.08</b>

<sup>#</sup> Due to the change of financial year end from 31 December to 30 June, the Group financial results presented for FY2021 is for 18 months period ended 30 June 2021.

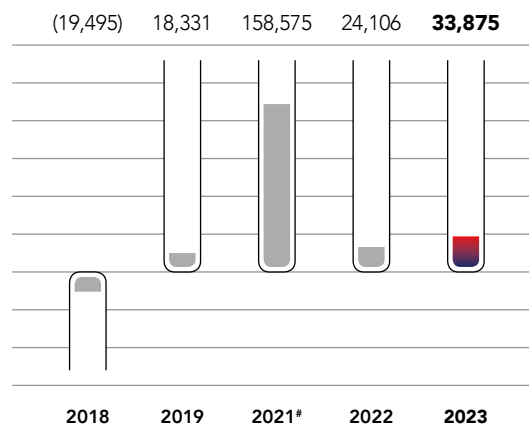
### Revenue (RM'000)

## RM488,889



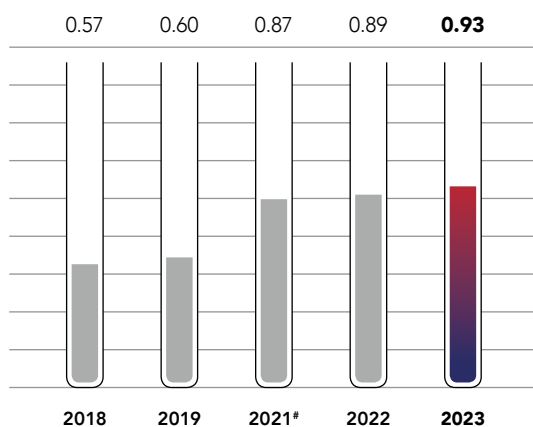
### Profit/(Loss) for the Year (RM'000)

## RM33,875



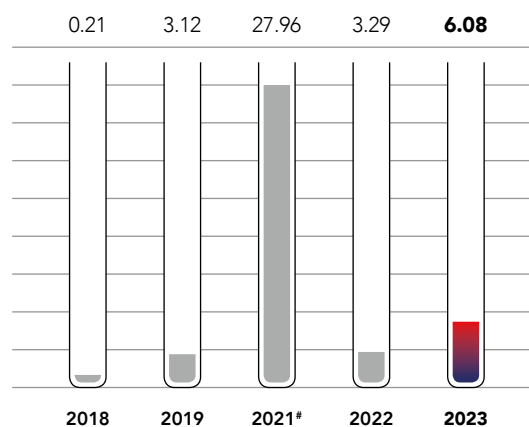
### Net Assets Per Share (RM)

## RM0.93



### Basic Earnings Per Share (SEN)





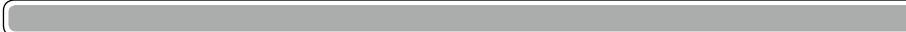

## 6.08 sen



## ECONOMIC VALUE FOR SHAREHOLDERS

### Market Capitalisation

(RM Million)

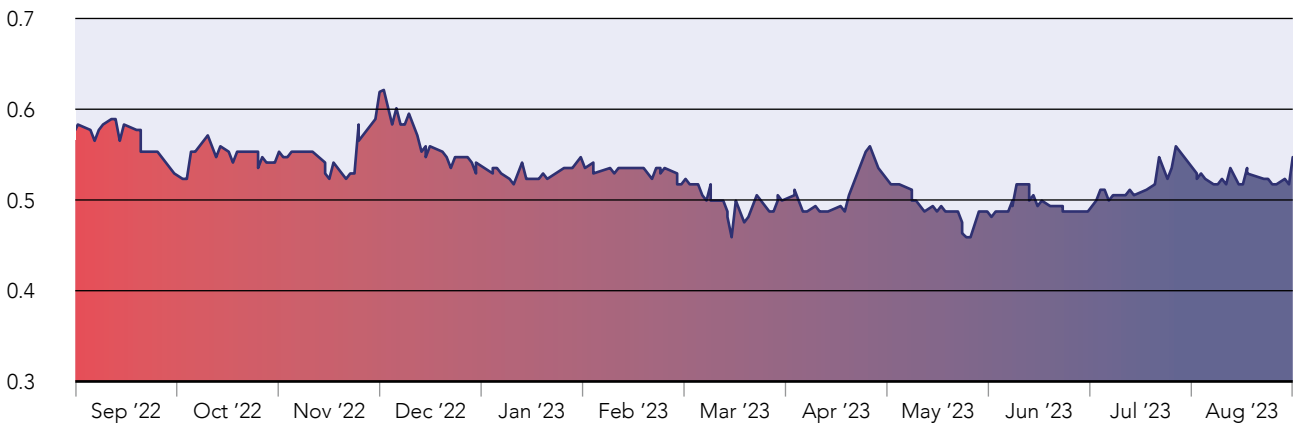
2018*		130.8
2019*		186.4
2020*		328.3
2021**		339.4
2022**		300.5
30/8/2023		<b>303.3</b>

\* Closing price as at 31 December

\*\* Closing price as at 30 June

### Share Price Movement#

(RM)



# Daily closing prices

### Monthly Trading Volume & Share Price Statistics

Month	2022				2023							
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Volume ('000)	3,217	5,139	10,597	8,927	2,274	2,540	3,466	9,673	6,652	3,167	8,049	8,299
High (RM)	0.595	0.590	0.600	0.630	0.550	0.540	0.525	0.580	0.540	0.525	0.565	0.550
Low (RM)	0.520	0.510	0.480	0.520	0.515	0.515	0.455	0.480	0.455	0.480	0.490	0.510
Closing Price (RM)	0.530	0.540	0.590	0.540	0.535	0.515	0.500	0.535	0.490	0.485	0.535	0.545

# THE GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

**Dear Valued Shareholder,**

**FY2023 was undoubtedly a year of turbulence, both at the macroeconomic level and in the context of our business.**

During this time, geopolitical challenges in the form of the Russia-Ukraine conflict and the USA-China trade war have continued to have a destabilising effect on the global economy, resulting in persistently high inflation and elevated raw material prices. Meanwhile, the deconsolidation of our oil palm plantation business under KUB Sepadu Sdn Bhd ('KUBS') in June 2022 meant that we were suddenly unable to fully operate a division of our business that had formerly contributed 8% of Group-wide revenue, resulting in a fairly large hit to our topline.

However, even after factoring in these negative impacts, we have recorded a strong financial performance, with higher profit after zakat and tax ('PAT') than the year before and growing financial reserves in the form of cash and bank balances. This illustrates the resilience of our business and is a testament to the longer-term efforts we have made to streamline and de-risk our operations by disposing of our non-core/non-strategic businesses, rationalising our overheads and driving operational efficiencies.

As a result, we are now in a position to invest more resources in our core businesses and on potential new opportunities, with a focus on enhancing the quality of our earnings, driving efficiencies and Nurturing Value – the theme of this year's annual report. In seeking to expand our business, however, we are cognisant that effective planning and

execution of strategies is essential. We must be patient in order to capitalise on the most appropriate opportunities, and it is vital that we tread carefully and without haste in an economic environment that continues to be characterised by uncertainty, weak consumer sentiment and market volatility.

With this said, I hope that you will take the time to read the analysis that follows and gain a clearer picture of the strategies we are deploying to lay a foundation for sustained growth and expansion in the future.

## Financial Performance Review

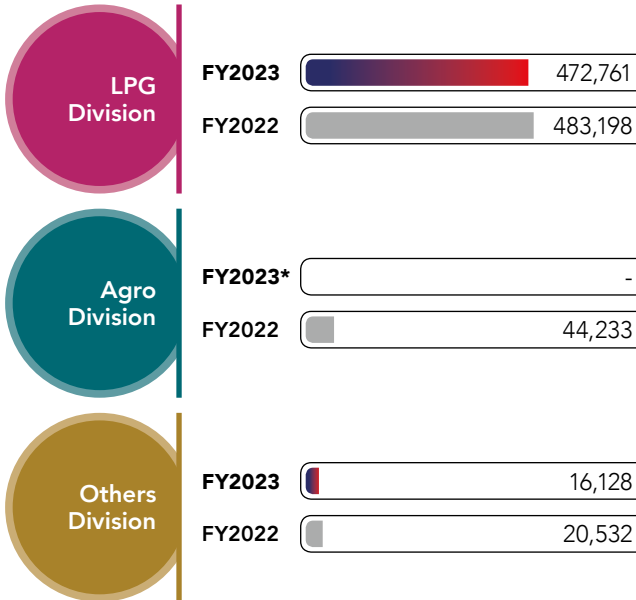
Largely due to the deconsolidation of KUBS, which was the sole contributor to our Agro Division, our revenue suffered a decline in FY2023, falling from RM548.0 million to RM488.9 million (a decrease of 11%).

Despite this, our PAT during the year under review increased by a significant 41%, from RM24.1 million to RM33.9 million. This substantial increase was driven in part by the recognition of a gain on fair value of investment in KUBS (classified under 'Other Investments' in our financial statements), totalling RM13.4 million, and was also aided by a more than 100% jump in the profitability of our LPG division.

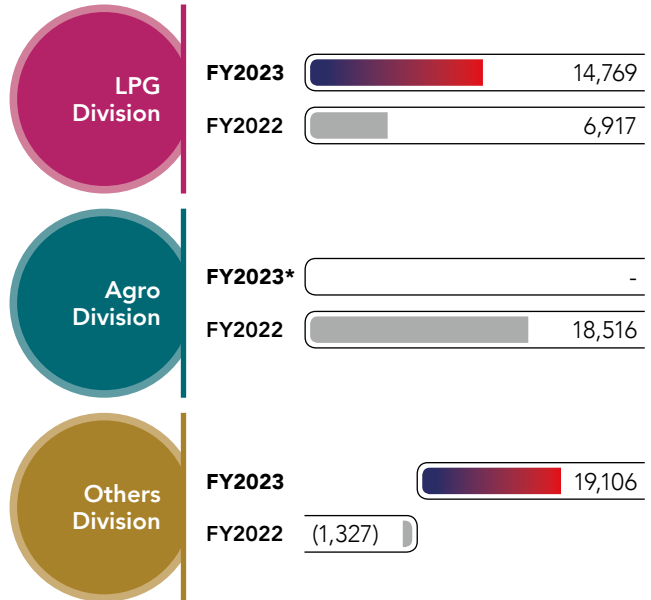


## THE GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

### Revenue by Division (RM'000)



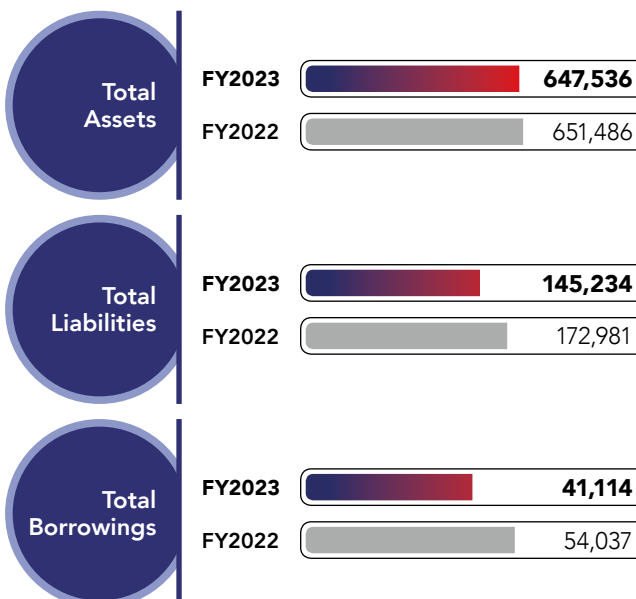
### Profit after Tax by Division (RM'000)



\* Due to the deconsolidation of KUBS, the financial results of the Agro division in the current financial year has been classified under the Others division.

Moreover, we currently boast a strong balance sheet, with our shareholders' funds crossing the half-a-billion mark at RM517.0 million (compared to RM493.3 million in FY2022), cash and bank balances standing at RM405.6 million (FY2022: RM391.9 million) and a low gearing ratio of 0.08 (FY2022: 0.11). This provides us with a stable footing from which to drive considered and cautious expansion in the future, once prevailing economic instabilities have calmed.

### Balance Sheet Analysis (RM'000)



#### Shareholders' Funds

## RM517.0 million

FY2022: RM493.3 million

#### Cash and Bank Balances

## RM405.6 million

FY2022: RM391.9 million

#### Net Assets per Share

## RM0.93

FY2022: RM0.89

#### Gearing Ratio

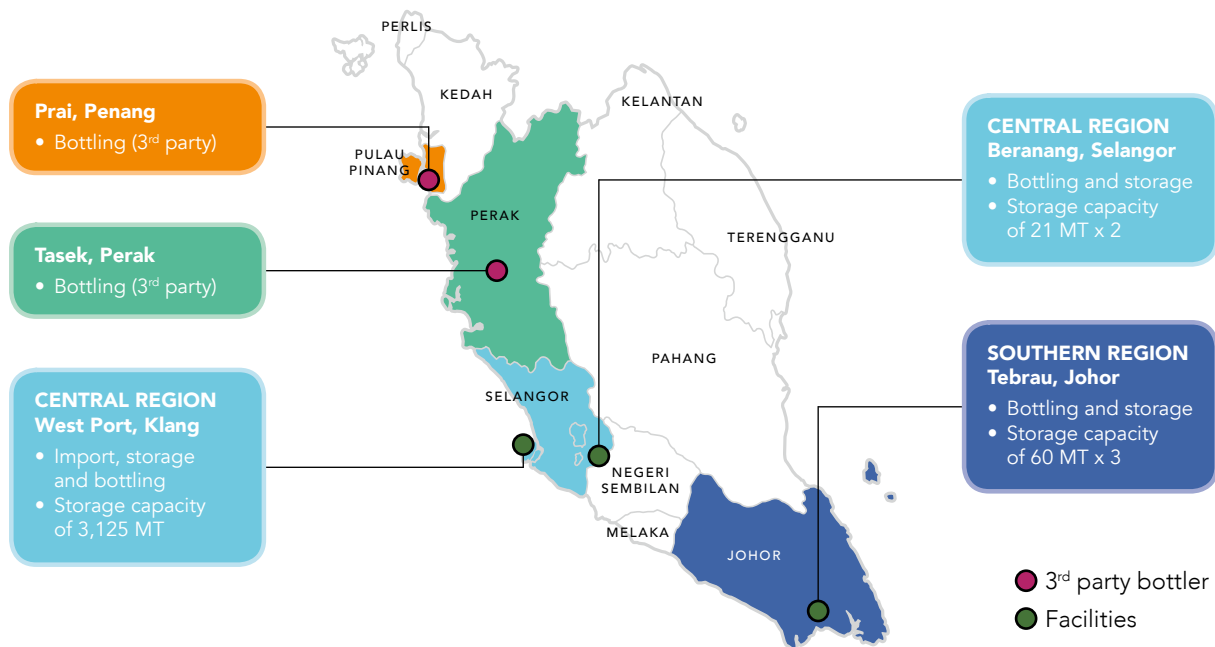
## 0.08 times

FY2022: 0.11 times

## LPG DIVISION

As an established player in the importation, bottling, marketing and distribution of Liquefied Petroleum Gas ('LPG'), our LPG division – constituting our wholly-owned subsidiary, Solar Gas Sdn Bhd – is the largest driver of Group-wide earnings, contributing 96.7% of total revenue in FY2023.

The strong contribution of Solar Gas is enabled through its established brand presence in the Southern and Central regions of Peninsular Malaysia, with an importation, storage and bottling plant in West Port (Selangor) and bottling plants in Beranang (Selangor) and Tebrau (Johor) serving a wide network of dealers that reach most urban to rural areas. Solar Gas also engages third party bottlers in Prai (Penang) and Tasek (Perak) to meet demand from other regions of the peninsula where we have a comparatively low penetration rate.



In FY2023, the LPG division recorded revenue of RM472.8 million – a decline of 2% compared to RM483.2 million in FY2022 which was caused by a decrease in the average Contract Price ('CP') of LPG, in correlation with the decline in crude oil price during the same period. However, the division's profit increased by more than 100% (RM6.9 million to RM14.8 million) on the back of a reduction in LPG purchase costs.

Our resurgent performance in FY2023 is illustrated by a strong 11% increase in overall sales volume. Specifically, sales volume in the domestic (residential and light commercial) segment has now reached pre-pandemic levels, supported by improved market conditions and our continual efforts to expand our dealer network and brand reach. With that said, volumes in the commercial and industrial segments continue to show signs of sluggishness, mirroring the slow recovery of businesses – especially in the manufacturing sector – from ongoing pandemic impacts. It is also the result of our responsible strategy to preserve our operating margins, meaning that we have avoided tendering for contracts that would have likely resulted in heavy price competition with other market players.



## THE GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

A summary of our key strategies within the LPG division in FY2023 is shown below:

### Modernising the Solar Gas brand

Spent RM2.2 million on our ongoing cylinder reconditioning and requalification ('RCRQ') exercise and RM1.6 million on the repainting of cylinders to ensure competitiveness in cylinder appearance and drive a modern image for Solar Gas.

### Ramping up marketing activities

Expanded our downstream presence by recruiting new sub-dealers, adding new stores to our distribution network and increasing supply to convenience stores while maintaining attractive incentives to retain existing dealers.



### Driving operational efficiency

Invested in an automated pallet system to increase productivity, improve efficiency and reduce our dependence on manual labour, with the system currently being installed at our West Port facility at a total cost of RM2.9 million and due to be operational by October 2023.

### Investing in domestic segment growth

Focused sales efforts on domestic cylinders, leading to 19% and 13% increases in the sales of C12 and C14 cylinders respectively, while spending RM5.8 million on the injection of new cylinders for the domestic market.

Encouraged by our success in FY2023, we believe that the ingredients are in place to further expand our presence in the domestic segment and increase volume growth, particularly in the Northern and Central regions. To facilitate this, we will work closely with existing dealers to defend and grow their existing market areas while concurrently intensifying efforts to penetrate new markets via the procurement of new dealers. In order to effectively execute this strategy, we will press ahead with our ongoing RCRQ and repainting efforts to boost the image and attractiveness of the Solar Gas brand. Our expansion will be further aided by the improved storage capacity that our West Port terminal offers, enabling us to ensure continual availability of LPG supply and mitigate against any logistics bottlenecks that may arise.



In the commercial and industrial segments, meanwhile, we expect that the current market environment of high competition will persist over the near-term. To soften the impact of this situation, we are actively providing LPG supply and bottling services to other oil companies in Malaysia.

Our efforts across all three segments will be bolstered by the impending launch of our automated pallet system at West Port. This innovation offers several key benefits – reducing manpower costs related to cylinder loading and transportation, increasing the speed at which cylinders reach our customers and enhancing the safety of the entire process. Moreover, our use of the system will also enable us to work with larger dealers who have bigger footprints, thus driving our continued penetration across major markets.

However, as we recognise these promising growth opportunities, we must also acknowledge that challenges remain in our path. A concerning hurdle to our expansion is our continuing cylinder capacity issue, which has been exacerbated by the prolonged delay of cylinder exchanges between us and our competitor oil companies, thereby further impacting the circulation of Solar Gas cylinders in the market. To address this issue, we plan to explore the use of technological solutions to better track our cylinders.

We also remain cognisant of the tightening regulatory environment and its potential impact on our business. In recent years, considering that LPG is a controlled item under the Petroleum Development Act 1974 and the Control of Supplies Act 1961, the process involved in securing licences to recruit dealers has become more bureaucratic, thereby slowing down our dealer expansion activities. At the same time, the government may decide to replace the current blanket coverage of gas subsidies with targeted subsidies for specific income groups in future. If implemented, this policy may affect demand for LPG across the domestic market, necessitating a pivot towards commercial and industrial segment opportunities.

These present and potential challenges reflect the reality of the LPG market, which remains highly competitive and responsive to evolving market conditions. With that said, our successful initiatives to grow our market share and maximise operational margins position us strongly to weather any negative impacts that may come our way. Accordingly, we foresee a stronger performance for the division in the forthcoming financial year.

## AGRO DIVISION

**Our Agro Division formerly comprised of two oil palm estates in Mukah, Sarawak, which totalled 4,616 hectares of land under management by KUBS.**



After a winding up order against KUBS was granted by the High Court on 15 June 2022, KUBS's accounts were immediately deconsolidated from the Group's. However, given that we retained significant influence on the operations of the company, KUBS continued to be classified as an associate company of the Group. Therefore, in the aftermath of the winding-up, we continued to manage the estates as per normal, progressing on the first phase of replanting and estate upgrading works as planned in the prior financial year.

However, upon the handover of KUBS to the appointed liquidator on 16 November 2022, we officially lost control of the operation of the two estates. As such, all planned operational activities and improvement initiatives immediately came to a halt.

Presently, we are awaiting the outcome of the Winding Up Appeal, with the hearing fixed at the Court of Appeal on 25 September 2023. Beyond this, we will continue to explore various avenues for the matter to be resolved amicably with the minority shareholders in order to secure the best possible outcome for both KUBS and the Group as a whole. Our goal is to consider the best course of action for our business in relation to KUBS and our involvement in the oil palm sector as a whole.

## THE GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

### OTHERS

**Beyond our core LPG division and our business interest in oil palm, we provide telecommunications infrastructure, engineering services and maintenance, and ancillary services in the information, communications and technology sector (our 'ICT business'), civil engineering works in the power sector (our 'power business') and property management services for several properties that are owned by the Group.**

During FY2023, our business activities in these sectors delivered a total revenue of RM16.1 million – a reduction of 21.5% compared to the RM20.5 million in revenue secured in FY2022. However, we recorded a PAT of RM19.1million, which compares favourably to our LAT of RM1.3 million in FY2022.

Due to the deconsolidation of KUBS, our PAT in FY2023 no longer consolidates the financial results of KUBS but equity accounts KUBS's profit, amounting to RM3.1 million up to the date of handover, and the investment in KUBS is now classified as part of our financial assets (under 'Other Investments'), measured at fair value through profit or loss ('FVTPL'). This corresponded to a gain on fair value of investment of RM13.4 million during FY2023.

This strong turnaround in results can be attributed to the disciplined way that we have reduced operating costs over the preceding years. Recognising that the ICT sector is highly competitive and that projects are particularly susceptible to delays in rollout, we launched a mutual separation scheme in FY2022, streamlining our workforce and pivoting towards increased reliance on

third-party service providers. While this strategy means that our margins on specific projects have been reduced, it has also mitigated the negative impact of any delays in the service legal agreements ('SLA') we have established with our clients and other unforeseen setbacks.

Complementing our workforce streamlining strategy, we have consciously focused our efforts in our ICT business on engineering services and maintenance works, where we will continue to provide our services to Nokia Services and Networks Malaysia Sdn Bhd on a maintenance contract until 2025 and ZTE (Malaysia) Corporation Sdn Bhd under a contract for engineering services and maintenance works until 30 April 2027, in addition to pursuing other opportunities in this area. We are also working to expand our presence in the building and leasing of telecommunication towers, which provides recurring income with minimal upkeep. In FY2023, we built a total of 15 towers, taking our total tower footprint to 31. Meanwhile, we have ceased activities in the supply and trading of ICT passive equipment, which delivered comparatively low margins.

Looking forward, we will continue to pitch for projects which offer recurring income, such as maintenance works, organically expand our telecommunications infrastructure business and consider inorganic growth opportunities where feasible. Concurrently, we will continue to nurture our partnership with South Korean technology and network equipment vendor, HFR Inc, with an eye to providing Private 5G services to enterprise, manufacturing, healthcare and hospitality clients across Malaysia. However, we foresee the possibility of delays in the commercialisation of these services due to the current focus of Digital Nasional Berhad ('DNB') on the rollout of the public 5G network and uncertainties surrounding the allocation of spectrum for private networks.

Within our power business, all projects have been completed, and we will continue to bid for viable contracts whenever the opportunity arises.





Meanwhile, in line with our Group-wide drive to streamline operations and focus on our core assets, we are actively disposing off our unproductive property holdings. In FY2024, our subsidiary Peraharta Sdn Bhd expects to complete the sale of a five-storey office building in Wisma Kota Bharu, Kelantan, for RM2.5 million, while we plan to dispose of two floors of our corporate office in Ara Damansara for RM7.7 million.

### Prospects

Looking at our performance in FY2023, we are encouraged to note that, in a challenging operating environment, we managed to improve our profitability and maintain a low cost base across our divisions. While the deconsolidation of KUBS has put a dampener on our sentiment towards the year, we are now truly in the position we have strived to be in over the past five years – that of a lean, agile organisation that is streamlined to focus on and capture the best opportunities for long-term growth.

With this said, we anticipate that FY2024 will continue to present a challenging economic environment characterised by a weakening Ringgit and global inflation. Furthermore, the sectors we operate in will continue to be highly competitive. Both of these factors will place downward pressure on margins, requiring us to maintain stringent cost management practices.

In our LPG division, our specific focus will be on increasing our market share and preserving our operational margins. To this end, we have already built strong momentum through our ongoing dealer acquisition activities and the impending launch of our automated pallet system. In addition, we aim to secure a longer-term deal for the purchase of LPG at a competitive price. As such, we foresee that the division will deliver stronger performance in FY2024 and continue to drive topline growth for the foreseeable future.

Concurrently, we will continue to explore various avenues to amicably resolve the issue pertaining to our Agro division in order to secure the best possible outcome for KUBS and the Group.

In our ICT and power businesses, meanwhile, we will remain attuned to new opportunities to bid for viable projects or execute inorganic transactions where feasible while maintaining a lean operating model to minimise costs and protect our profitability.

### Dividends

On 29 August 2023, the Board of Directors approved and declared a first and final dividend of 2 sen per share on 556,464,690 ordinary shares. This will amount to a total payout of RM11.1 million, reflecting a payout ratio of 54.55% of the core profits (excluding exceptional items) of the Group.

The dividend is payable on 5 October 2023 to shareholders whose names appear in the Record of Depositors at the close of business on 15 September 2023.

### Appreciation

I would like to take this opportunity to thank to our former Director, Encik Mohammad Farish Nizar bin Othman, who has served us well during his tenure, and to heartily welcome our incoming Director, Ms. Teh Bee Tein.

At this juncture, I would also like to place on record my thanks to the Group's shareholders for their continued faith. At the same time, my sincere appreciation goes to our employees for their hard work and dedication, and to our customers for their support and belief in what we can offer.

Energised by our collective focus on nurturing value for the long-term, we are now positioned to build a stronger and more sustainable future for the Group. I look forward to taking the next steps on this journey with you as we strive towards outcomes that generate shared value for all involved with our business.

### Ahmed Fairuz bin Abdul Aziz

Group Managing Director

21 September 2023

# SUSTAINABILITY STATEMENT

CORPORATE INFORMATION

HIGHLIGHTS

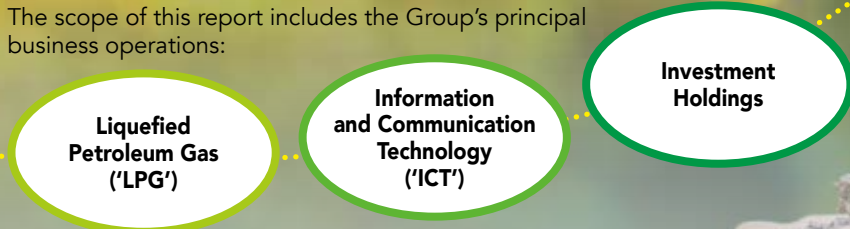
PERFORMANCE REVIEW

## About This Statement

### Welcome to the KUB Sustainability Statement 2023

This statement follows transparent reporting standards and shares the Group's commitment to sustainable business operations. KUB publishes this statement annually, together with the Annual Report. It includes progress and performance in the context of activities relating to economic, environmental, social and governance ('EESG') considerations from 1 July 2022 to 30 June 2023 ('FY2023'), unless specified.

The scope of this report includes the Group's principal business operations:



For the purpose of Sustainability Statement 2023, the Group disclosed three (3) financial years' data where specified. The Group's sustainability data presented for 2021 is an 18-month period ended 30 June 2021 due to the change of financial year from 31 December to 30 June.

References to 'KUB', 'the Group', 'the Company' and 'the Organisation' refer to KUB and its business divisions.

## Reporting Framework

KUB adhered to the following local and international guidelines when preparing this Sustainability Statement:

- Global Reporting Initiative ('GRI') Universal Standards
- Bursa Malaysia Sustainability Reporting Guide, including the latest amendments and enhanced requirements

## Principles Applied in Preparing this Statement

**Principles for defining report content**

- Stakeholder Inclusiveness
- Sustainability Context
- Materiality
- Completeness

**Principles for defining report quality**

- Balance
- Comparability
- Accuracy
- Timeliness
- Clarity
- Reliability

KUB supports the 2030 Agenda for Sustainable Development and the 17 United Nations Sustainable Development Goals ('UN SDGs') and will continue mapping its materiality matters against these goals.

The Group is formalising its climate-related strategies and targets reporting them in future reports, including:

- Setting baselines and targets
- Disclosing our progress towards complete alignment with the Task Force on Climate-Related Financial Disclosures ('TCFD')



## Feedback

KUB welcomes all feedback. For further enquiries, please contact:

**KUB Malaysia Berhad**  
(196501000205 (6022-D))

Suite A-22-1, Level 22  
Hampshire Place Office  
157 Hampshire  
No. 1 Jalan Mayang Sari  
50450 Kuala Lumpur

Tel : +(603) 2721 9600  
Fax : +(603) 2721 9610

## Sustainability at KUB

An ambition of becoming an organisation that creates long-term, sustainable value for all stakeholders drives KUB. Accelerating the integration of EESG practices into its business strategy allows the Group to manage its operations more effectively to ensure a better future for the Group and its stakeholders.

### Sustainability Governance

The Board of Directors ('the Board') leads the Group's sustainability approach, including managing EESG risks and opportunities. The Board Risk Management Committee and Sustainability Committee complement the Board in its responsibility for ensuring that sustainability efforts and policies are in line with the core principles and objectives of the Group.



#### Responsible for:

- Establishing a sound governance structure for the implementation of sustainability efforts in business operations
- Overseeing sustainability integration in business operations

#### Responsible for:

- Deliberating and recommending all critical sustainability-related matters
- Reviewing significant EESG risks and approving mitigation plans
- Providing support, direction and advice to implement sustainability-related strategies
- Reviewing the adequacy of the internal sustainability scope, sustainability programmes, functions and resources


#### Responsible for:

- Implementing mitigation plans of sustainability-related strategies
- Identifying EESG risks and opportunities
- Monitoring and mitigating EESG risks



## Engaging Stakeholders



As part of the Group's commitment to good business, KUB engages regularly with a wide range of key internal and external stakeholders. This process helps the Management to understand, prioritise and manage its sustainability impacts.

The Management engages with stakeholders through various mechanisms, including direct dialogue, surveys, participation in professional and industry forums and information sharing. The frequency and nature of this engagement encourage regular communication with stakeholders on important issues. The table below highlights areas of interest, methods and frequency of engagement across all stakeholder groups.

Stakeholder Group	Areas of Interest	Methods of Engagement	Monthly	Quarterly	Half-Yearly	Annually	Biannually	As and When Required	
 <b>Customers</b>	<ul style="list-style-type: none"> <li>• Business outlook</li> <li>• Market positioning</li> <li>• Quality goods and services</li> </ul>	Customer surveys					●		
		Sales/technical visits							●
		KUB Corporate website/social media platforms							●
		Periodical reporting	●			●			
		Materiality surveys							●

## SUSTAINABILITY STATEMENT

Stakeholder Group	Areas of Interest	Methods of Engagement	Monthly	Quarterly	Half-Yearly	Annually	Biannually	As and When Required	
<b>Employees</b> 	<ul style="list-style-type: none"> <li>• Career opportunities</li> <li>• Work-life balance</li> <li>• Skills development</li> <li>• Benefits and rewards</li> <li>• Equity</li> </ul>	Employee performance and key performance indicator ('KPI') review				●			
		Briefing sessions on good ethics and our Whistleblowing Policy							●
		Periodical medical check-up reviews							●
		Induction, training and competency development							●
		Discussions on work planning							●
		Occupational Safety and Health Committee meetings		●					
		Safety briefings to employees and workers							●
		Safety and competency training							●
		Regular business communication							●
		Periodic inspections							●
		Briefings on good labour practices and awareness							●
		Materiality surveys							●
		Employee commuting surveys							●
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>• Local partnerships</li> <li>• Business relationships</li> <li>• Operational efficiency</li> </ul>	Periodical reporting	●						
		Interviews/meetings for participation in the procurement as a contractor/vendor							●
		Safety briefings							●
		Vendor performance appraisal processes				●		●	
		Due diligence activities							●
		Periodic inspections of compliance with legal requirements							●
		Discussions with contractor/vendor on relevant laws and regulations							●
		Digital/manual platform for submission of complaints/feedback by respective stakeholders							●
		Materiality surveys							●

Stakeholder Group	Areas of Interest	Methods of Engagement	Monthly	Quarterly	Half-Yearly	Annually	Biannually	As and When Required	
<b>Government and Regulators</b> 	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Nation-building agenda</li> <li>• Partnerships and collaborations</li> </ul>	Audit reports						●	
		Issuance of employment permit for foreign workers							●
		Annual fire drills				●			
		Construction Industry Development Board ('CIDB') and National Institute of Occupational Safety and Health ('NIOSH') briefings							●
		Quarterly updates on financial results		●					
		Materiality surveys							●
<b>Shareholders, Investors and Business Partners</b> 	<ul style="list-style-type: none"> <li>• Investment opportunities</li> <li>• Long-term sustainability</li> <li>• Business outlook</li> <li>• Market positioning</li> <li>• Return on Investment</li> <li>• Dividends</li> <li>• Governance of EESG risks and opportunities</li> </ul>	Evaluations of the Group scorecard	●						
		Director Circular Resolutions ('DCR')							●
		Audit reports				●			
		Bursa Malaysia announcements and share price movement updates on the Investor Relations section of the KUB corporate website							●
		Meetings with Management and the Board							●
		Feedback from respective shareholders							●
		Annual General Meeting ('AGM')					●		
		Extraordinary General Meeting ('EGM')							●
		Press releases and statements to the media							●
		Materiality surveys							●
		Social contributions and community outreach programme							●

# SUSTAINABILITY STATEMENT

CORPORATE INFORMATION

HIGHLIGHTS

PERFORMANCE REVIEW

## Staying Relevant with Materiality

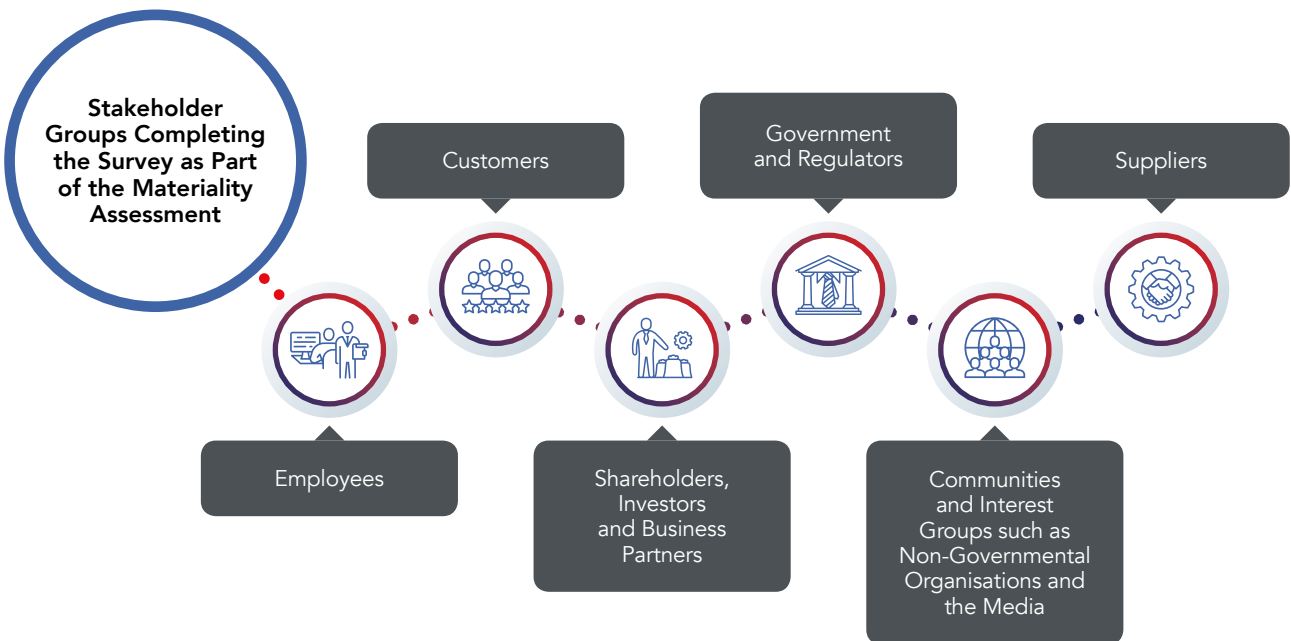
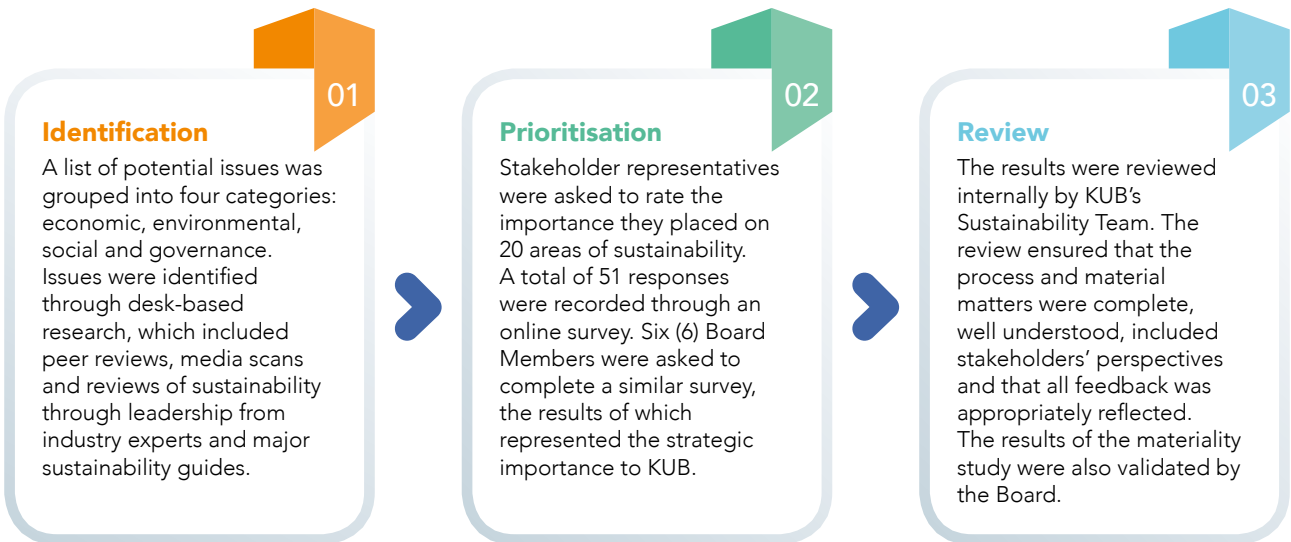
With the rapid transformation of businesses and stakeholders' priorities constantly evolving, KUB's sustainability work unveils new challenges and opportunities. The Group updates its sustainability materiality assessment to remain relevant and accurate.

