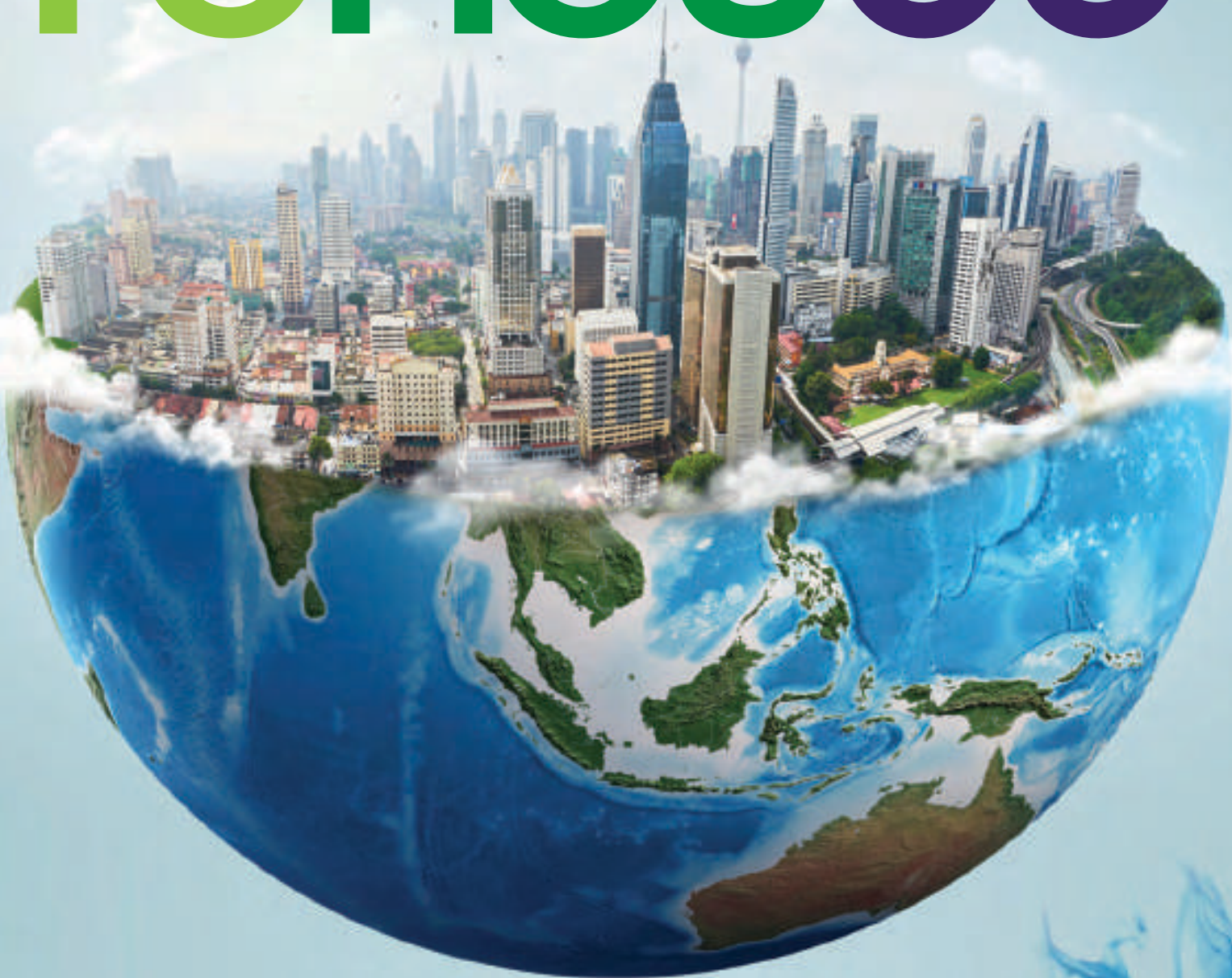


**RENEUCO BERHAD**  
(Formerly known as KPower Berhad)

# ANNUAL REPORT 2022

# renewco



## VISION

Sustainability  
through diversity.

## MISSION

To grow and expand internationally  
through serving borderless communities  
in a sustainable and responsible manner.

# Core Values

At Reneuco Berhad (formerly known as KPower Berhad), we believe that our core values are important in growing our businesses. These values are embedded in our business culture in order to achieve our vision and mission:

### **Innovation**

Innovation helps to enhance our core competencies and develop our competitive advantage.

### **Technology**

Implementing latest technology for cost efficiency and superior performance in the long run.

### **Sustainability**

Developing projects for a better tomorrow by focusing on the economic, environmental and social factors.

### **Developing Talent**

We are committed to nurture our human capital to highest potential.

### **Research and Development**

Continuous research and development to increase efficiency.

### **Evolution**

We continuously grow and evolve to stay competitive.

### **Renewable & Green**

Seizing opportunities in the renewable & green segments to deliver value to stakeholders.

### **Preserving Value**

We focus on the creation of long-term shareholders' value.

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## Corporate Information

### BOARD OF DIRECTORS

<b>Datuk Mustakim bin Mat Nun</b> Executive Chairman	(Redesignated on 31 March 2022)
<b>Sarah Azreen binti Abdul Samat</b> Deputy Chairperson	(Redesignated on 20 May 2022)
<b>Dato' Arivalagan A/L Arujunan</b> Non-Independent Non-Executive Director	
<b>Kok Pauline</b> Independent Non-Executive Director	
<b>Tan Yee Hou</b> Independent Non-Executive Director	
<b>Ahmad Riza bin Mohd Saian</b> Independent Non-Executive Director	(Appointed on 17 January 2022)
<b>Ir. Ts. Dr. Muhammad Mahadi bin Mohamad</b> Independent Non-Executive Director	(Appointed on 31 March 2022)
<b>Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah</b> Non-Independent Non-Executive Chairman	(Resigned on 10 December 2021)

### AUDIT COMMITTEE

<b>Ahmad Riza bin Mohd Saian</b> ( <i>Chairman</i> )	(Appointed as Member on 17 January 2022 and redesignated as Chairman on 20 May 2022)
<b>Sarah Azreen binti Abdul Samat</b>	(Redesignated from Chairperson to Member on 20 May 2022)
<b>Kok Pauline</b>	(Appointed as Member on 31 March 2022)
<b>Ir. Ts. Dr. Muhammad Mahadi bin Mohamad</b>	(Resigned as Member on 20 May 2022)
<b>Tan Yee Hou</b>	(Resigned as Member on 20 May 2022)

### NOMINATION COMMITTEE

<b>Sarah Azreen binti Abdul Samat</b> ( <i>Chairperson</i> )	
<b>Tan Yee Hou</b>	(Appointed as Member on 17 January 2022)
<b>Ahmad Riza bin Mohd Saian</b>	(Appointed as Member on 20 May 2022)
<b>Ir. Ts. Dr. Muhammad Mahadi bin Mohamad</b>	(Resigned as Member on 20 May 2022)
<b>Kok Pauline</b>	(Resigned as Member on 20 May 2022)

### REMUNERATION COMMITTEE

<b>Sarah Azreen binti Abdul Samat</b> ( <i>Chairperson</i> )	
<b>Kok Pauline</b>	(Appointed as Member on 17 January 2022)
<b>Ahmad Riza bin Mohd Saian</b>	(Appointed as Member on 20 May 2022 and resigned on 30 June 2022)
<b>Datuk Mustakim bin Mat Nun</b>	(Resigned as Member on 20 May 2022)
<b>Tan Yee Hou</b>	(Resigned as Member on 20 May 2022)

### RISK MANAGEMENT COMMITTEE

<b>Ir. Ts. Dr. Muhammad Mahadi bin Mohamad</b> ( <i>Chairman</i> )	(Appointed as Member on 31 March 2022 and redesignated as Chairman on 20 May 2022)
<b>Sarah Azreen binti Abdul Samat</b>	(Redesignated from Chairman to Member on 20 May 2022)
<b>Tan Yee Hou</b>	
<b>Dato' Arivalagan A/L Arujunan</b>	(Appointed as Member on 17 January 2022 and resigned as Member on 20 May 2022)
<b>Ahmad Riza bin Mohd Saian</b>	(Resigned as Member on 20 May 2022)
<b>Kok Pauline</b>	(Resigned as Member on 20 May 2022)