A company's sustainability work only has meaning and impact if it addresses the most critical issues. The Group must understand and account for the following to remain successful over the long-term:









- The effect it has on society and the environment
- The risks and opportunities that EESG issues may have on businesses
- The views of stakeholders around those EESG issues and where they expect the Group to focus

KUB's sustainability materiality assessment is the foundation of the Group's sustainability strategy. It helps the Group focus on areas where it can have the most significant impact and continue to deliver relevant reporting to stakeholders.
















### KUB Materiality Assessment Process



### Areas Covered by the Materiality Assessment

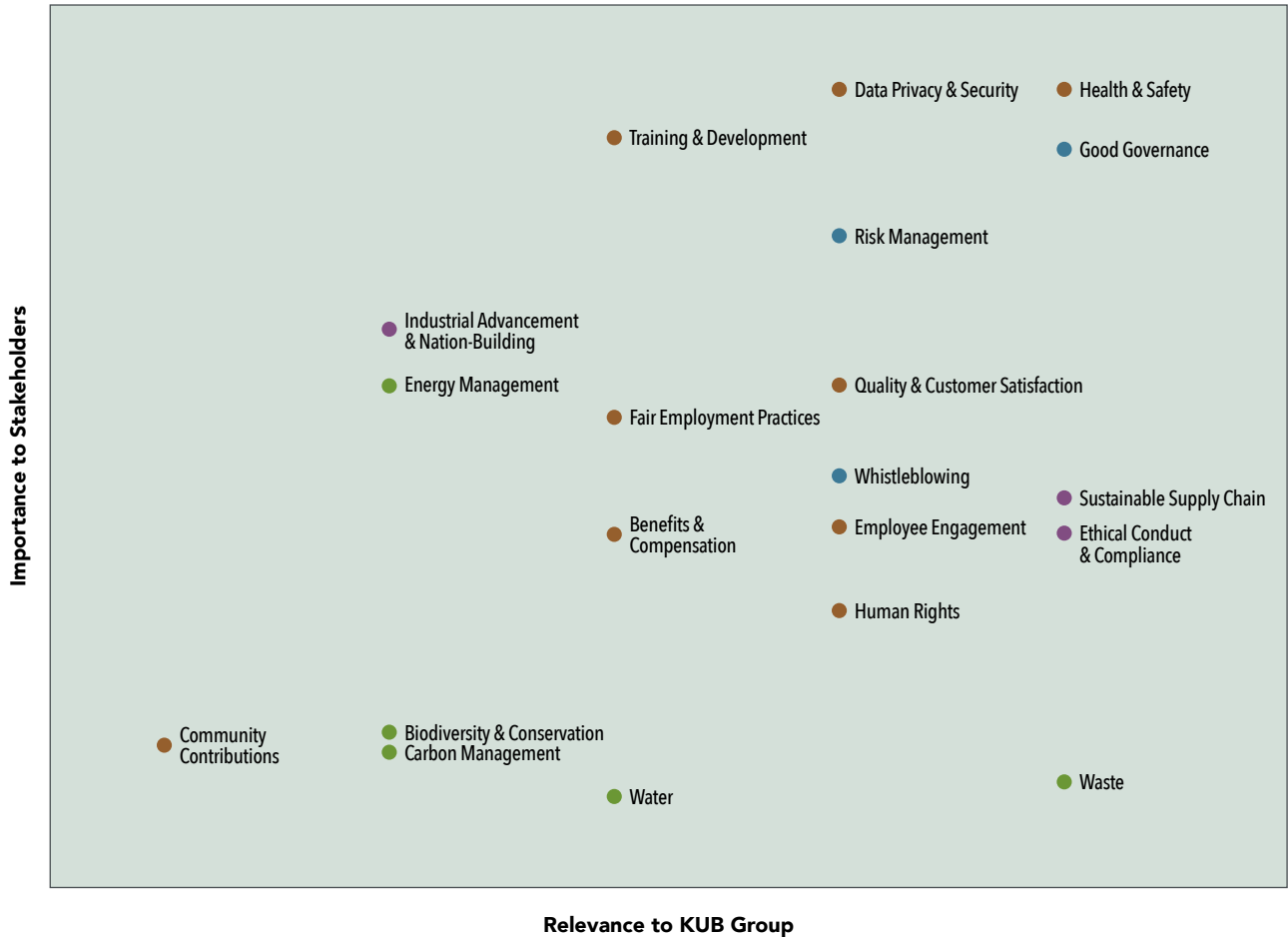
Materiality Issue	Description	Related GRI Topic	Related UN SDGs
<b>Economic</b>			
<b>Ethical Conduct &amp; Compliance</b>	Preventing anti-competitive behaviour and corruption while complying with all other economic, environmental and social legislation	<ul style="list-style-type: none"> <li>Anti-competitive Behaviour</li> <li>Environmental Compliance</li> <li>Socio-economic Compliance</li> </ul>	 
<b>Sustainable Supply Chain</b>	Integrating environmentally and socially viable practices into the complete supply chain	<ul style="list-style-type: none"> <li>Procurement Practices</li> </ul>	
<b>Industrial Advancement &amp; Nation-Building</b>	Advancing the industry by delivering innovative solutions	<ul style="list-style-type: none"> <li>Indirect Economic Impacts</li> </ul>	  
<b>Environment</b>			
<b>Energy Management</b>	Managing energy effectively to reduce consumption whenever possible	<ul style="list-style-type: none"> <li>Energy</li> </ul>	 
<b>Carbon Management</b>	Actively managing greenhouse gas ('GHG') emissions with the ultimate target of achieving carbon neutrality	<ul style="list-style-type: none"> <li>Emissions</li> </ul>	
<b>Waste</b>	Minimising all types of waste and recycling whenever possible	<ul style="list-style-type: none"> <li>Effluents and Waste</li> </ul>	
<b>Water</b>	Using water efficiently at all business operations	<ul style="list-style-type: none"> <li>Water</li> </ul>	 
<b>Biodiversity &amp; Conservation</b>	Protecting local flora and fauna	<ul style="list-style-type: none"> <li>Biodiversity</li> </ul>	 
<b>Social</b>			
<b>Fair Employment Practices</b>	Promoting fair employment practices in the workplace, such as promoting equal opportunities and eliminating all forms of discrimination	<ul style="list-style-type: none"> <li>Diversity and Equal Opportunity</li> <li>Non-discrimination</li> </ul>	  
<b>Benefits &amp; Compensation</b>	Attracting and retaining talents through competitive benefits and compensation packages	<ul style="list-style-type: none"> <li>Employment</li> </ul>	
<b>Community Contributions</b>	Having a positive influence on local communities through charitable contributions and Corporate Social Responsibility ('CSR') initiatives	<ul style="list-style-type: none"> <li>Local Communities</li> </ul>	    

## SUSTAINABILITY STATEMENT

Materiality Issue	Description	Related GRI Topic	Related UN SDGs
<b>Social</b>			
<b>Human Rights</b>	Protecting all aspects of human rights, including protecting the indigenous population, staff welfare and security, and ensuring there is no child or forced labour	<ul style="list-style-type: none"> <li>Human Rights Assessment</li> <li>Rights of Indigenous Peoples</li> <li>Security Practices</li> <li>Child Labour</li> <li>Forced Labour</li> </ul>	 
<b>Employee Engagement</b>	Respecting employees' rights to joint representation and consultative practices	<ul style="list-style-type: none"> <li>Labour/Management Relations</li> <li>Freedom of Association and Collective Bargaining</li> </ul>	 
<b>Training &amp; Development</b>	Providing training and education to employees to expand their knowledge base for career development	<ul style="list-style-type: none"> <li>Training and Education</li> </ul>	
<b>Health &amp; Safety</b>	Safeguarding employees' physical and mental health and keeping all stakeholders safe and free from injury, non-communicable and infectious diseases and noise	<ul style="list-style-type: none"> <li>Occupational Health and Safety</li> <li>Customer Health and Safety</li> </ul>	
<b>Quality &amp; Customer Satisfaction</b>	Promoting quality throughout all aspects of operations to ensure high levels of customer satisfaction	<ul style="list-style-type: none"> <li>Not Applicable ('N/A')</li> </ul>	
<b>Data Privacy &amp; Security</b>	Protecting all information, including confidential business data, employee information and customers data privacy	<ul style="list-style-type: none"> <li>Customer Privacy</li> </ul>	 
<b>Governance</b>			
<b>Good Governance</b>	Delivering good and transparent corporate governance systems such as a balanced Board composition, stringent internal controls and a structured organisational framework	<ul style="list-style-type: none"> <li>N/A</li> </ul>	 
<b>Whistleblowing</b>	Encouraging stakeholders to report improper conduct and protecting those making a report in good faith from retaliation	<ul style="list-style-type: none"> <li>Anti-corruption</li> </ul>	 
<b>Risk Management</b>	Managing product, supplier, business, brand and sustainability risks across the value chain	<ul style="list-style-type: none"> <li>N/A</li> </ul>	 

**The Results**

The materiality matrix plots each issue and the ratings accorded to it. The y-axis represents the influence on stakeholders, and the x-axis represents the impact on KUB. The points plotted towards the upper right-hand corner of the matrix are of higher influence and impact to both KUB and stakeholders.



**Legend**

- Economic
- Environmental
- Social
- Governance

## SUSTAINABILITY STATEMENT

### Economic Value Creation

KUB is committed to owning and developing businesses with sustainable profits which generate premium shareholder returns. Over the years, the Group has focused on synergising its businesses, emphasising high performance that advances industries and the nation.

Multi-directional flows of products, services, people, ideas and capital characterise today's global economy. Succeeding in the current business landscape requires sustainable innovation. KUB, through its wholly-owned subsidiary, Solar Gas Sdn. Bhd. ('Solar Gas'), recently introduced an automated pallet system at the Solar Gas facility, which handles 1,200 cylinders per hour compared with 950 for manual cylinder lifting. KUB expects this system to be fully operational in October 2023, increasing productivity and reducing time wastage significantly.

Moving forward, the Group is committed to continuous expansion and exploring new business opportunities as and when they arise. The Group will remain vigilant and take appropriate and timely measures to sustain its profitability.

### Membership of Organisations for Economic, Social and Environmental Development

KUB has become a member of various public and private organisations that boost related industries' economic, social and environmental development. The Group actively participates in activities and projects that support sustainable development guidelines.

Company Membership	Individual Membership
<ul style="list-style-type: none"> <li>• Institute of Internal Auditors Malaysia ('IIAM')</li> <li>• Malaysian Institute of Corporate Governance ('MICG')</li> <li>• Minority Shareholder Watchdog Group ('MSWG')</li> <li>• Malaysian Employers Federation ('MEF')</li> <li>• Malaysian Association of Risk and Insurance Management ('MARIM')</li> <li>• Wolters Kluwer (for industrial relations research purposes)</li> </ul>	<ul style="list-style-type: none"> <li>• Institute of Internal Auditors Malaysia ('IIA')</li> <li>• Malaysian Institute of Accountants ('MIA')</li> <li>• Malaysian Institute of Chartered Secretaries and Administrators ('MAICSA')</li> <li>• CPA Australia</li> <li>• Institute of Chartered Accountants in England and Wales ('ICAEW')</li> <li>• Association of Chartered Certified Accountants ('ACCA')</li> <li>• Certified Advanced Human Resource Manager ('CAHRM')</li> <li>• Institute of Enterprise Risk Practitioners ('IERP')</li> <li>• Scrum Alliance</li> </ul>

### Ethical Business Conduct

KUB conducts business with integrity, transparency and fairness, committing to countering bribery and corruption through its Anti-Bribery and Corruption Policy, Vendor Code of Business Ethics, Whistleblowing Policy and Employee Handbook. These documents clearly state the Group's commitment to integrity and transparency, with the Board overseeing the Group's compliance with all policies. These policies prevent all forms of corruption and bribery, including fraud, money laundering and breaches of trust. KUB communicates these policies to all employees and intermediaries, including suppliers, contractors, agents and business partners. Instances of non-compliance are subject to disciplinary action, including dismissal.

Regular engagement sessions and training programmes remind employees of the Group's firm opposition to corruption and comprehensive steps to prevent corruption. In FY2023, the Group held a Management-level training sessions on combatting procurement fraud.

KUB held an ethical conduct refresher session on 1 December 2022, focusing on Section 17A of the Malaysian Anti-Corruption Commission ('MACC') Act 2009. This corporate liability principle is where a commercial organisation can be guilty if its employees commit corruption for the organisation's benefit. An assessment to gauge employees' understanding followed this awareness session.

The Group also has strict ethical guides which govern all interactions with officials and governments, including guidance on donation and sponsorship.

The Board oversees the Group's compliance with its comprehensive anti-corruption policies and practices, including on bribery. Every employee is responsible for preventing and reporting corruption, bribery, suspicious activity or wrongdoing that may lead to bribery using the Group's whistleblowing channels.

All contractors, subcontractors, third parties and other intermediaries are subject to corruption and bribery risk assessments. They must declare they are not involved in any misconduct or corrupt, unethical and illegal behaviour. The Group screens new and existing business partners and associates for corruption and bribery as part of the Group's due diligence in the context of its compliance requirements.

A keen understanding of corruption risk exposure is fundamental to an effective anti-corruption compliance programme. Corruption risks, including bribery, are essential to the Group's risk register. KUB can design proper mitigation strategies and strategically deploy resources to combat potential bribery, corruption and fraud, which is especially important for high-risk operations.

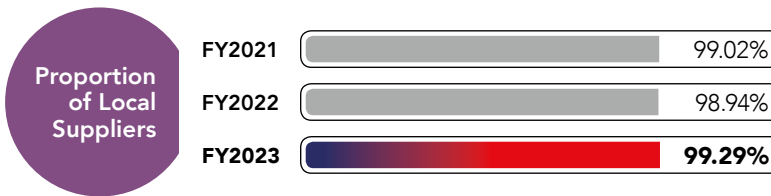
### Sustainable Supply Chain

At the forefront of the LPG and ICT businesses, KUB takes pride in offering industry-leading operational excellence and customer service. The Group is committed to safe and sustainable business operations by upholding strict procurement practices outlined in its Procurement Policy.

KUB works with its suppliers to raise awareness of sustainable practices and engages them in conversations to help improve their operations. By enhancing the value chain, the Group mitigates risks and upholds ethical sourcing standards. Suppliers must commit to the Group's Vendor Code of Business Ethics Policy as a condition of business.

KUB supply chain integrity guidelines ensure suppliers fulfil the expected legal and ethical standards aligned with the law, including delivering quality and supplier integrity.

#### Supply Chain Management



#### Environmental Supply Chain

KUB's supplier sourcing assessment processes include environmental elements such as energy use and climate change impact measurement, covering GHG emissions, water use, biodiversity impacts, pollution, waste reduction, resource use, and other environmental issues.

Environmental policies are integrated into the supply chain. KUB details its expectations of major suppliers through regular communication and training of relevant supplier staff.

The Group subjects potential and new suppliers to an environmental risk assessment as part of due diligence to check their compliance with its environmental standards. Similar risk assessments are also performed for existing suppliers, especially those who are environmentally high-risk. The Group further conducts random inspection audits on its suppliers. Suppliers are encouraged to monitor, record and report their environmental performance and impact reduction.

The Group will continue mitigating environmental impacts in the supply chain by participating and collaborating in workshops and industry or topic-specific initiatives.

### Social and Economic Expectations of Suppliers

#### Policies

- Preventing forced labour: no work shall be performed under the threat of punishment or confiscation of belongings that the worker has not agreed to
- Providing equal opportunities and non-discrimination in hiring, remuneration or access to training, promotion, overtime, termination or retirement
- Institutionalising a safety policy, code and practices on providing a safe and healthy workplace

#### Human Rights

- Upholding freedom of association for employees by allowing them to belong to any organisation of their choice according to local freedom of association laws
- Respecting the right to collective bargaining and forming a union, including the right to representation and discussion with the company on employment matters

#### Working Conditions

- Eliminating excessive working hours by offering fair overtime pay and limiting working hours
- Providing overtime pay
- Meeting or exceeding Malaysia's minimum wage

# SUSTAINABILITY STATEMENT

CORPORATE INFORMATION

HIGHLIGHTS

PERFORMANCE REVIEW

## Social Supply Chain

KUB ensures that its major supply chain partners adhere to all social standards stipulated by Malaysian labour law and the International Labour Organisation ('ILO'). The Group has several social and economic expectations of its suppliers.

Social supply chain policies and practices should be integrated into their buyer training, purchasing policy and suppliers' contracts.

Major suppliers are encouraged to inform workers of their social obligations in a language they can understand.

Major suppliers, particularly those identified as 'high risk', are assessed both informally and formally and through physical inspection audits if required.



Social conduct from major suppliers are to be communicated through their purchasing policy, supplier contract and training.

New and existing major suppliers must undergo social risk assessment as part of due diligence to ensure they comply with our standards.

## Prioritising Local

KUB commits to promoting and supporting communities near its operations and building a strong local economy by purchasing local goods and hiring local people. By exploring opportunities to partner with various local suppliers, KUB strives to boost the national economy.

Adopting efficient production procedures can reduce resource use and materials costs. KUB commits to addressing its resource use and avoiding its impacts by consuming resources more efficiently and reducing the quantity and toxicity of waste generated.



## Environmental Stewardship

KUB prioritises environmental stewardship alongside business expansion, defining environmental policies and operating guidelines in line with its vision and social responsibilities, which include raising employee awareness to create a green culture inside and outside the organisation.

### Climate Change and Energy Conservation

KUB is committed to addressing energy use and improving efficiency. The Group’s facility lighting now uses energy-saving light-emitting diode (‘LED’). Furthermore, all new air-conditioning units have a rating of at least three stars, with a preference for four stars, indicating their power efficiency. The Group also embraces technological innovation with the aim of improving energy efficiency and reducing exhaust gas emissions.

KUB understands the importance of climate change. The Group focuses on reducing GHG emissions from production and has set a goal of becoming a low-carbon company through improved operational energy efficiency.

#### Energy Conservation Initiatives

Highly-efficient LPG has a reduced damaging impact on the atmosphere and environment. Since LPG is a clean-burning fuel, it has low carbon, emits virtually no black carbon and does not spill. These characteristics improve air quality, reduce harmful carbon emissions and protect the environment.

The Group imports LPG, fabricates bottles locally, and markets and distributes powder-coated LPG cylinders. Powder coating can be highly resistant to wear and tear. The coating is resistant to chipping, fading, scratching and wearing. This durability makes it well-suited for metal parts that come into contact with sunlight and other environmental factors.

KUB also improved its disclosure of GHG emissions accounting under its carbon footprint calculation and reporting requirements.

### Addressing Climate Crisis

KUB recognises the devastating effects and associated short and long-term business risks and opportunities of climate change. The Group’s strong commitment to addressing this issue includes avoiding climate change impact by improving operational efficiency. Its climate change strategy includes working with employees and supply chain partners on energy-saving processes and a complete climate change risk assessment. The Group has embarked on various programmes to mitigate GHG emissions across all stages of its value chain.

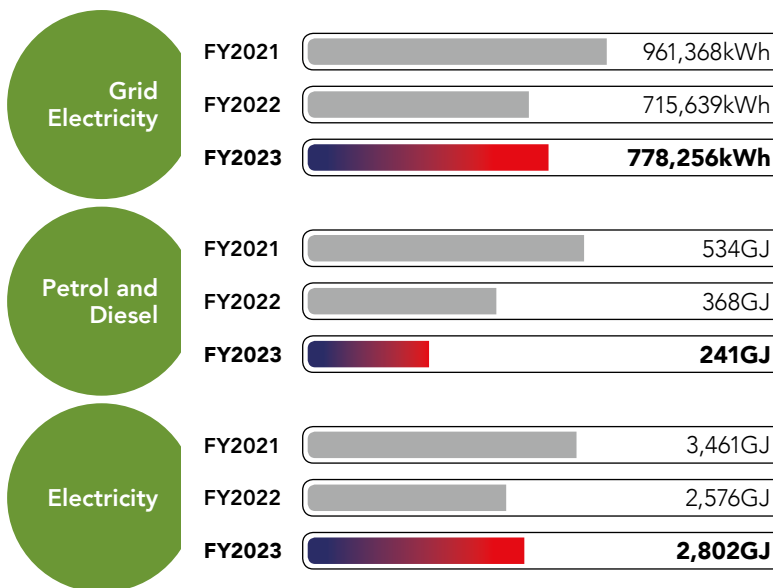
KUB works closely with regulators and regularly consults on ways to address climate change challenges, such as by implementing public policy.

Climate change affects operating costs (‘OPEX’) and capital expenditure (‘CAPEX’). Efficiency, output and performance of facilities and equipment can decrease due to changing climate conditions. Further, complying with environmental regulations requires additional CAPEX for upgrading facilities or equipment to cope with increased pollution risks.

KUB is committed to addressing the issue of climate change and improving efficiency through adaptation by adopting new, green technology and implementing efficiency measures. Specifically, the Group has adopted a tracking system for emissions, energy use, water use and waste.

The consolidation method that KUB uses to calculate its carbon footprint covers all operations. The organisational boundary accounts for 100% of GHG emissions where KUB is authorised to implement operational policies.

### Energy



# SUSTAINABILITY STATEMENT

CORPORATE INFORMATION

HIGHLIGHTS

PERFORMANCE REVIEW

## Carbon Footprint

KUB is working towards managing and measuring its carbon emissions as part of its Carbon Management Plan. The Group uses the internationally recognised GHG Protocol established by the World Business Council for Sustainable Development ('WBCSD') and World Research Institute ('WRI'). Emissions accounting is based on the GHG Protocol classification of direct and indirect emissions.

Emissions Scope	Category	Indicators Measured
Scope 1	Direct GHG Emissions	<ul style="list-style-type: none"> <li>Company-owned Vehicles</li> <li>Generator Sets</li> </ul>
Scope 2	Indirect GHG Emissions	<ul style="list-style-type: none"> <li>Grid Electricity</li> </ul>
Scope 3	Other Indirect GHG Emissions	<ul style="list-style-type: none"> <li>Business Travel</li> <li>Employee Commuting</li> </ul>

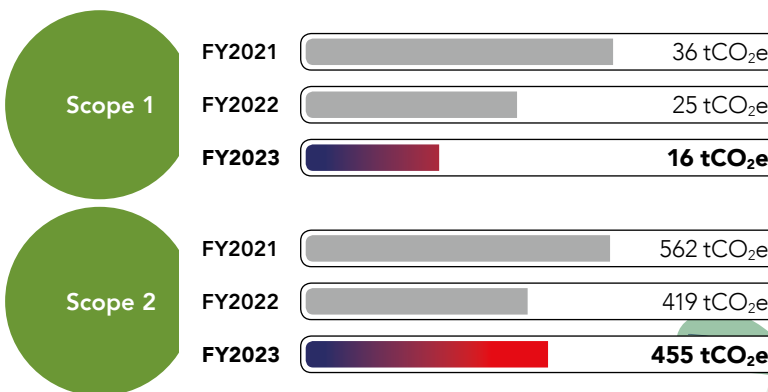
### Scope 1

KUB reports GHG emissions from its petrol and diesel fleet of vehicles. Back-up generator sets also consume small amounts of diesel. KUB derives the volume of carbon dioxide ('CO<sub>2</sub>') emissions from fuel consumption from the emission factor published by the Intergovernmental Panel on Climate Change ('IPCC') Guidelines for National GHG Inventories. In FY2023, KUB's Scope 1 emissions totalled 16 tonnes of carbon dioxide equivalent ('tCO<sub>2</sub>e').

### Scope 2

KUB calculated emissions from electricity consumption using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid from the 2017 Clean Development Mechanism ('CDM') Electricity Baseline. In FY2023, Scope 2 emissions amounted to 455 tCO<sub>2</sub>e.

### GHG Emissions



## Scope 3

### Business Travel

KUB calculated GHG emissions from air business travel, point to point, including the number of employees on board and distance travelled. The Group used online tools derived from the WRI Greenhouse Gas Protocol to calculate these CO<sub>2</sub>e emissions, which amounted to 6 tCO<sub>2</sub>e.

### Employee Commuting

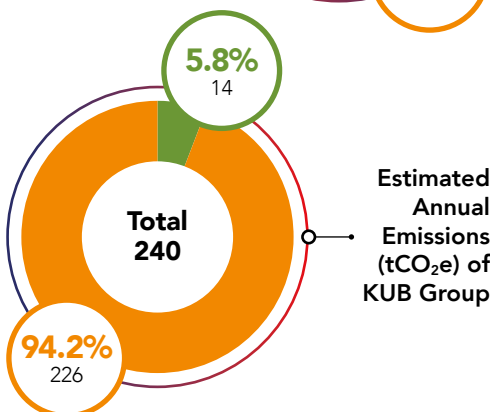
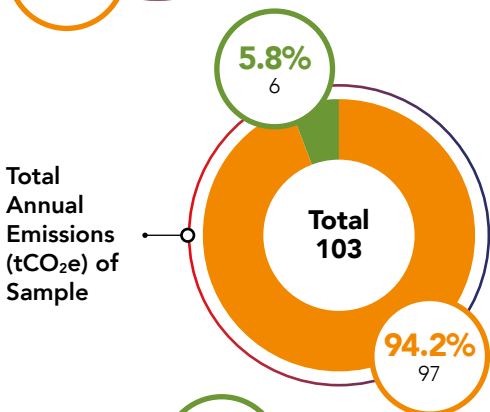
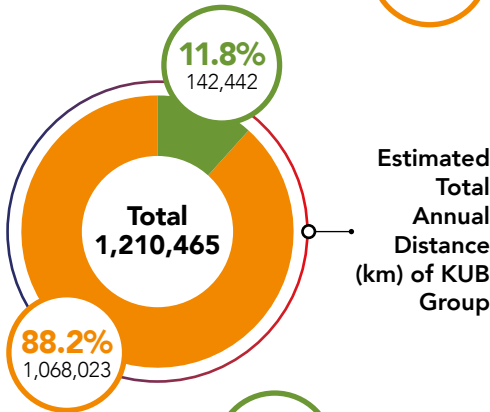
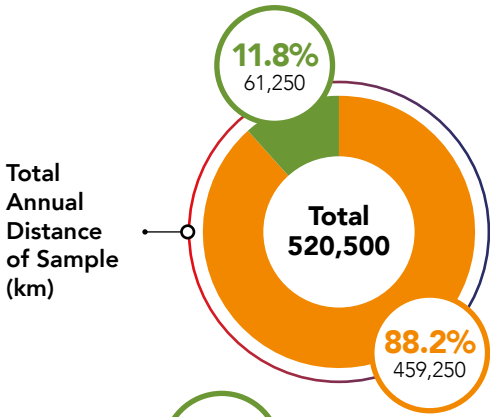
Significant CO<sub>2</sub> emissions result from employees travelling to and from the workplace. In FY2023, KUB embarked on a project to estimate the total annual emissions produced by its workforce's daily commute. KUB aims to track these emissions annually.

KUB launched a survey during the last quarter of FY2023 to gauge the travel methods and approximate the total daily distance travelled each day to and from work. The survey also obtained the type, age, engine size and type of fuel utilised when employees used their vehicles. 43% of the workforce responded.

A Mobile Combustion GHG Emissions Calculation Tool from the GHG Protocol Initiative estimated the emissions of each respondent. The Group estimated its annual emissions based on employees working an average of 250 days.



**Estimated Distance and GHG Emissions for FY2023**



● Own vehicle  
● Train (LRT/KTM/Monorail/MRT/ERL)

In FY2023, KUB employees travelled 1,210,465km to and from work. The total yearly CO<sub>2</sub>e emissions for employees commuting in FY2023 was 240 tonnes.

**Pollution Prevention and Waste Control**

KUB is committed to addressing pollution and waste by:

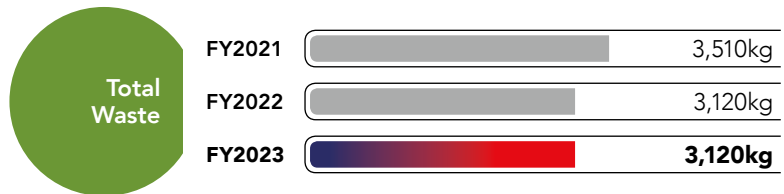
- Identifying all types of waste
- Avoiding impacts and improving efficiency
- Examining water and energy performance
- Reducing or eliminating pollution at its source
- Recycling and reusing materials where applicable

KUB's waste minimisation strategy includes recovering waste for reuse and recycling. This waste includes solid waste and liquid waste. KUB disposes of its downstream waste through municipal landfills or incinerators. Authorised third-party contractors collect and dispose of hazardous waste properly.

The LPG division generates and disposes of scheduled waste, comprising contaminated waste (SW409), empty containers (SW410) and paint waste (SW417). A licensed contractor removes all scheduled waste from sites within 180 days for disposal.

Department of Environment-registered recyclers manage all ICT-related waste. KUB updates all scheduled waste disposal in the Electronic Scheduled Waste Information System as per the Environmental Quality Act 1974.

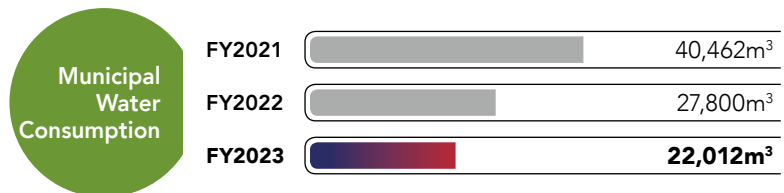
**Waste**



**Management of Water Usage**

KUB does not have any operations in water-stressed regions. However, the Group makes every effort to manage this resource efficiently and minimise water use at all sites to address the global issue of the scarcity of this resource. Its water conservation commitment focuses on reducing water use and improving efficiency.

**Water**



# SUSTAINABILITY STATEMENT

CORPORATE INFORMATION

HIGHLIGHTS

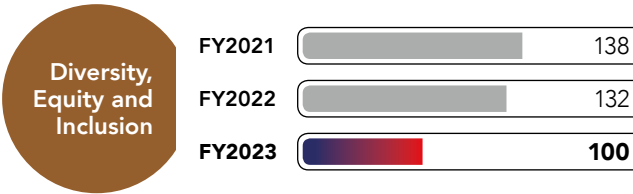
PERFORMANCE REVIEW

## Our People, Our Pride

Inclusion is essential for the future. Actively involving, educating and empowering individuals from diverse backgrounds, experiences and perspectives ensures KUB can drive genuine innovation that benefits its customers.

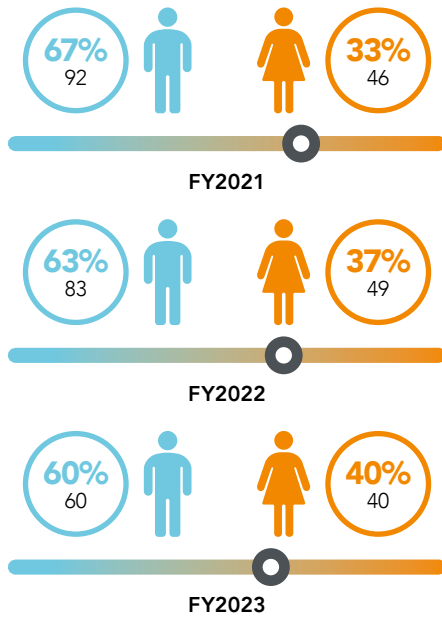
### Social

#### Total employees



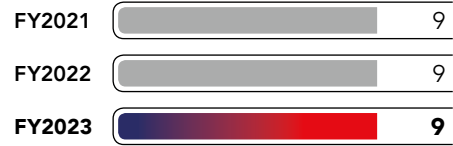
Diversity, Equity and Inclusion

Employees by Gender

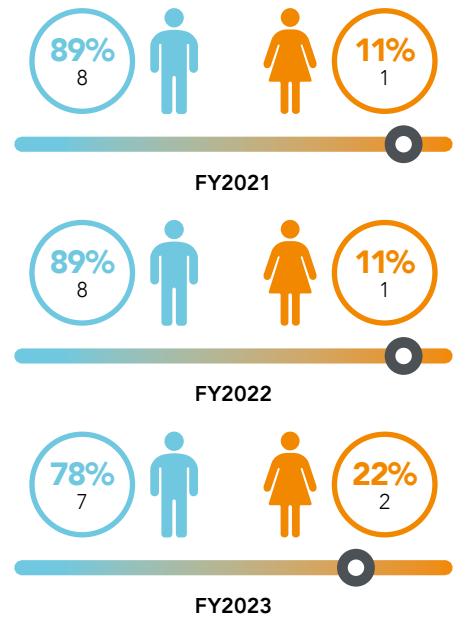


#### Total directors

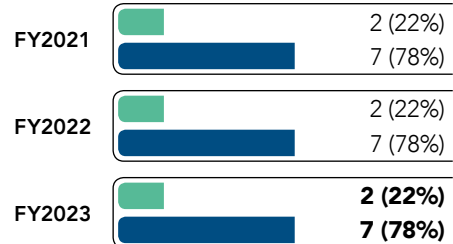
Director Diversity and Equity



Directors by Gender



Directors by Age



● 30-50 years old  
● > 50 years old

The Group treats all employees with respect and dignity. Furthermore, the Group addresses non-discrimination during the onboarding process of new employees. All must sign the Code of Conduct and complete compliance training.

KUB's Code of Conduct stipulates stringent yet fair employment standards and practices.

Periodically, the Group participates in workshops or industry/topic-specific collaboration projects that provide industry solutions to improve labour standards in Malaysia. As part of its risk assessment procedure, KUB reviews the labour standards of existing and potential business and supply chain partners as part of due diligence. All parties are familiarised with the Group's Code of Conduct from time to time. There were no instances of non-compliance with labour standards during this reporting period.

## KUB's Labour Standards Principles and Codes

### Forced Labour

KUB complies with local laws and has zero tolerance for forced, involuntary or exploitative, indentured, bonded (including debt bondage), trafficked or slave labour.

### Working Hours

KUB complies with local working hours and overtime laws and reduces excessive overtime that may adversely affect workers' safety and well-being.

### Wages and Benefits

Our worker compensation complies with all applicable wage laws, including minimum wages, overtime hours and legally mandated minimum living wages and benefits.

### Non-discrimination and Equal Opportunity

The Group's recruitment and employment practices promote equality and prevent discrimination based on race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information and marital status.

The Group continues to take action to improve workforce diversity and reduce discrimination based on all of these characteristics.

### Health and Safety

The Group has established a Health and Safety management system aligned with International Organisation for Standardisation ('ISO') 45001.

### Talent Development

KUB offers workers opportunities to grow, learn new skills and achieve professional development.

### Open Door Policy

KUB promotes two-way communication throughout the Group and has established mechanisms for employee representatives to engage with the Management.

KUB's whistleblowing channel is a confidential reporting channel which handles all grievances, including bullying and harassment. The Group trains its senior management team to handle reports or instances of bullying and harassment.

## Local Employment and Sourcing

KUB adheres to local labour laws during recruitment and prefers hiring locally. The Group does not discriminate in its employment practices. Its non-discriminatory hiring policy provides equal employment opportunities to underprivileged groups, including those from deprived and poor social backgrounds. The recruitment strategy also tackles youth unemployment by offering internships and training programmes.

## Benefits and Remuneration

KUB conducts a regular compensation review for pay equity to ensure employees are paid fairly. The Group upholds the stand of equal pay for equal work and complies with all local laws. The Group makes salary adjustments to ensure wages are market competitive and fair.

Surpassing Malaysian law, KUB compensates workers for overtime at pay rates regulated under the Employment Act 1955 ('EA 1995'). The Company also strives to eliminate excessive working hours by limiting them.

## Examples of Employment Benefits

- 1 Insurance coverage 
- 2 Medical coverage such as group hospitalisation, surgical and other medical claims 
- 3 Increments and bonuses 
- 4 Festive gifts 
- 5 Leave such as annual, medical and paid leave 
- 6 Work-from-home 

## SUSTAINABILITY STATEMENT

### Why Employee Engagement Matters

Employee engagement is vital for building a culture of ownership and accountability. KUB's practises to this include:



### Training And Development

Continuous training is essential for maintaining competitiveness and promoting employee development. The Group provides a series of training programmes, both mandatory and complementary, that range from technical to operational, building the skills required for different positions and duties.

KUB's talent development programmes allow individuals to enhance their personal development skills and gain insights relevant to their lives. Examples of personal development, technical, skills advancement, management and operational training held during the year include the following:

- Digital economy recovery through 5G
- Managing challenges and difficulties in human resources issues
- Bursa Malaysia Sustainability Reporting Workshop
- SIRIM Lead Auditor Course ISO 37001: 2016

KUB encourages employees to complement its in-house training by participating in courses organised by specialists and industry experts. For example, employees were availed of sustainability training organised by the Securities Industry Development Corporation ('SIDC') from 21 to 22 June 2023.

### Occupational Health and Safety

The Group has a health and safety commitment which puts everyone's safety and well-being as a top priority.

#### KUB Occupational Safety and Health Policy

At KUB, we are committed to provide a safe and healthy workplace for all employees, suppliers and visitors. Resources corresponding with the priority of KUB and all its subsidiaries pertaining to safety and health issues will be allocated especially to address hazard control, accident prevention, compliance to prevailing laws and rehabilitation issues. We comply with all relevant legislations to ensure that the safety, health and welfare of all our employees is never compromised.

At KUB, the management is fully committed to:

- Integrate safety and health issues in all aspects of the workplace and business
- Take effective and proactive action to provide and maintain a safe and healthy work environment
- Disseminate information and promote positive communication on safety and health
- Plan, develop, implement and monitor the safety and health programme

The Group's Occupational Health and Safety Policy applies to all contractors, employees and business partners. It governs all employees, contractors and other stakeholders at the premises. The Management is committed to continuous improvement and compliance with the Occupational Safety and Health Act 1994 ('OSHA 1994'), Environmental Quality Act 1974 ('EQA 1974') and other applicable acts, legislations, orders, rules, codes of practices and other requirements KUB subscribes to.

Occupational health and safety is a great value for KUB and a very relevant issue in the LPG business due to the nature of its products, including its use of chemicals. The Group promotes several actions to protect its employees and third parties working in its facilities, focusing on prevention and maintaining a safe environment.

Actions taken by the Group include:

- Training occupational health and safety teams
- Investing in the management and process design, including the definition of performance indicators that assess the efficacy of adopted programmes

Examples of safety training topics delivered during the year include *Work at Height and Stairs*, *Kursus Organisasi Keselamatan Kebakaran* and *Authorised Entrant and Standby Person for Confined Space*. Banners on sexual harassment are displayed in all offices.

The Group conducts health and safety risk assessments for potential new operations or projects as well as existing operations as part of its due diligence. Assessment results are benchmarked against industry standards and previously-set safety performance targets.

**Occupational Safety and Health**

Indicator	Unit	FY2021	FY2022	FY2023
Fatalities (Employees)	Number	0	0	0
Fatalities (Third-party contractors)	Number	0	0	0
Lost time incident rate (Employees)	Ratio	0	0	0
Lost time incident rate (Third-party contractors)	Ratio	0	0	0
Employees trained on health and safety standards	Number	17	17	17
Employees receiving general training, which includes safety	Number	17	17	17

**Health Hazards**

The LPG business can be a hazardous sector, with a high risk of accidents from vehicles, machinery, exposure to chemicals and noise. Fires, suffocation and falling from heights are the most notable risks in activities that involved the handling of LPG.

**Examples of Hazard Prevention Measures**



During the year, the Group invited the Malaysia Fire & Rescue Department ('BOMBA') to conduct firefighting training for its employees. Furthermore, the Group ensures safety compliance at offices and sites.



## SUSTAINABILITY STATEMENT

### Relationship with the Community

KUB is committed to positively impacting local communities beyond the direct benefits of its operations. The Group has aligned its community investment principles with its business strategy to produce better outcomes for its business and local communities. Areas of focus include building thriving communities through charity work, donations and social support.



During the year, KUB donated to Kompleks Penyayang Bakti Sungai Buloh under Jabatan Kebajikan Masyarakat (Tunas Budi & Tunas Harapan), benefiting underprivileged children, including the Asnaf and old people. KUB presented the donation to the home's representative on 27 June 2023.

The Group will continue to create opportunities to support local communities. Employees help envision and execute the Group's community contributions. KUB recognises employee volunteerism as a contributor to its success. KUB's specific target facilitates employee engagement by making employees feel part of a community.

### Respecting Human Rights

KUB is committed to the highest standards of conduct in business dealings, in adherence to international human rights law. The Group respects internationally recognised human rights principles. It derives its commitment from principles such as those defined in the:

- UN Universal Declaration of Human Rights
- Two international covenants that make up the International Bill of Human Rights
- UN Guiding Principles on Business and Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- Organisation for Economic Cooperation and Development ('OECD') Guidelines for Multinational Enterprises
- Ten Principles of the UN Global Compact
- Guidance provided by ISO 26000

Between FY2021 to FY2023, the Group recorded no substantiated complaints concerning human rights violations.



**Operational Excellence**

KUB takes pride in offering industry-leading products and services, and in maintaining operational excellence. The Group is committed to the safe and sustainable operations of its businesses. It strictly complies with all legislation relating to its operations and prioritises continuous process improvement.

KUB also aims to generate a positive environmental legacy through its portfolio by producing, managing and handling products in ways that generate reduced environmental impact.

**Commitment to Quality**

The Group’s Quality Management System (‘QMS’) drives continuous improvement to its processes. The Group attained ISO 9001: 2015 Quality Management System, which certifies its delivery of consistent, quality operations. It also adopted the Malaysian Standards (‘MS’) 830: 2021 Code of Practice for storing, handling and transporting liquefied petroleum gases, in addition to ISO 45001: 2018 Occupational & Safety Management System.

The quality of the products and services that the Group provides is of equal importance to safety.

LPG	Others
<ul style="list-style-type: none"> <li>• Cylinders are reconditioned or requalified as per standard.</li> <li>• Stringent standard operating procedure (‘SOP’) for LPG filling ensures that no cylinder leakage occurs.</li> </ul>	<ul style="list-style-type: none"> <li>• All projects are monitored closely by qualified engineers and consultants.</li> </ul>

Between FY2021 to FY2023, the Group had no significant recalls due to health and safety reasons across its product and service categories.

**Data Protection**

KUB is committed to respecting and protecting the privacy and security of the information to which it has access, whether it belongs to the Group, its customers, employees or the general public. The Group deals with the security and processing of this data transparently, according to best market practices and applicable legislation such as the Personal Data and Protection Act (‘PDPA’) 2010.

Between FY2021 to FY2023, no substantiated complaints concerning breaches of customer privacy and losses of customer data were recorded by the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of KUB Malaysia Berhad ('KUB' or the 'Company') is committed in ensuring that good corporate governance is observed and practiced throughout KUB and its Group of Companies. The Board of Directors ('the Board') recognises that maintaining good governance is important for business and key to delivering shareholder value.

This statement provides an overview of KUB Group of Companies' application of the principles set out in the Malaysian Code of Corporate Governance 2021 ('MCCG 2021') and the Main Market Listing Requirements ('MMLR') of Bursa Malaysia Securities Berhad ('Bursa Securities'). This statement is to be read together with our Corporate Governance Report 2023 which can be downloaded from KUB's website at [www.kub.com](http://www.kub.com) or from Bursa Securities' website.

## Principle A: Board Leadership and Effectiveness

### I. Board Responsibilities

#### 1. Board of Directors

The Board has collective responsibility and accountability for the overall management, direction and performance of the Company and its subsidiaries ('the Group') and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed.

The Management is responsible for the day-to-day management of the Group pursuant to the powers delegated by the Board, subject to compliance with the applicable laws and regulations.

The Board oversees the business affairs of the Group, with duties including adopting strategic plans, approving key business initiatives and major investments, reviewing financial and management performance, developing corporate objectives and implementing investor relations programmes.

The Board comprises the Chairman (Non-Independent Non-Executive Director), Group Managing Director ('GMD'), six (6) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

#### 2. Chairman and GMD

The positions of the Chairman and GMD are held by two (2) different individuals. The roles and responsibilities of the Chairman and GMD are distinct and separated to ensure that there is a balance of power and authority and that no one has unfettered control of the Board.

The Chairman of the Board is a Non-Independent Non-Executive Chairman who leads the Board, with focus on governance and compliance, and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board Member dominates the discussion.

He further seeks to secure the provision of accurate, timely and clear information to the Board. During Board meetings, the Chairman also maintains a collaborative atmosphere and ensures that all Directors are able to contribute as well as express their dissenting views to the Board.

#### 3. Company Secretaries

The Board is supported by qualified and experienced Company Secretaries in the discharge of its duties and responsibilities and has unhindered access to their advice and services. The Company Secretaries are qualified to act as Company Secretary under Section 235(2) of the Companies Act, 2016 ('CA 2016') which requires them to be member of the of The Malaysian Institute of Chartered Secretaries and Administrators ('MAICSA') and person licenced by the Companies Commission of Malaysia. The Company Secretaries play an important role in facilitating overall compliance with the CA 2016, MMLR of Bursa Securities and other relevant laws and regulations. The Company Secretaries also advise the Board on the adoption of corporate governance best practices as recommended in the MCCG. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their Terms of Reference ('TOR') and best practices, and ensuring adherence to the existing Board policies and procedures. The roles and responsibilities of the Company Secretaries have been formalised in the Board Charter, which provides reference for Company Secretaries in the discharge of their roles and responsibilities.

In order to discharge their roles effectively, the Company Secretaries have been regularly attend the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to their profession. This, in turn, enables them to provide the necessary advisory support to the Board.

#### 4. Board Charter, Codes and Policies

The Board has the following in place:

##### a) Board Charter

The Board Charter sets out the key values, principles and guidance for Directors and Management in discharging their duties towards the Company. The Board will review the Board Charter periodically and make any necessary amendments to remain consistent with the Board's objectives and current law and practices. A copy of the Board Charter is published on the Company's website at [www.kub.com](http://www.kub.com).

##### b) Code of Conduct of Directors

The Code of Conduct encompasses all aspects of the Group's daily business operations. Directors and employees of the Group are required to comply with, observe and promote honesty and integrity when engaging with both employees and stakeholders.

All Directors and employees of the Group are expected to exercise caution and due care to safeguard confidential and price-sensitive information of the Company and its business associates from being misused including for personal benefit, at all times.

Notices on the closed period for trading in the Company's shares are sent to Directors, principle officers and relevant employees on a quarterly basis, specifying the timeframe during which they are prohibited from dealing in the Company's shares unless they comply with the procedures for dealings during the closed period as stipulated in the MMLR. The Code of Conduct can be found on the Company's website at [www.kub.com](http://www.kub.com).

##### c) Anti-Bribery and Corruption Policy

The Anti-Bribery and Corruption Policy sets out the parameters to prevent the occurrence of bribery and corrupt practices in relation to the Group's operations. This policy is published on the Company's website at [www.kub.com](http://www.kub.com).

Relevant procedures have been implemented as guided by the Guideline on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009.

##### d) Whistleblowing Policy

The Whistleblowing Policy serves as a guide to directors, employees, business associates and other stakeholders on how to raise genuine concerns related to possible improprieties in matters of financial reporting, compliance, corruption and other practices at the earliest opportunity and in an appropriate way. The policy outlines the relevant procedures such as when, how and to whom a concern may be properly raised about the genuinely suspected or instances of wrongdoing. This policy is available on the Company's website at [www.kub.com](http://www.kub.com).

##### e) Vendor Code of Business Ethics ('COBE')

The Group expects its joint venture vendors, contractors, subcontractors, consultants, suppliers, agents and other providers of goods and services who are doing business directly and indirectly for the Group ('Business Associates') to follow the COBE and all other relevant policies of the Group as a condition of doing business with the Group.

The COBE provides guidance to all Business Associates on what the Group believes to be sustainable business relationships based on the key principles of integrity, honesty, accountability and compliance with applicable laws and regulations. The COBE is available on the Company's website at [www.kub.com](http://www.kub.com).

##### f) Directors' Fit and Proper Policy

The Board has established and adopted a Fit and Proper Policy ('Policy') which sets out the fit and proper criteria for the appointment and re-election of Directors onto the Board of the Company.

The Policy serves as a guide to the Nomination Committee and Board in their review and assessment of candidates that are proposed to be appointed onto the Board as well as Directors who are seeking re-election.

A copy of the Policy is published on the Company's website at [www.kub.com](http://www.kub.com).

#### 5. Board Meeting and Access to Information

The Board ordinarily schedules to meet quarterly, with additional meetings convened when urgent and important decisions need to be made between the scheduled meetings. To facilitate the Directors' time planning, an annual meeting calendar will be prepared and circulated before the beginning of each year.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board had held six (6) Board Meetings (including the Annual General Meeting ('AGM')) during the financial year ended 30 June 2023 ('FY2023') and the attendance record is as follows:

Directors	No. of Meeting
1. Datuk Seri Johari bin Abdul Ghani	6/6
2. Dato' Ahmad Ibnihajar	6/6
3. Teh Bee Tein*	2/2
4. Datuk Haji Mohd Haniff bin Haji Koslan	6/6
5. Datuk Norliza binti Abdul Rahim	6/6
6. Megat Joha bin Megat Abdul Rahman	6/6
7. Kasinathan a/l Tulasi	5/6
8. Tee Beng Thong	6/6
9. Ahmed Fairuz bin Abdul Aziz	6/6
10. Mohammad Farish Nizar bin Othman**	4/4

Notes:

\* Appointed w.e.f. 19 January 2023

\*\* Resigned w.e.f. 15 December 2022

### 6. Board Committees

The Board Committees are to examine specific issues within their respective approved terms of reference and report to the Board with their recommendations. However, the ultimate responsibility for decision making remains with the Board. The terms of reference of the Board Committees are available on the Company's website at [www.kub.com](http://www.kub.com).

#### Board Audit Committee ('BAC')

The BAC monitors internal control policies and procedures designed to safeguard the Group's assets and to maintain the integrity of financial reporting. The BAC maintains direct and unfettered access to the Company's External Auditors, Internal Auditors and Management.

The BAC comprises two (2) Independent Non-Executive Directors and a Non-Independent Non-Executive Director who possess financial expertise and commercial acumen to discharge their responsibilities. The Chairman of the BAC is not the Chairman of the Board to ensure objectivity in its findings and recommendations.

A full BAC report is set out on page 60 this Annual Report.

#### Board Nomination and Remuneration Committee ('BNRC')

The BNRC assists the Board in ensuring that it comprises individuals with the necessary skills, knowledge and experience for the effective discharge of its responsibilities. It also handles matters relating to the remuneration of the Board and Senior Management.

The BNRC consists entirely of Non-Executive Directors, the majority whom are Independent Directors. Summary of the matters reviewed by the BNRC for the FY2023 is set out in the Corporate Governance Report 2023.

#### Board Risk Management Committee ('BRMC')

The BRMC assists the Board in ensuring the effective functioning of the Enterprise Risk Management Framework within the Group, providing oversight, direction and counsel to the risk management process and advising the Board on risk related issues.

All three (3) members of the BRMC are Independent Non-Executive Directors.

## II. Board Composition

### 1. Composition and Diversity

The Company sees diversity as an essential component of effective decision-making. In any appointment, a number of aspects such as gender, age, education, experience, skills and knowledge are taken into consideration to form a diversified Board and Senior Management. The Board encourages women to take up Board positions and has established the Board Diversity Policy with the objective of achieving at least ten per cent (10%) women representation. This policy is published on the Company's website.

In line with the updated MMLR, the Company has adopted the Fit and Proper Policy for appointment and re-election of directors, considering all factors including character and integrity, experience and competence, and time and commitment. The policy is published on the Company's website.

### 2. Independence and Tenure

Independent Directors make up sixty-seven per cent (67%) of the Board membership, in compliance with Paragraph 15.02(1) of the MMLR and Practice 5.2 of the MCGG 2021.

The Board also acknowledges Practice 5.1 and Practice 5.3 of the MCGG 2021 that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years. The Independent Director is to relinquish its Directorship once the nine (9) years limit is reached.

### 3. Board Appointment and Re-election of Directors

The Board, through the BNRC, will consider the following factors for the appointment of new Directors and re-election of retiring Directors:

- (i) Character and Integrity
  - Probity
  - Personal integrity
  - Financial integrity
  - Reputation
- (ii) Experience and Competence
  - Qualification, training, skills
  - Experience and expertise
  - Past performance/track record
- (iii) Time and Commitment
  - Ability to discharge role
  - Participation and contribution

The BNRC identifies suitable candidates from various sources with appropriate skills and experience. The Board will make the final decision on any proposed appointment after taking into consideration the recommendation from the BNRC.

Pursuant to the Company's Constitution, one-third (1/3) of the Board is subject to retirement by rotation at each AGM, provided always that each Director shall retire at least once every three (3) years and the retiring Director shall be eligible for re-election at each AGM of the Company. Further, a retiring Director shall retain office until the close of the AGM at which he retires.

Details of the Directors who are retiring and standing for re-election at the Fifty-Eighth Annual General Meeting ('58<sup>th</sup> AGM') are reflected in the Notice of the AGM as stated in the Annual Report 2023.

### 4. Annual Assessment

The BNRC is responsible for evaluating the performance and effectiveness of the entire Board, the Board Committees and individual Directors on a yearly basis. The annual assessments for the Board, Board Committees and individual Directors (including Independent Directors) are carried out on a self and peer assessment basis. The results are summarised and discussed at the BNRC meeting and also shared with the entire Board. The BNRC reviews the outcome of the evaluation and recommends to the Board areas for continuous improvement and also for the purpose of forming the basis of recommending relevant Directors for re-election at the AGM.

The BNRC had in August 2023 assessed the effectiveness of the Board, its Committees and the contribution of each Director by identifying the strengths and weaknesses of the Board.

The assessment criteria used in the assessment of Board and Individual Directors include the Board's mix of skills, knowledge, diversity, size and experience, as well as core competencies and contribution of each Director. The Board Committees were assessed based on their roles and responsibilities, scope and knowledge, frequency and length of meetings, supply of sufficient and timely information to the Board, and also overall effectiveness and efficiency in discharging their functions.

The Board is confident that the skills and experience of the current Directors satisfy the requirements of the skills matrix. The Directors have a diverse and relevant range of skills, backgrounds, knowledge and experience to ensure effective governance of the business.

### 5. Board Evaluation

The Board's evaluation comprises performance evaluation of the Board and various Board Committees, Directors' self-evaluation, Directors' peer evaluation and assessment of the independence of the Independent Directors. The assessment is based on four (4) main areas relating to Board structure, Board operations, Board and Chairman's roles and responsibilities and Board Committees' roles and responsibilities.

For Directors' peer evaluation, the assessment criteria include abilities and competencies, calibre and personality, technical knowledge, objectivity and level of participation at Board and Committee meetings including his or her contribution to Board's processes.

### 6. Directors Training

All Directors have attended the Mandatory Accreditation Programme ('MAP') as required by the MMLR. In line with the recent amendments to the MMLR requiring for all directors of the listed issuer to attend the MAP II programme on sustainability and the related roles of a Director, the Company has taken the necessary initiative to ensure that all of its Directors participate in the MAP II within the prescribed timeline.

Board Members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Group's operations and business.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Listed below are the training programmes attended by Directors during FY2023:

Directors	Training(s)
1. Datuk Seri Johari bin Abdul Ghani	<ul style="list-style-type: none"> <li>MIA Conference 2023 – Future Fit Profession: Charting a Better Tomorrow</li> </ul>
2. Dato' Ahmad Ibnihajar	<ul style="list-style-type: none"> <li>Directors Behaviour and Boardroom Dynamics</li> </ul>
3. Teh Bee Tein*	<ul style="list-style-type: none"> <li>2023 Budget Seminar</li> </ul>
4. Datuk Haji Mohd Haniff bin Haji Koslan	<ul style="list-style-type: none"> <li>Assessment of the Board, Board Committees and Individual Directors</li> <li>Corporate Directors Training Programme Fundamental 4.0</li> </ul>
5. Datuk Norliza binti Abdul Rahim	<ul style="list-style-type: none"> <li>Directors Behaviour and Boardroom Dynamics</li> </ul>
6. Megat Joha bin Megat Abdul Rahman	<ul style="list-style-type: none"> <li>MIA Conference 2023 – Future Fit Profession: Charting a Better Tomorrow</li> </ul>
7. Kasinathan a/l Tulasi	<ul style="list-style-type: none"> <li>Conduct of Directors and Common Breaches of Listing Requirements</li> </ul>
8. Tee Beng Thong	<ul style="list-style-type: none"> <li>Risk Culture Building – The Future of Risk Management</li> <li>Corporate Directors Training Programme Fundamental 4.0</li> <li>Board Succession, Evaluation and Recruitment</li> <li>Directors Behaviour and Boardroom Dynamics</li> </ul>
9. Ahmed Fairuz bin Abdul Aziz	<ul style="list-style-type: none"> <li>Session 1: Securities Commission Malaysia's (SC) Audit Oversight Board (AOB's) Conversation with Audit Committees</li> <li>Developing a Holistic Enterprise Risk Management (ERM) Framework</li> <li>Tax and Business Summit 2022</li> <li>EY C-Suite Forum 2023</li> </ul>
10. Mohammad Farish Nizar bin Othman**	<ul style="list-style-type: none"> <li>Withholding Tax Principle &amp; Practice and Transfer Pricing Concept</li> <li>Risk Management</li> <li>Company Secretaries as Reporting Institution under AMLA 2001</li> <li>Understanding Joint Ventures Legal Considerations</li> <li>Resolving Boardroom and Shareholders Disputes</li> </ul>

Notes:

\* Appointed w.e.f. 19 January 2023

\*\* Resigned w.e.f. 15 December 2022

### 7. Sustainability Reporting Framework

In line with the latest amendments of the MMLR of Bursa Malaysia on sustainability, the Company is gearing up towards implementing the Enhanced Sustainability Reporting Framework which was made mandatory for the financial reporting period ending on or after 31 December 2023.

### III. Remuneration

#### 1. Remuneration Policies

The BNRC reviews the Compensation Policy ('Policy'), aligns the Policy with corporate performance and ensures that compensation offered is competitive. The Policy provides employees with the standards and processes for the development, implementation, management and governance of compensation practices.

The Board ensures that KUB Group's remuneration remains competitive to attract and retain employees with the necessary skills and experience. The remuneration of Non-Executive Directors should be adequate to attract, retain and motivate individuals with the necessary attributes. Various factors such as the Group's requirements and the candidates' expertise and experience are taken into consideration in determining their remuneration packages.

## 2. TOR of the BNRC

The roles and responsibilities of the BNRC are incorporated in its TOR, which are available on the Company's website.

## 3. Remuneration of Directors

The remuneration of Directors for the financial year under review is as follows:

Executive Director	Remuneration		
	Salary, Bonus and Other Emoluments/ Allowances (RM)	Benefits in Kind (RM)	Total (RM)
Ahmed Fairuz bin Abdul Aziz	1,050,452	23,479	1,073,931

Non-Executive Directors	Remuneration			
	Fees (RM)	Allowance (RM)	Benefits in Kind (RM)	Total (RM)
Datuk Seri Johari bin Abdul Ghani	80,000	12,000	13,547	105,547
Dato' Ahmad Ibnihajar	60,000	10,000	16,783	86,783
Teh Bee Tein*	27,097	7,000	3,049	37,146
Datuk Haji Mohd Haniff bin Haji Koslan	60,000	13,000	50,018	123,018
Datuk Norliza binti Abdul Rahim	60,000	18,000	5,667	83,667
Megat Joha bin Megat Abdul Rahman	60,000	16,000	1,889	77,889
Kasinathan a/l Tulasi	60,000	12,500	8,753	81,253
Tee Beng Thong	60,000	13,000	14,195	87,195
Mohammad Farish Nizar bin Othman**	30,000	12,000	870	42,870
<b>Total</b>	<b>497,097</b>	<b>113,500</b>	<b>114,771</b>	<b>725,368</b>

Notes:

\* Appointed w.e.f. 19 January 2023

\*\* Resigned w.e.f. 15 December 2022

## 4. Remuneration of Senior Management

The remuneration framework outlines the total compensation packages comprising fixed remuneration and variable remuneration payable to employees. Fixed remuneration refers to basic salary and other fixed income commensurate with the role and position of an individual employee, taking into consideration professional experience, qualifications, responsibilities, job complexity and local market conditions.

Variable remuneration refers to discretionary bonuses and other benefits, which are cash-based and excludes shares and non-cash instruments. The total amount for the variable remuneration is determined by a financial matrix that includes factors such as KUB Group's overall performance, achievement of selected financial ratios, market trends and economic outlook.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The total value of cash-based remuneration for the top five (5) Senior Management of KUB Group for FY2023 is shown below:

Key Management Personnel	Group (RM)
Salary, allowances and bonuses	2,455,877
Defined contribution plan - EPF	265,887
Social security contributions	5,195
<b>Total</b>	<b>2,726,959</b>

Note: Excludes the remuneration of the Group Managing Director, which is declared under the Directors' Remunerations section of this Statement.

### Principle B: Effective Audit and Risk Management

#### I. BAC

##### 1. Composition

The BAC comprises two (2) Independent Non-Executive Directors and a Non-Independent Non-Executive Director. All BAC Members are financially literate and able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as Members of the BAC. The Chairman of the BAC is not the Chairman of the Board, ensuring that the impartiality and objectivity of the Board's review on the BAC findings and recommendations remain intact.

##### 2. External Auditors

The BAC assesses the suitability, objectivity and independence of the external auditors on an annual basis. The BAC will take into consideration the adequacy of the experience and resources of the audit firm and obtain the written assurance from the external auditors confirming that they are and have been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The assessment procedures are spelt out in the BAC TOR which is published on the Company's website.

The Company has also adopted the External Auditors' Assessment Policy, which serves as a guideline for the BAC in assessing the external auditors. A copy of the policy is available on the Company's website.

The external auditors also have direct access to the BAC to highlight any issues of concern at any point of time. Pursuant to the BAC TOR, the BAC shall meet with the external auditors at least twice a year without the presence of the Group Managing Director and Management to discuss on audit findings, audit plans and the Company's financial statements.

#### 3. Financial Reporting

The Board aims to present a clear, balanced and comprehensive assessment of the Group's financial position and future prospects that extends to the annual and quarterly financial statements. The Board ensures that the annual and interim financial statements are prepared so as to give a true and fair view of the current financial status of the Group in accordance with the applicable approved accounting standards.

In assisting the Board to discharge its duties on financial reporting, the BAC is tasked with reviewing the quarterly results and year-end financial statements of the Group, focusing particularly on:

- Changes in or implementation of changes in accounting policy;
- Significant matters highlighted, including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and how these matters are being addressed; and
- Compliance with accounting standards and other legal requirements.

A full BAC report is set out on page 60 of this Annual Report.

#### II. Risk Management and Internal Control Framework

The BRMC oversee the risk management activities of KUB Group. All three (3) Members of the BRMC are Independent Non-Executive Director. The BRMC periodically reviews the Enterprise Risk Management ('ERM') Framework and processes based on the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers to ensure their continued relevance. The establishment of the Framework is guided by the principles and processes outlined in MS ISO 31000: Risk Management - Principles and Guidelines.

The Statement on Risk Management and Internal Control of the Group on page 55 of this Annual Report provides an overview of the risk management practices and internal controls implemented by the Group.

The BRMC is guided by its TOR, which is available on the Company's website.

### III. Internal Audit Function

Internal audit is independent from the management and the activities under its review. The KUB Group Risk and Audit Division ('GRAD') assists the BAC in discharging its duties and responsibilities. The TOR of the internal audit function is spelt out in the Internal Audit Charter.

The Senior Manager of GRAD is a Professional Member of the Institute of Internal Auditors Malaysia, who is also a Member of the CPA Australia, the Institute of Enterprise Risk Practitioners and Malaysian Institute of Accountants.

The principal role of internal audit is to undertake independent, regular and systematic reviews of the internal control systems in order to provide a reasonable assurance on the adequacy, integrity and effectiveness of the system of internal control, risk management and governance processes.

### Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

#### I. Engagement with Shareholders and Stakeholders

The Board recognises the importance of transparency and accountability to its shareholders and stakeholders. The shareholders and stakeholders are informed on the performance and major corporate activities through timely dissemination of quarterly financial results, circulars, annual reports and corporate announcements.

The Annual Reports provide the shareholders and stakeholders with a comprehensive overview of the financial and non-financial information. Components such as the Management Discussion & Analysis, Corporate Governance Overview Statement, Sustainability Statement and Statement of Risk Management and Internal Control form an integral part of the non-financial information.

#### II. AGMs

AGMs allow the shareholders to engage with the Board. The Board provides the shareholders with adequate time to discuss the resolutions to be tabled at the AGM. The Notice of the AGM is issued more than twenty-eight (28) days before the AGM as recommended by the Code, instead of twenty-one (21) days under the CA, 2016 and MMLR.

The Notice outlines the resolutions to be tabled, accompanied by explanatory notes and background information, where applicable. Under the MMLR, all resolutions will be voted by poll in accordance to the procedures set out in the Constitution. A shareholder may vote through proxies, provided the proxy form is deposited at least forty-eight (48) hours before the AGM.

In order to help the effort of the Government of Malaysia to curb the spread of Covid-19, the Company had on 27 October 2022 successfully conducted its Fifty-Seventh AGM virtually using remote participation and electronic voting. This is in accordance with Section 327 of the CA, 2016 which allows for general meeting to be conducted using any technology or electronic means.

The Board has reviewed, deliberated and approved this Corporate Governance Overview Statement on 29 August 2023.

## ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as set out in Appendix 9C.

### A. Utilisation of Proceeds Raised from Any Corporate Proposal

There were no proceeds raised from any Corporate Proposal in the financial year ended 30 June 2023.

### B. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the external auditors, Deloitte PLT for the services rendered to the Group and the Company for the financial year ended 30 June 2023 are as follows:

Particulars	Group RM	Company RM
Statutory Audit Services		
• Current year	380,000	175,000
• Under provision in prior year	50,000	-
Non-Audit Fees	172,550	54,900
<b>Total</b>	<b>602,550</b>	<b>229,900</b>

### C. Material Contracts

During the financial year, there were no material contracts entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) involving interests of Directors, Chief Executive who is not a director or major shareholders.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia's Main Market Listing Requirements ('MMLR'), the Board of Directors ('the Board') is pleased to provide the Statement on Risk Management and Internal Control ('Statement') for the financial year ended 30 June 2023. The Statement is in line with Practice 10.2 of the Malaysian Code of Corporate Governance ('MCCG 2021') and is guided by the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers.

The Statement outlines the practices and processes adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control system ('System') of the Group.

## Responsibility and Accountability

### Board

The Board is responsible to provide reasonable assurance on a sound System of the Group. The System is regularly reviewed to ensure it is functioning efficiently and effectively following the MCCG 2021, with the objective of safeguarding shareholders' investments and the Group's assets. Nonetheless, despite the inherent limitations, the Board recognises that the System is designed to manage, rather than eliminate all risks that may impede the achievement of the policies, goals and objectives of the Group. Therefore, only reasonable rather than absolute assurance is provided against material misstatements of management and financial information, financial losses, fraud, breaches of laws or regulations and any occurrence of contingencies.

The Board discharges its stewardship role with the identification of risks, implementation of appropriate framework and internal controls as well as reviewing the adequacy and integrity of the internal control system by ascertaining, examining, mitigating and monitoring significant risks that could give severe impact to the Group. The Board ensures the adoption of strategic plans for the Group, oversees the conduct of its business, reviews financial performance, monitors the compliance of operations with the applicable laws and regulations, and ensures sound corporate governance through effective interaction with the Management, and external and internal auditors. The Board is assisted by the Board Risk Management Committee ('BRMC') and the Board Audit Committee ('BAC') in discharging its roles.

### BRMC and BAC

The BRMC and BAC are established and governed by the clearly defined Terms of Reference ('TOR') which are accessible on the Group's Corporate Website under Corporate Governance section. The review of the risk management and internal control reports and processes is delegated to the BRMC and BAC with the purpose of assisting the Board in reviewing and overseeing the overall efficiencies and effectiveness of the System.

The BRMC assists the Board by undertaking the responsibilities of supervising and monitoring the Group's principal risks, recommending to the Board appropriate risk management policies, risk tolerance levels and risk management processes, providing quarterly updates to the Board on the status of significant risks, assessing the progress and effectiveness of agreed action plans, and recommending additional risk management strategies and mitigation plans for the Board's approval to mitigate or minimise the impact of the identified risks.

The BAC reviews the risk management and internal control issues identified in reports prepared by the internal and external auditors and further evaluates the effectiveness and adequacy of the System. The BAC has unrestricted access to both internal and external auditors and actively oversees the independence, scope of work, competency and resources of the internal audit function.

The BRMC and BAC meet on a periodical basis, engaging the Management. The BAC has the right to convene meetings with the auditors without the presence of other directors and the Management team. Key matters discussed in meetings are tabled to the Board. Risk and internal control-related matters that warrant the attention of the Board are presented by the BRMC and BAC to the Board for deliberation and recommendation for approval, and matters or decisions made within the BRMC and BAC's purview are updated to the Board for notation.

### Management

In addition to execution and/or ensuring adoption of strategic plans within the Group, the Management recognises its responsibility to implement the Board-approved risk-related frameworks, policies and guidelines that support the System. The Management ensures the System is operating adequately, efficiently and effectively in achieving its established business goals and objectives.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Management

Risk management through the System establishes effective and sound management practices, contributes to an informed decision-making process and increases the confidence level of stakeholders in the performance of the Group. It has been in place up to the date of approval of the Annual Report and financial statements. It is periodically reviewed and guided by the Statement on Risk Management and Internal Control-Guidelines for Directors of Listed issuers.

### Risk Management Framework

The System is guided by the established Enterprise Risk Management Framework ('Framework'), which incorporated the principles and processes outlined in the MS ISO 31000: Risk Management – Principles and Guidelines ('Principle'). The Principle, which is comprehensive in nature, is suitably adopted for the Group's risk management and internal control practices.

The Framework was developed to facilitate the Group in navigating the changing and challenging business environment and shall continually be refined to implement, monitor, review and enhance the overall risk management activities. Other objectives of the Framework are:

- (a) To provide guidance in managing risks to ensure resources are prioritised and deployed most efficiently and effectively to manage both opportunities and threats based on capabilities;
- (b) To promote a good risk culture, that creates understanding among employees on the implication of risk exposures, opportunities and threats, and responds effectively in the day-to-day strategic planning and operational activities; and
- (c) To ensure that the Framework and process of risk management are integrated into all businesses and operational processes, including governance, strategic and operational planning and decision-making.

### Risk Management Process

The Group uses a structured risk management process comprising the following stages: identifying, evaluating, assessing, treating, monitoring and reviewing the risks in financial, operational and compliance areas. The identified risks are deliberated at the Board level and included in the Risk Register upon approval to ensure proper implementation of risk mitigation actions by the Management. Risk assessment and evaluation are integral in both strategic planning and daily operations of the Group.

### Risk Factors and Mitigation Strategies

The Group assesses risks based on the level of its significance of potential impact, its effects on the Group's overall performance and the level of likelihood of its occurrence. The level of tolerance is expressed through the Risk Impact and Likelihood Matrix, with guidance on risk treatment for action to be taken on respective risks. A set of quantitative and qualitative parameters is established according to the Group's risk tolerance to measure the impact at different dimensions.

Based on the ratings, primary risks are continuously assessed to ensure that the mitigation measures are implemented and monitored to alleviate the magnitude of impact to an acceptable level. Secondary risks are continuously reviewed and monitored to ensure that the internal controls are effective and efficient to mitigate further escalation of the likelihood and the impact.

### Key Internal Control Activities

The Board is committed in ensuring effective internal controls within the Group's business operations both strategically and operationally. Among the key controls include:

#### Board

The Board, as governed by its Board Charter, incorporates risk management into all aspects of the Group's affairs with the defined roles and responsibilities and appropriate tools to support the System. The Board establishes relevant policies to ensure the System is functioning effectively in managing risks that may impede the achievement of the Group's objectives. Board meetings are held at least quarterly, with a structured agenda encompassing pertinent discussions. The Board is kept updated on the Group's performance, activities and operations on a timely and regular basis.

#### Board Committees

The Board committees, including the BRMC, BAC and Board Nomination and Remuneration Committee ('BNRC'), assist the Board in overseeing and scrutinising all matters within their respective purviews and TOR. The Board committees meet periodically where any recommendation and minutes of the meeting are tabled to the Board for approval. The complete Board Committees Listing is set out on page 14 of this Annual Report.