### INVESTMENT COMMITTEE

<b>Datuk Mustakim bin Mat Nun</b> ( <i>Chairman</i> )	(Redesignated as Chairman on 20 May 2022)
<b>Sarah Azreen binti Abdul Samat</b>	
<b>Dato' Arivalagan A/L Arujunan</b>	
<b>Ir. Ts. Dr. Muhammad Mahadi bin Mohamad</b>	(Appointed as Member on 20 May 2022)
<b>Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah</b>	(Resigned as Chairman on 10 December 2021)

### SUSTAINABILITY COMMITTEE

<b>Ir. Ts. Dr. Muhammad Mahadi bin Mohamad</b> ( <i>Chairman</i> )	(Appointed as Chairman on 30 June 2022)
<b>Muhammad Syukri bin Sulaiman</b>	(Appointed as Member on 30 June 2022)
<b>Sarah Azreen binti Abdul Samat</b>	(Appointed as Member on 30 June 2022)
<b>Amirul Afif bin Abd Aziz</b>	(Appointed as Member on 30 June 2022)
<b>Khairil Ikhsan bin Abd Aziz</b>	(Appointed as Member on 30 June 2022)

### COMPANY SECRETARY

**Ng Lai Yee**  
(SSM Practising Certificate No. 202008000977)  
(MAICSA 7031768)  
(Appointed on 14 July 2022)

**Tan Hsiao Yuen**  
(SSM Practising Certificate No. 201908002342)  
(MAICSA 7056952)  
(Resigned on 14 July 2022)

**Wong Wai Foong**  
(SSM Practising Certificate No. 202008001472)  
(MAICSA 7001358)  
(Resigned on 14 July 2022)

### REGISTERED OFFICE

G-3AF-3, Level 3AF, Block G,  
Garden Office @ Encorp Strand,  
No. 12, Jalan PJU 5/1, Kota Damansara,  
47810 Petaling Jaya,  
Selangor.  
Tel: 03-6151 7271  
Fax: 03-6150 7279

### CORPORATE OFFICE

C1-1-1, Solaris Dutamas,  
No. 1, Jalan Dutamas 1,  
50480 Kuala Lumpur,  
Wilayah Persekutuan.  
Tel: 03-6203 2929  
Fax: 03-6203 2939  
enquiry@renewco.com

### SHARE REGISTRAR

**One Capital Market Services Sdn. Bhd.**  
Level 18, Plaza Vads,  
No. 1, Jalan Tun Mohd Fuad,  
Taman Tun Dr Ismail,  
60000 Kuala Lumpur,  
Wilayah Persekutuan.  
Tel: 03-7735 5770  
Fax: 03-7732 7997

### AUDITOR

**Messrs. Al Jafree Salihin Kuzaimi PLT**  
555, Jalan Samudra Utara 1,  
Taman Samudra,  
68100 Batu Caves,  
Selangor Darul Ehsan.  
Tel: 03-6185 9970  
Fax: 03-6184 2524

### PRINCIPAL BANKERS

RHB Bank Berhad  
Affin Bank Berhad

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad

### STOCK NAME AND CODE

RENEUCO : 7130

### WARRANT NAME AND CODE

RENEUCO-WA : 7130WA

### CORPORATE WEBSITE

www.renewco.com

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## Corporate Profile

### **Reneuco has embarked into asset ownership of solar and small hydro projects.**

Reneuco Berhad (formerly known as KPower Berhad) ("Reneuco" or the "Company") is mainly involved in sustainable energy and utilities activities.

Reneuco was incorporated on 3 February 1997 and listed on the Second Board of Bursa Malaysia Securities Berhad on 22 March 2002. Reneuco was subsequently transferred to the Main Market of Bursa Securities in 2009. Reneuco was included in the FTSE Bursa Malaysia EMAS (FBM EMAS) Index in July 2021.

Reneuco's sustainable energy and utilities segment involves construction related activities and specialised engineering services that are spread over various projects locally and abroad. The construction related activities segment undertaken by the Company consists of engineering, procurement, construction and commissioning of sustainable energy and utilities projects.

Under the construction related activities, Reneuco has now embarked into asset ownership of solar and small hydro power projects. Reneuco has won a bid for a 50 MW solar power plant under LSS4@MEntARI in Pekan, Pahang. Reneuco is also a successful bidder under the feed-in tariff ("FiT") e-bidding exercise conducted by SEDA for the development of small hydro power plants with a total capacity of 40.4 MW in Gua Musang, Kelantan.

Whilst Reneuco is focusing on the Malaysian market, the Company also aims to expand its regional footprints into ASEAN, South Asia, Central Asia, Middle East and Europe. The Company also plans to widen its renewable energy product offerings from mainly hydro power and solar to include wind and biomass. Leveraging on these strategies, the Company is confident to achieve its aspiration to emerge as a leading regional player in sustainable energy and utilities.

The Company is also involved in property, logistics and healthcare and technologies segments.

The Company plans to widen its renewable energy product offerings to become a leading regional player in sustainable energy and utilities.



50 MW solar power plant under LSS4@MEntARI in Pekan, Pahang.



Development of small hydro power plants of 40.4 MW in Gua Musang, Kelantan.

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## Group Corporate Structure

### Energy & Utilities

#### Asset Ownership

100%

**Reneuco RE Sdn. Bhd.**  
(Formerly known as KPower RE Sdn. Bhd.)

55% **Mikrogrid Lestari Sdn. Bhd.**

95%

**PKNP Reneuco Suria Sdn. Bhd.**  
(Formerly known as PKNP KPower Suria Sdn. Bhd.)

#### EPCC (Local)

100%

**Reneuco Engineering Sdn. Bhd.**  
(Formerly known as KPower Engineering Sdn. Bhd.)

#### EPCC (International)

100%

**Reneuco International (L) Ltd.**  
(Formerly known as KPower International (L) Ltd.)

100%

**KPower Energy FZCO**

#### Utilities

100%

**Reneuco Digital Sdn. Bhd.**  
(Formerly known as KPower Digital Sdn. Bhd.)

### Logistics

100%

**Reneuco Logistics Sdn. Bhd.**  
(Formerly known as KPower Logistics Sdn. Bhd.)

51% **Chemtrax Sdn. Bhd.**

### Healthcare & Technologies

100%

**Reneuco Healthcare & Technologies Sdn. Bhd.**  
(Formerly known as KPower Healthcare & Technologies Sdn. Bhd.)

100%

**Powernet Industries Sdn. Bhd.**

70%

**Granulab (M) Sdn. Bhd.**

### Property

#### Development

100%

**Reneuco Development Sdn. Bhd.**  
(Formerly known as KPower Development Sdn. Bhd.)

#### Investment

100%

**Reneuco Ventures Ltd.**  
(Formerly known as KPower Ventures Ltd.)





### 1. Energy and Utilities

## Reneuco's sustainable energy and utilities business involves construction related activities and specialised engineering services

Reneuco's sustainable energy and utilities business involves construction related activities and specialised engineering services. The segment mainly consists of engineering, procurement, construction and commissioning of sustainable energy and utilities projects.

Reneuco Engineering Sdn. Bhd. (formerly known as KPower Engineering Sdn. Bhd.) ("Reneuco Engineering"), a wholly owned subsidiary company of the Group had on 27 January 2021, entered into a Memorandum of Agreement ("MOA") with Public Islamic Bank Berhad ("PIBB") to collaborate for the purpose of securing works related to the net energy metering scheme ("NEM") and/or self-consumption electricity generation, which are under the purview of the Sustainable Energy Development Authority ("SEDA").

The MOA forms the basis of consensus and collective understanding between Reneuco Engineering and PIBB (collectively referred to as, the "Parties") in pursuing business cooperation and collaboration to provide the financing and installation of solar photovoltaic ("PV") systems to PIBB's customers in relation to the NEM.

On 20 August 2021, a Special Purpose Vehicle of a Joint Venture between Reneuco and Perbadanan Kemajuan Negeri Pahang ("PKNP"), namely PKNP Reneuco Suria Sdn. Bhd. (formerly known as PKNP KPower Suria Sdn. Bhd.) has entered into a large-scale solar photovoltaic power purchase agreement ("LSSPPA") with Tenaga Nasional Berhad to design, construct, own, operate and maintain a solar photovoltaic energy generating facility with a capacity of 50MWac located in Mukim Bebar, Pekan, Pahang, which covers an area of approximately 70 hectares. The agreement will take effect for 25 years from the Scheduled Commercial Operation Date of 31 December 2023

On 28 January 2022, Reneuco Engineering Sdn. Bhd., a wholly-owned subsidiary company of the Group accepted the letter of award worth RM105 million from Fabulous Sunview Sdn. Bhd. to perform and undertake the procurement of the equipment and materials, provision of logistics works, testing works and the maintenance of the equipment for the proposed solar photovoltaic plant with a total capacity of 50 MW in Malaysia.



On 18 February 2022, Reneuco Engineering, with Tellhow International Engineering & Contracting Co. Ltd (the "Consortium") accepted the letter of award worth RM70 million from One River Power Sdn. Bhd. ("ORP") to take over and complete the engineering, design, procurement, construction and commissioning ("EPCC") of small hydro power plants in Sg. Bengkoka Upper, Sg. Bengkoka Lower and Sg. Togohu in Kota Marudu, Sabah with a total capacity of 29.1 MW. Subsequently on 17 May 2022, the Consortium and ORP had entered into an EPCC agreement.

The Company intends to expand our offerings in the utilities segment, where our newly formed and wholly owned subsidiary Reneuco Digital Sdn. Bhd. (formerly known as KPower Digital Sdn. Bhd.), has secured a contract and successfully established its initial presence in the telecommunications industry within Malaysia.

### 2. Logistics

**Through a subsidiary of Reneuco Logistics Sdn. Bhd., Chemtrax Sdn. Bhd., the Group provides logistics solutions to various multinational companies for chemical and gas.**

Through a subsidiary of Reneuco Logistics Sdn. Bhd. (formerly known as KPower Logistics Sdn. Bhd.) ("Reneuco Logistics"), Chemtrax Sdn. Bhd. ("Chemtrax"), the Group provides logistics solutions to various multinational companies for chemical and gas.

Chemtrax is one of the leading transportation companies in Malaysia that has experience of more than 20 years of transporting hazardous chemicals and gas within Malaysia and Singapore. Chemtrax currently manages a fleet of 64 trucks, 16 ISO tanks and 7 other units consisting of barrels and trailers.

Chemtrax mainly transports chemical products that are critical to the manufacturing of nitrile gloves.



experience



Transporting hazardous chemicals and gas within **Malaysia and Singapore**



Through its subsidiary, Chemtrax, the Group plans to further expand the business.

Chemtrax currently manages a fleet of:



**64** trucks



**16** ISO tanks



**7** other units consisting of barrels and trailers

### 3. Property

## Reneuco Development Sdn. Bhd. received approval from the Terengganu State Government to develop affordable and mixed property development in Kuala Nerus

The fully sold development comprises two units of six-storey shop-offices and four units of five storey shop-offices on a parcel of commercial development land in Sentul, Kuala Lumpur ("Sentul Project") under Reneuco Development Sdn. Bhd. (formerly known as KPower Development Sdn. Bhd.) ("Reneuco Development"), Reneuco's wholly owned subsidiary. Due to the unprecedented challenges from COVID-19 pandemic which led to several stages of MCOs, our Sentul Project experienced a few setbacks, which resulted in the extension of project completion.



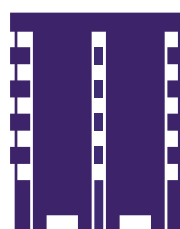
On 10 August 2022, Reneuco's wholly owned subsidiary, Reneuco Development has received approval from the Terengganu State Government via Pejabat Setiausaha Kerajaan Terengganu (Bahagian Perumahan) to develop affordable and mixed property development on government owned land in its new administrative centre of Kuala Nerus.

The RM300 million development will be located at Lot 100677 (8.963 hectares) and 100678 (9.996 hectares) in Kawasan Pentadbiran Kuala Nerus, Mukim Batu Rakit, Daerah Kuala Nerus, Terengganu Darul Iman where a total of approximately 1,200 units consists of affordable, mixed housing and commercial units would be developed simultaneously. Both parties will enter into definitive agreements within six months from the approval date.



### Sentul Project

Located on a parcel of commercial development land in Sentul, Kuala Lumpur



**2** units of six-storey shop-offices

**4** units of five -storey shop-offices



Kuala Nerus

**RM300 million**  
development located  
in Kuala Nerus,  
Terengganu

### 4. Healthcare and Technologies

**This segment has the potential to contribute to the Group's earnings in the long term, leveraging on the technical knowhow, licenses and certifications**

Our 70%-owned subsidiary, Granulab (M) Sdn. Bhd. ("Granulab") manufactures synthetic bone graft and bone cement, namely, GranuMas and Prosteomax, while Reneuco's wholly-owned subsidiary, Reneuco Healthcare & Technologies Sdn. Bhd. (formerly known as KPower Healthcare & Technologies Sdn. Bhd.) supplies COVID-19 equipment.

On 25 May 2022, Granulab launched Prosteomax, Malaysia's halal-certified synthetic bone cement. Prosteomax is an innovative calcium phosphate-based synthetic bone cement which has been certified Halal by Jabatan Kemajuan Islam Malaysia ("JAKIM") and registered with Malaysian Medical Device Authority for orthopaedics, cranio, dental and maxillofacial applications.

Granulab, a Bio-Nexus status company, is also the manufacturer of the granular synthetic bone graft GranuMas, a Halal synthetic bone graft product. GranuMas is a form of hydroxyapatite bone graft with composition and properties identical to human bone mineral, commonly used as an innovative alternative material in surgeries requiring bone grafting procedures.

Granulab has filed and received patents in several countries, which are Malaysia, Indonesia, Japan, South Korea, USA, Germany, and France. Granulab is also the holder of various certifications locally and internationally, amongst them are the MDA Establishment License and Good Distribution Practice of Medical Devices (GDPMD) License from Medical Device Authority Malaysia as well as the CE Mark Certification and ISO 13485 from BSI, Netherlands.

We are confident that this segment has the potential to contribute to the Group's earnings in the long term, leveraging on the technical knowhow, licenses and certifications held by Granulab, as well as existing network of the major shareholders, and experience of the key management.

On 14 June 2022, Powernet Industries Sdn. Bhd., a wholly-owned subsidiary company of the Group has completed the sale of industrial land held under Lot 10231, GM 7196, Mukim Bentong, Daerah Bentong, Pahang Darul Makmur, together with building erected thereon (including fixtures and fittings) for a total cash consideration of RM12 million.







### 5. Moving Forward

**Widen our product offerings and technical capabilities in the sustainable energy and utilities segment to include waste-to-energy, wind, biomass and biogas.**

The Group is looking to strengthen its existing business in the sustainable energy and utilities segment by expanding its geographical footprint into ASEAN, South Asia, Central Asia, Middle East and Europe.

We plan to widen our product offerings and technical capabilities in the sustainable energy and utilities segment to include waste-to-energy, wind, biomass and biogas. This will enable us to penetrate this segment and secure more opportunities.

The successful bids augured well with our business strategy which is to expand into an asset ownership model for a consistent revenue stream in the future, as well as to strengthen the Group's EPCC business segment and capabilities under the sustainable energy and utilities segment, specifically in solar and hydro power.

The Group will continue to pursue growth in the logistics and healthcare segments to generate long-term sustainable revenue streams.