### Board's Term of Reference

In its commitment to a healthy corporate culture that engenders integrity, transparency and fairness, the Board has implemented best practices in corporate governance. A comprehensive list of policies has been established to assist the Board in ensuring effective supervision, directing and counselling the Group on governance and implementing strategies to achieve the Group's overall objectives.

### Organisational Structure

The Board establishes a defined organisational structure with a clear demarcation of responsibility and accountability within the Group that is directly aligned with the business strategies and operational demands. Each operational unit is headed by an individual who is fully accountable and competent to ensure that the business activities are carried out in compliance with the Group's objectives and policies. The structure and its function are regularly reviewed to ascertain their effectiveness and, if needed, to cater for the changes in business requirements.

### Limit of Authority

The delegation of responsibilities to the Board committees and the Management, and the delineation of respective authority limits, are defined in KUB Management Guidelines ('KUBMaG') and subsidiary-specific management guidelines. These guidelines act as the framework that outlines the designated approving authority and decision-making thresholds to govern and facilitate the business decision process as well as create awareness among employees concerning the fundamental elements of internal control.

### Business Plan, Budget, Financial and Operational Review

The Group prepares a business plan and budget for each financial year to establish targets against which performances are compared and monitored, and facilitate resource allocation by focusing on areas of concern. The Board and Senior Management review the plan and budget before its finalisation to ensure it reflects the corporate intent of the Group and strategically aligns with the resource allocation.

Subsequently, the BAC and the Management review the Group's performance by deliberating the Group's financial results quarterly before it is tabled to the Board for approval or decision-making purposes. The Management also meets on a monthly basis to deliberate financial and operational performance and discuss courses of action to be taken in the future.

### Policies and Procedures

Policies and standard operating procedures ('SOP') are established to provide comprehensive management and operational guidelines to the Group's operating units. These policies and procedures are documented and subject to regular review, update and enhancement to reflect present requirements and maintain relevance. Amongst the policies are:

#### Integrity-Related Policies

The Board has established the Anti-Bribery and Corruption Policy ('ABC Policy'), the Vendor Code of Business Ethics ('COBE'), and the Whistleblowing Policy which is aligned with Section 17A of the Malaysian Anti-Corruption Commission Act of 2009. These policies outline the Group's commitment to comply with all pertinent laws and regulatory requirements. All directors, employees, and business associates are responsible to comprehend and adhere to these policies. Any breach of these policies is to be taken seriously and may result in actions taken by the Group including but not limited to review of employment, appointment or business arrangements that may lead to disciplinary actions, reprimand, suspension, dismissal, termination of business relationship, blacklisting and/or reporting to the authorities consistent with the applicable laws and regulations. These policies are available on the Company's website at [www.kub.com](http://www.kub.com).

#### Procurement and Strategic Sourcing ('Procurement')

The Procurement Policy aims to support good and sustainable procurement practices on goods, works and services for the Group. It outlines that all procurement decisions within the Group are guided by defined principles i.e., to ensure the Group and the suppliers comply with all applicable laws and regulations throughout the procurement life cycle. The Procurement Policy promotes ethical vendor management via the COBE which includes the ABC Policy and Conflict of Interest in the vendor selection, tender and procurement processes.

#### Information & Communication Technology ('ICT') Policy

The ICT Policy supports monitoring and reporting of cyber threats or information security. A Disaster Recovery Centre is maintained to support identified critical business applications during disruption. To ensure proper protection in responding to cybersecurity threats, adequate ICT security tools and procedures are in place to detect, respond and mitigate the threats.

#### Human Resource ('HR') Policies and Procedures

The Group has established a comprehensive framework of HR Policies and Procedures which serve as guidelines in ensuring compliance with pertinent legislation and the adoption of HR industry best practices including workforce planning, recruitment, compensation and benefits, industrial relations, employee engagement, employee development, performance management, and salary administration.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Furthermore, the Group's Employee Handbook has also been revised to delineate the general employment terms and conditions applicable to the Group's employees. The Employee Handbook shall remain in effect unless superseded by new Terms and Conditions of Service or terminated in accordance with the provisions set forth herein. The primary aims of this initiative encompass fostering a performance-oriented culture that facilitates business growth, providing clear focus and meaningful measurement that can link to rewards, retaining top performers through competitive compensation opportunities, and fostering a performance-driven culture that promotes teamwork and collaboration across the Group.

The Employee Handbook also stated the Code of Ethics and Conduct, which acted as a guide on moral and ethical behaviour expected from all Group's employees. It covers six broad categories, namely:

- a) Conflict of Interest;
- b) Misuse of Position;
- c) Misuse of Information;
- d) Integrity and Accuracy of Record/Transaction;
- e) Fair and Equitable Treatment; and
- f) Confidentiality

The Employee Handbook is accessible online via the HR System, BOSS i-Net, for employees' reference.

### Project Management Policy, Procedures and Guidelines ('PMPP')

The PMPP encompasses range of activities including project sales (prospecting, tendering, and post-tender), project initiation (project authorisation, initiation, and project dashboard), project planning, project execution (site administration, inspection and testing, control on monitoring and measuring equipment, maintenance and repair of plant machinery and equipment), and project post-execution (final inspection, project handover, and defects liability). PMPP is intended to encompass the acceptance, delivery, and management of revenue-generating initiatives and contracts with external parties.

### **Staff Competency, Training and Development Programme**

The Group believes that the attainment of its vision and mission necessitates a proficient, skilled, knowledgeable and capable workforce at every level of the organisation. To facilitate this, training and development initiatives are executed to equip employees with the requisite competencies essential for their roles and responsibilities.

The implementation of the training and development programmes is to address the deficiency of competency in bridging the gap between performance and opportunity, thus assisting the Group to develop talented employees to be potential leaders in the industry.

### **Insurance Coverage on Employees, Assets and Other Obligations within the Group**

The Group believes a competitive compensation program is essential for attracting and retaining talent. With the provision of Group Hospitalisation and Surgical and Group Term Life Insurance, the Group maintains its compensation positioning compared to the market. Both policies cover dental care, inpatient and outpatient care, critical illness, rehabilitation, physiotherapy, and mortality from any cause.

Besides insurance for its employees, the Group also purchases insurance for its physical assets and other contractual obligations. The coverage includes damage or loss of assets in the event of fire, theft of assets, liability coverage for the legal responsibility to others for accidents, bodily injury, property damage, and coverage for computers and servers.

Given the ever-changing nature of the business environment, insurance coverage is reviewed annually to ensure comprehensive coverage to mitigate risks.

### **Internal Audit**

The internal audit function evaluates the Group's internal control system, risk management, and governance process. Regular evaluations are performed, and the results are independently reported to the BAC. Management will implement the agreed corrective measures for the findings highlighted in the internal audit reports according to the approved action plan within the specified timeframe.

The details of internal audit activities are provided in the Board Audit Committee Report on page 60 of this Annual Report.

### **Sustainability Reporting**

The Group believes that the emerging risks and opportunities associated with economic, environmental, social, and governance ('EESG') matters may have a growing impact on business values, share prices, and stakeholders' area of concerns. By incorporating sustainability considerations into business strategies and processes, value is added in the long run, indicating that the Group looks beyond short-term profitability and considers medium-to-long-term business viability. The full Sustainability Statement is set out on page 26 of this Annual Report.

## Conclusion

The Board has reviewed and is satisfied with the adequacy and effectiveness of its risk management and internal control system for the financial year ended 30 June 2023. The Board is of the view that risk management and internal control system provide a level of confidence on which the Board relies for reasonable assurance. Where exceptions were noted, no material control failure or weakness had resulted in a material loss that had not been disclosed in the Group's financial statements. For areas requiring attention, measures are taken to ensure the ongoing adequacy and effectiveness of risk management and internal control. The Board and the Management will continuously improve and seek assurance on the efficiency and effectiveness of the internal control system through independent assessments by its external and internal auditors.

The Group Managing Director has provided reasonable assurance to the Board that the Group's risk management and internal control system that are in place are operating adequately and effectively in all material aspects.

This Statement is made based on the recommendation of the BRMC to the Board which was approved on 29 August 2023.

## Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR, the external auditor, Deloitte PLT, has reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2023. Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and Audit and Assurance Practice Guide ('AAPG') 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that caused them to believe that the Statement has not been prepared, in all material aspects, following the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal control – Guidelines for Directors of Listed Issuers, nor is it factually inaccurate.

# BOARD AUDIT COMMITTEE REPORT

Pursuant to Paragraph 15.15 of the Main Market Listing Requirements ('MMLR'), the Board is pleased to present the Board Audit Committee ('BAC') Report for the financial year ended 30 June 2023.

## Composition

As at the date of this report, the composition of the BAC is as follows:

### Teh Bee Tein (Chairman)

Independent Non-Executive Director  
(Appointed w.e.f 19 January 2023)

### Megat Joha bin Megat Abdul Rahman (Member)

Non-Independent Non-Executive Director

### Kasinathan a/l Tulasi (Member)

Independent Non-Executive Director

### Mohammad Farish Nizar bin Othman

Independent Non-Executive Director  
(Resigned w.e.f. 15 December 2022)

The BAC is governed by its Terms of Reference ('TOR') that clearly specify the authority, purpose and roles of the BAC. The TOR is accessible online on the Group's official website under Corporate Governance section at [www.kub.com](http://www.kub.com) conforming to the requirements of the MMLR and best practices of Malaysia Code of Corporate Governance 2021 ('MCCG 2021'). The majority of the members of the BAC are Independent Non-Executive Directors and the current BAC chairman, Teh Bee Tein, is a member of the Malaysian Institute of Accountants ('MIA'), thereby complying with Paragraph 15.09(1)(c)(i) of the MMLR.

## Meetings

The BAC held a total of five (5) meetings during the financial year ended 30 June 2023, with the following record of attendance:

### Directors Attendance

Directors	Attendance
Teh Bee Tein <sup>^</sup>	2/2
Megat Joha bin Megat Abdul Rahman	5/5
Kasinathan a/l Tulasi	5/5
Mohammad Farish Nizar bin Othman <sup>*</sup>	3/3

Notes:

<sup>^</sup> Appointed effective 19 January 2023

<sup>\*</sup> Resigned effective 15 December 2022

The Company Secretaries were present during all the meetings except for the private sessions with the external auditors. All matters deliberated during the BAC meetings session were recorded, minuted and kept by the Company Secretaries as evidence that the BAC had carried out its function and responsibilities. Minutes of each meeting were distributed to the BAC members for their review and comments prior to obtaining confirmation of the same at the next BAC meeting and subsequently presented at the Board meeting for notation. The Group Managing Director, representatives of external auditor, Deloitte PLT, the Group Risk and Audit Division ('GRAD') and Senior Management personnel also attended the meetings upon invitation.

The BAC Chairman updated the Board on matters deliberated after each BAC Meeting. This is to ensure that the Board is updated on the significant matters raised by the external and internal auditors.

The BAC in the discharging its functions and duties had carried out the following works to meet its responsibilities during the financial year ended 30 June 2023:

### 1. Financial Results and Corporate Governance

- a) Reviewed and discussed the Group's unaudited quarterly consolidated financial results and annual audited financial statements of the Company and the Group (including announcements to Bursa Securities) before recommending to the Board for approval, focusing particularly on;
  - appropriate accounting policies had been adopted and applied consistently;
  - significant accounting matters involving management's judgements or estimates, unusual events or transactions during the financial year and how these matters were addressed; and
  - compliance with financial reporting standards and other regulatory and legal requirements in particular Malaysian Financial Reporting Standards ('MFRS') issued by the Malaysian Accounting Standards Board ('MASB'), MMLR and Companies Act, 2016.
- b) Reviewed the issuance of the Letter of Financial Support in respect of KUB Group of Companies for recommendation to the Board for approval;
- c) Reviewed the Related Party Transactions entered by the Group in compliance with the MMLR;
- d) Reviewed the Company's solvency assessment before recommending to the Board for the payment of dividend;
- e) Reviewed minutes of the BAC meetings; and

- f) Reviewed the application of corporate governance principles and the Group's compliance with the best practices set out under the MCCG 2021 to prepare the Corporate Governance Overview Statement, Statement on Risk Management and Internal Control and the Board Audit Committee Report following to the MMLR for the Board's approval.

## 2. External Audit

- a) Reviewed the external auditor's scope of work, audit strategies and audit plans for the financial year ended 30 June 2023 as per the audit planning memorandum;
- b) Reviewed with the external auditors on the results of the audit, audit report and management letter, including the management's response, evaluation of the system of internal controls, and the assistance given by the employees to the external auditor;
- c) Reviewed the proposed fees for the statutory audit for the financial year ended 30 June 2023 and recommended to the Board for approval;
- d) Approved the non-audit services executed by the external auditors for the financial year ended 30 June 2023; and
- e) Carried out two (2) private meetings with the external auditors during the financial year without the presence of the Management.

## 3. Internal Audit

- a) Reviewed the presented internal audit reports which incorporate the results of the internal audit programme and processes or investigations undertaken based on findings and recommendations concerning on the adequacy and integrity of the internal control systems;
- b) Reviewed with the Management agreed actions taken based on findings and recommendations raised in the internal audit reports to improve the system of internal control;
- c) Assessed the performance of the internal audit function via the status updates of the internal audit plan as compared to the approved annual internal audit plan and reviewed the reasonableness of the compensation of the Members of the function; and
- d) Reviewed and approved the internal audit function, budget, and annual internal audit plan to ensure the adequacy of its available resources, core competencies, scope, functions, and coverage. The level of authority under the internal audit function in carrying out its functions is spelt out in the BAC approved Internal Audit Charter.

## Summary of Works of the Internal Audit Function

The BAC is assisted by GRAD in discharging its duties and responsibilities throughout the financial year. The TOR of the internal audit function are spelt out in the Internal Audit Charter. The principal role of the internal audit function is to undertake independent, regular and systematic reviews of the internal control systems to provide independent and reasonable assurance of the adequacy, integrity and effectiveness of the Group's system of internal control, risk management and governance process.

GRAD functionally reports to the BAC and administratively to the Group Managing Director. Activities carried out by GRAD during the financial year including key issues noted by GRAD during the execution of audit work are quarterly reported to the BAC for notation.

The internal audit function has no operational responsibility and authority over the audited activities. It adopts a risk-based approach in preparing its annual internal audit plan. The audit plan and its program, the budgets, the manpower resources and the key performance indicators are submitted to the BAC for review and approval.

For the year ended 30 June 2023, a total of nine (9) audits were carried out on a holistic approach following the annual internal audit plan. All findings from the internal audit reviews were reported to BAC and Management.

Activities of GRAD include review of the adequacy and effectiveness of internal controls and risk management, compliance with applicable laws and regulations, reliability and integrity of information and adequacy of safeguarding of assets. In ensuring effective communication of audit issues, meetings were held with Management on a regular basis. Management is responsible for ensuring all corrective actions on internal audit findings are taken within the required time frame.

KUB is a corporate member of the Institute of Internal Auditors of Malaysia ('IIAM') that allows the internal auditors to have access to internal audit information, networking and training in ensuring its commitment that its activities meet the standards required by the Institute of Internal Auditors International Professional Practices Framework ('IPPF').

The internal audit function is supported by two (2) internal auditors. The internal audit function of the Company is headed by the internal audit Senior Manager ('SM') who is a Professional Member of the Institute of Internal Auditors Malaysia, a Member of the CPA Australia, Member of the Institute of Enterprise Risk Practitioners and Member of Malaysian Institute of Accountants. The SM is supported by one (1) internal audit staff. The total costs incurred for the internal audit function of the Group for the year ended 30 June 2023 amounted to RM281,763.78.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

### FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare the financial statements for each financial year which have been made out in accordance with the applicable accounting standards and the requirements of the Companies Act, 2016 in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of KUB Group and the Company at the end of the financial period, and of the results and cash flows of KUB Group and the Company for the financial period.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that KUB Group and the Company keep accounting records which disclose the financial position and performance of KUB Group and the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors are responsible for taking such reasonable steps to safeguard the assets of KUB Group and the Company, to detect and prevent fraud and other irregularities.

# FINANCIAL STATEMENTS

- 64** Directors' Report
- 69** Independent Auditors' Report
- 73** Statements of Profit or Loss and Other Comprehensive Income
- 75** Statements of Financial Position
- 77** Statements of Changes in Equity
- 80** Statements of Cash Flows
- 83** Notes to the financial statements
- 163** Statement by Directors
- 163** Declaration by the Officer

## DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The subsidiaries are principally engaged in businesses as stated in Note 40 to the financial statements.

### RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Profit before zakat and taxation	38,879	3,689
Zakat	(435)	-
Taxation	(4,569)	-
<b>Profit for the year</b>	<b>33,875</b>	<b>3,689</b>
Profit attributable to:		
Owners of the Company	33,811	3,689
Non-controlling interests	64	-
	<b>33,875</b>	<b>3,689</b>

### DIVIDENDS

Since the end of the previous financial year, the Company had paid the first and final dividend of 1.5 sen on 556,464,690 ordinary shares amounting to RM8,346,970 for the financial year ended 30 June 2022.

On 29 August 2023, the Board of Directors approved and declared a first and final dividend of 2.0 sen on 556,464,690 ordinary shares amounting to RM11,129,294 in respect of the financial year ended 30 June 2023.

The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2024.

### RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

### SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

## OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amount of bad debts written off or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

As disclosed in Note 39 to the financial statements, on 15 June 2022, the High Court of Malaya (the 'Court') granted a winding up order filed by the minority shareholders against a subsidiary of the Group, KUB Sepadu Sdn Bhd ('KUBS') and liquidators have since been appointed. Following this, the Group had lost control over KUBS and KUBS's financial position had been deconsolidated from the Group on 15 June 2022.

The Group subsequently determined that it had significant influence over KUBS and has therefore classified KUBS as its associate.

On 16 November 2022, the liquidators had officially taken over the operational matters of KUBS. Following this, the Group lost significant influence over KUBS and KUBS has accordingly ceased to be an associate of the Group. As a consequence thereof, the Group has classified the investment in KUBS as a financial asset measured at fair value through profit or loss ('FVTPL').

Save as above, in the opinion of the Directors, the results of 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.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

## DIRECTORS' REPORT

### DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Datuk Seri Johari bin Abdul Ghani	(Chairman)
Ahmed Fairuz bin Abdul Aziz	
Dato' Ahmad Ibnihajar	
Teh Bee Tein	(Appointed on 19 January 2023)
Datuk Haji Mohd Haniff bin Haji Koslan	
Datuk Norliza binti Abdul Rahim	
Megat Joha bin Megat Abdul Rahman	
Kasinathan a/l Tulasi	
Tee Beng Thong	
Mohammad Farish Nizar bin Othman	(Resigned on 15 December 2022)

The Directors of the subsidiary companies in office during the financial year and during the period from the end of the financial year to the date of this report are:

Megat Joha bin Megat Abdul Rahman	
Ahmed Fairuz bin Abdul Aziz	
Mohamed Rozaidi bin Md Sharif	
Mohamed Nizham bin Abdullah Hamidi	
Dr. Chow Kok Cheng	
Shahril Fitri bin Mustapha	
Han Junhee	
Adam Vin bin Rawi	(Appointed on 27 April 2023)
Rohaiza binti Kamsan	(Appointed on 27 April 2023)
Ken Tang Chow	
Vincent Chow	(Alternate Director to Ken Tang Chow)
Dr. Badrulhisham bin Mohd Ghazali	(Resigned on 28 April 2023)
Brian John Ahern	(Resigned on 16 May 2023)
Asmajuda bin Usman	(Resigned on 20 September 2022)

### DIRECTORS' INTERESTS

The interest in shares in the Company and in a related corporation of those who were Directors of the Company at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	As at 1.7.2022	Number of ordinary shares		As at 30.6.2023
		Acquired	Sold	
<b>Shares in the Company, KUB Malaysia Berhad</b>				
<b>Direct Interest</b>				
Kasinathan a/l Tulasi	370,000	-	-	<b>370,000</b>
<b>Indirect Interest</b>				
Datuk Seri Johari bin Abdul Ghani	183,400,000	-	-	<b>183,400,000*</b>

\* Deemed interest by virtue of his interest in JAG Capital Holdings Sdn. Bhd.

By virtue of the Director's interests in the shares of the Company, the above-mentioned Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related corporation during or at the beginning and end of the financial year.

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company was a party, whereby Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous year, none of the Directors of the Company have received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown below) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The details of the directors' remuneration for the financial year ended 30 June 2023 are set out below:

	Group RM'000	Company RM'000
Directors' remuneration		
Fees	497	497
Salary and other emoluments	2,949	1,051
Defined contribution plan	283	113
Benefits-in-kind	158	138
	3,887	1,799

Transactions between the Company with a company/firm in which a certain Director of the Company has substantial interest:

	RM'000
Provision for management services	480

## INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a Directors' and officers' liability insurance throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Company and its Group of companies.

During the financial year, the total amount of indemnity coverage and the insurance premium paid for the Group are RM10,000,000 and RM12,148 respectively.

There was no indemnity given to or insurance effected for auditors of the Group and of the Company in accordance with Section 289 of the Companies Act, 2016.

## DIRECTORS' REPORT

### AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

### AUDITORS' REMUNERATION

The amounts paid or payable as remuneration of the auditors of the Group and of the Company for the financial year ended 30 June 2023 are as follows:

	Group RM'000	Company RM'000
Deloitte PLT		
- current year	380	175
- under provision in prior year	50	-
Other auditors	17	-
	447	175

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

**DATUK SERI JOHARI BIN ABDUL GHANI**

**AHMED FAIRUZ BIN ABDUL AZIZ**

Kuala Lumpur  
21 September 2023

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF KUB MALAYSIA BERHAD

(Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of **KUB MALAYSIA BERHAD**, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 162.

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 30 June 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's 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 IESBA Code.

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matter	Our audit performed and responses thereon
<p><b>Fair value of investment retained in an associate as fair value through profit or loss</b></p> <p>On 16 November 2022, the liquidators appointed by the High Court of Malaya had officially taken over the operational matters of KUB Sepadu Sdn Bhd ('KUBS'), being the associate of the Group. Following this, the Group lost significant influence over KUBS and KUBS has accordingly ceased to be an associate of the Group. As a consequence thereof, the Group has classified the investment in KUBS as a financial asset measured at fair value through profit or loss ('FVTPL').</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• Obtained and reviewed the fair value computation of the investment retained in KUBS, and challenged key assumptions used by management in performing the fair value computation, in particular the fair valuation of KUBS's plantation assets, payment plans with KUBS's creditors, and basis for the costs of liquidation such as liquidators' fee, and other costs associated with disposal of the assets such as real property gains tax ('RPGT') and broker's fees, as well as other expected income and costs accrued by management.</li> <li>• Obtained assistance from our own valuation specialists to review the appropriateness of valuation methodology used by management to derive the fair value, and to assess the reasonableness of discount rates used by management in discounting the adjusted net assets of KUBS.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUB MALAYSIA BERHAD  
(Incorporated in Malaysia)

### Key Audit Matter (cont'd)

Key audit matter	Our audit performed and responses thereon
<p><b>Fair value of investment retained in an associate as fair value through profit or loss</b> (cont'd)</p> <p>In determining the fair value of investment retained in KUBS as FVTPL upon initial recognition on 16 November 2022 and revaluation on 30 June 2023, the Group adopted a cost approach specifically based on the adjusted net assets value method with the key assumptions as disclosed in Note 20 to the financial statements.</p>	<p>We performed the following audit procedures, among others: (cont'd)</p> <ul style="list-style-type: none"> <li>• Assessed and challenged the appropriateness of valuation techniques, variables and inputs used by the external valuer in the asset valuation report, relied by management in determining the fair value of KUBS's plantation assets.</li> <li>• Evaluated the competency and qualification of external valuer and the liquidators, whose reports were key inputs used by management in the fair value computation.</li> <li>• Evaluated whether the account balances and transactions within the fair value computation prepared by management were consistent with evidence obtained in other areas of the audit.</li> <li>• Evaluate the reasonableness of management's forecast on movement of fixed deposit balances between 15 June 2023 and 30 June 2023 by comparing with historical fixed deposit movement records.</li> <li>• Assessed the adequacy of disclosures key assumptions used, fair value and other relevant disclosures in the Group's financial statements.</li> </ul>

### Company

There are no key audit matters to be communicated 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 Board of Directors for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUB MALAYSIA BERHAD  
(Incorporated in Malaysia)

### Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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 auditor's 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 40 to the financial statements.

### Other Matter

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

### DELOITTE PLT (LLP0010145-LCA)

Chartered Accountants (AF 0080)

### SITI HAJAR BINTI OSMAN

Partner - 03061/04/2025 J

Chartered Accountant

21 September 2023

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	5	<b>488,889</b>	547,963	<b>12,547</b>	10,550
Cost of sales	6	<b>(458,911)</b>	(500,507)	-	-
<b>Gross profit</b>		<b>29,978</b>	47,456	<b>12,547</b>	10,550
Other income		<b>22,774</b>	10,756	<b>3,546</b>	4,936
Distribution expenses		<b>(2,025)</b>	(2,245)	-	-
Administrative expenses		<b>(18,658)</b>	(20,192)	<b>(8,536)</b>	(6,957)
Other expenses		<b>(4,401)</b>	(6,089)	<b>(10,051)</b>	(9,386)
<b>Profit/(Loss) from operations</b>		<b>27,668</b>	29,686	<b>(2,494)</b>	(857)
Finance income	7	<b>8,302</b>	4,281	<b>6,636</b>	3,051
Finance costs	8	<b>(160)</b>	(879)	<b>(453)</b>	(366)
Share of results of associates	19(ii)	<b>3,069</b>	85	-	-
<b>Profit before zakat and taxation</b>	9	<b>38,879</b>	33,173	<b>3,689</b>	1,828
Zakat		<b>(435)</b>	-	-	-
Taxation	12	<b>(4,569)</b>	(9,067)	-	-
<b>Profit for the year</b>		<b>33,875</b>	24,106	<b>3,689</b>	1,828
<b>Profit attributable to:</b>					
Owners of the Company		<b>33,811</b>	18,284	<b>3,689</b>	1,828
Non-controlling interests	32	<b>64</b>	5,822	-	-
		<b>33,875</b>	24,106	<b>3,689</b>	1,828

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit for the year</b>		<b>33,875</b>	24,106	<b>3,689</b>	1,828
<b>Item that will not be reclassified subsequently to profit or loss:</b>					
Fair value loss on quoted investment at fair value through other comprehensive income (FVTOCI)		<b>(1,731)</b>	(144)	<b>(1,731)</b>	(144)
<b>Other comprehensive loss for the year, net of tax</b>		<b>(1,731)</b>	(144)	<b>(1,731)</b>	(144)
<b>Total comprehensive income for the year</b>		<b>32,144</b>	23,962	<b>1,958</b>	1,684
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>32,080</b>	18,140	<b>1,958</b>	1,684
Non-controlling interests	32	<b>64</b>	5,822	-	-
		<b>32,144</b>	23,962	<b>1,958</b>	1,684
	Note	Group			
		2023 Sen	2022 Sen		
<b>Basic and diluted earnings per ordinary share attributable to owners of the Company</b>	14	<b>6.08</b>	3.29		

The accompanying Notes form an integral part of the Financial Statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Property, plant and equipment	15	<b>97,883</b>	98,496	<b>1,203</b>	1,624
Investment properties	16	<b>11,067</b>	14,718	<b>9,035</b>	14,044
Right-of-use assets	17	<b>1,723</b>	2,794	<b>304</b>	759
Finance lease receivables	17	<b>712</b>	956	-	-
Investments in subsidiaries	18	-	-	<b>181,239</b>	185,933
Investments in associates	19	-	45,800	-	-
Other investments	20	<b>67,126</b>	6,591	<b>4,753</b>	6,591
		<b>178,511</b>	169,355	<b>196,534</b>	208,951
<b>Current Assets</b>					
Inventories	21	<b>3,441</b>	5,743	-	-
Amount due from subsidiaries	22	-	-	<b>143</b>	1,861
Trade and other receivables	23	<b>52,260</b>	76,810	<b>662</b>	520
Contract assets	23	<b>266</b>	2,775	-	-
Finance lease receivables	17	<b>245</b>	194	-	-
Tax recoverable		<b>1,355</b>	1,968	-	-
Derivative financial assets	28	<b>33</b>	-	-	-
Cash and bank balances	24	<b>405,568</b>	391,930	<b>304,151</b>	302,927
		<b>463,168</b>	479,420	<b>304,956</b>	305,308
Non-current assets held for sale	13	<b>5,857</b>	2,711	<b>4,665</b>	-
<b>TOTAL ASSETS</b>		<b>647,536</b>	651,486	<b>506,155</b>	514,259

## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	29	<b>228,863</b>	228,863	<b>228,863</b>	228,863
Reserves	30	<b>36,723</b>	38,454	<b>1,303</b>	3,034
Retained earnings	31	<b>251,459</b>	225,995	<b>261,958</b>	266,616
Equity attributable to owners of the Company		<b>517,045</b>	493,312	<b>492,124</b>	498,513
Non-controlling interests	32	<b>(14,743)</b>	(14,807)	-	-
<b>Total Equity</b>		<b>502,302</b>	478,505	<b>492,124</b>	498,513
<b>Non-current Liabilities</b>					
Borrowings	26	-	14	-	-
Lease liabilities	17	<b>181</b>	1,203	-	349
Other payables	25	<b>34,379</b>	33,877	-	-
Deferred tax liabilities	27	<b>10,860</b>	10,511	-	-
		<b>45,420</b>	45,605	-	349
<b>Current Liabilities</b>					
Trade and other payables	25	<b>57,252</b>	72,067	<b>2,639</b>	1,255
Lease liabilities	17	<b>1,114</b>	1,177	<b>349</b>	471
Borrowings	26	<b>41,114</b>	54,023	-	-
Amount due to subsidiaries	22	-	-	<b>11,043</b>	13,671
Derivative financial liabilities	28	-	5	-	-
Provision for tax		<b>334</b>	104	-	-
		<b>99,814</b>	127,376	<b>14,031</b>	15,397
<b>Total Liabilities</b>		<b>145,234</b>	172,981	<b>14,031</b>	15,746
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>647,536</b>	651,486	<b>506,155</b>	514,259

The accompanying Notes form an integral part of the Financial Statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Attributable to owners of the Company

Non-distributable      Distributable      Non-distributable

Group	Note	Equity attributable to owners of the Company, total RM'000		Share capital RM'000	Retained earnings RM'000	Other reserves, total RM'000	Attributable to owners of the Company				
		Equity, total RM'000	Company, total RM'000				Capital reserve RM'000	Fair value adjustment reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	Merger reserve RM'000	Non-controlling interests RM'000
<b>As at 1 July 2022</b>		478,505	493,312	228,863	225,995	38,454	24,531	3,034	(258)	11,147	(14,807)
Profit for the year		33,875	33,811	-	33,811	-	-	-	-	-	64
Other comprehensive loss for the year		(1,731)	(1,731)	-	-	(1,731)	-	(1,731)	-	-	-
<b>Total comprehensive income/(loss)</b>		32,144	32,080	-	33,811	(1,731)	-	(1,731)	-	-	64
<b>Transactions with owners</b>											
Dividend paid	31	(8,347)	(8,347)	-	(8,347)	-	-	-	-	-	-
<b>As at 30 June 2023</b>		<b>502,302</b>	<b>517,045</b>	<b>228,863</b>	<b>251,459</b>	<b>36,723</b>	<b>24,531</b>	<b>1,303</b>	<b>(258)</b>	<b>11,147</b>	<b>(14,743)</b>

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Attributable to owners of the Company

Group	Note	Equity attributable to owners of the Company, total RM'000		Non-distributable			Attributable to owners of the Company			Non-controlling interests RM'000	
		Equity, total RM'000	Company, total RM'000	Share capital RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital reserve RM'000	Fair value adjustment reserve RM'000	Discount/(Premium) paid on acquisition of non-controlling interests RM'000		Merger reserve RM'000
<b>As at 1 July 2021</b>		481,471	483,519	228,863	213,989	40,667	25,371	3,178	971	11,147	(2,048)
Profit for the year		24,106	18,284	-	18,284	-	-	-	-	-	5,822
Other comprehensive loss for the year		(144)	(144)	-	-	(144)	-	(144)	-	-	-
<b>Total comprehensive income/(loss)</b>		23,962	18,140	-	18,284	(144)	-	(144)	-	-	5,822
<b>Transactions with owners</b>											
Dividend paid	31	(8,347)	(8,347)	-	(8,347)	-	-	-	-	-	-
Reduction on capital reserves upon winding up of a subsidiary		-	-	-	840	(840)	(840)	-	-	-	-
Members voluntary winding up of a subsidiary		-	-	-	1,229	(1,229)	-	-	(1,229)	-	-
Deconsolidation of a subsidiary	39	(18,581)	-	-	-	-	-	-	-	-	(18,581)
<b>As at 30 June 2022</b>		478,505	493,312	228,863	225,995	38,454	24,531	3,034	(258)	11,147	(14,807)

Company	Note	Non-distributable		Distributable	Non-distributable
		Equity, total RM'000	Share capital RM'000	Retained earnings RM'000	Fair value adjustment reserve RM'000
<b>As at 1 July 2022</b>		498,513	228,863	266,616	3,034
Profit for the year		3,689	-	3,689	-
Other comprehensive loss for the year		(1,731)	-	-	(1,731)
<b>Total comprehensive income/(loss)</b>		1,958	-	3,689	(1,731)
<b>Transaction with owners</b>					
Dividend paid	31	(8,347)	-	(8,347)	-
<b>As at 30 June 2023</b>		<b>492,124</b>	<b>228,863</b>	<b>261,958</b>	<b>1,303</b>
<b>As at 1 July 2021</b>		505,176	228,863	273,135	3,178
Profit for the year		1,828	-	1,828	-
Other comprehensive loss for the year		(144)	-	-	(144)
<b>Total comprehensive income/(loss)</b>		1,684	-	1,828	(144)
<b>Transaction with owners</b>					
Dividend paid	31	(8,347)	-	(8,347)	-
<b>As at 30 June 2022</b>		<b>498,513</b>	<b>228,863</b>	<b>266,616</b>	<b>3,034</b>

The accompanying Notes form an integral part of the Financial Statements.

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>				
Profit before zakat and taxation	<b>38,879</b>	33,173	<b>3,689</b>	1,828
Adjustments for:				
Depreciation of:				
- property, plant and equipment	<b>12,228</b>	15,137	<b>480</b>	463
- right-of-use assets	<b>1,195</b>	1,388	<b>455</b>	455
- investment properties	<b>624</b>	716	<b>344</b>	345
Investment property written off	<b>225</b>	-	-	-
Allowance for impairment on trade and other receivables	<b>223</b>	964	<b>18</b>	-
Finance costs	<b>160</b>	879	<b>453</b>	366
Property, plant and equipment written off	<b>93</b>	105	-	-
Net unrealised loss on foreign exchange	<b>24</b>	13	-	-
Impairment losses on property, plant and equipment	-	522	-	-
Inventories written off	-	154	-	-
(Gain)/Loss on fair value changes in investment in unquoted shares	<b>(13,302)</b>	(111)	<b>107</b>	(111)
Finance income	<b>(8,302)</b>	(4,281)	<b>(6,636)</b>	(3,051)
Reversal of allowance for impairment on trade and other receivables	<b>(3,205)</b>	(3,178)	-	-
Reversal of provision for liquidated ascertained damages	<b>(1,293)</b>	(179)	-	-
Gain on disposal of:				
- non-current assets held for sale	<b>(910)</b>	-	-	-
- property, plant and equipment	<b>(344)</b>	(71)	-	-
Dividend income	<b>(176)</b>	(282)	<b>(9,576)</b>	(7,632)
(Gain)/Loss on fair value changes of derivative instruments	<b>(33)</b>	5	-	-
Gain on deconsolidation of a subsidiary	-	(1,141)	-	-
Gain on fair value changes in biological assets	-	(209)	-	-
Reversal of allowance for impairment on contract assets	-	(120)	-	-
Allowance for impairment on investment in subsidiaries:				
- investment	-	-	<b>3,683</b>	8,123
- advances to subsidiaries	-	-	<b>84</b>	-
- amount due from subsidiaries	-	-	<b>2</b>	-
- financial guarantee	-	-	<b>4,880</b>	-
Reversal of allowance for impairment:				
- amount due from subsidiaries	-	-	<b>(3)</b>	(560)
- advances to subsidiaries	-	-	<b>(300)</b>	-
Share of results of associates	<b>(3,069)</b>	(85)	-	-
<b>Operating Profit/(Loss) Before Changes in Working Capital</b>	<b>23,017</b>	43,399	<b>(2,320)</b>	226

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Changes in working capital:					
Contract assets		2,509	2,229	-	-
Trade and other receivables		29,816	(25,074)	(143)	20
Trade and other payables		(15,235)	(7,310)	1,384	(668)
Inventories		2,302	(1,661)	-	-
Contract liabilities		-	(617)	-	-
<b>Cash Generated From/(Used In)</b>					
<b>Operations</b>		<b>42,409</b>	10,966	<b>(1,079)</b>	(422)
Finance cost from lease liabilities		(90)	(162)	(24)	(42)
Zakat paid		(435)	-	-	-
Net tax paid		(3,377)	(6,877)	-	-
<b>Net Cash From/(Used In) Operating Activities</b>		<b>38,507</b>	3,927	<b>(1,103)</b>	(464)
<b>CASH FLOWS FROM/(USED IN)</b>					
<b>INVESTING ACTIVITIES</b>					
Interest received		8,302	4,281	6,636	3,051
Proceeds from disposal of assets classified as held for sale		3,621	-	-	-
Proceeds from disposal of property, plant and equipment		362	115	-	-
Dividends received		176	282	9,576	7,632
Acquisition of property, plant and equipment	15	(14,781)	(19,145)	(59)	(69)
Deconsolidation of a subsidiary	39	-	(25,593)	-	-
Repayment of advances from subsidiaries		-	-	300	2,022
Repayment of amount due from subsidiaries		-	-	3,223	4,713
Repayment of amount due to subsidiaries		-	-	(2,306)	(7,875)
Advances to subsidiaries					
- due from subsidiaries		-	-	(3,627)	(4,070)
- investment		-	-	(2,169)	(1,196)
<b>Net Cash (Used in)/From Investing Activities</b>		<b>(2,320)</b>	(40,060)	<b>11,574</b>	4,208

**STATEMENTS OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>					
Decrease of deposits pledged with licensed banks		<b>494</b>	5,789	-	-
Net (repayment)/drawdown of short-term borrowings		<b>(12,900)</b>	17,079	-	-
Dividend paid		<b>(8,347)</b>	(8,347)	<b>(8,347)</b>	(8,347)
Repayment of lease liabilities	17	<b>(1,209)</b>	(1,304)	<b>(471)</b>	(415)
Interest paid		<b>(70)</b>	(717)	<b>(429)</b>	(324)
Repayment of hire purchase		<b>(23)</b>	(22)	-	-
Repayment of term loans		-	(1,734)	-	-
<b>Net Cash (Used In)/From Financing Activities</b>		<b>(22,055)</b>	10,744	<b>(9,247)</b>	(9,086)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>14,132</b>	(25,389)	<b>1,224</b>	(5,342)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>371,589</b>	396,978	<b>302,927</b>	308,269
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	24	<b>385,721</b>	371,589	<b>304,151</b>	302,927

The accompanying Notes form an integral part of the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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 consolidated financial statements of the Company as at and for the financial year ended 30 June 2023 comprise financial statements of the Company and its subsidiaries (together referred to as the 'Group' and individually to as 'Group entities') and the Group's interests in associate. The financial statements of the Company as at and for the financial year ended 30 June 2023 do not include other entities.

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The subsidiaries are principally engaged in businesses as stated in Note 40.

The registered office and principal place of business of the Company is located at Suite A-22-1, Level 22, Hampshire Place Office, 157 Hampshire No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 21 September 2023.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Preparation of the Financial Statements

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

### Adoption of Amendments to MFRSs

In the current financial year, the Group and the Company adopted all the Amendments to MFRSs issued by the Malaysian Accounting Standards Board ('MASB') that are effective for an annual financial year beginning on or after 1 July 2022 as follows:

Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant, and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

The adoption of these Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Standards and Amendments to MFRSs in Issue but Not Yet Effective

At the date of authorisation for issue of these financial statements, the Standards and Amendments to MFRSs which were in issue by the MASB but not yet effective and/or not early adopted by the Group and the Company are as listed below:

MFRS 17	Insurance Contracts <sup>1</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to MFRS 17	Insurance Contracts <sup>1</sup>
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 - Comparative Information <sup>1</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non Current <sup>1</sup>
Amendments to MFRS 101	Disclosure of Accounting Policies <sup>1</sup>
Amendments to MFRS 101	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to MFRS 108	Disclosure of Accounting Estimates <sup>1</sup>
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules <sup>1</sup>
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rules <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025, with earlier application permitted.

<sup>4</sup> Effective date deferred to a date to be determined and announced by MASB.

The Directors of the Group and of the Company anticipate that the application of the above-mentioned Standards and Amendments to MFRSs will be adopted in the financial statements of the Group and of the Company when they become effective. The adoption of these Standards and Amendments to MFRSs may have an impact on the financial statements of the Group and of the Company in the period of initial application. However, it is not practicable to provide reasonable estimate of the effect of the adoption of these Standards and Amendments to MFRSs until the Group and the Company complete a detailed review.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.1 Basis of accounting (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

#### 3.2 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, the Group and the Company continue to adopt the going concern basis of accounting in preparing their financial statements.

#### 3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same financial year as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following:

- (a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) Exposure, or rights, to variable returns from its investment with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- (a) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (b) Potential voting rights held by the Group, other vote holders or other parties;
- (c) Rights arising from other contractual arrangements; and
- (d) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.3 Basis of consolidation (cont'd)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

#### Business combinations and goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-Based Payments* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.
- Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9, *Financial Instruments* either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

If the initial accounting for a business combination is incomplete by the end of the financial year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.3 Basis of consolidation (cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

#### 3.4 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

#### 3.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) Exposure, or rights, to variable returns from its investment with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

#### 3.6 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the year in which the investment is acquired.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.6 Investments in associates (cont'd)

The requirements of MFRS 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate, but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### 3.7 Revenue

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

The Group and the Company recognise revenue from the following sources:

##### (a) LPG division

- (i) Sale of liquefied petroleum gas ('LPG')

The revenue from sales of LPG is recognised as the goods are collected from the filling plant, being at the point in time when the control of the goods has been transferred. The revenue from the sales of LPG is recognised at fair value of the consideration received or receivable together with the subsidy receivable from the Government of Malaysia, which constitutes the contracted selling price which represents the transaction price of the performance obligation, net of incentives and volume rebates. The incentives and volume rebates are variable considerations ('VC') which are determined on a monthly basis. Depending whether the Group grants credit terms to the customers, the payment of the transaction price are generally on a credit basis and is due at the end of credit term granted.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.7 Revenue (cont'd)

##### (a) LPG division (cont'd)

###### (ii) The finance lease income

The finance lease income represents interest income earned through the supply of LPG via bulk tank system which is stored at the customers' location.

###### (iii) Throughput income

Throughput income represents fees earned from the use of facilities to facilitate the transfer of LPG by third parties.

##### (b) Agro division

Sale of fresh fruit bunches ('FFB') is recognised net of taxes at the point in time when control of the goods has transferred to the customer, which is generally upon its collection or delivery. The transaction price is based on a formula determined within the contract which is guided by the industry.

There is no element of financing present as the Group's sale of goods is either on cash terms (immediate or advance payments), or on credit terms of up to 30 days.

##### (c) Information and communications technology ('ICT') business

The Group's revenue from ICT business is principally from the supply, construction and maintenance of information technology and telecommunication equipment and infrastructure.

###### (i) Sale of equipment and parts

Each sale of goods represents a single performance obligation of which its revenue will be recognised when control of the goods has been transferred to the customer, being at the point in time when the goods are delivered to the customer.

###### (ii) Construction of equipment and infrastructure

The contracts for construction of equipment and ICT related infrastructure comprise of multiple deliverables which includes significant integration service and are therefore recognised as a single performance obligation. Revenue is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ('input method'), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15 *Revenue from Contracts with Customers*.

The Group becomes entitled to invoice customers for construction of equipment and infrastructure based on achieving a series of performance-related milestones after a certification of performance is obtained from the customer.

Full provision is made for any foreseeable losses which is offset against revenue. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally less than one year.

###### (iii) Maintenance services

Maintenance revenue is recognised at the point in time when the required works are completed except for corrective maintenance which is recognised over the time.

###### (iv) Rental income

Rental income is recognised on a straight-line basis over the tenure of the rental year of telecommunication infrastructure.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.7 Revenue (cont'd)

##### (d) Construction of transmission lines and substations

The Group constructs transmission lines and substations under long-term contracts with customers. These have been identified as a single performance obligation.

The revenue from these construction contracts are recognised over time as the customer controls the projects during the course of construction by the Group. The Group considers the input method as an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15. Variable consideration arises from potential liquidated ascertained damages ('LAD') which is estimated based on most likely method and is continuously assessed by the Group. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally less than one year.

The Group becomes entitled to invoice customers for construction of transmission lines and substations based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work which later is verified and signed by the customers for an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability for the difference.

The Group has specifically considered MFRS 15's guidance on contract combinations, contract modifications arising from variation orders, variable consideration, principal versus agent consideration and the assessment of whether there is a significant financing component in the contracts.

##### (e) Management services to subsidiaries

The Company provides management services to its subsidiaries which are recognised at the point in time as and when the services are rendered.

##### (f) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

##### (g) Dividend income

Dividend income represents dividends received from subsidiaries and other investments when there is a right to receive payment is established.

#### 3.8 Employee benefits

##### (a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

##### (b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.9 Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat is recognised as and when the Group has a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when a company within the Group has been in operation for at least 12 months, i.e. for the period known as 'haul (eligible period)'.

Zakat rates enacted or substantively enacted by the end of the financial year are used to determine the zakat expense. The rate of zakat on business, as determined by National Fatwa Council is 2.5% of the zakat base. The zakat base of the Group is determined based on the working capital method. Zakat on business is calculated by multiplying the zakat rate with zakat base. The amount of zakat assessed is recognised as an expense in the year in which it is incurred.

#### 3.10 Income taxes

Income tax for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised in the statement of profit or loss and other comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

#### 3.11 Foreign currency

##### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency.

##### (b) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.11 Foreign currency (cont'd)

##### (b) Transactions and balances (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

#### 3.12 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Long-term leasehold land is initially measured at cost and depreciated over their lease terms.

Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one year and have remote likelihood of being sold as agriculture produce. The bearer plants that are available for use are measured at cost less accumulated depreciation and accumulated impairment losses. All costs directly related to bearer plants are capitalised until such time as the bearer plants reach maturity, at which point all further costs and interests are expensed and depreciation commences. Upon maturity, these expenditures are depreciated based on estimated annual yield over 25 years.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

##### **Factory and buildings**

- Factory and buildings	2% - 7%
- Storage tanks	4% - 10%

##### **Plant, renovation, cylinders and equipment**

- Renovations	10% - 20%
- Plant, infrastructure, machinery and tools	5% - 33%
- Cylinders	7.5% - 20%
- Furniture and fittings	10% - 33%
- Office equipment and computers	10% - 33%
- Tower infrastructure	10%

##### **Motor vehicles**

20%

Assets under construction are not depreciated as these assets are not yet available for use.

The residual value, useful life and depreciation method are reviewed at the end of the reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.13 Investment properties

Investment properties are investments in land and buildings which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 3.12.

The freehold land element of an investment property is not depreciated due to the unlimited useful life and the building element is depreciated at annual rate of depreciation of 2%. Buildings which are situated on leasehold land are also depreciated at annual rate of depreciation of 2%.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Fair value, for purpose of disclosure in the financial statements, is arrived at by reference to market evidence of transaction prices for similar properties.

Transfers are made to or from investment property only when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred. The cost of the property remains unchanged for disclosure purposes.

#### 3.14 Impairment of non-financial assets

The carrying amounts of assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ('CGU') to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the year in which it arises.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### 3.15 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.15 Financial instruments (cont'd)

##### **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification of financial assets*

Financial assets that meet the following conditions are measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured at fair value through other comprehensive income ('FVTOCI'):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured at fair value through profit or loss ('FVTPL').

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

##### (i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.15 Financial instruments (cont'd)

##### **Financial assets** (cont'd)

##### *Classification of financial assets* (cont'd)

##### (i) Amortised cost and effective interest method (cont'd)

Interest income is recognised using the effective interest method for debt instruments measured at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent financial years, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

##### (ii) Financial assets designated as at FVTOCI

The Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings. Dividends on these investments in equity instruments are recognised in profit or loss in accordance with MFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

##### (iii) Financial assets at FVTPL

Unless the Group designates investments in equity instruments as FVTOCI, all other equity investments are designated as FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

##### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses ('ECL') on trade receivables, lease receivables and contract assets. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.15 Financial instruments (cont'd)

##### **Financial assets** (cont'd)

##### *Impairment of financial assets* (cont'd)

The Group always recognises lifetime ECL for trade receivables, lease receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that 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 from default events on a financial instrument that are possible within 12 months after the end of the reporting period.

##### (i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

##### (ii) Definition of default

If information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors (without taking into account any collateral held by the Group), the Group considers this as constituting an event of default for internal credit risk management purposes.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtors;
- a breach of contract, such as a default or past due event; or
- it is becoming probable that the debtors will enter bankruptcy.

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.15 Financial instruments (cont'd)

##### **Financial assets** (cont'd)

###### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### **Financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

##### **Financial liabilities measured at amortised cost**

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are initially recognised at fair value and subsequently are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

##### **Financial guarantee contract liabilities**

A financial guarantee contract is a contract that requires the Company as the issuer to make specified payments to reimburse the financial institutions for a loss it incurs because a specified subsidiary fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with MFRS 9 (see financial assets in Note 3.15); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

##### **Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.16 Contract assets and contract liabilities

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

#### 3.17 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of LPG is based on weighted average method, whilst the cost of other type of inventories is based on first-in, first-out method. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

#### 3.18 Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a realisable estimate of the amount can be made.

At the end of the reporting period, the provisions are reviewed by the Directors and adjusted to reflect the current best estimate. The provisions are reversed if they are no longer probable that the Group and the Company will be required to settle the obligation.

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

#### 3.19 Borrowing costs

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

#### 3.20 Leases

##### (a) As lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as photocopier and small items of office equipment). For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.20 Leases (cont'd)

##### (a) As lessee (cont'd)

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position. The total amount of cash paid is separated into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statements of cash flows.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payment made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group and the Company did not make any such adjustments during the financial years presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter year of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.20 Leases (cont'd)

##### (a) As lessee (cont'd)

The right-of-use assets are presented as a separate line in the statements of financial position. The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.14.

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Company have not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group and the Company allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (below RM20,000), the Group and the Company have opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is recognised in profit or loss.

##### (b) As lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The Group enters into lease agreements with its customers as a lessor with respect to LPG storage tanks located at the customers' premises.

Finance lease income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting years so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

#### 3.21 Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up to date in accordance with applicable MFRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than deferred tax assets, employee benefits assets, financial assets and inventories) are measured at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single coordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.21 Non-current assets (or disposal groups) held for sale and discontinued operation (cont'd)

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interests in its former subsidiary after the sale.

#### 3.22 Derivative financial instruments

All derivative instruments are recognised in the statements of financial position on the trade date at the transaction price and are remeasured to fair value at the end of the reporting period.

Unmatured forward exchange contracts are valued at forward rates at the end of the reporting period, applicable to their respective dates of maturity, and unrealised losses and gains are recognised in profit or loss.

The fair value changes are attributable to changes in foreign exchange spot and forward rate. Forward currency contracts are valued using valuation obtained from counterparties.

#### 3.23 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 3.24 Segment reporting

For management purposes, the Group is organised into operating divisions based on their products and services which are independently managed by the respective division's head who is responsible for the performance of their divisions. The division heads report directly to the group managing director, the decision maker who regularly reviews the division results in order to allocate resources to the divisions and to assess the division performance. Additional disclosures on each of these divisions are shown in Note 38, including the factors used to identify the reportable divisions and the measurement basis of segment information.

#### 3.25 Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents, which comprise unpledged deposits with licensed banks and other financial institutions and cash on hand and at bank, are short-term, highly liquid investments and are readily convertible to cash with insignificant risks of changes in value.

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

#### 4.1 Critical judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

##### (a) Reclassification of investment in an associate to financial asset measured at fair value through profit or loss ('FVTPL') upon loss of significant influence

The Group had lost control over a former indirect subsidiary, KUBS, upon the winding up order by the Court on 15 June 2022, as the Group had no longer met the elements of control as per *MFRS 10 Consolidated Financial Statements*. The Group subsequently determined that it still had significant influence over KUBS and had therefore classified KUBS as its associate by virtue of the following:

- 60% investment in KUBS was still retained;
- Power to participate in the financial and operating decision making of KUBS including provision of essential technical information through the key management personnel from the Group; and
- KUBS was dependent on the Group for the continued existence of business through its manpower sharing arrangements;

At the initial recognition as an associate, the Group had determined the fair value of investment in KUBS at RM45,715,000 using a discounted cash model as disclosed in Note 19.

On 16 November 2022, the liquidators had officially taken over the operational matters of KUBS. Following this, the Group lost significant influence over KUBS and KUBS has accordingly ceased to be an associate of the Group. As a consequence thereof, the Group has classified the investment in KUBS as a financial asset measured at FVTPL.

In determining the fair value of the investment in KUBS, the Group has adopted a cost approach, specifically based on adjusted net asset value of KUBS as the company is under liquidation.

At the initial recognition as a financial asset measured at FVTPL on 16 November 2022, the fair value was at RM62,319,000. This has resulted in a fair value gain recognised of RM13,450,000 as disclosed in Note 20.

#### 4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Impairment of investments in subsidiaries (Note 18) and associates (Note 19)

The Company assesses whether there is any indication that investments in subsidiaries and associates may be impaired at the end of each reporting period. If indicators are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets and the assets' estimated recoverable amount.

The Company determines whether investments are impaired following certain indications of impairment such as, amongst others, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and fundamentals. Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as the discounted cash flow method.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the end of the reporting period, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

### 4.2 Key sources of estimation uncertainty (cont'd)

#### (a) Impairment of investments in subsidiaries (Note 18) and associates (Note 19) (cont'd)

Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

During the financial year, the Company has recognised an impairment loss in investments in subsidiaries of RM8,647,000 (2022: RM8,123,000) (Note 18(b), Note 18(c) and Note 18(f)).

#### (b) Construction contracts

ICT and power-related business recognise construction contracts revenue and expenses in profit or loss using the stage of completion method. The stage of completion is determined by the proportion that construction contract costs incurred for work performed to date over the total construction contract costs i.e., input method.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction project. In making the judgement, the Group evaluates based on past experience, external economic factor and by relying on the work of specialists.

The construction contracts revenue and expenses recognised in profit or loss are disclosed in Note 5 and Note 6, respectively.

#### (c) Impairment for expected credit losses (ECLs) of trade receivables, contract assets (Note 23) and finance lease receivables (Note 17)

The Group uses a provision matrix to calculate ECLs for trade receivables, contract assets and finance lease receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., nature of project undertaking, product type, customer type and rating, and coverage by bank guarantee or other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 23, and finance lease receivables in Note 17.

#### (d) Fair value of investment retained in KUBS as FVTPL

In determining the fair value of investment retained in KUBS as FVTPL upon initial recognition on 16 November 2022 and revaluation at the end of each reporting period, the Group adopted a cost approach specifically based on the adjusted net assets value method with the key assumptions as disclosed in Note 20.

These assumptions and other key sources of estimation uncertainty at the end of the reporting period, may have a significant risk of causing a material adjustment to the carrying amounts of the investment in KUBS.

The Group has determined the fair value of investment in KUBS at initial recognition of FVTPL at RM62,319,000. This resulted in a gain in fair value of KUBS investment amounting to RM13,450,000.

As at 30 June 2023, the fair value was reduced to RM62,278,000 after taking into consideration of a loss amounting to RM41,000 as a result of net movements of assets and liabilities and higher average lending rate by Bank Negara Malaysia ('BNM') as of 30 June 2023.

## NOTES TO THE FINANCIAL STATEMENTS

## 5. REVENUE

Revenue comprises the following:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contract with customers	<b>484,470</b>	544,834	<b>2,971</b>	2,918
Revenue from other sources:				
- rental income (Note 17)	<b>3,483</b>	2,533	-	-
- throughput income	<b>480</b>	-	-	-
- finance lease income (Note 17)	<b>280</b>	314	-	-
Dividend income from:				
- subsidiaries	-	-	<b>9,400</b>	7,350
- others	<b>176</b>	282	<b>176</b>	282
	<b>488,889</b>	547,963	<b>12,547</b>	10,550

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following divisions. This is consistent with the revenue information that is disclosed for each reportable division under MFRS 8 Operating Segments (see Note 38):

Disaggregation of revenue from contracts with customers

Group 2023	LPG RM'000	Others RM'000	Total RM'000
Sale of LPG*	<b>472,001</b>	-	<b>472,001</b>
Sale of equipment	-	<b>4,936</b>	<b>4,936</b>
Maintenance services	-	<b>6,756</b>	<b>6,756</b>
Construction contracts	-	<b>166</b>	<b>166</b>
Others	-	<b>611</b>	<b>611</b>
	<b>472,001</b>	<b>12,469</b>	<b>484,470</b>
Timing of revenue recognition:			
- at a point in time	<b>472,001</b>	<b>11,194</b>	<b>483,195</b>
- over time	-	<b>1,275</b>	<b>1,275</b>
	<b>472,001</b>	<b>12,469</b>	<b>484,470</b>

**5. REVENUE** (cont'd)

<b>Group 2022</b>	<b>LPG RM'000</b>	<b>Agro RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Sale of LPG*	482,884	-	-	482,884
Sale of equipment	-	-	4,887	4,887
Sale of FFB	-	44,233	-	44,233
Maintenance services	-	-	9,944	9,944
Construction contracts	-	-	2,603	2,603
Others	-	-	283	283
	<b>482,884</b>	<b>44,233</b>	<b>17,717</b>	<b>544,834</b>
Timing of revenue recognition:				
- at a point in time	482,884	44,233	12,975	540,092
- over time	-	-	4,742	4,742
	<b>482,884</b>	<b>44,233</b>	<b>17,717</b>	<b>544,834</b>

\* Revenue represents the value of goods sold inclusive of government subsidies, net of applicable incentives and rebates.

The Company's revenue from contract with customers comprises management services to subsidiaries, which are recognised at the point in time as and when the services are rendered.

**6. COST OF SALES**

	<b>Group</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>
Cost of inventories sold	<b>450,475</b>	487,238
Cost of construction services	<b>121</b>	2,465
Cost of maintenance services	<b>6,587</b>	9,032
Others	<b>1,728</b>	1,772
	<b>458,911</b>	500,507

**7. FINANCE INCOME**

	<b>Group</b>		<b>Company</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>	<b>2023 RM'000</b>	<b>2022 RM'000</b>
Finance income from:				
- subsidiaries	-	-	<b>81</b>	84
- banks and other financial institutions	<b>8,302</b>	4,281	<b>6,555</b>	2,967
	<b>8,302</b>	4,281	<b>6,636</b>	3,051

## NOTES TO THE FINANCIAL STATEMENTS

## 8. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Finance costs on:				
- lease liabilities (Note 17)	90	162	24	42
- bank borrowings (Note 26)	69	715	-	-
- obligations under hire purchase (Note 26)	1	2	-	-
- advances to subsidiary	-	-	429	324
	<b>160</b>	879	<b>453</b>	366

## 9. PROFIT BEFORE ZAKAT AND TAXATION

The profit before zakat and taxation has been arrived at after charging the following expenses:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Employee benefits expense (a)	15,234	20,049	4,850	3,598
Depreciation of:				
- property, plant and equipment (Note 15)	12,228	15,137	480	463
- right-of-use assets (Note 17)	1,195	1,388	455	455
- investment properties (Note 16)	624	716	344	345
Non-executive Directors' remuneration (Note 11)	670	688	610	602
Auditor's remuneration (Note 10)				
- current year	584	557	237	222
- under provision in prior year	50	-	-	-
Allowance for impairment:				
- trade and other receivables (Note 23)	223	964	18	-
- property, plant and equipment (Note 15)	-	522	-	-
- financial guarantee (Note 18(f))	-	-	4,880	-
- investments in subsidiaries (Note 18 (b))	-	-	3,683	8,123
- advance to subsidiaries (Note 18 (c))	-	-	84	-
- amount due from subsidiaries (Note 22)	-	-	2	-
Investment property written off	225	-	-	-
Loss on fair value changes in investment in unquoted shares	107	-	107	-
Property, plant and equipment written off	93	105	-	-
Unrealised loss on foreign exchange	24	13	-	-
Inventories written off	-	154	-	-
Loss on fair value changes of derivatives instruments	-	5	-	-
Realised loss on foreign exchange	-	1	-	-

## 9. PROFIT BEFORE ZAKAT AND TAXATION (cont'd)

Profit before zakat and taxation has been arrived at after crediting the following income:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Gain on fair value changes in investment in unquoted shares	<b>13,409</b>	111	-	111
Realised gain on short-term investment	<b>2,867</b>	2,969	<b>2,867</b>	2,969
Reversal of provision for liquidated ascertained damages (Note 25(c))	<b>1,293</b>	179	-	-
Gain on disposal of non-current assets held for sale (Note 13)	<b>910</b>	-	-	-
Gain on disposal of property, plant and equipment	<b>344</b>	71	-	-
Gain on fair value changes of derivatives instruments	<b>33</b>	-	-	-
Gain on deconsolidation of a subsidiary (Note 39)	-	1,141	-	-
Gain on fair value changes in biological assets	-	209	-	-
Rental income	-	12	<b>378</b>	404
Reversal of impairment of:				
- trade and other receivables (Note 23)	<b>3,205</b>	3,178	-	-
- contract assets (Note 23)	-	120	-	-
- amount due from subsidiaries (Note 22)	-	-	<b>3</b>	560
- advance to subsidiaries (Note 18(c))	-	-	<b>300</b>	-

### (a) Employee Benefits Expenses

The employee benefit expenses are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Wages, bonuses and salaries	<b>11,702</b>	14,324	<b>4,001</b>	2,968
Contributions to defined contribution plans	<b>1,231</b>	1,577	<b>442</b>	319
Social security contributions	<b>91</b>	113	<b>22</b>	16
Other benefits	<b>2,210</b>	4,035	<b>385</b>	295
	<b>15,234</b>	20,049	<b>4,850</b>	3,598

The above also includes the Group's and the Company's Executive Director's remuneration amounting to RM3,059,000 and RM1,051,000 (2022: RM3,082,000 and RM1,113,000) respectively as disclosed in Note 11.

## NOTES TO THE FINANCIAL STATEMENTS

## 10. AUDITOR'S REMUNERATION

Details of auditor's remuneration are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditor's remuneration:				
Statutory audits				
- to the Company's auditors				
- current year	<b>380</b>	338	<b>175</b>	145
- under provision in prior year	<b>50</b>	-	-	-
- to other firms of auditors	<b>17</b>	18	-	-
Other services				
- to the Company's auditors*	<b>173</b>	190	<b>55</b>	70
- to other firms of auditors	<b>14</b>	11	<b>7</b>	7
<b>Total auditor's remuneration</b>	<b>634</b>	557	<b>237</b>	222

\* Fees for other services to the Company's auditors, Deloitte PLT and its other member firms in the year were incurred in relation to tax compliance and advisory services, transfer pricing documentations, agreed-upon procedures and review of Statement of Risk Management and Internal Control.

## 11. DIRECTORS' REMUNERATION

The details of remuneration for the Group's and the Company's Directors during the financial year are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Director:				
Salaries and other emoluments	<b>2,776</b>	2,795	<b>938</b>	994
Defined contribution plans	<b>283</b>	287	<b>113</b>	119
<b>Total Executive Director's remuneration</b>	<b>3,059</b>	3,082	<b>1,051</b>	1,113
excluding benefits-in-kind	<b>43</b>	51	<b>23</b>	22
Estimated money value of benefits-in-kind				
	<b>3,102</b>	3,133	<b>1,074</b>	1,135
Non-executive Directors:				
Fees	<b>497</b>	500	<b>497</b>	500
Allowances	<b>173</b>	188	<b>113</b>	102
<b>Total Non-executive Directors' remuneration</b>	<b>670</b>	688	<b>610</b>	602
excluding benefits-in-kind (Note 9)	<b>115</b>	90	<b>115</b>	90
Estimated money value of benefits-in-kind				
	<b>785</b>	778	<b>725</b>	692
<b>Total Directors' remuneration excluding</b>	<b>3,729</b>	3,770	<b>1,661</b>	1,715
benefits-in-kind	<b>158</b>	141	<b>138</b>	112
Estimated money value of benefits-in-kind				
<b>Total Directors' remuneration</b>	<b>3,887</b>	3,911	<b>1,799</b>	1,827

## 12. TAXATION

### Major components of income tax expense

The major components of income tax expense for the year ended 30 June 2023 and year ended 30 June 2022 are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Estimated income tax:				
- Current year	4,185	7,763	-	-
- Under provision in prior years	35	109	-	-
	<b>4,220</b>	7,872	-	-
Deferred tax (Note 27)				
- Origination of temporary differences	409	1,190	-	-
- (Over)/Under provision in prior years	(60)	5	-	-
	<b>349</b>	1,195	-	-
<b>Total</b>	<b>4,569</b>	9,067	-	-

The numerical reconciliations of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before zakat and taxation	<b>38,879</b>	33,173	<b>3,689</b>	1,828
Tax expenses at the statutory tax rate of 24% (2022: 24%)	<b>9,331</b>	7,962	<b>885</b>	439
Income not subject to tax	<b>(5,144)</b>	(2,077)	<b>(3,059)</b>	(2,919)
Net effect of expenses not deductible for tax purposes	<b>4,128</b>	5,749	<b>3,400</b>	3,384
Effect on share of results of associate	<b>737</b>	20	-	-
Deferred tax assets not recognised during the financial year	<b>228</b>	932	-	-
Effect of utilisation of previously unrecognised tax losses and capital allowances	<b>(4,686)</b>	(3,633)	<b>(1,226)</b>	(904)
Under provision of tax expense in prior years	<b>35</b>	109	-	-
(Over)/Under provision of deferred tax in prior years	<b>(60)</b>	5	-	-
<b>Tax expense for the year</b>	<b>4,569</b>	9,067	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 13. NON-CURRENT ASSETS HELD FOR SALE

The movements of the non-current assets held for sale for the current and previous financial years are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of year	2,711	-	-	-
Transfer from investment property (Note 16)	5,857	2,711	4,665	-
Disposals	(2,711)	-	-	-
At end of year	5,857	2,711	4,665	-

#### Non-current assets held for sale in current financial year

As at 30 June 2023, the non-current assets held for sale of the Group and of the Company are in respect of:

- (i) five (5) storey office building located in Kota Bharu, Kelantan for a sale consideration of RM2,500,000. The carrying amount of the said property is RM1,192,000.
- (ii) two (2) office floors located at Oasis Square, Ara Damansara with carrying value of RM4,665,000.

#### Non-current asset held for sale in prior year

The non-current asset held for sale of the Group as at 30 June 2022 was in respect of shop offices in Shah Alam, Selangor for a net sale consideration of RM3,621,000. The sale was completed on 17 March 2023 with a net gain on disposal of RM910,000.

### 14. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per ordinary share is calculated by dividing earnings for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the earnings and share data used in the computation of basic and diluted earnings per share for the year ended 30 June 2023 and year ended 30 June 2022:

	Group	
	2023 RM'000	2022 RM'000
Profit net of taxation attributable to owners of the Company used in the computation of basic and diluted earnings per share	33,811	18,284

	Group	
	2023 RM'000	2022 RM'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	556,465	556,465

	2023	2022
	Sen	Sen
Basic and diluted earnings per share attributable to the owners of the Company	6.08	3.29

## 15. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Factory and buildings RM'000	Plant, renovation, cylinders and equipment RM'000	Motor vehicles RM'000	Assets under construction RM'000	Total RM'000
<b>Cost</b>							
At 1 July 2022	332	25,982	26,174	163,870	1,493	1,164	219,015
Additions	-	1,490	460	10,881	-	1,950	14,781
Disposals	-	-	-	(1,503)	(475)	-	(1,978)
Written off	-	-	-	(2,855)	-	-	(2,855)
Reclassification	-	-	-	1,594	-	(1,594)	-
Transfer to investment property (Note 16)	-	-	(3,865)	-	-	-	(3,865)
<b>At 30 June 2023</b>	<b>332</b>	<b>27,472</b>	<b>22,769</b>	<b>171,987</b>	<b>1,018</b>	<b>1,520</b>	<b>225,098</b>

## 15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Leasehold land RM'000	Factory and buildings RM'000	Plant, renovation, cylinders and equipment RM'000	Motor vehicles RM'000	Assets under construction RM'000	Total RM'000
<b>Accumulated depreciation and impairment</b>							
At 1 July 2022	-	-	9,728	101,786	1,409	-	112,923
Accumulated depreciation	-	-	-	116	-	522	7,596
Accumulated impairment losses	-	6,958	-	-	-	-	-
At 1 July 2023	-	6,958	9,728	101,902	1,409	522	120,519
Depreciation charged for the year (Note 9)	-	22	818	11,334	54	-	12,228
Disposals	-	-	-	(1,485)	(475)	-	(1,960)
Written off	-	-	-	(2,762)	-	-	(2,762)
Transfer to investment property (Note 16)	-	-	(810)	-	-	-	(810)
At 1 July 2022	-	22	9,736	108,873	988	-	119,619
Accumulated depreciation	-	6,958	-	116	-	522	7,596
Accumulated impairment losses	-	6,980	9,736	108,989	988	522	127,215
<b>Net carrying amount</b>	<b>332</b>	<b>20,492</b>	<b>13,033</b>	<b>62,998</b>	<b>30</b>	<b>998</b>	<b>97,883</b>
At 30 June 2023							

## 15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Leasehold land RM'000	Bearer plants RM'000	Factory and buildings RM'000	Plant, renovation, cylinders and equipment RM'000	Motor vehicles RM'000	Assets under construction RM'000	Total RM'000
<b>Cost</b>								
At 1 July 2021	332	35,747	69,922	38,934	159,011	2,578	1,754	308,278
Additions	-	-	1,407	2,127	14,581	-	1,030	19,145
Disposals	-	-	-	-	(449)	-	-	(449)
Deconsolidation of a subsidiary (Note 39)	-	(9,765)	(71,329)	(12,581)	(517)	(967)	-	(95,159)
Written off	-	-	-	(117)	(10,376)	(118)	-	(10,611)
Reclassification	-	-	-	-	1,620	-	(1,620)	-
Transfer to investment property (Note 16)	-	-	-	(2,189)	-	-	-	(2,189)
At 30 June 2022	332	25,982	-	26,174	163,870	1,493	1,164	219,015

## 15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Leasehold land RM'000	Bearer plants RM'000	Factory and buildings RM'000	Plant, renovation, cylinders and equipment RM'000	Motor vehicles RM'000	Assets under construction RM'000	Total RM'000
<b>Accumulated depreciation and impairment</b>								
At 1 July 2021								
Accumulated depreciation	-	4,040	35,171	10,551	104,104	475	-	154,341
Accumulated impairment losses	-	6,958	-	-	116	-	-	7,074
	-	10,998	35,171	10,551	104,220	475	-	161,415
Depreciation charged for the year (Note 9)								
Impairment losses charged for the year (Note 9)	-	206	2,835	1,287	8,848	1,961	-	15,137
Deconsolidation of a subsidiary (Note 39)	-	(4,246)	(38,006)	(1,597)	(471)	(909)	-	(45,229)
Disposals	-	-	-	-	(405)	-	-	(405)
Written off	-	-	-	(98)	(10,290)	(118)	-	(10,506)
Transfer to investment property (Note 16)	-	-	-	(415)	-	-	-	(415)
At 1 July 2021								
Accumulated depreciation	-	-	-	9,728	101,786	1,409	-	112,923
Accumulated impairment losses	-	6,958	-	-	116	-	522	7,596
	-	6,958	-	9,728	101,902	1,409	522	120,519
<b>Net carrying amount</b>								
At 30 June 2022	332	19,024	-	16,446	61,968	84	642	98,496

**15. PROPERTY, PLANT AND EQUIPMENT** (cont'd)

Company	Office renovation and equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>			
At 1 July 2022	6,659	468	7,127
Additions	59	-	59
At 30 June 2023	<b>6,718</b>	<b>468</b>	<b>7,186</b>
<b>Accumulated depreciation and impairment</b>			
At 1 July 2022			
Accumulated depreciation	4,919	468	5,387
Accumulated impairment losses	116	-	116
	5,035	468	5,503
Depreciation charged for the year (Note 9)	480	-	480
At 30 June 2023			
Accumulated depreciation	5,399	468	5,867
Accumulated impairment losses	116	-	116
	5,515	468	5,983
<b>Net carrying amount</b>			
At 30 June 2023	<b>1,203</b>	<b>-</b>	<b>1,203</b>
<b>Cost</b>			
At 1 July 2021	6,757	468	7,225
Additions	69	-	69
Written off	(167)	-	(167)
At 30 June 2022	6,659	468	7,127
<b>Accumulated depreciation and impairment</b>			
At 1 July 2021			
Accumulated depreciation	4,623	468	5,091
Accumulated impairment losses	116	-	116
	4,739	468	5,207
Depreciation charged for the year (Note 9)	463	-	463
Written off	(167)	-	(167)
At 30 June 2022			
Accumulated depreciation	4,919	468	5,387
Accumulated impairment losses	116	-	116
	5,035	468	5,503
<b>Net carrying amount</b>			
At 30 June 2022	1,624	-	1,624

## NOTES TO THE FINANCIAL STATEMENTS

### 15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

#### Assets under construction

Assets under construction of the Group include costs in relation to an automated pallet system and corporate performance executive dashboard amounting to RM878,000 and RM120,000 respectively. In the previous financial year, the assets under construction included cost of requalification of LPG storage tank amounting to RM642,000.

#### Impairment loss on assets

The impairment loss of the Group for the previous financial year mainly relates to costs of refrigerated liquid terminal facility of RM522,000.

#### Assets written off

The assets written off by the Group of RM93,000 (2022: RM105,000) were mainly in relation to office equipment and office renovation.

#### Assets pledged as security

As at 30 June 2023, the freehold land, factory and buildings of the Group with a total carrying amount of RM72,679,000 (2022: RM75,832,000) are pledged to banks as security for borrowings as disclosed in Note 26.

#### Assets held under hire purchase

The carrying amount of assets held under hire purchase of the Group at the end of the reporting period was RM2,000 (2022: RM22,000).