Asean region



South Asia



Central Asia



Middle East



Europe

### Financial Year Ended 30 June 2022

#### Announcements of Quarterly Results

---

## 2021

**29 November 2021**

Announcement of the unaudited consolidated results for the 1<sup>st</sup> quarter ended 30 September 2021

## 2022

**25 February 2022**

Announcement of the unaudited consolidated results for the 2<sup>nd</sup> quarter ended 31 December 2021

**23 May 2022**

Announcement of the unaudited consolidated results for the 3<sup>rd</sup> quarter ended 31 March 2022

**30 August 2022**

Announcement of the unaudited consolidated results for the 4<sup>th</sup> quarter ended 30 June 2022

#### General Meetings and Annual Report

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## 2021

**29 October 2021**

Issuance of Annual Report 2021

**14 December 2021**

24<sup>th</sup> Annual General Meeting

## 2022

**24 August 2022**

Extraordinary General Meeting

**31 October 2022**

Issuance of Annual Report 2022

**7 December 2022**

25<sup>th</sup> Annual General Meeting

## Datuk Mustakim bin Mat Nun

Executive Chairman

Malaysian | Male | 49

- Date of Appointment as Managing Director: 28 June 2019
- Date of Resignation as Deputy Chairman and Group Managing Director: 28 November 2019
- Date of Resignation as Executive Chairman and Group Managing Director: 17 January 2022
- Date of Resignation as Executive Chairman: 31 March 2022

### Board Committee(s)

Investment Committee (*Chairman*)

### Board Meetings Attended in the Financial Year

8/8

### Qualification

Bachelor's Degree in Accounting and Finance, London South Bank University, United Kingdom

### Working Experience

He has more than 23 years of experience in investment banking and corporate finance, including undertaking various corporate exercises such as funding transactions of debt and equity (Islamic and conventional), mergers and acquisitions, project financing, corporate restructuring and private finance initiatives projects. He specialises in energy and utilities sectors; especially in renewable energy such as hydro, solar and thermal power plant projects and other infrastructure projects, through his involvement in investments, development and construction of renewable energy power plants, water and waste water-related projects in both Malaysia and overseas markets.

He currently sits on the Board of OHP Capital Sdn. Bhd. and all its subsidiaries, Grand Deal Vision Sdn. Bhd., Loyal Engineering Sdn. Bhd. and Majestic

Offshore Sdn. Bhd. He was previously attached to Elaf Bank B.S.C. (C) Bahrain from 2009 to 2011. His previous stints include PricewaterhouseCoopers, Malaysian International Merchant Bankers Berhad and Bank Muamalat Malaysia Berhad.

### Directorship of Listed Issuers and Public Companies

Nil.

### Declaration

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). He does not have any conflict of interest with the Company other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) in the Annual Report.



### Sarah Azreen binti Abdul Samat

Non - Independent Non-Executive  
Deputy Chairman

Malaysia | Female | 47

- Date of Appointment as Non-Independent Non-Executive Director: 28 November 2019
- Date of Resignation as Non-Independent Non-Executive Deputy Chairman: 20 May 2022

#### Board Committee(s)

- Nomination Committee (*Chairperson*)
- Remuneration Committee (*Chairperson*)
- Audit Committee (*Member*)
- Risk Management Committee (*Member*)
- Investment Committee (*Member*)

#### Board Meetings Attended in the Financial Year

8/8

#### Qualifications

- Bachelor of Commerce (Accounting), University of Canberra, Australia
- Certified Practising Accountant (CPA) qualification, CPA Australia
- Holder of Capital Markets Services Representative's Licence (CMSRL)

#### Working Experience

Sarah has approximately 20 years of experience in corporate finance transactions involving equity issuance, mergers and acquisitions, corporate restructuring and corporate valuation.

She started her career in investment banking with Malaysian International Merchant Bankers Berhad in 2001 after obtaining her professional qualifications from PricewaterhouseCoopers. Her career in Corporate Finance has then continued to develop through AmInvestment Bank Berhad, Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) and RHB Investment Bank Berhad.

Sarah is currently the Executive Director of 3p Capital Advisers Sdn. Bhd., a company licensed with the Securities Commission Malaysia, which

provides advisory services to the capital market players. She also sits on the Board of Grand Deal Vision Sdn. Bhd. as a Director.

#### Directorship of Listed Issuers and Public Companies

Pharmaniaga Berhad as Independent Non-Executive Director.

#### Declaration

She does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). She does not have any conflict of interest with the Company.

### Dato' Arivalagan A/L Arujunan

Non-Independent Non-Executive Director

Malaysian | Male | 57



- Date of Appointment as Executive Director: 30 November 2017
- Date of Resignation as Non-Independent Non-Executive Director: 28 November 2019

#### Board Committee(s)

- Risk Management Committee (*Member*)
- Investment Committee (*Member*)

#### Board Meetings Attended in the Financial Year

8/8

#### Qualification

Advanced Diploma in Management and Administration,  
The Society of Business Practitioners, United Kingdom

#### Working Experience

Dato' Arivalagan is currently the Director of Aspire Homes Sdn. Bhd., a property developer.

#### Directorship of Listed Issuers and Public Companies

Nil.

#### Declaration

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). He does not have any conflict of interest with the Company.

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## Board of Directors

### Kok Pauline

Independent Non-Executive Director

Malaysian | Female | 38

- Date of Appointment: 30 November 2017

#### Board Committee(s)

- Audit Committee (*Member*)
- Remuneration Committee (*Member*)

#### Board Meetings Attended in the Financial Year

8/8

#### Qualifications

- Accounting in Association with ACCA, Oxford Brookes University, United Kingdom
- Member of the Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants (ACCA/FCCA)

#### Working Experience

Pauline has over 13 years of experience in auditing and accounting in various industries, including government-linked companies (GLCs). She started her career in auditing with Ernst & Young. Subsequently, she joined Folks DFK & Co as a director where she headed a business group audit division. She left the firm in 2016 and founded KPG Advisory Sdn. Bhd.

#### Directorship of Listed Issuers and Public Companies

Nil.

#### Declaration

She does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). She does not have any conflict of interest with the Company.

### Tan Yee Hou

Independent Non-Executive Director

Malaysian | Male | 39

- Date of Appointment: 13 March 2019

#### Board Committee(s)

- Nomination Committee (*Member*)
- Risk Management Committee (*Member*)

#### Board Meetings Attended in the Financial Year

8/8

#### Qualification

Diploma in Engineering, University of Monash, Australia

#### Working Experience

Yee Hou began his career with OCBC Bank Berhad before joining his family's business, LTKM Berhad, a leading producer of chicken eggs, in 2007. As Deputy Managing Director in LTKM's wholly owned subsidiary LTK Development Sdn. Bhd., he led the company's diversification into property development.

#### Directorship of Listed Issuers and Public Companies

Nil.

#### Declaration

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). He does not have any conflict of interest with the Company.



### Ahmad Riza bin Mohd Saian

Independent Non-Executive Director  
Malaysian | Male | 46

- Date of Appointment: 17 January 2022

#### Board Committee(s)

- Audit Committee (*Chairman*)
- Remuneration Committee (*Member*)
- Nomination Committee (*Member*)

#### Board Meetings Attended in the Financial Year 5/5 (since appointment date)

#### Qualifications

- Bachelor of Commerce & Management (Twinning programme with Lincoln University, New Zealand), Universiti Tenaga Nasional, Malaysia
- Bachelor of Commerce (Hons), Lincoln University, New Zealand
- Member of the Malaysian Institute of Accountants
- Fellow Chartered Accountant of Chartered Accountants Australia & New Zealand (CAANZ)

#### Working Experience

Ahmad Riza is an experienced finance professional with more than 22 years of working experience in several industries. He specialises in the areas of investments and valuations, value creations, mergers and acquisitions, stakeholders' management, financing, branding, operations and business.

He is the Group Chief Executive Officer of My Creative Ventures Sdn Bhd, a Government investment arm that spur Malaysia's creative industry via strategic and innovative funding through debt or equity investments from 2017 to 2021. He also served as an auditor for 10 years with stints in PricewaterhouseCoopers, Kuala Lumpur and PricewaterhouseCoopers LLP, Embankment Place, London. He currently sits on the Board of Saiza Capital Sdn. Bhd.

#### Directorship of Listed Issuers and Public Companies

Nil.

#### Declaration

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). He does not have any conflict of interest with the Company.