#### Acquisition of property, plant and equipment

Acquisition of property, plant and equipment by the Group and the Company during the financial year was paid by cash.

### 16. INVESTMENT PROPERTIES

Group	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
<b>Cost</b>			
At 1 July 2022	25,836	2,595	28,431
Write off	-	(225)	(225)
Transfer from property, plant and equipment (Note 15)	3,865	-	3,865
Transfer to non-current assets held for sale (Note 13)	(6,054)	(1,500)	(7,554)
At 30 June 2023	<b>23,647</b>	<b>870</b>	<b>24,517</b>
<b>Accumulated depreciation</b>			
At 1 July 2022	13,207	506	13,713
Depreciation charged for the year (Note 9)	591	33	624
Transfer from property, plant and equipment (Note 15)	810	-	810
Transfer to non-current assets held for sale (Note 13)	(1,389)	(308)	(1,697)
At 30 June 2023	<b>13,219</b>	<b>231</b>	<b>13,450</b>
<b>Net carrying amount</b>			
At 30 June 2023	<b>10,428</b>	<b>639</b>	<b>11,067</b>
<b>Fair value</b>			
	<b>23,740</b>	<b>4,200</b>	<b>27,940</b>

**16. INVESTMENT PROPERTIES** (cont'd)

<b>Group</b>	<b>Freehold land and buildings RM'000</b>	<b>Leasehold land and buildings RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 July 2021	27,995	2,595	30,590
Transfer from property, plant and equipment (Note 15)	2,189	-	2,189
Transfer to non-current assets held for sale (Note 13)	(4,348)	-	(4,348)
At 30 June 2022	25,836	2,595	28,431
<b>Accumulated depreciation</b>			
At 1 July 2021	13,754	465	14,219
Depreciation charged for the year (Note 9)	675	41	716
Transfer from property, plant and equipment (Note 15)	415	-	415
Transfer to non-current assets held for sale (Note 13)	(1,637)	-	(1,637)
At 30 June 2022	13,207	506	13,713
<b>Net carrying amount</b>			
At 30 June 2022	12,629	2,089	14,718
<b>Fair value</b>			
	26,870	6,900	33,770
<b>Company</b>			
<b>Cost</b>			
At 1 July 2022			17,217
Transfer to non-current assets held for sale (Note 13)			(6,054)
30 June 2023			<b>11,163</b>
<b>Accumulated depreciation</b>			
At 1 July 2022			3,173
Depreciation charged for the year (Note 9)			344
Transfer to non-current assets held for sale (Note 13)			(1,389)
At 30 June 2023			<b>2,128</b>
<b>Net carrying amount</b>			
At 30 June 2023			<b>9,035</b>
<b>Fair value</b>			
			<b>16,150</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 16. INVESTMENT PROPERTIES (cont'd)

Company	Freehold buildings RM'000
<b>Cost</b>	
At 1 July 2021/30 June 2022	17,217
<b>Accumulated depreciation</b>	
At 1 July 2021	2,828
Depreciation charged for the year (Note 9)	345
At 30 June 2022	3,173
<b>Net carrying amount</b>	
At 30 June 2022	14,044
<b>Fair value</b>	24,650

The following were recognised in profit or loss in respect of investment properties:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Rental income	1,799	1,778	378	404
Direct operating expenses	1,317	1,325	72	76

Valuation of investment properties

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Fair value measurement using significant unobservable inputs (Level 3)</b>				
Fair value of investment properties	27,940	33,770	16,150	24,650

The fair values of the investment properties are based on a valuation carried out by accredited independent professional valuers who have appropriate professional qualifications and recent experience in the relevant location and assets being valued. The fair value was determined using comparison method that reflects recent transaction prices involving identical or similar property and location adjusted, if necessary, for any difference in the nature, site facilities, size and shapes, accessibility, infrastructures available, improvements made on the site, rental income, occupancy rate, operating costs and condition of the specific assets.

Investment properties pledged as security

Freehold buildings of the Group and of the Company with net carrying amount of RM5,994,000 and RM9,035,000 (2022: RM7,874,000 and RM14,044,00) respectively, are pledged as security for borrowings as disclosed in Note 26.

## 17. LEASES

### (i) As lessee

#### Right-of-use assets

Group	Land premises RM'000	Equipment RM'000	Office premise RM'000	Total RM'000
<b>Cost</b>				
At 1 July 2022	4,254	309	1,365	5,928
Additions	-	124	-	124
At 30 June 2023	<b>4,254</b>	<b>433</b>	<b>1,365</b>	<b>6,052</b>
<b>Accumulated depreciation</b>				
At 1 July 2022	2,304	223	607	3,134
Depreciation charged for the year (Note 9)	658	82	455	1,195
At 30 June 2023	<b>2,962</b>	<b>305</b>	<b>1,062</b>	<b>4,329</b>
<b>Net carrying amount</b>				
At 30 June 2023	<b>1,292</b>	<b>128</b>	<b>303</b>	<b>1,723</b>
<b>Cost</b>				
At 1 July 2021	4,254	178	1,365	5,797
Additions	-	1,709	-	1,709
Deconsolidation of a subsidiary (Note 39)	-	(1,578)	-	(1,578)
At 30 June 2022	4,254	309	1,365	5,928
<b>Accumulated depreciation</b>				
At 1 July 2021	1,646	133	151	1,930
Depreciation charged for the year (Note 9)	658	274	456	1,388
Deconsolidation of a subsidiary (Note 39)	-	(184)	-	(184)
At 30 June 2022	2,304	223	607	3,134
<b>Net carrying amount</b>				
At 30 June 2022	1,950	86	758	2,794

The Group leases its office premise, forklifts for 3 years and two plots of land to operate two of its bottling plants, where the lease term is 5 years and 15 years, respectively. One of the bottling plants leases was paid upfront for 15 years since the date of acquisition and with an option to renew the lease after that date. With the exception of short-term leases and leases of low value of underlying assets, each lease is reflected on the statements of financial position as a right-of-use asset and a lease liability.

## NOTES TO THE FINANCIAL STATEMENTS

## 17. LEASES (cont'd)

## (i) As lessee (cont'd)

## Right-of-use assets (cont'd)

Company	Office premise RM'000
<b>Cost</b>	
At 1 July 2022/At 30 June 2023	1,365
<b>Accumulated depreciation</b>	
At 1 July 2022	606
Depreciation charged for the year (Note 9)	455
At 30 June 2023	1,061
<b>Net carrying amount</b>	
At 30 June 2023	304
<b>Cost</b>	
At 1 July 2021/At 30 June 2022	1,365
<b>Accumulated depreciation</b>	
At 1 July 2021	151
Depreciation charged for the year (Note 9)	455
At 30 June 2022	606
<b>Net carrying amount</b>	
At 30 June 2022	759

The Company entered into a lease agreement for the rental of office premise with lease term of 3 years.

**17. LEASES** (cont'd)**(i) As lessee** (cont'd)**Lease liabilities**

<b>Group</b>	<b>Land premises RM'000</b>	<b>Equipment RM'000</b>	<b>Office premise RM'000</b>	<b>Total RM'000</b>
At 1 July 2022	1,474	87	819	2,380
Additions	-	124	-	124
Finance costs (Note 8)	59	7	24	90
Repayments of lease liabilities	(660)	(78)	(471)	(1,209)
Repayments of finance costs	(59)	(7)	(24)	(90)
<b>At 30 June 2023</b>	<b>814</b>	<b>133</b>	<b>348</b>	<b>1,295</b>
At 1 July 2021	2,102	46	1,235	3,383
Additions	-	1,709	-	1,709
Finance costs (Note 8)	91	29	42	162
Deconsolidation of a subsidiary (Note 39)	-	(1,408)	-	(1,408)
Repayments of lease liabilities	(628)	(260)	(416)	(1,304)
Repayments of finance costs	(91)	(29)	(42)	(162)
<b>At 30 June 2022</b>	<b>1,474</b>	<b>87</b>	<b>819</b>	<b>2,380</b>

There were no lease liabilities in relation to one of the bottling plants amounting to RM535,000 (2022: RM625,000) which were paid upfront for 15 years.

The maturity analysis of the lease liabilities is presented below:

<b>Group 2023</b>	<b>Land premises RM'000</b>	<b>Equipment RM'000</b>	<b>Office premise RM'000</b>	<b>Total RM'000</b>
Year 1	<b>719</b>	<b>92</b>	<b>353</b>	<b>1,164</b>
Year 2	<b>120</b>	<b>44</b>	-	<b>164</b>
Year 3	-	<b>4</b>	-	<b>4</b>
	<b>839</b>	<b>140</b>	<b>353</b>	<b>1,332</b>
Less: unearned interest	<b>(25)</b>	<b>(7)</b>	<b>(5)</b>	<b>(37)</b>
	<b>814</b>	<b>133</b>	<b>348</b>	<b>1,295</b>
<b>2022</b>				
Year 1	719	48	495	1,262
Year 2	719	40	354	1,113
Year 3	120	-	-	120
	1,558	88	849	2,495
Less: unearned interest	(84)	(1)	(30)	(115)
	1,474	87	819	2,380

## NOTES TO THE FINANCIAL STATEMENTS

## 17. LEASES (cont'd)

## (i) As lessee (cont'd)

## Lease liabilities (cont'd)

The maturity analysis of the lease liabilities is presented below: (cont'd)

Group 2023	Land premises RM'000	Equipment RM'000	Office premise RM'000	Total RM'000
Less than one year	677	89	348	1,114
Between 1 year and 5 years	137	44	-	181
	<b>814</b>	<b>133</b>	<b>348</b>	<b>1,295</b>
<b>2022</b>				
Less than one year	660	46	471	1,177
Between 1 year and 5 years	814	41	348	1,203
	1,474	87	819	2,380

Amounts recognised in profit or loss are as follows:

	Group	
	2023 RM'000	2022 RM'000
<b>Leases under MFRS 16</b>		
Depreciation expense on right-of-use assets	1,195	1,388
Interest expense on lease liabilities	90	162
Expense relating to leases of low value assets	147	136

Amounts recognised in the statements of cash flows are as follows:

	Group	
	2023 RM'000	2022 RM'000
Total cash outflow for leases	1,299	1,466

**Extension options**

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract year. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

**17. LEASES** (cont'd)**(i) As lessee** (cont'd)**Extension options** (cont'd)

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of RM2,131,000 (2022: RM2,131,000).

<b>Company</b>	<b>Office premise</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	<b>820</b>	1,235
Finance costs (Note 8)	<b>24</b>	42
Repayments of finance cost	<b>(24)</b>	(42)
Repayments of lease liabilities	<b>(471)</b>	(415)
At end of year	<b>349</b>	820

The maturity analysis of the lease liabilities is presented below:

<b>Company</b>	<b>Office premise</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Year 1	<b>354</b>	495
Year 2	<b>-</b>	354
	<b>354</b>	849
Less: unearned interest	<b>(5)</b>	(29)
	<b>349</b>	820
Less than one year	<b>349</b>	471
Between 1 year and 3 years	<b>-</b>	349
	<b>349</b>	820

Amounts recognised in profit or loss are as follows:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Leases under MFRS 16</b>		
Depreciation expense on right-of-use assets	<b>455</b>	455
Interest expense on lease liabilities	<b>24</b>	42

Amounts recognised in the statements of cash flows are as follows:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Total cash outflow for leases	<b>495</b>	457

## NOTES TO THE FINANCIAL STATEMENTS

## 17. LEASES (cont'd)

## (ii) As lessor

## Finance lease receivables

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the end of the reporting period.

	Group	
	2023 RM'000	2022 RM'000
<b>Amounts receivable under finance leases:</b>		
Year 1	473	473
Year 2	90	473
Year 3	4	90
Year 4	-	4
Undiscounted lease receivables	567	1,040
Unguaranteed residual values	647	647
	<b>1,214</b>	1,687
Less: Unearned finance lease income	<b>(257)</b>	(537)
Present value of lease payment receivables	<b>957</b>	1,150
Net investment in the lease	<b>957</b>	1,150
<b>Undiscounted lease receivables analysed as:</b>		
Recoverable within 12 months	473	473
Recoverable after 12 months	94	567
	<b>567</b>	1,040
<b>Net investment in the lease analysed as:</b>		
Recoverable within 12 months	245	194
Recoverable after 12 months	712	956
	<b>957</b>	1,150

The following table presents the movements in the net investment in lease receivables:

	Group	
	2023 RM'000	2022 RM'000
At beginning of year	1,150	1,309
Finance lease income recognised (Note 5)	280	314
Repayments of finance lease receivables	(473)	(473)
At end of year	<b>957</b>	1,150

**17. LEASES** (cont'd)**(ii) As lessor** (cont'd)**Finance lease receivables** (cont'd)

The Group entered into a business arrangement for the supply of LPG via bulk tank system with the average term of 5 years.

The LPG is to be delivered and stored in the bulk tank system located at customers' location. The Group has classified this as part of finance lease considering that physical access to the bulk tank system is controlled by the customer. Generally, these lease contracts do not include extension or early termination options.

The Group estimates the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime ECL. None of the finance lease receivables at the end of the reporting period is past due and taking into account the historical default experience and the future prospects of the industries in which the lessees operate.

There has been no change in the estimation techniques or significant assumptions made during the current financial year in assessing the loss allowance for finance lease receivables.

**Operating lease**

The Group has entered into commercial property leases on its properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. These leases have an average tenure of between one and three years.

Rental income recognised in profit or loss of the Group for the current financial year are as follows:

	Group	
	2023 RM'000	2022 RM'000
Rental income arising from:		
- Investment properties (Note 16)	1,799	1,778
- Tower infrastructure	1,684	755
	<b>3,483</b>	<b>2,533</b>

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the end of the reporting period.

Future minimum lease receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2023 RM'000	2022 RM'000
Less than one year	554	1,616
Between one and five years	106	557
	<b>660</b>	<b>2,173</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost (a)	<b>221,867</b>	225,769
Less: Accumulated impairment losses (b)	<b>(70,153)</b>	(66,470)
	<b>151,714</b>	159,299
Advances to subsidiaries (c)	<b>30,387</b>	20,131
Less: Accumulated impairment losses	<b>(2,485)</b>	-
	<b>27,902</b>	20,131
Financial guarantees (f)	<b>9,616</b>	9,616
Less: Accumulated impairment losses	<b>(7,993)</b>	(3,113)
	<b>1,623</b>	6,503
	<b>181,239</b>	185,933

A list of the subsidiaries is shown in Note 40.

(a) Movement of cost of unquoted shares are as follows:

	Company	
	2023 RM'000	2022 RM'000
At beginning of year	<b>225,769</b>	364,485
Addition for the year (Note 18(d)(i) and (ii))	<b>30,998</b>	-
Capital repayment by a subsidiary (Note 18(d)(ii) and (iii))	<b>(34,900)</b>	-
Write-off of investment in subsidiaries (Note 18(e)(i) and (ii))	-	(138,716)
At end of year	<b>221,867</b>	225,769

(b) Movement in impairment account for unquoted shares are as follows:

	Company	
	2023 RM'000	2022 RM'000
At beginning of year	<b>66,470</b>	197,063
Charged for the year (Note 9)	<b>3,683</b>	8,123
Write-off of investments in subsidiaries (Note 18(e)(i) and 18(ii))	-	(138,716)
At end of year	<b>70,153</b>	66,470

**18. INVESTMENTS IN SUBSIDIARIES** (cont'd)

## (c) Advances to subsidiaries

The advances to subsidiaries have no fixed tenure and the Company does not expect repayment in the foreseeable future. Accordingly, the balances have been classified as part of investments in subsidiaries.

Movement in advances to subsidiaries are as follows:

	Company	
	2023 RM'000	2022 RM'000
At beginning of year	20,131	-
Addition for the year	29,594	22,153
Transfer from amount due from subsidiaries	2,571	-
Capitalised during the year (Note 18(d)(i))	(21,598)	-
Repayment for the year	(300)	(2,022)
Write-off of advances during the year	(11)	-
At end of year	30,387	20,131

Included in the addition to the Company's advances to subsidiaries is debt novation to the Company from KUB Gas Terminal Sdn Bhd amounting to RM27,425,000 in the current financial year and KUB Ekuiti Sdn Bhd amounting to RM20,957,000 in the previous financial year.

Movement in impairment account for advances to subsidiaries are as follows:

	Company	
	2023 RM'000	2022 RM'000
At beginning of year	-	-
Charged for the year (Note 9)	84	-
Transfer from amount due from subsidiaries (Note 22)	2,712	-
Reversal of impairment on advances to subsidiaries (Note 9)	(300)	-
Write-off of advances during the year	(11)	-
At end of year	2,485	-

## (d) Transactions during the financial year

The Group completed an internal restructuring exercise as part of its initiative to streamline the existing Group's corporate structure. The internal restructuring included the following exercises:

- (i) Increase in investment in KUB Ekuiti Sdn Bhd ('KUBE') amounting to RM21,598,000 by capitalising the advances made to the said subsidiary;
- (ii) Capital reduction in KUBE by way of capital repayment in specie to the Company, via transfer of shares held by KUBE in KUB Telekomunikasi Sdn Bhd and KUB Power Sdn Bhd amounting to RM5,400,000 and RM4,000,000 respectively; and
- (iii) Capital reduction in KUBE by way of capital repayment in specie to the Company via settlement of advances amounting to RM25,500,000.

## NOTES TO THE FINANCIAL STATEMENTS

**18. INVESTMENTS IN SUBSIDIARIES** (cont'd)

## (e) Transactions during the previous financial year

## (i) Member's voluntary winding up

A wholly owned subsidiary of the Company, Peramining Sdn Bhd ('Peramining') which was dormant, had resolved to be placed under member's voluntary winding up at its respective general meeting held on 14 June 2022 pursuant to Section 439 (1)(b) of the Companies Act, 2016. The investment in Peramining amounting to RM5,008,000 which was fully impaired in previous years had been written off by the Company in 2022.

## (ii) Strike off of dormant subsidiary

The Company's wholly owned subsidiary, namely Restoran Kualiti Sdn Bhd ('Restoran Kualiti') had been struck off from the register pursuant to Section 550 of the Companies Act 2016 and was accordingly dissolved. Following this, the investment in Restoran Kualiti amounting to RM133,708,000 which was fully impaired in previous years had been written off by the Company in 2022.

## (f) Financial guarantees

This amount relates to fair value of corporate guarantee provided by the Company to banks for banking facilities granted to subsidiaries in prior years and which have been capitalised as part of the investment in these subsidiary companies.

Movement in impairment account for financial guarantee to subsidiaries are as follows:

	Company	
	2023 RM'000	2022 RM'000
At beginning of year	3,113	3,894
Charged for the year (Note 9)	4,880	-
Written off during the year	-	(781)
At end of year	7,993	3,113

**19. INVESTMENT IN ASSOCIATES**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares, at cost	63,634	17,834	16,854	16,854
Addition during the year (Note 39)	-	45,715	-	-
Share of post-acquisition reserves	3,069	85	-	-
Derecognition during the year	(48,869)	-	-	-
	17,834	63,634	16,854	16,854
Less: Accumulated impairment losses	(17,834)	(17,834)	(16,854)	(16,854)
	-	45,800	-	-

A list of the associates is shown in Note 41.

## 19. INVESTMENT IN ASSOCIATES (cont'd)

In the previous financial year, following the winding up order by the Court as disclosed in Note 39, the Group had subsequently classified KUBS as an associate and the financial results were incorporated in these financial statements using the equity method of accounting. At the initial recognition of an associate, the Group had determined the fair value of investment in KUBS at RM45,715,000 using a discounted cash flow model.

The Group's equity ownership in KUBS remained at 60%.

The inputs into the discounted cash flow model are as follows:

Valuation technique and key input	Significant unobservable input
<p><b>Income approach.</b></p> <p>In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of KUBS.</p>	<p>(i) The annual projected revenue is derived from FFB harvested of adjusted oil palm site yield potential after taking into considerations the size of matured area, oil palm age, oil palm planting density, average FFB price and several other risk factors.</p> <p>(ii) Annual growth rates of CPO prices at 1% from five (5) years average historical data.</p> <p>(iii) The discount rate is based on observed rate of return for comparable assets that are traded in the market and is derived from its weighted average cost of capital, determined using a Capital Asset Pricing Model at 11.7%.</p> <p>(iv) The expected future cash flow includes the effect of replanting costs and the timing of the exercise.</p>

On 16 November 2022, the liquidators had officially taken over the operational matters of KUBS. Following this, the Group lost significant influence over KUBS and KUBS has accordingly ceased to be an associate company of the Group. As a consequence thereof, the Group has classified the investment in KUBS as a financial asset measured at FVTPL as disclosed in Note 20.

Summarised financial information in respect of the Group's material associate as of 15 November 2022 and 30 June 2022 is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

### KUB Sepadu Sdn Bhd

(i) Summarised statement of financial position

	KUB Sepadu Sdn Bhd	
	15.11.2022 RM'000	30.6.2022 RM'000
Non-current assets	51,662	51,438
Current assets	34,472	31,897
<b>Total assets</b>	<b>86,134</b>	83,335
Non-current liabilities	7,005	7,322
Current liabilities	27,416	29,415
<b>Total liabilities</b>	<b>34,421</b>	36,737
<b>Total equity</b>	<b>51,713</b>	46,598

## NOTES TO THE FINANCIAL STATEMENTS

## 19. INVESTMENT IN ASSOCIATES (cont'd)

## KUB Sepadu Sdn Bhd (cont'd)

(ii) Summarised statement of profit or loss and other comprehensive income

	KUB Sepadu Sdn Bhd	
	1.7.2022 to 15.11.2022 138 days RM'000	16.6.2022 to 30.6.2022 15 days RM'000
Revenue	13,654	2,493
Profit for the year	5,115	141
The Group's share of profit	3,069	85

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates.

	KUB Sepadu Sdn Bhd	
	15.11.2022 138 days RM'000	30.6.2022 15 days RM'000
Net assets as at 1 July	76,333	46,457
Increase in fair value of investment retained	-	29,735
Profit for the year	5,115	141
Net assets as at 15 November/30 June	81,448	76,333
Interest in associate	60%	60%
Carrying value of Group's interest in associates	48,869	45,800

There is no financial information available for the associates that are not individually material as at the end of the financial year. These associates are dormant companies and the Group and the Company had fully impaired the carrying amount for these associates in profit or loss.

## 20. OTHER INVESTMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Investments in financial assets				
- Investments in equity instruments designated as FVTOCI				
- quoted shares in Malaysia (Note (a))	3,320	5,051	3,320	5,051
- Investments in equity instruments designated as FVTPL				
- unquoted shares (Note (b) and (c))	63,711	1,540	1,433	1,540
Corporate golf club membership, unquoted (Note (d))	95	-	-	-
Total other investments	67,126	6,591	4,753	6,591

(a) The investments in quoted shares are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Company has elected to designate these investments in equity instruments as at FVTOCI as recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

## 20. OTHER INVESTMENTS (cont'd)

- (b) During the financial year, as mentioned in Note 19, the Group has classified its investment in former associate namely KUBS as investments in equity instruments designated as FVTPL. The fair value of the investment in KUBS as FVTPL of RM62,319,000 and RM62,278,000 at the initial recognition on 16 November 2022 and revaluation at the end of each reporting period respectively, was determined based on adjusted net assets value with the following assumptions:

Valuation technique and key input	Significant unobservable input
<p><b>Adjusted net assets value (Cost approach)</b></p> <p>This approach involves discounting the net proceeds from liquidating the company's assets and paying off its liabilities to determine the residual value of the company.</p>	<p>(i) The market value of the two (2) oil palm plantations was based on a valuation carried out by an accredited independent valuer with experience in the location and categories of properties being valued. The fair value was determined primarily based on comparison methods that reflects transaction prices involving sales of comparable estate lands near proximity of KUBS's oil palm plantations, adjusted to reflect differences in location, site facilities, lot size and structure.</p> <p>(ii) The assets value was further adjusted to factor in the expected recovery from the cash and bank balances as well as the cost of liquidation such as liquidators' fee and other costs associated with disposal of the assets such as real property gains tax ('RPGT') and broker's fees.</p> <p>(iii) Discount rate based on average lending rate by Bank Negara Malaysia ('BNM') of 4.72% (as of 15 November 2022) and 5.44% (as of 30 June 2023) used to the above adjusted net assets value assuming the winding up order will be completed in an orderly process within two (2) years.</p> <p>(iv) Reconstructed management accounts of KUBS as of 15 November 2022 and 30 June 2023 used in the fair value computations, based on the Liquidators' Accounts of Receipts and Payments and Statements of the Position in the Winding Up from 15 June 2022 to 14 December 2022 and 15 December 2022 to 14 June 2023 submitted to Suruhanjaya Syarikat Malaysia ('SSM'), plus estimated income and expenses based on management's knowledge of KUBS's regular monthly transactions for the period from 15 June 2023 to 30 June 2023.</p> <p>(v) All estimated cash inflows and outflows from the operations between 15 June 2023 and 30 June 2023 were reflected in the movement of cash balances without any withdrawal of the company's fixed deposits. As per Liquidators' Accounts of Receipts and Payments and Statements of the Position in the Winding Up, the fixed deposits balance as at 14 June 2023 was RM28 million.</p> <p>(vi) Inventory and receivable balances have been assumed to be zero as the management expects the inventories to be consumed instead of sold, and receivables to be irrecoverable.</p>

## NOTES TO THE FINANCIAL STATEMENTS

## 20. OTHER INVESTMENTS (cont'd)

The above initial recognition has resulted in gain in profit or loss calculated as follows:

	Group 2023 RM'000
Fair value of investment in KUBS at initial recognition as FVTPL	62,319
Less: carrying amount of investment on the date of loss of significant influence (Note 19)	(48,869)
Fair value gain recognised	13,450

As at 30 June 2023, the fair value was reduced to RM62,278,000 after taking into consideration of a loss amounting to RM41,000 as a result of the net movements of assets and liabilities subsequent to initial recognition and higher average lending rate by BNM of 5.44%.

- (c) The fair value of the Company's unquoted shares of RM1,433,000 has been estimated using a discounted dividend model. The valuation requires management to make certain assumptions about the model inputs, including growth rates and required rate of return.
- (d) The fair value of golf club membership is determined by reference to the market price.

## 21. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
Raw materials	3,163	5,409
Finished goods	14	10
Consumables	264	324
	<b>3,441</b>	5,743

Cost of inventories recognised as an expense during the year was RM418,705,000 (2022: RM439,245,000).

In the previous financial year, the cost of inventories recognised as an expense includes RM154,000 in respect of write-off of inventories to net realisable value.

## 22. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
<b>Current</b>		
Amount due from subsidiaries	143	15,886
Less: Allowance for impairment losses	-	(14,025)
	<b>143</b>	1,861
Amount due to subsidiaries	<b>11,043</b>	13,671

The amount due from/(to) subsidiaries are unsecured and bears at the applicable market interest rate ranging from 5.90% - 6.40% (2022: 3.18% - 5.40%) per annum and repayable on demand.

**22. AMOUNT DUE FROM/(TO) SUBSIDIARIES (cont'd)**

Movement in allowance for impairment accounts are as follows:

	Company	
	2023 RM'000	2022 RM'000
At beginning of year	14,025	14,585
Addition during the year (Note 9)	2	-
Write off	(11,312)	-
Transfer to advances to subsidiaries (Note 18(c))	(2,712)	-
Reversal for the year (Note 9)	(3)	(560)
At end of year	-	14,025

During the financial year, the Company had written off amount due from indirect subsidiaries of RM11,312,000 which has been struck off from the register pursuant to Section 550 of the Companies Act, 2016. The amount was fully impaired in previous years.

**23. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Trade</b>				
Trade receivables (a)	9,588	19,408	-	-
Less: Allowance for impairment losses				
Lifetime ECL				
- Non credit-impaired	(185)	(1,104)	-	-
Lifetime ECL				
- Credit-impaired	(2,521)	(5,653)	-	-
	(2,706)	(6,757)	-	-
	6,882	12,651	-	-
<b>Non-trade</b>				
Government subsidy receivable	32,087	50,615	-	-
Deposits	964	1,222	332	333
Prepayments	761	830	29	28
Other receivables	12,016	11,969	319	159
Less: Allowance for impairment losses (b)	(450)	(477)	(18)	-
	45,378	64,159	662	520
Total trade and other receivables (net)	52,260	76,810	662	520

## NOTES TO THE FINANCIAL STATEMENTS

**23. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS** (cont'd)**(a) Trade receivables**

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2022: 30 to 90 days) terms.

The Group uses a provision matrix to calculate ECLs for trade receivables, contract assets and finance lease receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., nature of project undertaking, product type, customer type and rating, and coverage by bank guarantee or other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The Group has recognised a loss allowance of 100% (2022: 100%) on individually credit-impaired trade receivables over 1 year past due with no realistic prospect of recovery as historical experience has indicated that these receivables are generally not recoverable.

The ageing analysis of the Group's trade receivables is as follows:

	Group			
	2023		2022	
	Gross carrying amount RM'000	Lifetime ECL RM'000	Gross carrying amount RM'000	Lifetime ECL RM'000
Days past due:				
Not past due	<b>4,643</b>	<b>55</b>	8,804	127
< 30 days	<b>109</b>	<b>14</b>	1,650	14
31 – 60 days	<b>444</b>	<b>21</b>	882	63
61 – 90 days	<b>395</b>	<b>36</b>	2,236	879
91 – 180 days	<b>1,476</b>	<b>59</b>	183	21
> 1 year	<b>2,521</b>	<b>2,521</b>	5,653	5,653
<b>Total</b>	<b>9,588</b>	<b>2,706</b>	19,408	6,757

Movement in allowance for impairment that has been recognised for trade receivables are as follows:

	Group	
	2023 RM'000	2022 RM'000
At beginning of year	<b>6,757</b>	7,274
Charged for the year (Note 9)	<b>22</b>	700
Reversal during the year (Note 9)	<b>(3,205)</b>	(1,217)
Written off during the year	<b>(868)</b>	-
<b>At end of year</b>	<b>2,706</b>	6,757

**23. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS** (cont'd)**(b) Other receivables**

Movement in allowance for impairment that has been recognised for other receivables are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of year	477	3,400	-	-
Charged for the year (Note 9)	201	264	18	-
Reversal during the year (Note 9)	-	(1,961)	-	-
Written off during the year	(228)	(1,226)	-	-
At end of year	450	477	18	-

**(c) Contract assets**

	Group	
	2023 RM'000	2022 RM'000
At beginning of year	2,775	4,267
Revenue recognised during the year (Note 5)	166	2,603
Progress billing during the year	(2,675)	(4,215)
Reversal of impairment during the year	-	120
At end of year	266	2,775

Included in additions to aggregate costs incurred to-date are the following amounts charged during the year:

	2023 RM'000	2022 RM'000
Interest capitalised	-	13
Staff costs	-	633
Rental	-	46

Movement in the allowance for impairment losses of contract assets are as follows:

	2023 RM'000	2022 RM'000
At beginning of year	-	120
Reversal during the year (Note 9)	-	(120)
At end of year	-	-

Construction contracts revenue and costs are disclosed in Note 5 and Note 6 respectively.

**24. CASH AND BANK BALANCES**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	28,812	198,529	2,544	185,520
Deposits with licensed banks	376,756	193,401	301,607	117,407
	405,568	391,930	304,151	302,927

## NOTES TO THE FINANCIAL STATEMENTS

**24. CASH AND BANK BALANCES** (cont'd)

Included in cash at banks of the Group is an amount of RM6,937 (2022: RM6,865) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 which is restricted from use in other operations.

Included in deposits with licensed banks of the Group is an amount of RM19,242,000 (2022: RM18,904,000) which has been pledged as security for borrowings of the Group as disclosed in Note 26.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	<b>405,568</b>	391,930	<b>304,151</b>	302,927
Less : Deposits pledged with licensed banks	<b>(19,847)</b>	(20,341)	-	-
Cash and cash equivalents	<b>385,721</b>	371,589	<b>304,151</b>	302,927

The weighted average effective interest rates ('WAEIR') of the Group's and of the Company's non-pledged deposits with licensed banks as at the end of the reporting period are as follows:

	Group		Company	
	2023	2022	2023	2022
WAEIR (%)	<b>3.7</b>	2.2	<b>3.7</b>	2.2
Maturity year (days)	<b>37</b>	50	<b>20</b>	70

**25. TRADE AND OTHER PAYABLES, REFUNDABLE CYLINDER DEPOSITS AND CONTRACT LIABILITIES**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>				
<b>Non-trade:</b>				
Refundable cylinder deposits (b)	<b>34,379</b>	33,877	-	-
<b>Current</b>				
<b>Trade:</b>				
Trade payables (a)	<b>33,060</b>	50,950	-	-
<b>Non-trade:</b>				
Other payables	<b>12,088</b>	8,001	<b>2,064</b>	1,128
Deposits	<b>865</b>	666	<b>575</b>	127
Refundable cylinder deposits (b)	<b>11,217</b>	9,957	-	-
Provisions (c)	<b>22</b>	2,493	-	-
	<b>24,192</b>	21,117	<b>2,639</b>	1,255
	<b>57,252</b>	72,067	<b>2,639</b>	1,255

## 25. TRADE AND OTHER PAYABLES, REFUNDABLE CYLINDER DEPOSITS AND CONTRACT LIABILITIES (cont'd)

### (a) Trade payables

These amounts are non-interest bearing and normally settled between 60 to 90 days (2022: 60 to 90 days).

Included in trade payables is amount due to KUBS in relation to the purchase of FFB amounting to RM10,447,000 (2022: RM10,447,000).

Based on reassessment on the classification on the investment in KUBS for the financial period ended 30 June 2021, KUBS which was previously classified as investment in subsidiary was classified as an investment in associate that is held by the Group for the financial year ended 30 June 2022 and thereafter as a financial asset measured at FVTPL for the financial year ended 30 June 2023. As such, the amount due to KUBS in relation to the purchase of FFB in the previous years is now presented within trade payables.

### (b) Refundable cylinder deposits

	Group	
	2023 RM'000	2022 RM'000
Current	11,217	9,957
Non-current	34,379	33,877
	<b>45,596</b>	43,834

The refundable cylinder deposits are deposits received in exchange of gas cylinders which has no scheduled repayment term and refundable upon return of the cylinders in good working condition. The Group has classified RM34,379,000 (2022: RM33,877,000) into non-current liabilities based on the Group's long-term experiences with the customers in prior years which are currently active.

### (c) Provisions

Movement of provision for liquidated ascertained damages during the year is as follows:

	Group	
	2023 RM'000	2022 RM'000
At beginning of year	2,493	2,672
Reversal (Note 9)	(1,293)	(179)
Payment during the year	(1,178)	-
At end of year	<b>22</b>	2,493

The provision for liquidated ascertained damages is made based on the approved contract terms and is computed on the agreed penalty charges per delay multiplied by the number of days delayed.

## NOTES TO THE FINANCIAL STATEMENTS

## 26. BORROWINGS

	Group	
	2023 RM'000	2022 RM'000
<b>Long-term borrowings</b>		
<b>Secured</b>		
Hire purchase payables (a)	-	14
<b>Short-term borrowings</b>		
<b>Secured</b>		
Bankers acceptances	-	44,000
Invoice financing	41,100	10,000
Hire purchase payables (a)	14	23
	<b>41,114</b>	<b>54,023</b>
<b>Total borrowings</b>		
Bankers acceptances	-	44,000
Invoice financing	41,100	10,000
Hire purchase payables (a)	14	37
	<b>41,114</b>	<b>54,037</b>

The range of weighted average effective of interest rates ("WAEIR") (% per annum) of the borrowings at the end of the reporting period are as follows:

	Group	
	2023 WAEIR %	2022 WAEIR %
Hire purchase	4.79	4.79
Invoice financing	7.40	6.40
Bankers acceptances	-	3.15

The secured borrowings of the Group are secured by way of fixed and floating charges over certain assets of the Group including deposits with licensed banks of RM19,242,000 (2022: RM18,904,000) which has been pledged as security as disclosed in Note 15, Note 16 and Note 24 respectively.

Excluding hire purchase, the bank borrowings of the Group amounting to RM41,100,000 (2022: RM54,000,000) are also secured by corporate guarantee from the Company. In the event of default in any of the facilities, the maximum exposure of the Company would be amounting to RM21,858,000 (2022: RM35,096,000) as explained in Note 36(b).

**26. BORROWINGS** (cont'd)**(a) Hire purchase payables**

	Group	
	2023 RM'000	2022 RM'000
<b>Future minimum hire purchase payables</b>		
Less than 1 year	14	24
Between 1 year and 5 years	-	14
Total future minimum lease payments	14	38
Less: Future finance charges	-	(1)
	<b>14</b>	<b>37</b>
<b>Analysis of present value of hire purchase payables</b>		
Less than 1 year	14	23
Between 1 year and 5 years	-	14
	14	37
Less: Due within 12 months	(14)	(23)
Due after 12 months	-	14

The table below details changes in the Group's liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's statements of cash flows as cash flow from financing activities.

	Group	
	2023 RM'000	2022 RM'000
At beginning of year		
Term loans	-	1,734
Hire purchase payables	37	59
Short term borrowings	54,000	36,921
	<b>54,037</b>	<b>38,714</b>
Drawdown during the year:		
Short term borrowings	51,100	176,774
Repayment during the year:		
Term loans	-	(1,734)
Hire purchase payables	(23)	(22)
Short term borrowings	(64,000)	(159,695)
Interest paid	(70)	(717)
	<b>(64,093)</b>	<b>(162,168)</b>
Non-cash changes:		
Finance costs (Note 8)	70	717
At end of year:		
Term loans	-	-
Hire purchase payables	14	37
Short term borrowings	41,100	54,000
<b>Total</b>	<b>41,114</b>	<b>54,037</b>

During the previous financial year, the Group has made full settlement of the term loan on 15 April 2022.