## Ir. Ts. Dr. Muhammad Mahadi bin Mohamad

Independent Non-Executive Director

Malaysian | Male | 40

- Date of Appointment: 31 March 2022

### Board Committee(s)

- Risk Management Committee (*Chairman*)
- Audit Committee (*Member*)
- Nomination Committee (*Member*)
- Investment Committee (*Member*)

### Board Meetings Attended in the Financial Year

3/3 (since appointment date)

### Qualifications

- Master's Degree in Industrial Engineering, Fachhochschule (University of Applied Sciences) Braunschweig/ Wolfenbüttel, Germany
- Doctor of Philosophy (PhD) in Conflict and Crisis Management from Management and Science University, Malaysia

### Working Experience

Dr. Mahadi has more than 15 years of working experience in several industries. He specialises in the fields of engineering, consulting, and international relations.

Among others, Dr. Mahadi is currently on the National Monitoring Committee for the Board of Engineers Malaysia and Southeast Asia Industry Advisory Member in Thought For Food International Foundation.

He currently sits on the Board of Indonesia-Malaysia-Thailand Growth Triangle, Joint Business Council and Institute For Youth Research Malaysia.

### Directorship of Listed Issuers and Public Companies

Nil.

### Declaration

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). He does not have any conflict of interest with the Company.



### Datuk Mustakim bin Mat Nun

Executive Chairman

Malaysian | Male | 49

- Date of Appointment as Managing Director:  
28 June 2019
- Date of Resignation as Deputy Chairman and  
Group Managing Director: 28 November 2019
- Date of Resignation as Executive Chairman and  
Group Managing Director: 17 January 2022
- Date of Resignation as Executive Chairman:  
31 March 2022

For details of Datuk Mustakim bin Mat Nun's profile,  
please refer to page 19 of this Annual Report.



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## Key Management Team

**Amirul Afif  
bin Abd Aziz**  
Group Chief Executive Officer  
Malaysian | Male | 46

- Date of Resignation as Group Chief Executive Officer:  
31 March 2022

### Qualifications

- Bachelor's Degree in Commerce and Management (Accounting), Lincoln University, New Zealand
- Postgraduate Diploma in Commerce and Management, Lincoln University, New Zealand

### Working Experience

Amirul has been with Reneuco since July 2019. He has more than 20 years of experience in corporate and investment banking, particularly in Islamic finance, privatisation projects / project financing, corporate fundraising, group restructuring as well as mergers and acquisitions.

He began his career in Cagamas Berhad and has held various key positions in Bumiwerks Capital Management Sdn. Bhd., Kuwait Finance House (Malaysia) Berhad, Maybank Investment Bank Berhad, Binafikir Sdn. Bhd., Amanie Advisors LLC (UAE), FCA Capital Sdn. Bhd. and Mirmas Holding Sdn. Bhd.

### Directorship of Listed Issuers and Public Companies

Nil.

### Declaration

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). He does not have any conflict of interest with the Company other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) in the Annual Report. He currently holds 20 ordinary shares and 739 warrants in the Company.



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## Key Management Team

### Khairil Ikhzan bin Abd Aziz

Acting Group Chief Financial Officer

Malaysian | Male | 45

- Date of Redesignation as Acting Group Chief Financial Officer: 17 October 2022

#### Qualifications

- Bachelor's Degree in Accountancy (Hons), Universiti Teknologi MARA, Malaysia
- Certified Practising Accountant (CPA) qualification, CPA Australia

#### Working Experience

Khairil has been with Reneuco since April 2021. He has over 15 years of experience in credit assessment, corporate banking, capital market & structured finance, government and stakeholders' relations. He held various positions in Unit Peneraju Agenda Bumiputera ("TERAJU"), Bank Kerjasama Rakyat Malaysia Berhad, MIDF Amanah Investment Bank Berhad and Bumiputra Commerce Bank Berhad.

#### Directorship of Listed Issuers and Public Companies

Nil.

#### Declaration

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). He does not have any conflict of interest with the Company.

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## Key Management Team

### Khairulaklam bin Omar

Chief Business Officer  
Malaysian | Male | 44

- Date of Resignation as Chief Business Officer:  
1 July 2022

#### Qualifications

- Bachelor's Degree in Chemical Engineering,  
Universiti Teknologi Malaysia  
(with an extended Degree Program in  
Delft University of Technology, Netherlands)

#### Working Experience

Khairulaklam has been with Reneuco since July 2019. He has 20 years of experience in the utilities sector, specialising in solutions in power and water segments within the Southeast Asian region. His industrial expertise includes power, oil and gas, food and beverage as well as commercial and institutional advanced utility solutions in brown field and green field development.

He has held senior management positions at SUEZ Water Technologies & Solutions Malaysia Sdn. Bhd. and GE Power & Water Sdn. Bhd.

#### Directorship of Listed Issuers and Public Companies

Nil.

#### Declaration

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). He does not have any conflict of interest with the Company.



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## Key Management Team

### Lilik Harianti binti Saijan

Vice President  
Head of Corporate Resources  
& Administration  
Malaysian | Female | 46



- Date of Appointment: 15 July 2019

#### Qualification

- Bachelor's Degree in Human Resource Management, University of Staffordshire, United Kingdom

#### Working Experience

Lilik has been with Reneuco since July 2019. She has 21 years of experience in human resources and recruitment covering private entities, multinational corporations and non-governmental organisations.

She has worked for the International Federation of Red Cross and Red Crescent Societies, Nestle Products Sdn. Bhd., Biotropics Sdn. Bhd., Cold Chain Network (M) Sdn. Bhd. and Marshall Cavendish (M) Sdn. Bhd..

#### Directorship of Listed Issuers and Public Companies

Nil.

#### Declaration

She does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). She does not have any conflict of interest with the Company.

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## Key Management Team

### Elliya Harisna binti Junaedi

Manager  
Acting Head of Corporate  
Finance & Strategy  
Malaysian | Female | 33



- Date of Appointment: 17 October 2022

#### Qualifications

- Bachelor of Business Administration (Hons) Finance, Universiti Teknologi MARA, Malaysia
- Diploma in Investment Analysis, Universiti Teknologi MARA, Malaysia

#### Working Experience

Elliya has been with Reneuco since July 2019. Elliya has 9 years of experience in equity, private equity and corporate finance. She has worked for JF Apex Securities Berhad and Koperasi Permodalan FELDA Malaysia Berhad.

#### Directorship of Listed Issuers and Public Companies

Nil.

#### Declaration

She does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). She does not have any conflict of interest with the Company.



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## Key Management Team

### Zainal Azwadi bin Zainal Abidin

Senior Vice President  
Chief Executive Officer  
of Reneuco Engineering Sdn. Bhd.  
(formerly known as KPower Engineering Sdn. Bhd.)  
Malaysian | Male | 49

- Date of Resignation as Chief Executive Officer of Reneuco Engineering Sdn. Bhd.: 1 September 2021.

#### Qualification

- Bachelor's Degree in Accountancy, Universiti Teknologi MARA, Malaysia

#### Working Experience

Zainal has been with Reneuco since July 2019. He started his career at Pricewaterhouse 20 years ago as an auditor in the oil & gas, government and general services sectors, before joining the Securities Commission Malaysia as an Executive Officer in the Intermediary and Market Supervision Division. Subsequently, he had stints in Petroliam Nasional Berhad, Citibank Malaysia and Efogen Sdn. Bhd.

#### Directorship of Listed Issuers and Public Companies

Nil.

#### Declaration

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). He does not have any conflict of interest with the Company.



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## Key Management Team

### Ir. Ts. Ahmad Sayufei bin Zainuddin

Vice President  
Chief Operating Officer  
of Reneuco Engineering Sdn. Bhd.  
(formerly known as KPower Engineering Sdn. Bhd.)  
Malaysian | Male | 52

- Date of Appointment: 16 August 2022

#### Qualifications

- Bachelor of Civil Engineering (Hons),  
Universiti Teknologi Malaysia
- Master of Science Construction Management,  
Universiti Teknologi Malaysia
- Registered Professional Engineer, Board Engineers Malaysia
- Corporate Member, Institute of Engineers Malaysia
- Registered Professional Technologists,  
Malaysia Board of Technology

#### Working Experience

Sayufei has over 27 years of experience in construction covering project management and engineering services. He has worked for Opus Int. (M) Sdn. Bhd., BMT Technologies Sdn. Bhd., BMT Jelas Sdn. Bhd. and Malaysia Rail Link Sdn. Bhd in various capacities and roles.

#### Directorship of Listed Issuers and Public Companies

Nil.

#### Declaration

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any). He does not have any conflict of interest with the Company.





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## Executive Chairman's Statement

### Dear Valued Shareholders,

As Reneuco Berhad enters a new chapter both in our business and for me personally as the Executive Chairman, it is my utmost privilege to pen a report for you charting our progress for the Financial Year Ended 30 June 2022.

### OVERVIEW

This has been an important year for Reneuco. Not only have we managed the ongoing impact of the COVID-19 pandemic as well as the monkeypox and influenza outbreak, but we have also been setting a new course for the Group and setting out the strategies to support our new goals.

The past year saw the Board of Directors focused on strengthening corporate governance practices across the Group through several initiatives. More stringent checks and balances have been established as a form of internal control to ensure fair and transparent business practices are conducted throughout the Group. For a start, we embarked on an exercise to separate the roles of Executive Chairman and Group Chief Executive Officer ("GCEO") through my redesignation as the Executive Chairman from Group Managing Director and the subsequent appointment of Encik Amirul Afif Abd Aziz as my successor in the role of the GCEO. We had also rejuvenated our Board of Directors and Board Committees with a reshuffling exercise and appointments of new directors to provide us with fresh and impartial perspective.

For good measure, we had also initiated a rebranding exercise which involved a change of name to better reflect our transformation and growth. The new name Reneuco is derived from the combination of "Re" which represent renewable energy and green resources, "Neu" which is German for "new" to signify a new beginning for the Group in our mission to create a sustainable future, and "Co" represents cooperation to symbolise the Group's effort to further emphasise our rebirth and renewal, our heightened focus in the renewable, sustainable and green segment as well as to mark the shift and continuity in our leadership from the former management.

Our new name and new mission have spurred our efforts to advance the Group to the next level and by extension enhance our shareholders' value. We intend to do this throughout all of our business segments beginning with our cornerstone segment, the Renewable Energy segment.

### Renewable Energy

We have big plans in store for the segment which includes integrating the renewable energy segment across all of our business segments as part of our efforts to offer one-stop, wide-ranging solutions to cater increasing demands for environmental compliance while simultaneously solidifying our positioning in the sustainable space. It is with this in mind that we intend to grow our renewable energy segment in three specific areas which are engineering, procurement, construction and commissioning including project management consultancy, asset ownership and renewable energy technology as well as products in the near future.

Last year, we begun to make significant moves towards turning this goal into a reality by forging partnerships with Smart Sabah RE Sdn. Bhd., Menteri Besar Kedah Incorporated, and other technology partners which had created a trail for us to advance our steps in the sustainable space. We foresee a bigger demand for renewable energy technology and products in the future fuelled by the increasing concern for climate change and support for environmental, social and governance considerations which has led to an accelerated demand for cleaner energy sources. Therefore, it is prudent for us to leverage on this and continue to build up our renewable energy technology products, supply and services which we intend to achieve through smart partnerships and technical collaborations.

**Datuk Mustakim  
bin Mat Nun**  
Executive Chairman



## Executive Chairman's Statement

Another initiative that we have been actively pursuing is the enhancement of our asset ownership in the renewable energy segment with the goal of achieving 500 MW within a three-year timeline. So far, we are proud to have made a significant headway in this initiative. Our successful win for the quota application from the Energy Commission Malaysia, Sustainable Energy Development Authority Malaysia and our existing as well as proposed acquisitions have increased our assets ownership under the renewable energy spectrum to 119.5 MW.

On top of this, our team has also been aggressively pursuing and exploring multiple opportunities to grow our assets particularly through organic growth which includes biddings, potential acquisitions, mergers and tie ups with local and international partners.

We are optimistic that with the combination of our accumulated expertise and the expertise of our partners, we will be able to achieve our target within the expected timeline and in return, give a superior return to our stakeholders.

We also intend to redouble our efforts in the Net Energy Metering ("NEM") which will allow us to provide our renewable energy products such as solar photovoltaic installation directly to consumers. It is our hope that this will not only increase our brand's standing as a powerhouse in the renewable energy industry but also amongst consumers.

Our plans to intensify our efforts in the renewable energy segment will include narrowing our focus geographically to Malaysia, Indonesia, and Cambodia. On top of that, we also aspire to be a carbon credit producer which will ultimately reduce emissions of carbon dioxide and other greenhouse gases and by extension reduce the effects of global warming.

### Digital

In 2022, we made our first steps into the digital segment through our first telecommunication contract with Ziif Technic Sdn. Bhd. The contract served as a gateway for our Group to expand our product offerings under the utilities and infrastructure segment. To date, significant progress has been made for the construction, installation and upgrading service of network telecommunication in all 350 sites.

We intend to pursue other opportunities in this segment including digitalisation as part of our efforts to digitalise our renewable energy assets and expand our products and services to others in the next 3 years. We will also look into potential tie ups, and joint ventures with potential technology partners in the near future as we aim to scale up the segment's contribution in the near future.

### Sustainable Development

Our commitment to promote green and sustainability to the society at large continues as we venture into sustainable development. Through the mandate awarded by the Terengganu State Government, we will be developing affordable and mixed property development on approximately 19 hectares of land in its new administrative centre of Kuala Nerus. On top of that, we will also be integrating our renewable energy products specifically solar photovoltaic panels on each building. Our aim is to generate a stable income from the NEM programme as well as the maintenance of our renewable energy products to ensure our Group's sustainability in the long run.

### Logistics

We foresee our plans to expand into smart and green logistics business will come to fruition in the immediate future as we shift our logistics fleet towards electric vehicles. This will be yet another effort on our part to reduce our carbon footprints.

The past year has been good to us and we believe the year ahead promises new growth paths for all of our business segments. We have all the building blocks in place; high quality products, top-notch services, and a strong business strategy. It is with these we will move forward, riding on our growth momentum and strive to ensure all subsidiaries will remain not only profitable but also self sufficient as we look towards the ultimate goal of taking our subsidiaries public in the longer run.

## OUR SUSTAINABILITY JOURNEY

Our success as an organisation depends on the strong and continuing support of our employees, shareholders, consumers, suppliers, local communities, government and relevant authorities as well as industry and trade associations.

## Executive Chairman's Statement

"Sustainability through Diversity" is not only mere words to us. It is a creed that is entrenched in every single member of our Reneuco family as well as in every aspect of our business operations. We firmly believe that being an outstanding corporate citizen and contributing to the vitality of our marketplace are the best ways to command our stakeholders' respect and confidence.

With this in mind, we are happy and proud to note that we are issuing our inaugural Sustainability Report in companion to our 2022 Annual Report. The report which will be themed "Renew and Sustain" is our pledge, to our shareholders and stakeholders alike, to uphold environmental, societal and governance principles in our operations of the company in our pursuit of creating valuable and sustainable returns to all of our stakeholders.

### ACKNOWLEDGEMENTS

I am truly grateful to my fellow members of the Board for the unwavering support and the wisdom they bring to the Group. On that note, allow me to put on record our gratitude to Dato' Dr. Ir. Ts. Mohd Abdul Karim Abdullah for his faithful service as Reneuco's Non-Independent Non-Executive Director. His contribution and guidance have been invaluable and we bid Dato' Karim a fond farewell.

At the same time, we welcomed the addition of two new Independent Non-Executive Directors this year, Ir. Ts. Dr. Muhammad Mahadi Mohamad and Ahmad Riza Mohd Saian. We look forward to their firm hand and good counsel as we continue to advance in our efforts to build sustainable growth.

I am also grateful to all Government ministries, agencies and regulatory bodies that we have closely cooperated with throughout the year. Not forgetting, our business associates and partners, investors, shareholders and customers for their continued support.

Last but not least, to Reneuco's management team and all staff of the Group, I convey my heartfelt gratitude for the hard work, dedication as well as the never-ending value you bring to the Group as we work hand in hand to steer Reneuco forward.