## NOTES TO THE FINANCIAL STATEMENTS

## 27. DEFERRED TAX LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
At beginning of year	10,511	15,716
Recognised in profit or loss (Note 12)	349	1,195
Deconsolidation of a subsidiary (Note 39)	-	(6,400)
At end of year	10,860	10,511

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group	
	2023 RM'000	2022 RM'000
Deferred tax assets	(856)	(541)
Deferred tax liabilities	11,716	11,052
	10,860	10,511

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:**

	Property, plant and equipment RM'000
At 1 July 2021	16,710
Recognised in profit or loss	742
Deconsolidation of a subsidiary (Note 39)	(6,400)
At 30 June 2022/1 July 2022	11,052
Recognised in profit or loss	664
At 30 June 2023	11,716

**Deferred tax assets of the Group:**

	Others RM'000
At 1 July 2021	(994)
Recognised in profit or loss	453
At 30 June 2022/1 July 2022	(541)
Recognised in profit or loss	(315)
At 30 June 2023	(856)

**27. DEFERRED TAX LIABILITIES** (cont'd)

Deferred tax assets have not been recognised in respect of the following items due to the uncertainty of their recoverability:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised tax losses	48,124	65,479	5,690	10,798
Unabsorbed capital allowances	28,531	29,743	3,204	3,204
Other deductible temporary differences	-	8	-	-
	<b>76,655</b>	95,230	<b>8,894</b>	14,002
Effect of deconsolidation of subsidiaries on unutilised business losses and unabsorbed capital allowances	(346)	(9,691)	-	-
	<b>76,309</b>	85,539	<b>8,894</b>	14,002

The benefits of these tax losses and tax credits will only be obtained if the relevant subsidiaries derive future assessable income of a nature and amount sufficient for the benefits to be utilised.

Under the Finance Act 2021 which was gazetted on 31 December 2021, the unused tax losses accumulated up to year of assessment 2018 can now be carried forward for 10 consecutive years of assessment until year of assessment 2028 and it will be disregarded in year of assessment 2029. The time frame to carry forward current year tax losses for the year of assessment 2019 and subsequent years of assessment was extended from 7 to 10 consecutive years of assessment. Expiry date of the Group's and the Company's unutilised tax losses is summarised below:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Tax losses YA 2019 and before - will expire in 2029	30,025	36,124	-	4,728
Tax losses YA2020 - expire in 2030	10,877	11,257	5,690	6,070
Tax losses YA2021 - expire in 2031	1,446	1,446	-	-
Tax losses YA2022 - expire in 2032	1,527	1,527	-	-
Tax losses YA2023 - expire in 2033	3,087	3,873	-	-
Tax losses in YA 2024 - expire in 2024	816	-	-	-
Total	<b>47,778</b>	54,227	<b>5,690</b>	10,798

**28. DERIVATIVE FINANCIAL ASSETS / (LIABILITIES)**

	Contract notional amount RM'000	Group Fair value of derivative assets/ (liabilities) RM'000
<b>2023</b>		
Forward currency contracts	16,680	33
<b>2022</b>		
Forward currency contracts	34,342	(5)

## NOTES TO THE FINANCIAL STATEMENTS

### 28. DERIVATIVE FINANCIAL ASSETS / (LIABILITIES) (cont'd)

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for years consistent with currency transaction exposure and fair value changes exposure.

Forward currency contracts are used to hedge the Group's purchases denominated in United States Dollar ('USD') for which firm commitments existed at the end of the reporting period, extending to July 2023 (2022: July 2022).

During the financial year, the Group recognised a gain of RM33,924 (2022: loss of RM4,668) arising from fair value changes of derivative as at the end of the reporting period. The fair value changes are attributable to changes in foreign exchange spot and forward rate. Forward currency contracts are valued using valuation obtained from counterparties.

### 29. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
Issued and fully paid	<b>556,465</b>	556,465	<b>228,863</b>	228,863

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

### 30. RESERVES

		Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital reserve	(a)	<b>24,531</b>	24,531	-	-
Fair value adjustment reserve	(b)	<b>1,303</b>	3,034	<b>1,303</b>	3,034
Merger reserve	(c)	<b>11,147</b>	11,147	-	-
Premium paid on acquisition of non-controlling interest	(d)	<b>(258)</b>	(258)	-	-
<b>Total</b>		<b>36,723</b>	38,454	<b>1,303</b>	3,034

(a) Capital reserve arose from the capitalisation of bonus shares issued by certain subsidiaries in prior years.

(b) Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of financial asset fair value through other comprehensive income.

	Group/Company	
	2023 RM'000	2022 RM'000
At beginning of year	<b>3,034</b>	3,178
Loss on fair value	<b>(1,731)</b>	(144)
<b>At end of year</b>	<b>1,303</b>	3,034

(c) Merger reserve amounting to approximately RM11,147,000 arose from the acquisition of KUB Ekuiti Sdn Bhd in 1997.

(d) Premium paid on acquisition of non-controlling interest amounting to RM258,000 arose from the acquisition of remaining equity interest of Empirical Systems (M) Sdn Bhd in 2014.

### 31. RETAINED EARNINGS AND DIVIDENDS

The Company may distribute dividends out of its entire retained earnings as at 30 June 2023 under the single tier system.

The dividends paid during the financial year were as follows:

	Company			
	2023 RM'000	Dividend per share 2023 Sen	2022 RM'000	Dividend per share 2022 Sen
First and final dividend paid in respect of financial year ended 30 June 2022	8,347	1.5	-	-
First and final dividend paid in respect of financial period ended 30 June 2021	-	-	8,347	1.5
	<b>8,347</b>	<b>1.5</b>	8,347	1.5

On 29 August 2023, the Board of Directors approved and declared a first and final dividend of 2.0 sen on 556,464,690 ordinary shares amounting to RM11,129,294 in respect of the financial year ended 30 June 2023.

The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2024.

### 32. NON-CONTROLLING INTERESTS

Details of non-wholly owned subsidiaries that have material non-controlling interests:

Name of subsidiaries	Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2023 RM'00	2022 RM'00	2023 RM'000	2022 RM'000
KUB Sepadu Sdn Bhd	-	7,115	-	-
KUB Maju Mill Sdn Bhd	(4)	(10)	(18,516)	(18,512)
KUB Telekomunikasi Sdn Bhd	68	(1,283)	3,773	3,705
	<b>64</b>	5,822	<b>(14,743)</b>	(14,807)

Proportion of ownership held by non-controlling interests in KUB Maju Mill Sdn Bhd: 33.9% (2022: 33.9%) and KUB Telekomunikasi Sdn Bhd ('KUBTel') 40% (2022: 40%).

In previous financial year, as disclosed in Note 39, the Group had lost control over KUBS upon the winding up order and appointment of liquidators. KUBS's financial position had been deconsolidated from the Group on 15 June 2022. Accordingly, the carrying amount of non-controlling interests in KUBS had been derecognised.

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts before intragroup eliminations and consolidation adjustments.

## NOTES TO THE FINANCIAL STATEMENTS

## 32. NON-CONTROLLING INTERESTS (cont'd)

## (i) Summarised statement of financial position

2023	KUB Maju Mill RM'000	KUBTel RM'000
Non-current assets	-	3,832
Current assets	30	8,700
<b>Total assets</b>	<b>30</b>	<b>12,532</b>
Non-current liabilities	-	207
Current liabilities	54,650	2,893
<b>Total liabilities</b>	<b>54,650</b>	<b>3,100</b>
(Capital deficiency)/Total equity	(54,620)	9,432
Non-controlling interests	(18,516)	3,773
Equity attributable to owners of the Company	(36,104)	5,659
<b>2022</b>		
Non-current assets	-	2,448
Current assets	39	14,032
<b>Total assets</b>	<b>39</b>	<b>16,480</b>
Non-current liabilities	-	188
Current liabilities	54,649	7,030
<b>Total liabilities</b>	<b>54,649</b>	<b>7,218</b>
(Capital deficiency)/Total equity	(54,610)	9,262
Non-controlling interests	(18,512)	3,705
Equity attributable to owners of the Company	(36,098)	5,557

## (ii) Summarised statement of profit or loss and other comprehensive income

2023	KUB Maju Mill RM'000	KUBTel RM'000
Revenue	-	13,669
(Loss)/Profit for the year	(11)	170
(Loss)/Profit for the year attributable to owners of the Company	(7)	102
(Loss)/Profit for the year to the non-controlling interest	(4)	68

**32. NON-CONTROLLING INTERESTS** (cont'd)**(ii) Summarised statement of profit or loss and other comprehensive income** (cont'd)

2022	KUB Maju Mill RM'000	KUBTel RM'000
Revenue	-	16,767
Loss for the year	(28)	(3,208)
Loss for the year attributable to owners of the Company	(18)	(1,925)
Loss for the year to the non-controlling interest	(10)	(1,283)

**(iii) Summarised statement of cash flows**

2023	KUB Maju Mill RM'000	KUBTel RM'000
Net cash (outflows)/inflows from:		
- Operating activities	(9)	1,489
- Investing activities	-	(1,780)
- Financing activities	-	(13)
Net cash outflows	(9)	(304)
<b>2022</b>		
Net cash inflows/(outflows) from:		
- Operating activities	37	1,150
- Investing activities	-	(1,542)
- Financing activities	-	3,627
Net cash inflows	37	3,235

**33. COMMITMENTS, CONTINGENT LIABILITIES AND MATERIAL LITIGATION****(a) Capital commitments**

Authorised capital expenditure not provided for in the financial statements are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Property, plant and equipment</b>				
- Contracted	5,030	6,675	-	15
- Not contracted	6,953	14,662	28	43
	<b>11,983</b>	21,337	<b>28</b>	58

**(b) Contingent Liabilities**

There are no contingent liabilities relating to the Group as at the end of reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. COMMITMENTS, CONTINGENT LIABILITIES AND MATERIAL LITIGATION (cont'd)

#### (c) Material Litigation

##### (i) KUB Sepadu Sdn Bhd and the minority shareholders, Medan Sepadu Sdn Bhd and Lembaga Amanah Kebajikan Kaum Melanau Sarawak

On 28 November 2019, a winding up petition was filed in the Court against a subsidiary of the Group, KUBS, by its minority shareholders, Medan Sepadu Sdn Bhd and Lembaga Amanah Kebajikan Kaum Melanau Sarawak ('Minority Shareholders').

On 2 December 2019, the Minority Shareholders filed an application for the appointment of interim liquidators for KUBS. The Court granted the order for the appointment of interim liquidators on 9 December 2021 ('Order for IL').

The winding up petition together with the Order for IL was served on KUBS on 16 December 2019.

On 18 December 2019, the immediate holding company of KUBS, KUB Agro Holdings Sdn Bhd ('KUBAH') as the Opposing Contributory filed an application to set aside the Order for IL ('Setting Aside Application'). On 20 December 2019, the Court granted a stay on the Order for IL pending the disposal of the winding up petition and/or Setting Aside Application.

On 15 June 2022, the Court granted a winding up order and liquidators were appointed.

On 17 June 2022, KUBAH filed a Notice of Appeal ('Winding Up Appeal') as well as an application for stay of execution of the winding up order ('Stay Application'). On 30 September 2022, the Court has decided to dismiss the Stay Application. KUBAH has then filed an appeal for the Stay Application ('Stay Appeal') on 3 October 2022. The Stay Appeal, however, would only be heard on 5 January 2023. In view of this, the Board of Directors has decided to withdraw the Stay Appeal and instead to focus on the Winding Up Appeal.

The hearing of the Winding Up Appeal which was previously fixed on 10 April 2023 has been vacated and converted to a case management. During the case management, the Court has fixed 25 September 2023 as the hearing date.

On 2 December 2022, KUBAH has filed an application to terminate the winding up pursuant to Section 493 of the Companies Act, 2016 at the High Court. On 30 May 2023, the application was dismissed by the High Court.

##### (ii) Claim by Lembaga Kemajuan Johor Tenggara ('KEJORA') against KUB Malaysia Berhad, KUB Realty Sdn Bhd and KUB Agro Holdings Sdn Bhd in relation to disposal of two (2) oil palm estates in Kluang, Johor

On 10 June 2020, KUBAH entered into a conditional Sale and Purchase Agreement ('SPA') with Beradin Plantation Sdn Bhd ('BPSB') for the disposal of two oil palm estates known as Kahang Estate and Sungai Yong Estate measuring in aggregate 2,656.1649 hectares for a total cash consideration of RM158.0 million. The disposal was completed on 2 April 2021.

Part of the oil palm estates disposed of under the Disposal comprised the following parcels of land, for a total cash consideration of RM103,687,500:

1. HSD 31404 PTD 4901, In the Mukim of Kahang, District of Kluang, State of Johor
2. HSD 31405 PTD 26005, In the Mukim of Kluang, District of Kluang, State of Johor
3. HSD 31406 PTD 26006, In the Mukim of Kluang, District of Kluang, State of Johor

(collectively the 'Lands')

### 33. COMMITMENTS, CONTINGENT LIABILITIES AND MATERIAL LITIGATION (cont'd)

#### (c) Material Litigation (cont'd)

##### (ii) Claim by Lembaga Kemajuan Johor Tenggara ('KEJORA') against KUB Malaysia Berhad, KUB Realty Sdn Bhd and KUB Agro Holdings Sdn Bhd in relation to disposal of two (2) oil palm estates in Kluang, Johor (cont'd)

On 24 February 2023, KEJORA filed a claim in the High Court of Malaya at Johor Bahru against (1) the Company, (2) KUB Realty Sdn Bhd ('KUB Realty'), (3) KUBAH and (4) BPSB. The claim was served on the Company, KUB Realty and KUBAH on 2 March 2023.

KEJORA alleges that the Lands were previously registered in its name as registered proprietor under a 99 year lease, and had been leased by KEJORA as lessor to Koperasi Usaha Bersatu Malaysia Berhad ('Koperasi') as lessee for 95 years. KEJORA contends that the Lands had subsequently been wrongfully transferred to KUB Realty by Koperasi and that it remains entitled to the Lands as the original lawful registered proprietor of the Lands under the head lease.

KEJORA is seeking to set aside the registrations of the transfer of title to the Lands into the name of KUB Realty on 18 December 1997 and subsequently from KUB Realty to KUBAH on 3 August 1999 and finally from KUBAH to BPSB on 15 April 2021 respectively.

The Company, KUB Realty and KUBAH vigorously dispute both KEJORA's contentions and allegations. At all material times, the Company, KUB Realty, KUBAH and BPSB were acting on the advice of qualified and established firms of advocates and solicitors. Further, all the necessary approvals for any transfers related to the Lands were obtained from the relevant authorities and were made in accordance with the rules and regulations, and all the transactions of the transfers were done bona fide with valuable consideration.

The Company, KUB Realty and KUBAH have filed a defence to KEJORA's Writ and Statement of Claim on 1 May 2023.

The Company, KUB Realty and KUBAH have also filed an application for Pejabat Pengarah Tanah dan Galian and Pentadbir Tanah Daerah Kluang to be joined as parties to KEJORA's suit.

The Company, KUB Realty and KUBAH have taken legal advice. Based on the transaction history of the actual version of events, the management has been advised that the likelihood of KEJORA succeeding in its claim is remote.

### 34. RELATED PARTY DISCLOSURES

A related party of the Company refers to:

- (i) a person or a close member of that person's family who:
  - (a) has control or joint control over the Company;
  - (b) has significant influence over the Company; or
  - (c) is a member of the key management personnel of the Company having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.
- (ii) a subsidiary or associate of the Company and its subsidiaries;
- (iii) an entity of which the Company or its subsidiaries are an associate or joint venture to;
- (iv) an entity, together with the Company are joint ventures of the same third party;
- (v) an entity controlled or jointly controlled by a person identified in (i); and
- (vi) an entity of which a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## NOTES TO THE FINANCIAL STATEMENTS

## 34. RELATED PARTY DISCLOSURES (cont'd)

- (a) During the financial year, significant transactions undertaken on basis agreed with related parties are as follows:

	Company	
	2023 RM'000	2022 RM'000
Management fees from subsidiaries	2,971	2,918
Rental income from subsidiaries	378	404
Interest income from subsidiaries	81	84
Interest expense charged by a subsidiary	(429)	(324)
Information technology services rendered by a subsidiary	(144)	(120)

Information regarding outstanding balances arising from related party transactions as at 30 June 2023 and 30 June 2022 are disclosed in Note 22.

- (b) Key management personnel comprise persons of the Group entities having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

Details of the Company's Directors remuneration for the Group and of the Company are disclosed in Note 11. Other key management personnel include persons other than the Directors within the Group.

Remuneration of key management personnel other than the Directors of the Group and of the Company are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Other key management personnel</b>				
Salaries, allowances and bonuses	1,413	1,339	799	712
Defined contribution plan	150	161	96	85
Social security contributions	4	3	2	2
	<b>1,567</b>	<b>1,503</b>	<b>897</b>	<b>799</b>

- (c) Transactions between the Company with a company/firm in which a certain Director of the Company has substantial interest:

	2023 RM'000	2022 RM'000
Provision for management services	480	480

There were no outstanding balances arising from the related party transactions above as at 30 June 2023 and 30 June 2022.

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business under commercial terms mutually agreed between the parties involved.

### 35. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities of the Group and of the Company as at 30 June 2023 and 30 June 2022 are not materially different from their carrying values due to the relatively short-term maturity of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period except for:

	Group			
	2023		2022	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial liabilities at amortised cost</b>				
Hire purchase payables (Note 26)	14	14	37	36

#### Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>2023</b>				
<b>Financial assets:</b>				
Fair value through other comprehensive income				
- investment in quoted shares (Note 20)	3,320	-	-	3,320
Fair value through profit or loss				
- investment in unquoted shares (Note 20)	-	-	63,711	63,711
- golf club membership	-	95	-	95
Derivatives - Forward currency contracts (Note 28)	-	33	-	33
<b>Group</b>				
<b>2022</b>				
<b>Financial assets:</b>				
Fair value through other comprehensive income				
- investment in quoted shares (Note 20)	5,051	-	-	5,051
Fair value through profit or loss				
- investment in unquoted shares (Note 20)	-	-	1,540	1,540
<b>Financial liabilities:</b>				
Derivatives - Forward currency contracts (Note 28)	-	5	-	5

#### Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the fair value hierarchy during the financial year ended 30 June 2023 and financial year ended 30 June 2022.

## NOTES TO THE FINANCIAL STATEMENTS

## 35. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

## Categories of financial instruments:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Financial assets</b>				
At amortised costs:				
Finance lease receivables (Note 17 (ii))	957	1,150	-	-
Trade and other receivables	51,499	75,980	633	492
Amount due from subsidiaries (Note 22)	-	-	143	1,861
Cash and bank balances (Note 24)	405,568	391,930	304,151	302,927
At FVTOCI:				
Other investments				
- investment in quoted shares (Note 20)	3,320	5,051	3,320	5,051
At FVTPL:				
Other investments				
- investment in unquoted shares (Note 20)	63,711	1,540	1,433	1,540
- investment in golf club membership	95	-	-	-
Derivative financial assets (Note 28)	33	-	-	-
<b>Financial liabilities</b>				
At amortised costs:				
Trade and other payables	46,013	59,617	2,639	1,255
Lease liabilities (Note 17)	1,295	2,380	349	820
Amount due to subsidiaries (Note 22)	-	-	11,043	13,671
Borrowings (Note 26)	41,114	54,037	-	-
Refundable cylinder deposits (Note 25)	45,596	43,834	-	-
At FVTPL:				
Derivative financial liabilities (Note 28)	-	5	-	-

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks. The Board Risk Management Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current year and the previous year of the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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.

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### (a) 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, contract assets and finance lease receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. Trade receivables and finance lease receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to minimise exposure to bad debts.

#### Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group does not have any major concentration of credit risk related to any financial instruments except for the concentration of credit risk arising from exposures to the Government of Malaysia and Government Linked Corporations amounting to RM33,379,000 and RM822,000 (2022: RM53,390,000 and RM1,387,000) representing 64% and 2% (2022: 70% and 2%) of the Group's trade and other receivables, respectively.

The Group uses a provision matrix to calculate ECLs for trade receivables, contract assets and finance lease receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., nature of project undertaking, product type, customer type and rating, and coverage by bank guarantee or other forms of credit insurance). Note 23 includes further details on the loss allowance for these assets respectively.

The Company has no default experiences on amount due from subsidiaries and corporate guarantee provided to the bank for banking facilities granted to subsidiaries. The Company monitors the cash flow position of the subsidiaries regularly.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

## NOTES TO THE FINANCIAL STATEMENTS

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

## (b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Weighted average effective interest rate %	Group			
		Carrying amount RM'000	On demand or within one year RM'000	One to five years RM'000	Total RM'000
<b>2023</b>					
<b>Financial liabilities:</b>					
Refundable cylinder deposits	-	45,596	11,217	34,379	45,596
Trade and other payables	-	46,013	46,013	-	46,013
Lease liabilities	2.50 - 5.00	1,295	209	1,115	1,324
Borrowings	4.79 - 7.40	41,114	41,114	-	41,114
Total undiscounted financial liabilities		134,018	98,553	35,494	134,047
<b>2022</b>					
<b>Financial liabilities:</b>					
Refundable cylinder deposits	-	43,834	9,957	33,877	43,834
Trade and other payables	-	59,617	59,617	-	59,617
Lease liabilities	2.50 - 5.00	2,380	1,262	1,233	2,495
Borrowings	3.15 - 6.40	54,037	54,024	14	54,038
Total undiscounted financial liabilities		159,868	124,860	35,124	159,984
	Weighted average effective interest rate %	Company			
		Carrying amount RM'000	On demand or within one year RM'000	One to five years RM'000	Total RM'000
<b>2023</b>					
<b>Financial liabilities:</b>					
Trade and other payables	-	2,639	2,639	-	2,639
Lease liabilities	4.00	349	349	-	349
Amount due to subsidiaries	-	11,043	11,043	-	11,043
Total undiscounted financial liabilities		14,031	14,031	-	14,031
<b>2022</b>					
<b>Financial liabilities:</b>					
Trade and other payables	-	1,255	1,255	-	1,255
Lease liabilities	4.00	820	495	354	849
Amount due to subsidiaries	-	13,671	13,671	-	13,671
Total undiscounted financial liabilities		15,746	15,421	354	15,775

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### (b) Liquidity risk (cont'd)

For the financial year ended 30 June 2023, the Company has assessed the existing financial guarantee in relation to guarantee provided by the Company to banks for banking facilities granted to subsidiaries amounting to RM21,858,000 (2022 RM35,096,000) and determined that the guarantees are more likely not to be called upon by the financiers. However, this estimate is subject to change depending on the probability of the financier claiming under the guarantee. The amounts for the financial guarantee are the maximum amount that the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the financiers.

#### (c) Interest rate risk

Interest rate 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 interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The information on the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the maturities of the Group's financial instruments that are exposed to interest rate risk is disclosed in Note 26.

##### Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 25 basis points lower/higher, with all other variables held constant, there is no material impact to the Group's profit for the year. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

#### (d) 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 is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States Dollar. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept at an acceptable level.

The Group has entered into forward currency contracts for certain transactions to manage the exposures in foreign currencies as disclosed in Note 28. The Board of Directors is of the opinion that the unhedged foreign currencies exposures are minimal and can be efficiently managed.

The amounts of trade payables denominated in foreign currencies as at the end of the reporting period is as follows:

	Group	
	2023 RM'000	2022 RM'000
Trade payables hedged using forward currency contracts	16,680	34,342

## NOTES TO THE FINANCIAL STATEMENTS

### 37. CAPITAL MANAGEMENT

The primary objectives of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratios in order to support their business and maximise shareholders value.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions by maintaining or adjusting the capital structure, i.e., the Company may issue new shares, adjust the dividend payment to shareholders or obtain funding through external borrowings. No changes were made in the objectives, policies or processes during the year ended 30 June 2023 and year ended 30 June 2022.

The Group and the Company monitor their capital using a gearing ratio, which is total borrowings divided by shareholders' fund. The Group's and the Company's gearing ratio as at 30 June 2023 and 30 June 2022 are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Borrowings - long-term	-	14	-	-
Borrowings - short-term	41,114	54,023	-	-
Total borrowings	41,114	54,037	-	-
Total shareholders' fund	517,045	493,312	492,124	498,513
Gearing ratio	8%	11%	N/A	N/A

### 38. SEGMENT INFORMATION

The Group has three reportable divisions, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately as they required different business strategies. For each of strategic business units, the chief executive officer reviews internal management reports on a regular basis.

The reportable divisions are as follows:

#### (i) LPG

- Importation, bottling and trading of liquefied petroleum gas ('LPG')

#### (ii) Agricultural businesses ('Agro')

- Oil palm plantations and estate management

#### (iii) Others

- Infrastructure solutions, supply, maintenance and ancillary services in information, communications and technology ('ICT'), engineering and civil works in the power sectors, property management services, investment holding and provision of management services.

Division performance is evaluated based on operating profit or loss which, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

The Agro division was formerly dependent on the plantation estates held by an indirect subsidiary, KUBS. Following the winding up order by the Court and the appointment of the liquidators, KUBS's financial position had been deconsolidated from the Group and subsequently was classified as an associate.

The Group lost significant influence over KUBS in the current financial year and accordingly ceased to be an associate of the Group. As a consequence thereof, the Group has classified the investment in KUBS as a financial asset measured at FVTPL.

The financial results of the Agro division in the current financial year is now classified under the Others division.

**38. SEGMENT INFORMATION** (cont'd)

2023	LPG RM'000	Others RM'000	Eliminations RM'000	Note	Total RM'000
<b>Revenue</b>					
External sales	472,761	16,128	-		488,889
Inter division sales	-	17,864	(17,864)	A	-
Total revenue	472,761	33,992	(17,864)		488,889
<b>Results</b>					
Profit from operations	18,342	9,326	-		27,668
Finance income	1,556	6,746	-		8,302
Finance costs	(136)	(24)	-		(160)
Share of results of associates	-	3,069	-		3,069
Profit before zakat and taxation	19,762	19,117	-		38,879
Zakat	(435)	-	-		(435)
Taxation	(4,558)	(11)	-		(4,569)
Segment profit	14,769	19,106	-		33,875
<b>Other information</b>					
Depreciation	(11,768)	(2,279)	-	B	(14,047)
Allowance for impairment on trade and other receivables	(19)	(204)	-		(223)
Property, plant and equipment written off	(16)	(77)	-		(93)
Investment property written off	-	(225)	-		(225)
Reversal of allowance for impairment on trade and other receivables	-	3,205	-		3,205
Gain on disposal of non-current assets held for sale	-	910	-		910
Reversal of provision for liquidated ascertained damages	-	1,293	-		1,293
Net gain on fair value changes in investment in unquoted shares	-	13,302	-		13,302
Gain on disposal of property, plant and equipment	183	161	-		344
<b>Assets</b>					
Segment assets	202,094	439,585	-		641,679
Non-current assets held for sale	-	5,857	-		5,857
	202,094	445,442	-		647,536
<b>Liabilities</b>					
Segment liabilities	125,295	19,939	-		145,234
Additions to non-current assets:					
- Property, plant and equipment	10,918	3,863	-		14,781

## NOTES TO THE FINANCIAL STATEMENTS

## 38. SEGMENT INFORMATION (cont'd)

2022	LPG RM'000	Agro RM'000	Others RM'000	Eliminations RM'000	Note	Total RM'000
<b>Revenue</b>						
External sales	483,198	44,233	20,532	-		547,963
Inter division sales	-	-	10,943	(10,943)	A	-
Total revenue	483,198	44,233	31,475	(10,943)		547,963
<b>Results</b>						
Profit/(Loss) from operations	9,463	24,105	(3,882)	-		29,686
Finance income	876	265	3,140	-		4,281
Finance costs	(620)	(181)	(78)	-		(879)
Share of results of associates	-	85	-	-		85
Profit/(Loss) before zakat and taxation	9,719	24,274	(820)	-		33,173
Taxation	(2,802)	(5,758)	(507)	-		(9,067)
Segment profit/(loss)	6,917	18,516	(1,327)	-		24,106
<b>Other information</b>						
Depreciation	(10,952)	(4,177)	(2,112)	-	B	(17,241)
Allowance for impairment on trade and other receivables	(754)	-	(210)	-		(964)
Impairment losses on property, plant and equipment	-	-	(522)	-		(522)
Property, plant and equipment written off	(101)	-	(4)	-		(105)
Inventories written off	-	-	(154)	-		(154)
Reversal of allowance for impairment on trade and other receivables	-	-	3,178	-		3,178
Gain on deconsolidation of a subsidiary	-	1,141	-	-		1,141
Gain on fair value changes in biological assets	-	209	-	-		209
Reversal of provision for liquidated ascertained damages	-	-	179	-		179
Reversal of impairment on contract assets	-	-	120	-		120
Gain on fair value changes in investment in unquoted shares	-	-	111	-		111
Gain on disposal of property, plant and equipment	71	-	-	-		71

**38. SEGMENT INFORMATION** (cont'd)

<b>2022</b>	<b>LPG RM'000</b>	<b>Agro RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>				
Segment assets	213,520	12,952	376,503	602,975
Investments in associate	-	45,800	-	45,800
Non-current assets held for sale	-	2,711	-	2,711
<b>Total Assets</b>	<b>213,520</b>	<b>61,463</b>	<b>376,503</b>	<b>651,486</b>
<b>Liabilities</b>				
Segment liabilities	149,770	12,233	10,978	172,981
Additions to non-current assets:				
- Property, plant and equipment	13,365	3,618	2,162	19,145

**A** Inter-segment revenues which are eliminated on consolidation is as follows:

	<b>Group</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>
Dividend income	<b>13,910</b>	7,350
Management fees	<b>2,971</b>	2,918
Information technology services	<b>983</b>	675
	<b>17,864</b>	10,943

**B** Depreciation relates to property, plant and equipment, investment properties and right-of-use assets.

Geographical information

All of the Group's revenue are derived from Malaysia.

Information on major customers

Included in revenues arising from the major customers are contract with Government and Government Linked Companies amounting to RM249,759,000 (2022: RM272,435,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 39. SIGNIFICANT EVENT

On 15 June 2022, the Court granted a winding up order filed by the minority shareholders against a subsidiary of the Group, KUBS and liquidators have since been appointed. Following this, the Group had lost control over KUBS and KUBS's financial position had been deconsolidated from the Group on 15 June 2022.

The Group recognised a gain on deconsolidation of RM1,141,000 in previous financial year.

On 17 June 2022, the immediate holding company of KUBS, KUBAH filed a stay of execution of the winding up order ('Stay Application') and Notice of Appeal ('Winding Up Appeal').

The Court had fixed 30 September 2022 to give its decision on the Stay Application and the case management for the Winding Up Appeal was fixed on 6 October 2022. During this period, the key management personnel appointed by KUBAH were still actively managing the operations of KUBS. Pending the conclusion of the Stay Application, the liquidators gave an undertaking to the Court not to dispose of any assets of KUBS and to stay the operational handover.

In view of the above, KUBS was still carrying on its business operations as usual. Following this and pending the Stay Application and Winding Up Appeal proceedings, the Group considered its investment in KUBS does not meet the criteria to be classified as 'non-current asset held for sale' or 'discontinued operation' in accordance with MFRS 5 as the assets of KUBS were not available for immediate sale in its present condition and circumstances, and no active programme or committed plan to sell the assets of KUBS have been initiated. The Group subsequently had determined that it had significant influence over KUBS by virtue of the following:

- 60% investment in KUBS was still retained;
- Power to participate in the financial and operating decision making of KUBS including provision of essential technical information through the key management personnel from the Group; and
- KUBS was dependent on the Group for the continued existence of business through its manpower sharing arrangements.

The Group had therefore classified KUBS as its associate and the financial results subsequent to 15 June 2022 were incorporated in the financial statements using the equity method of accounting. At the initial recognition, the Group had determined the fair value of investment in KUBS as an associate at RM45,715,000 using a discounted cash flow model as disclosed in Note 19.

**39. SIGNIFICANT EVENT** (cont'd)

The deconsolidation had the following effects on the Group's assets and liabilities on 15 June 2022:

	<b>RM'000</b>
Property, plant and equipment (Note 15)	49,930
Right of use assets (Note 17)	1,394
Inventories	1,279
Biological assets	1,266
Trade and other receivables	3,073
Cash and bank balances	25,593
Trade and other payables	(10,833)
Amount due to holding company	(16,892)
Lease liabilities (Note 17)	(1,408)
Deferred taxation (Note 27)	(6,400)
Provision for tax	(739)
<b>Net assets of KUBS</b>	<b>46,263</b>
Derecognition of non-controlling interest (Note 32)	(18,581)
<b>Net assets of KUBS deconsolidated from the Group</b>	<b>27,682</b>
Fair value of investment in KUBS retained as an associate (Note 19)	45,715
Non-recoverability of advances to associates	(16,892)
<b>Net assets of KUBS deconsolidated from the Group</b>	<b>(27,682)</b>
<b>Gain on deconsolidation of KUBS (Note 9)</b>	<b>1,141</b>

The gain on deconsolidation of KUBS was recorded as part of other income in the previous year's statements of profit or loss and other comprehensive income.

Net cash outflow arising on deconsolidation of KUBS was as follows:

	<b>RM'000</b>
Proceeds from deconsolidation	-
Less: cash and cash equivalents	(25,593)
<b>Net cash outflow from deconsolidation</b>	<b>(25,593)</b>

On 30 September 2022, the Court has decided to dismiss the Stay Application. The hearing of the Winding Up Appeal which was previously fixed on 10 April 2023 has been vacated and converted to a case management. During the case management, the Court has fixed 25 September 2023 as the hearing date.

On 16 November 2022, the liquidators had officially taken over the operational matters of KUBS. Following this, the Group lost significant influence over KUBS and KUBS has accordingly ceased to be an associate of the Group. As a consequence thereof, the Group has therefore classified the investment in KUBS as a financial asset measured at FVTPL.

In determining the fair value of the investment in KUBS, the Group has adopted a cost approach, specifically based on adjusted net asset value of KUBS as the company is under liquidation.

At the initial recognition as a financial asset measured at FVTPL on 16 November 2022, the fair value was at RM62,319,000. This has resulted in a fair value gain recognised of RM13,450,000 as disclosed in Note 20.

The Group has further assessed the fair value of the investment as at 30 June 2023 amounting to RM62,278,000 and realising a subsequent fair value loss of RM41,000 as disclosed in Note 20.

## NOTES TO THE FINANCIAL STATEMENTS

## 40. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held by the non-controlling**		Principal activities
		2023	2022	2023	2022	
		%	%	%	%	
<b>Held by the Company:</b>						
KUB Ekuiti Sdn. Bhd.	Malaysia	<b>100</b>	100	-	-	Investment holding
Solar Gas Sdn. Bhd.	Malaysia	<b>100</b>	100	-	-	Importation, bottling and trading of LPG
Peraharta Sdn. Bhd.*	Malaysia	<b>100</b>	100	-	-	Property management
KUB Telekomunikasi Sdn. Bhd.®	Malaysia	<b>60</b>	60	<b>40</b>	40	Assembly and commissioning of telecommunication equipment
KUB Power Sdn. Bhd.®	Malaysia	<b>100</b>	100	-	-	Supply and erection of electrical substations and transmission lines
KUB Gas Terminal Sdn. Bhd.*®	Malaysia	<b>100</b>	100	-	-	Liquefied petroleum gas storage
Empirical Systems (M) Sdn. Bhd.*	Malaysia	<b>100</b>	100	-	-	Dormant
Perbiba Sdn. Bhd.^^^	Malaysia	<b>100</b>	100	-	-	Dormant
Gerik Timber Industries Sdn. Bhd.*	Malaysia	<b>100</b>	100	-	-	Dormant
Cybertrek (Malaysia) Sdn. Bhd.*	Malaysia	<b>100</b>	100	-	-	Dormant

**40. INVESTMENTS IN SUBSIDIARIES** (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group**		% of ownership interest and voting power held by the non-controlling**		Principal activities
		2023	2022	2023	2022	
		%	%	%	%	
<b>Held through KUB Ekuiti Sdn. Bhd.:</b>						
KUB Agro Holdings Sdn. Bhd.	Malaysia	<b>100</b>	100	-	-	Investment holding
KUB Realty Sdn. Bhd.*	Malaysia	<b>100</b>	100	-	-	Dormant
KUB Development Berhad*	Malaysia	<b>100</b>	100	-	-	Dormant
ITTAR Sdn. Bhd.#	Malaysia	-	100	-	-	Dormant
KUB Hotel and Resort Management Sdn. Bhd.#	Malaysia	-	100	-	-	Dormant
KUB Microelectronics Sdn. Bhd.^^	Malaysia	<b>78</b>	78	<b>22</b>	22	Dormant
<b>Held through KUB Telekomunikasi Sdn. Bhd.:</b>						
Connecta Sdn. Bhd.	Malaysia	<b>100</b>	100	-	-	Assembling and commissioning of telecommunication equipment
<b>Held through KUB Agro Holdings Sdn. Bhd.</b>						
KUB Maju Mill Sdn. Bhd.^	Malaysia	<b>66</b>	66	<b>34</b>	34	Dormant

\* Audited by firms other than Deloitte PLT.