**Datuk Mustakim bin Mat Nun**  
Executive Chairman



## Group Chief Executive Officer's Statement

**Dear Valued Shareholders,**

### OVERVIEW

Financial Year Ended 30 June 2022 continued to present challenging business environment all over, including Reneuco, as a result of two years of economic shutdown due to the COVID-19 outbreak. Just as the movement and travel restrictions abated, costs of raw materials rose rapidly as inflationary pressures arising from recovering oil demand and geopolitical tensions led to near record high commodity prices.

It is against this backdrop, and our commitment to performance and continuous improvement, that we continued to push forward under our new identity in order to meet our goals and ultimately create enduring value for our shareholders and stakeholders. In line with this, we forayed further into another segment of the renewable energy through the proposed acquisition of Adat Sanjung Sdn. Bhd., through its wholly-owned subsidiary, Pristine Falcon Sdn. Bhd., which controls a 70% stake in One River Power Sdn. Bhd. ("ORP"). ORP is the owner of three hydro power plants in Sabah, Malaysia with a total combined capacity of 29.1MW. Combined with our 50MW large scale-solar photovoltaic and 40.4 MW small hydro power plants win in August 2021 and May 2022 respectively, this venture has allowed us to grow into an asset owner under the renewable energy spectrum with an estimated generation of up to 119.5 MW thus strengthening our concession-based recurring income for the longer term.

Another milestone in our illustrious corporate history was notched when in further efforts to expand our product offerings under the utilities segment, we bagged our first telecommunication contract. The contract involves construction, installation and upgrading works of network telecommunication and the supply of labour for 350 sites in Malaysia.

In other news, after acquiring Granulab (M) Sdn. Bhd. in January 2021, we further widened our presence in the healthcare and technologies segment through the launch of another groundbreaking product namely Prosteomax, Malaysia's halal-certified synthetic bone cement used for orthopaedics, cranio, dental and maxillofacial applications.

This significant development is in line with the Group's core values of Innovation, Technology and Evolution which advocate for the use of innovation and technology to evolve and develop competitive advantages for a sustainable business.

Each achievement notched was a result of our focus on our journey as a newly transformed powerhouse in the renewable, sustainable and green segment. These achievements were made possible not only through our expertise, ability and strength in the sustainable and green business that have given us an edge over the competition but also through our efficiency in all aspects of our business operations.

We first streamlined our business operations and processes in our headquarters in Kuala Lumpur, Malaysia as the first step to achieve increased efficiency, effectiveness and vibrancy. We intend to replicate this strategy in all regional offices to create seamless and synergistic operational processes especially in serving all of our customers while simultaneously enhancing our shareholders' value.

Further to this, we will also maximise our existing resources thus creating a leaner structure as we strive to achieve the desired operational result to ensure superior return to the Group. Through all these, we will ensure that the highest standard of corporate governance and compliance will continue to be upheld to ensure long-term business sustainability and viability.

### GROUP PERFORMANCE

Following another challenging year due to the consequences of containment effects, a volatile business landscape peppered with operational disruptions, supply chain bottlenecks, and labour difficulties further compounded by geopolitical tensions, we managed to deliver RM140.38 million of revenue for the financial year ended 30 June 2022.

**Amirul Afif  
bin Abd Aziz**  
Group Chief Executive Officer  
Malaysian | Male | 46





## Group Chief Executive Officer's Statement

Our construction related activities segment continued to be the lynchpin of our operations contributing RM118.32 million to the Group's revenue. Meanwhile, other segments such as logistics segment contributed RM17.84 million, property development and investment with RM3.27 million and healthcare segment with RM0.95 million.

### FUTURE OUTLOOK

We firmly believe that the renewable energy industry will remain lucrative backed by the concern for climate change and support for environmental, social and governance policies, the accelerating demand for cleaner energy sources from most market segments and the support from regulators as well as investors. The transition to a cleaner energy future is underway compounded by the strong renewable energy industry value chain in Malaysia, from the manufacturing stage to the service supply stage.

Government initiatives such as the National Energy Policy ("NEP") 2022-2040 continue to be the driving force behind renewable energy uptake in Malaysia. The NEP which was launched in September 2022 charts a course for the country to meet the growing energy demand while ensuring a cleaner and more resilient economy to achieve a net zero pathway. The NEP has further enhanced the Fifth Fuel Policy initiated under the Eight Malaysia Plan (2001-2005), which included renewable energy as the fifth fuel strategy in the national energy mix.

Based on the energy mix in Malaysia, hydropower is currently the highest contributor to the total renewable energy use. On the other hand, despite Malaysia being one of the main suppliers of solar photovoltaic panels, the local solar power uptake leaves much to be desired. This translates to many untapped potentials which we believe is being addressed through the net energy metering ("NEM") system. The NEM system allows for excess energy produced from solar panels fixed on private or commercial buildings to be sold back to the grid based on the Feed-in-Tariff and Large-scale Solar systems thus creating a new economic market ecosystem.

Given this scenario, we stand in good stead of capitalising on the numerous opportunities that lie ahead within the renewable energy industry.

### ACKNOWLEDGEMENTS

Our successes to date are due largely to our stakeholders. On behalf of the Group, I would like to extend our appreciation to our shareholders for your steadfast willingness to share our Vision and Mission as well as for your trust in our ability to deliver sustainable returns on your investments.

To our other stakeholders namely the regulators, business associates and our customers, thank you for your relentless support and unwavering faith in Reneuco.

My gratitude also goes to the whole Reneuco workforce for the never-ending value they bring to the Group. The commitment and dedication that you have demonstrated will stand in good stead as we intensify our efforts to grow the Group to serve our communities in a sustainable and responsible manner.

**Amirul Afif bin Abd Aziz**  
Group Chief Executive Officer

## Key Milestones

**1979**

Founded as a textile manufacturer.

**1997**

Kumpulan Powernet Berhad is formed as an investment holding company.

**2002**

Listed on Bursa Securities' second board.

**2013**

Acquired a freehold student accommodation building in Liverpool, United Kingdom.

**2016**

Acquired development rights for a commercial development in Sentul, Kuala Lumpur.

**2019**

- Taken over by the new management, led by Datuk Mustakim bin Mat Nun.
- Secured a RM270 million utilities project in Kuala Lumpur, Malaysia.
- Ventured into construction related activities focusing on sustainable energy and utilities.
- Returned to profitability after 8 consecutive years of losses.

- Diversified its principal activities to include construction and onstruction related activities.
- Exceeded target order book of RM1.0 billion and achieved RM1.2 billion order book for the financial year ended 30 June 2020 ("FYE2020").
- Recorded RM1.36 billion worth of renewable energy related projects in the domestic and international markets.

- Acquired a 51% equity stake in logistics company, Chemtrax Sdn. Bhd.
- Awarded The BrandLaureate BestBrands e-Branding Award 2020
- Completed two private placement exercises on 21 February 2020 and 30 June 2020..

**2020**



**2021**

- Exceeded RM1 billion order book.
- Awarded RM510 million worth of Renewable Energy related projects in Pahang and Perak, Malaysia, and RM73 million worth of contracts for healthcare related products in Indonesia.
- Included in the FTSE Bursa Malaysia EMAS (FBM EMAS) Index.
- Acquired a 70% equity stake in Granulab (M) Sdn. Bhd., a medical device manufacturing company, from SIRIM Tech Venture Sdn. Bhd., a subsidiary of SIRIM Berhad.
- Disposed of a freehold property, known as The Lodge in Liverpool, United Kingdom.
- Ventured into solar energy by forming a collaboration with Public Islamic Bank Berhad ("PIBB"). Entered into a memorandum of agreement ("MOA") with PIBB to provide the financing and installation of solar photovoltaic systems ("Solar PV") to PIBB's customers in relation to the net energy metering scheme.
- Won the bid under the Fourth Round of large Scale Solar ("LSS4") programme for the development of a 50 MW large-scale solar photovoltaic plant in Pahang, Malaysia and ventured into asset ownership.
- Completed a share split exercise involving a subdivision of every 1 existing ordinary share into 4 ordinary shares on 13 January 2021.
- Completed issuance of free warrants on the basis of 1 warrant for every 3 subdivided ordinary shares on 25 January 2021.
- Completed a private placement exercise on 5 October 2021, successfully raising approximately RM61 million.