\*\* Equals to the proportion of voting rights held.

@ Formerly held by KUB Ekuiti Sdn. Bhd. and were transferred to the Company in the current year.

# The subsidiaries have been struck off the register pursuant to Section 550 of the Companies Act, 2016 in the current year.

^ The auditors' report on the financial statements of this subsidiary includes an emphasis of matter regarding cease of operations since 2019. The financial statements of this subsidiary have been prepared on a basis other than going concern.

^^ Member's Voluntary Winding Up is in process

^^^ Striking off is in process

## NOTES TO THE FINANCIAL STATEMENTS

## 41. INVESTMENTS IN ASSOCIATES

Details of associates are as follows:

Name of associates	Country of incorporation/ Principal place of business	% of ownership interest and voting power held by the Group		Principal activities
		2023 %	2022 %	
<b>Held by the Company:</b>				
Progas Holding Limited	Pakistan	<b>38</b>	38	Investment holding
<b>Held by KUB Agro Holdings Sdn. Bhd.</b>				
KUB Sepadu Sdn.Bhd <sup>#</sup>	Malaysia	-	60	Cultivation and management of oil palm estates
<b>Held through KUB Telekomunikasi Sdn Bhd:</b>				
Sphairon (Malaysia) Sdn. Bhd.	Malaysia	<b>49</b>	49	Dormant

<sup>#</sup> Winding up order by the Court as disclosed in Note 33(c). On 16 November 2022, KUB Sepadu Sdn. Bhd. has been reclassified as financial asset measured at FVTPL as disclosed in Note 20.

## STATEMENT BY DIRECTORS

The Directors of **KUB MALAYSIA BERHAD**, state that, in their opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

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

**DATUK SERI JOHARI BIN ABDUL GHANI**

**AHMED FAIRUZ BIN ABDUL AZIZ**

Kuala Lumpur  
21 September 2023

## DECLARATION BY THE OFFICER

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **ROHAIZA BINTI KAMSAN**, the officer primarily responsible for the financial management of **KUB MALAYSIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

**ROHAIZA BINTI KAMSAN**  
(MIA No. 24492)

Subscribed and solemnly declared by the  
abovenamed **ROHAIZA BINTI KAMSAN** at KUALA LUMPUR  
on 21st day of September 2023.

Before me,

**COMMISSIONER FOR OATHS**

# LIST OF PROPERTIES

AS AT 30 JUNE 2023

Location/Address	Description	Usage	Area	Tenure	Net Book Value as at 30/06/2023 (RM'000)	Age of Building (Years)	Date of Acquisition
<b>KUB MALAYSIA BERHAD</b>							
Unit No. C-3-01, C-3A-01, C-8-01, C-9-01 & C-10-01, Block C Oasis Square, Ara Damansara 47301 Petaling Jaya Selangor	Office Space	Commercial	39,514.62 sq. feet	Freehold	13,700	13	24 May 2010
<b>PERAHARTA SDN BHD</b>							
Lot 12701 Mukim of Serting Ulu District of Jempol Negeri Sembilan	Vacant Development Land	Industrial	80,430 sq. meters	Leasehold (99 years expiring 2086)	644	-	1999
Lot 4180N, Bangunan Sri Kinta Jalan Sultan Idris Shah, Ipoh Perak	4-Storey Podium Block and 9-Storey Tower Block	Commercial	11,115 sq. meters	Strata Title	4,435	41	1983
Lot No. 373, Seksyen 16 District of Kota Bharu Kelantan	Shoplot	Commercial	637 sq. meters	Leasehold (66 years expiring 2061)	1,192	38	4 December 2012
<b>SOLAR GAS SDN BHD</b>							
PTD 40053 Mukim of Tebrau District of Johor Bahru Johor	Land, Office and Plant	Industrial	12,866 sq. meters	Freehold	1,080	35	26 September 1988
<b>KUB GAS TERMINAL SDN BHD</b>							
HS(D) 67801, PT 64539 Mukim of Klang Klang Selangor	Vacant land	Industrial	31,014.61 sq. meters	Leasehold (99 years expiring 2097)	20,490	-	25 September 2018

## ANALYSIS OF SHAREHOLDINGS

AS AT 15 SEPTEMBER 2023

Issued Shares : RM228,862,797.00 of 556,464,690 Ordinary Shares  
 Class of Shares : Ordinary Shares  
 Voting Rights : One vote per Ordinary Share (On a Poll)

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	7,731	15.27	320,082	0.06
100 – 1,000	25,243	49.85	15,963,566	2.87
1,001 – 10,000	15,609	30.83	41,632,106	7.48
10,001 – 100,000	1,779	3.51	55,756,536	10.02
100,001 to less than 5%	271	0.54	159,392,400	28.64
5% and above	2	0.00	283,400,000	50.93
<b>Total</b>	<b>50,635</b>	<b>100.00</b>	<b>556,464,690</b>	<b>100.00</b>

### DIRECT AND INDIRECT INTERESTS OF DIRECTORS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016 the Directors' Interest in the Company and its subsidiaries are as follows:

No.	Names	Direct Shareholdings	Indirect Shareholdings	% of Shareholdings
1.	Datuk Seri Johari bin Abdul Ghani	-	183,400,000*	32.96*
2.	Dato' Ahmad Ibnihajar	-	-	-
3.	Teh Bee Tein	-	-	-
4.	Datuk Haji Mohd Haniff bin Haji Koslan	-	-	-
5.	Datuk Norliza binti Abdul Rahim	-	-	-
6.	Megat Joha bin Megat Abdul Rahman	-	-	-
7.	Kasinathan a/l Tulasi	370,000	-	0.07
8.	Tee Beng Thong	-	-	-
9.	Ahmed Fairuz bin Abdul Aziz	-	-	-

Notes:

\* Deemed interest by virtue of his interest in JAG Capital Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

**ANALYSIS OF SHAREHOLDINGS**

AS AT 15 SEPTEMBER 2023

**SUBSTANTIAL SHAREHOLDERS**

No.	Names	Direct Shareholdings		Indirect Shareholdings	
		No. of Shares Held	% of Shareholdings	No. of Shares Held	% of Shareholdings
1.	JAG Capital Holdings Sdn Bhd	183,400,000	32.96	-	-
	<u>Shares held in the name of :</u> Cimsec Nominees (Tempatan) Sdn Bhd				
	Datuk Seri Johari bin Abdul Ghani*	-	-	183,400,000	32.96
2.	Leasing Corporation Sdn Bhd	100,000,000	17.97	-	-
	<u>Shares held in the name of:</u> Cimsec Nominees (Tempatan) Sdn Bhd				

Notes:

\* Deemed interest by virtue of his interest in JAG Capital Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

**TOP THIRTY (30) LARGEST SHAREHOLDERS**

No.	Names	No. of Shares Held	% of Shareholdings
1.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for JAG Capital Holdings Sdn Bhd	183,400,000	32.96
2.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Leasing Corporation Sdn Bhd	100,000,000	17.97
3.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Hock Fatt	20,500,000	3.68
4.	Geo-Mobile Asia Sdn Bhd	12,450,000	2.24
5.	Lim Gaik Bway @ Lim Chiew Ah	5,249,100	0.94
6.	Camasia Limited	5,001,000	0.90
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Erwin Selvarajah a/l Peter Selvarajah	5,000,000	0.90
8.	Leong Kong Min	4,200,000	0.76
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Seng	4,151,000	0.75
10.	Wong Lee Peng	3,681,100	0.66

**TOP THIRTY (30) LARGEST SHAREHOLDERS** (cont'd)

No.	Names	No. of Shares Held	% of Shareholdings
11.	Grand Terrace Sdn Bhd	3,546,400	0.64
12.	Rubber Thread Industries (M) Sdn Bhd	3,404,400	0.61
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Erwin Selvarajah a/l Peter Selvarajah	3,027,600	0.54
14.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Bee Lian	2,771,900	0.50
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Aik	2,700,000	0.49
16.	Md Anwar bin Mamood	2,100,000	0.38
17.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad for Perbadanan Kemajuan Negeri Perak	2,000,000	0.36
18.	Ong Beng Kee	2,000,000	0.36
19.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Aik	1,680,000	0.30
20.	Sukumaran s/o Ramasamy	1,670,000	0.30
21.	Azri bin Abdul Ghani	1,482,300	0.27
22.	Goh Thong Beng	1,250,500	0.23
23.	Cartaban Nominees (Asing) Sdn Bhd The Bank of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund	1,217,200	0.22
24.	Yap Mei Lian	1,180,000	0.21
25.	Olive Lim Swee Lian	1,143,000	0.21
26.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd	1,120,000	0.20
27.	Chee Sok Mee	1,056,800	0.19
28.	Goh Soon An	1,050,000	0.19
29.	Ang Bon Huan	1,003,400	0.18
30.	Lim Boon Liat	1,000,000	0.18

# NOTICE OF 58<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifty-Eighth ('58<sup>th</sup>') Annual General Meeting ('AGM') of KUB Malaysia Berhad ('KUB' or 'the Company') will be held **VIRTUALLY** through live streaming from the Board Room, KUB Malaysia Berhad, Suite A-22-1, Level 22, Hampshire Place Office, 157 Hampshire, No. 1 Jalan Mayang Sari, 50450 Kuala Lumpur on Tuesday, 31 October 2023 at 10.00 a.m. to transact the following businesses:

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial period ended 30 June 2023 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire by rotation in accordance with Clause 94 of the Company's Constitution, and being eligible have offered themselves for re-election:
  - (i) Tee Beng Thong
  - (ii) Ahmed Fairuz bin Abdul Aziz

Kasinathan a/l Tulasi, who is also retiring by rotation in accordance with Clause 94 of the Company's Constitution, has expressed his intention not to seek for re-election. He will retain office until the conclusion of the 58<sup>th</sup> AGM.
3. To re-elect Teh Bee Tein who retire in accordance with Clause 100 of the Company's Constitution, and being eligible has offered herself for re-election.
4. To approve the payment of the following Directors' Remuneration:
  - (i) Directors' Fees of RM600,000 for the Non-Executive Directors for the period from 31 October 2023 until the conclusion of the 59<sup>th</sup> AGM; and
  - (ii) Benefits payable up to an amount of RM350,000 to the Non-Executive Directors (excluding the Directors' Fees) for the period from 31 October 2023 until the conclusion of the 59<sup>th</sup> AGM.
5. To re-appoint Deloitte PLT as Auditors of the Company for the ensuing financial year and to authorise the Directors to fix their remuneration.

### As Special Business

To consider, and if thought fit, to pass with or without any modifications, the following Ordinary Resolution:

6. Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016 ('CA 2016').

'THAT subject to Sections 75 and 76 of the CA 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised to issue and allot shares in the Company, at any time upon passing of this resolution until the conclusion of the next AGM and upon such terms and conditions, for such purposes and to persons whomsoever the Directors may, in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ('Bursa Malaysia').'

7. To transact any other business for which due notice shall have been given.

**Please refer to Note 2**

**Resolution 1  
Resolution 2  
Please refer to Note 3**

**Resolution 3  
Please refer to Note 4**

**Resolution 4**

**Resolution 5  
Please refer to Note 5**

**Resolution 6  
Please refer to Note 6**

**Resolution 7**

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend this 58<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 67 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 24 October 2023. Only a depositor whose name appears on the Record of Depositors as at 24 October 2023 shall be entitled to attend the said Meeting or appoint proxy(ies) to attend and/or vote on his/her stead.

By Order of the Board

**AZLEEN BINTI ABDULLAH (MAICSA 7057423/SSM PC NO. 201908002775)**  
**NORITA BINTI MISRA (LS 0010426/SSM PC NO. 202008002369)**

Company Secretaries  
 Kuala Lumpur  
 27 September 2023

#### NOTES:

##### 1. Appointment of Proxy

- (i) A member of the Company entitled to attend, speak and vote at the above-mentioned Meeting may appoint a maximum of two (2) proxies, to attend and vote in his/her stead. Where a member appoints two (2) proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company.
- (ii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ('omnibus account') as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised or if the appointer is a corporation, either under its common seal or signed under the hand of its attorney or by an officer given the authority on behalf of the corporation. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.
- (iv) The Proxy Forms must be deposited at the office of the Company's share registrar, **Boardroom Share Registrars Sdn Bhd (Company Reg. No: 199601006647 (378993-D)), 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan** by hand or by fax to **+(603) 7890 4670** or by e-mail to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) or lodge electronically at <https://investor.boardroomlimited.com> not less than **forty-eight (48) hours** before the time for holding the Meeting or any adjournment thereof.
- (v) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia, all resolutions set out in the Notice of the 58<sup>th</sup> AGM will be put to vote on a Poll.
- (vi) **No shareholders/proxies shall be physically present at the broadcast venue.** Please refer to the Administrative Details of the 58<sup>th</sup> AGM on remote participation and voting facilities for the virtual meeting which can be downloaded from <https://www.kub.com/investor-relations/general-meetings/>.

(vii) In disclosing the proxy's personal data, you as shareholder warrant that the proxy(ies) has/have given his/her consent for the disclosure and processing of personal data under the Personal Data Protection Act, 2010.

##### 2. Audited Financial Statements for the Financial Period Ended 30 June 2023

This Agenda is meant for discussion only and will not be put for voting. The approval from shareholders is not required in accordance with Section 340(1)(a) of the CA 2016.

##### 3. Re-election of Directors who retire in accordance with Clause 94 of the Constitution of the Company

Clause 94 of the Constitution of the Company provides that at the AGM, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office. All Directors shall retire from office once at least in each three (3) years. A retiring director shall be eligible for re-election and shall retain office until the conclusion of the AGM at which he retires. Out of the Board size of nine (9) (to exclude one (1) director who is subject to retire pursuant to Clause 100 of the Company's Constitution), three (3) Directors are to retire in accordance with Clause 94 of the Company's Constitution.

The Board Nomination and Remuneration Committee ('BNRC') has assessed each of the retiring Directors' performance and contributions based on the Board Effectiveness Assessment for 2022/2023, Declaration on Directors' Fit & Proper and the ability to act in the best interest of the Company. Being satisfied with the assessment results, the Board approved the BNRC's recommendation that the Directors who retire are eligible to stand for re-election.

The retiring Directors had abstained from deliberations and decisions on their eligibility to stand for re-election at the relevant Board and Committee meetings.

##### 4. Re-election of Director who retire in accordance with Clause 100 of the Constitution of the Company

Clause 100 of the Company's Constitution states that any Director so appointed shall hold office only until the next following annual general meeting when he/she shall retire but shall then be eligible for re-election. The said Director shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

Teh Bee Tein, who has been appointed on 19 January 2023 being eligible, has offered herself for re-election at the 58<sup>th</sup> AGM.

## NOTICE OF 58<sup>TH</sup> ANNUAL GENERAL MEETING

### 5. Directors' Remuneration

Pursuant to Section 230(1) of the CA 2016, the fees of the directors and any benefits payable to the directors of a public listed company and its subsidiaries shall be approved at a general meeting. Therefore, the Board agreed that the shareholders' approval shall be sought at the 58<sup>th</sup> AGM on the Directors' Remuneration in two (2) separate resolutions as follows:

- (i) **Resolution 4** - Payment of Directors' Fees for the period from 31 October 2023 until the conclusion of the 59<sup>th</sup> AGM; and

On 29 August 2023, the Board agreed to seek the shareholders' approval for the Company to pay the Directors' Fees of up to RM600,000 for the period from 31 October 2023 until the conclusion of the 59<sup>th</sup> AGM. In the event of a new appointment or resignation of the Directors, the Directors' Fees will be pro-rated accordingly. Resolution 4, if passed, will authorise the payment of the Directors' Fees to the Directors on a quarterly basis effective 31 October 2023.

- (ii) **Resolution 5** - Benefits payable to the Non-Executive Directors ('NEDs') (excluding the Directors' Fees) for the period from 31 October 2023 until the conclusion of the 59<sup>th</sup> AGM ('the Relevant Period').

On 29 August 2023, the Board agreed to seek the shareholders' approval for the Company to pay the Directors' Benefits of RM350,000 for the Relevant Period. Resolution 5, if passed, will authorise the payment of the Directors' Benefits up to RM350,000 ('the Proposed Amount') to the NEDs by the Company for the Relevant Period. The estimated amount payable is based on the assumption that the Company maintain its existing Board composition. The payment of the Directors' Benefits will be made by the Company as and when incurred.

In the event the Proposed Amount is insufficient, approval will be sought at the 59<sup>th</sup> AGM for the additional benefits.

### 6. Re-appointment of Deloitte PLT as Auditors of the Company

On 29 August 2023, the Board approved the recommendation by the Audit Committee on the re-appointment of Deloitte PLT as Auditors of the Company. The Board and the Audit Committee have collectively agreed that Deloitte PLT had met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia.

### 7. Statement Accompanying Notice of Annual General Meeting of the Company

This statement contains additional information required under Appendix 8A of the Main Market Listing Requirements of Bursa Malaysia.

#### EXPLANATORY NOTES TO THE SPECIAL BUSINESS:

##### 1. Resolution 7 - Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016

Resolution 7, which is for the purpose of granting a renewal of General Mandate ('General Mandate'), if passed, will empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued shares of the Company for such purposes and to such person or persons whomsoever as the Directors consider would be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

The General Mandate will provide flexibility to the Company for any possible fund-raising activities including but not limited to further placement of shares, for purpose of funding future investment project(s), working capital and/or acquisitions. As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 57<sup>th</sup> AGM held on 27 October 2022 and which will lapse at the conclusion of the 58<sup>th</sup> AGM.

## STATEMENT ACCOMPANYING NOTICE OF 58<sup>TH</sup> ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA MAIN MARKET LISTING REQUIREMENTS

### 1. DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS (EXCLUDING DIRECTORS STANDING FOR RE-ELECTION)

The name of the Director who is due for retirement and seeking re-election pursuant to the Constitution is listed in the Notice of the 58<sup>th</sup> AGM. Their profile are set out in the Profile of Directors in the Annual Report 2023.

Directors' securities holdings are provided under the Analysis of Shareholdings section of the Annual Report 2023.

### 2. GENERAL MANDATE FOR ISSUE OF SECURITIES IN ACCORDANCE WITH PARAGRAPH 6.03(3) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

Details of the general mandate/authority for Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in the Explanatory Notes to the Special Business of the Notice of 58<sup>th</sup> AGM.

## ADMINISTRATIVE DETAILS

FOR THE 58<sup>TH</sup> ANNUAL GENERAL MEETING ('AGM') KUB MALAYSIA BERHAD ('KUB' OR 'THE COMPANY')

<b>DATE</b>	: TUESSDAY, 31 OCTOBER 2023
<b>TIME</b>	: 10.00 A.M.
<b>ONLINE MEETING PLATFORM</b>	: <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>
<b>BROADCAST VENUE</b>	: BOARD ROOM, KUB MALAYSIA BERHAD SUITE A-22-1, LEVEL 22, HAMPSHIRE PLACE OFFICE 157 HAMPSHIRE, NO. 1 JALAN MAYANG SARI 50450 KUALA LUMPUR

### 1. VIRTUAL AGM

- (i) The AGM will be conducted on a **virtual** basis through live streaming and online remote voting using the **REMOTE PARTICIPATION AND ELECTRONIC VOTING ('RPEV')** facilities pursuant to Section 327 of the Companies Act, 2016 ('CA 2016') and Clause 63(c) of the Constitution of the Company.
- (ii) **No shareholders/proxies shall be physically present at the broadcast venue.** The Meeting is in compliance with Section 327(2) of the CA 2016 which provides that the main venue of the AGM shall be in Malaysia and the chairperson must be present at the main venue of the AGM. The virtual Meeting will enable the shareholders/proxies to participate in the proceedings without the need to be physically present, for the best health practices.
- (iii) The Company will be using the online meeting platform provided by the Company's share registrar, Boardroom Share Registrars Sdn Bhd at <https://meeting.boardroomlimited.my> ('the Meeting Portal'). With this RPEV facility, you may exercise your right as a shareholder of the Company to participate (including to pose questions to the Board/Management of the Company) and vote at the comfort of your home.

### 2. REMOTE PARTICIPATION AND ELECTRONIC VOTING ('RPEV')




Before you can access the Meeting portal, please follow the steps below to register for the RPEV facilities:

PROCEDURES	STEPS
<b>BEFORE THE DAY OF THE AGM</b>	
(1) Register online with Boardroom Smart Investor Portal ('BSIP') for Individual and Corporate Shareholder  <i>Note:</i> ✓ If you have previously registered with BSIP, you may proceed to Step (2) ✓ BSIP now facilitates the registration of Corporate Shareholders	(Only for first-time BSIP users) a. Access the website <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> b. Click ' <b>Register</b> ' to sign up as a user c. Select ' <b>Account Type</b> ' to ' <b>Sign Up As Shareholder</b> ' or ' <b>Sign Up As Corporate Holder</b> ' d. Complete registration and upload compulsory documents such as softcopy of MyKad (front and back) or passport and authorisation letter (template available on the BSIP) for Corporate Shareholder e. Enter a valid mobile number and email address f. You will receive an email from BSIP for email address verification. Click ' <b>Verify E-mail Address</b> ' in the email received to continue with the registration g. Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click ' <b>Request OTP Code</b> ' and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click 'Enter' to complete the process h. Once your mobile number is verified, registration of your new BSIP account will be pending for final verification. Your registration will be verified and approved within one business day and an email notification will be provided

## ADMINISTRATIVE DETAILS

FOR THE 58<sup>TH</sup> ANNUAL GENERAL MEETING ('AGM') KUB MALAYSIA BERHAD ('KUB' OR 'THE COMPANY')

PROCEDURES	STEPS
<b>BEFORE THE DAY OF THE AGM</b>	
<p>(2) Submit request for remote participation</p> <p><i>Note:</i>            ✓ You must be a registered BSIP user.            If not, return to Step (1)</p>	<p>The registration for RPEV facilities will open on <b>Wednesday, 27 September 2023</b> until such time before the voting session ends at the 58<sup>th</sup> AGM on <b>Tuesday, 31 October 2023</b> ('Registration Deadline')</p> <p>The instrument appointing a proxy must be received latest by <b>Sunday, 29 October 2023 at 10.00 a.m</b> ('Proxy Lodgement Deadline')</p> <p><b>For Individual and Corporate Shareholders</b></p> <ol style="list-style-type: none"> <li>Log in to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a></li> <li>Click 'Meeting Event(s)' and select from the list of companies – '<b>KUB MALAYSIA BERHAD (58<sup>TH</sup>) ANNUAL GENERAL MEETING</b>' and click '<b>Enter</b>'</li> <li>To attend the virtual AGM remotely           <ul style="list-style-type: none"> <li>✓ Click '<b>Register for RPEV</b>'</li> <li>✓ Read and accept the General Terms and Conditions and enter your CDS account no. to submit your request</li> </ul> </li> <li>To appoint proxy           <ul style="list-style-type: none"> <li>✓ Click 'Submit eProxy Form'</li> <li>✓ For Corporate Shareholder, select the company you would like to represent (if more than one)</li> <li>✓ Read and accept the General Terms and Conditions and enter your CDS account no. Then, insert your proxy details and voting instructions. If you wish your proxy(ies) to act upon his/her discretion, please indicate 'Discretionary'</li> </ul> </li> </ol> <p><b>For Authorised Nominees and Exempt Authorised Nominees</b></p> <ol style="list-style-type: none"> <li>Log in to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a></li> <li>Click 'Meeting Event(s)' and select from the list of companies – '<b>KUB MALAYSIA BERHAD (58<sup>TH</sup>) ANNUAL GENERAL MEETING</b>' and click '<b>Enter</b>'</li> <li>Click "Submit eProxy Form"</li> <li>Select the company you would like to represent (if more than one)</li> <li>Proceed to download the file format for '<b>Submission of Proxy Form</b>'</li> <li>Prepare the file for the appointment of proxy(ies) by inserting the required data</li> <li>Proceed to upload the duly completed Proxy Appointment file</li> <li>Review and confirm your proxy(ies) appointment(s) and click '<b>Submit</b>'</li> <li>Download or print the eProxy form as acknowledgement</li> </ol> <p>For Corporate Shareholders, Authorised Nominees/Exempt Authorised Nominees and Attorneys, you may also write to <b>bsr.helpdesk@boardroomlimited.com</b> and provide the name of the shareholder, CDS account no. and the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be). A copy of MyKad or passport and a valid email address are required</p>

PROCEDURES		STEPS
<b>BEFORE THE DAY OF THE AGM</b>		
(3)	Verification and email notification	<p><b>For Individual Shareholders, Corporate Shareholders, Authorised Nominees/Exempt Authorised Nominees and Attorneys</b></p> <p>a. An email notification will be sent by Boardroom to notify that your request for remote participation has been received for system verification</p> <p>b. Upon verification against the General Meeting Record of Depositors, you will receive an email from Boardroom on the day prior to the 58<sup>th</sup> AGM, i.e. Monday, 30 October 2023 either approving or rejecting your request for remote participation</p> <p>c. If your registration is approved, the said email will provide the Meeting ID, User Name and Password for the virtual AGM</p>
<b>ON THE DAY OF THE AGM</b>		
(4)	Log in	<p>a. The meeting platform will open for log in on Tuesday, 31 October 2023 at 9.00 a.m., i.e. one hour before the commencement of the 58<sup>th</sup> AGM</p> <p>b. Click the link provided in the email in Step (3)c to join the virtual AGM. Insert the Meeting ID and sign in with the User Name and Password provided to you via the same email</p>
(5)	Participate	<p>a. Please follow the user guides in the email to view the live webcast, submit questions and vote</p> <p>b. To view the live webcast, select the broadcast icon </p> <p>c. To ask a question during the 58<sup>th</sup> AGM, select the messaging icon . Type your question in the chat box and click the send button to submit</p>
(6)	Vote	<p>a. Once voting has commenced, the polling icon  will appear with the resolutions and voting choices until such time that the Chairman declares an end to the voting session</p> <p>b. To vote, select your voting preference from the options provided. A confirmation message will appear to indicate that your vote has been received</p> <p>c. To change your vote, re-select your voting preference</p> <p>d. If you wish to cancel your vote, please press 'Cancel'</p>
(7)	End	Upon declaration by the Chairman of the closure of the 58 <sup>th</sup> AGM, the live webcast will end

## ADMINISTRATIVE DETAILS

FOR THE 58<sup>TH</sup> ANNUAL GENERAL MEETING ('AGM') KUB MALAYSIA BERHAD ('KUB' OR 'THE COMPANY')

### 3. PROXY

- (i) A shareholder who is entitled to remotely participate and vote at the Meeting is entitled to appoint proxy(ies) to remotely participate and vote in his/her stead. If you are not able to participate in the AGM remotely, you are encouraged to appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form.
- (ii) The Proxy Form must be deposited to the office of the Company's share registrar, **Boardroom Share Registrars Sdn Bhd, 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan** by hand or by e-mail at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) or by fax to **+(603) 7890 4670** or lodge electronically at <https://investor.boardroomlimited.com> not less than **forty-eight (48) hours** before the time for holding the Meeting or any adjournment thereof.
- (iii) You may also opt to submit your Proxy Form via BSIP, which procedures are mentioned above (Step 2(b)).
- (iv) Please do not submit any Proxy Form if you wish to participate in the Meeting yourself. A shareholder will not be allowed to participate if he/she has appointed a proxy.
- (v) If you have submitted the Proxy Form and subsequently decide to participate in the Meeting, please write to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the appointment of your proxy(ies) not less than forty-eight (48) hours before the AGM which is on **Sunday, 29 October 2023 at 10.00 a.m.** Your proxy(ies) on revocation would not be allowed to participate in the Meeting. In such event, you should advise your proxy(ies) accordingly.

### 4. VOTING PROCEDURES

- (i) The voting will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting ('E-Voting'). A Scrutineer will be appointed to verify the poll results.
- (ii) The E-Voting may be carried out using personal smart mobile phones, tablets or laptops. There are two (2) methods to access the facilities, namely:
  - Scan the QR Code provided in the email notification; OR
  - Navigate to the website at <https://meeting.boardroomlimited.my>
- (iii) Please note that the above options are available to **(i) Individual Members (ii) Corporate Shareholder (iii) Authorised Nominee and (iv) Exempt Authorised Nominee**.
- (iv) You will be able to view a live webcast of the Meeting, ask questions and submit your votes in real time whilst the meeting is in progress.
- (v) Shareholders can vote on the resolution at any time from the commencement of the AGM at 10.00 a.m. until the end of the voting session which will be announced by the Chairman of the meeting.
- (vi) Upon completion of the voting session, the Scrutineer will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed or not.

## 5. PROCEDURES OF THE AGM

- (i) The Login User Guide for participation, posing questions and voting at the AGM will be emailed together with user ID and password once your registration has been approved.
- (ii) No recording or photography of the Meeting proceedings is permitted.
- (iii) Please ensure that you are connected to the internet at all times in order to participate and vote when the AGM has commenced. It is your responsibility to ensure that connectivity for the duration of the Meeting is not interrupted.
- (iv) You will be able to view the Company's presentation or slides via the live webcast.
- (v) The Board will endeavour to respond to all questions related to resolutions, financial performance and business prospects within the time available. The question may be submitted via the messaging window two (2) weeks before the AGM.

## 6. NO DOOR GIFTS OR FOOD VOUCHER

No distribution of door gifts or food vouchers will be given to the shareholders/proxy(ies).

## 7. ENQUIRY

Kindly contact the following persons during office hour between 8.30 a.m. to 5.30 p.m., Monday to Friday if you have any question on the AGM:

### (i) Group Secretarial Division, KUB Malaysia Berhad

Telephone: +(603) 2721 9600  
Facsimile : +(603) 2721 9610

Azleen binti Abdullah/Norita binti Misra

### (ii) Boardroom Share Registrars Sdn Bhd

(RPEV registration, proxy lodgement and technical assistance)

Telephone: +(603) 7890 4700  
Facsimile : +(603) 7890 4670  
E-mail : [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

This page is intentionally left blank

# PROXY FORM



CDS Account No.	
No. of Shares Held	

I/We \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_  
(Block Letters)

of \_\_\_\_\_  
(Full Address)

Telephone No.: \_\_\_\_\_ Email Address: \_\_\_\_\_

being a member/members of KUB Malaysia Berhad ('Company'), hereby appoint Chairman of the Meeting\* or

\_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_  
(Block Letters)

of \_\_\_\_\_  
(Full Address)

Telephone No.: \_\_\_\_\_ Email Address: \_\_\_\_\_

and/or failing him \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_  
(Block Letters)

of \_\_\_\_\_  
(Full Address)

Telephone No.: \_\_\_\_\_ Email Address: \_\_\_\_\_

as my/our proxy(ies) to vote for me/us on my/our behalf at the 58<sup>th</sup> Annual General Meeting of the Company to be held **virtually** through live streaming from the **Board Room, KUB Malaysia Berhad, Suite A-22-1, Level 22, Hampshire Place Office, 157 Hampshire, No. 1 Jalan Mayang Sari, 50450 Kuala Lumpur** on **Tuesday, 31 October 2023 at 10.00 a.m.** or at any adjournment thereof.

\* If you wish to appoint other person(s) as your proxy/proxies, kindly delete the phrase 'Chairman of the Meeting' and insert name(s) of the desired person(s).

My/our proxy(ies) is/are to vote as indicated by an 'X' in the appropriate spaces below:

RESOLUTIONS		FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
<b>ORDINARY RESOLUTIONS</b>					
1.	Re-election of Tee Beng Thong				
2.	Re-election of Ahmed Fairuz bin Abdul Aziz				
3.	Re-election of Teh Bee Tein				
4.	Approval of the Directors' Fees of RM600,000 for the Non-Executive Directors for the period from 31 October 2023 until the conclusion of the 59 <sup>th</sup> AGM				
5.	Approval of the Non-Executive Directors' Benefits up to an amount of RM350,000 to the Non-Executive Directors (excluding the Directors' Fees) for the period from 31 October 2023 until the conclusion of the 59 <sup>th</sup> AGM				
6.	Re-Appointment of Deloitte PLT as Auditors				
<b>SPECIAL BUSINESS</b>					
7.	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016				

The proportion of my/our holding to be represented by my/our proxy/proxies is as follows:

Dated this \_\_\_\_\_ day of \_\_\_\_\_ of 2023.

First Proxy	%
Second Proxy	%
<b>Total</b>	<b>100%</b>

\_\_\_\_\_  
 Signature of Member/Common Seal/Attorney/Authorised Officer

\*\*Strike out whichever is not desired. (Unless otherwise instructed, the Proxy/(ies) may vote as he/she thinks fit)

**Notes:**

- (i) A member of the Company entitled to attend, speak and vote at the above-mentioned Meeting may appoint a maximum of two (2) proxies, to attend and vote in his/her stead. Where a member appoints two (2) proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company.
- (ii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ('omnibus account') as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised or if the appointer is a corporation, either under its common seal or signed under the hand of its attorney or by an officer given the authority on behalf of the corporation. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.
- (iv) The Proxy Forms must be deposited at the office of the Company's share registrar, **Boardroom Share Registrars Sdn Bhd (Company Reg. No.: 199601006647 (378993-D)), 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan** by hand or by fax to **+(603) 7890 4670** or by e-mail to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) or lodge electronically at <https://investor.boardroomlimited.com> not less than **forty-eight (48) hours** before the time for holding the Meeting or any adjournment thereof.
- (v) **No shareholders/proxies shall be physically present at the broadcast venue.** Please refer to the Administrative Details of the 58<sup>th</sup> AGM on remote participation and voting facilities for the virtual meeting.
- (vi) In disclosing the proxy's personal data, you as shareholder warrant that the proxy (ies) has/have given his/her consent for the disclosure and processing of personal data in accordance to the Notice of the AGM under the Personal Data Protection Act, 2010.

1<sup>st</sup> fold here

---

**KUB MALAYSIA BERHAD (196501000205 (6022-D))**  
**c/o THE REGISTRAR**  
**BOARDROOM SHARE REGISTRARS SDN BHD**  
(Company Reg. No.: 199601006647 (378993-D))

11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

AFFIX STAMP

2<sup>nd</sup> fold here

---

# GROUP DIRECTORY

## LPG Division

- **Solar Gas Sdn Bhd**  
(196901000777 (9189-U))

### Business Address

**Corporate Office:**  
Level 3, Unit 1, Capital 3  
Oasis Square, Ara Damansara  
Jalan PJU 1A/7A  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel : +(603) 7610 9488  
Fax : +(603) 7610 9489

### Operations Office:

(Westport Branch)  
Lot 55710  
Lorong Kenanga 8  
Liquid Bulk Terminal  
Westport, Pulau Indah  
42009 Port Klang  
Selangor Darul Ehsan  
Tel : +(603) 3101 1799  
Fax : +(603) 3101 1791

(Beranang Branch)  
No. 2, Jalan Perusahaan 3  
Kawasan Perusahaan Beranang  
43700 Beranang  
Selangor Darul Ehsan  
Tel : +(603) 8725 6660  
Fax : +(603) 8725 6855

(Johor Bahru Branch)  
16A-16C, Jalan Sri Purnama 5  
Kawasan Perindustrian Sri Purnama  
81100 Johor Bahru  
Johor Darul Takzim  
Tel : +(607) 333 1351  
Fax : +(607) 332 6527

## Other Division

- **KUB Telekomunikasi Sdn Bhd**  
(199101019684 (230021-D))
- **Connecta Sdn Bhd**  
(202001002285 (1358604-W))
- **KUB Agro Holdings Sdn Bhd**  
(197901002890 (47135-V))
- **KUB Power Sdn Bhd**  
(199201004834 (236338-P))
- **Peraharta Sdn Bhd**  
(197401002041 (19250-X))

### Business Address

**KUB Telekomunikasi Sdn Bhd**  
**Connecta Sdn Bhd**  
Level 3, Unit 1, Capital 3  
Oasis Square, Ara Damansara  
Jalan PJU 1A/7A  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel : +(603) 7623 6400  
Fax : +(603) 7623 0116

**KUB Agro Holdings Sdn Bhd**  
Suite A-22-1, Level 22  
Hampshire Place Office  
157 Hampshire  
No. 1 Jalan Mayang Sari  
50450 Kuala Lumpur  
Tel : +(603) 2721 9600  
Fax : +(603) 2721 9610

**KUB Power Sdn Bhd**  
Level 3, Unit 1, Capital 3  
Oasis Square, Ara Damansara  
Jalan PJU 1A/7A  
47301 Petaling Jaya  
Selangor Darul Ehsan

**Peraharta Sdn Bhd**  
Suite A-22-1, Level 22  
Hampshire Place Office  
157 Hampshire  
No. 1 Jalan Mayang Sari  
50450 Kuala Lumpur  
Tel : +(603) 2721 9600  
Fax : +(603) 2721 9610

*Note: Registered Office of all  
Companies located at:*

**KUB Malaysia Berhad**  
(196501000205 (6022-D))  
Suite A-22-1, Level 22  
Hampshire Place Office  
157 Hampshire  
No. 1 Jalan Mayang Sari  
50450 Kuala Lumpur  
Tel : +(603) 2721 9600  
Fax : +(603) 2721 9610  
Website : [www.kub.com](http://www.kub.com)

**KUB MALAYSIA BERHAD**

(196501000205 (6022-D))

Suite A-22-1, Level 22, Hampshire Place Office, 157 Hampshire  
No. 1 Jalan Mayang Sari, 50450 Kuala Lumpur

Tel: +(603) 2721 9600

Fax: +(603) 2721 9610

[www.kub.com](http://www.kub.com)