## Key Milestones

# 2022

- Received letter of award for the procurement, testing and maintenance works in relation to the Proposed 50 MW solar photovoltaic plant in Malaysia.
- Received letter of award in relation to the engineering, design, supply, construction, commissioning and completion of small hydro power plants in Sg. Bengkoka Upper, Sg. Bengkoka Lower and Sg. Togohu with a total capacity of 29.1 MW in Sabah, Malaysia.
- Selected as one of the successful bidders under the feed-in tariff e-bidding exercise conducted by Sustainable Energy Development Authority Malaysia ("SEDA") for the development of small hydro power plants with a total capacity of 40.4 MW in Gua Musang, Kelantan, Malaysia.
- Proposed Disposal of industrial land held under Lot 10231, GM 7196, Mukim Bentong, Daerah Bentong, in the state of Pahang, together with buildings erected thereon (including fixtures and fittings) for a total cash consideration of RM12 million.
- Received the 'Green Growth Supporter' Award from IMT-GT & BIMP-EAGA Green City Action Plan Kick-Off: Building Back Better, organised by the Economic Planning Unity of the Government of Malaysia, Asian Development Bank, Local Governments for Sustainability (ICLEI), and the IMT-GT Joint Business Council.
- Received the approval from the State Government of Terengganu via Pejabat Setiausaha Kerajaan Terengganu (Bahagian Perumahan) to develop affordable and mixed property development on government land located in Kawasan Pentadbiran Kuala Nerus, Terengganu, Malaysia.
- Change of name of the company from 'KPower Berhad' to 'Reneuco Berhad'.
- Entered into a Memorandum of Understanding with Menteri Besar Kedah Incorporated ("MBI Kedah") to collaborate for the submission of tender for the development of a biomass power plant in Kedah and development of a small hydropower plant in Kedah to SEDA.
- Entered into a Memorandum of Understanding with MBI Kedah, Itramas Corporation Sdn. Bhd., and Malaysia Photovoltaic Industry Association (MPIA) to jointly conduct development plans to support the decarbonisation ambitions within the Northern region in Malaysia, reducing Malaysia's carbon footprint in line with the mission of Malaysia Renewable Energy Roadmap ("MYER") via the development of renewable energy sources through solar, hydro and biomass in the state of Kedah.
- Entered into a Memorandum of Understanding with Smart Sabah RE Sdn. Bhd. ("SSRE") to establish a basis of a collaboration to deploy over 30 MW mini hydropower plants in Sabah.
- Entered into a conditional share sale agreement ("SSA") with OHP Ventures Sdn. Bhd. for the acquisition by Reneuco RE Sdn. Bhd. (formerly known as KPower RE Sdn. Bhd.) of 10,000 ordinary shares in Adat Sanjung Sdn Bhd ("ASSB"), representing the entire equity interest in ASSB, for a purchase consideration of RM90 million.

### 5th International Sustainable Energy Summit (ISES) 2022



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## 5-year Financial Summary

<b>FINANCIAL YEAR ENDED 30 JUNE</b>	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	<b>2022 (RM'000)</b>
Revenue	5,725	13,217	95,843	386,091	<b>140,376</b>
Gross Profit/(Loss)	(1,217)	4,610	27,899	67,469	<b>32,761</b>
Operating Profit/(Loss)	(4,808)	1,155	18,011	52,779	<b>17,634</b>
Profit/(Loss) Before Tax	(5,001)	940	17,906	51,402	<b>15,694</b>
Profit/(Loss) After Tax ("PAT")	(4,977)	481	12,776	38,234	<b>4,919</b>
Total comprehensive income/ (loss) for the financial year	(5,081)	484	12,644	38,982	<b>4,491</b>
Profit/(Loss) attributable to:					
Owners of the parent	(4,979)	486	12,786	37,463	<b>5,953</b>
Non-controlling interests	2	(5)	(10)	771	<b>(1,034)</b>
PAT	(4,977)	481	12,776	38,234	<b>4,919</b>
Total comprehensive income/ (Loss) attributable to:					
Owners of the parent	(5,083)	489	12,654	38,211	<b>5,525</b>
Non-controlling interests	2	(5)	(10)	771	<b>(1,034)</b>
Total comprehensive income/ (loss) for the financial year	(5,081)	484	12,644	38,982	<b>4,491</b>
Earnings per share attributable to owners of the parent (sen per share)					
Basic	(6.54)	0.64	2.83	8.28	<b>1.15</b>
Diluted	(6.54)	0.64	2.83	8.28	<b>1.15</b>

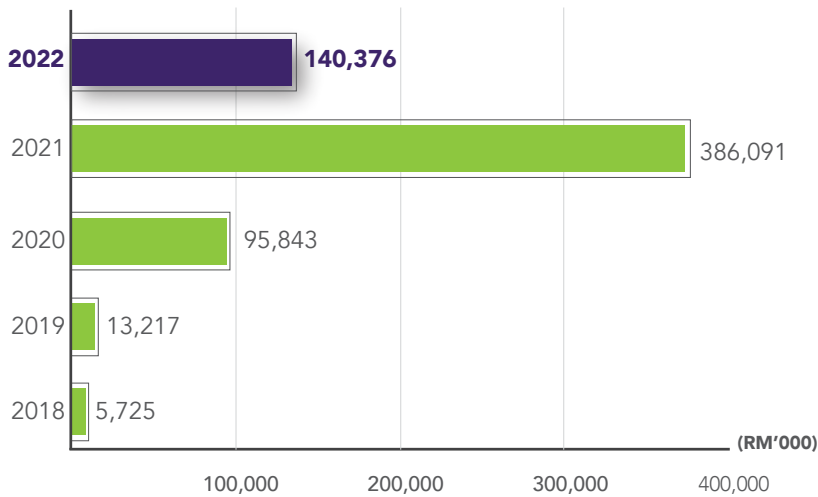
### Financial Performance Review

The Statement on Management Discussion and Analysis (“MD&A”) provides an insight of the financial performance of Reneuco and its subsidiaries (“the Group”) for the financial year ended 30 June 2022 (“FYE 2022”)

This MD&A also contains information on the Group’s overview of business and operations, current financial results and financial condition, review of operating activities, anticipated risks faced by the Group and the future prospect of the Group.

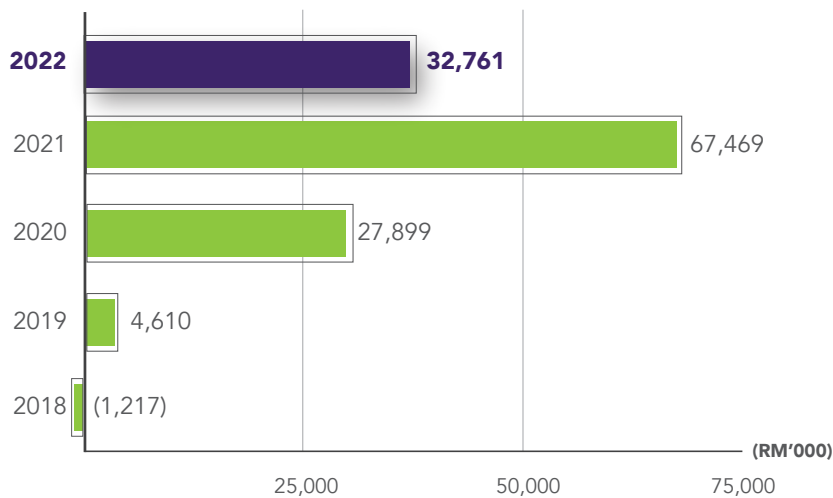
The following MD&A shall be read in conjunction with the audited financial statements.

#### Revenue



The Group registered a turnover of RM140.38 million for FYE2022, as compared to RM386.09 million in the previous financial year ended 30 June 2021 (“FYE2021”). Construction related activities remained as the primary revenue contributor, accounting for 84.29% or RM118.32 million of the total revenue in FYE2022. Meanwhile, the logistics segment contributed 12.71% of the total revenue, followed by 2.33% from the property development and investment segment and the remaining 0.67% from the healthcare segment.

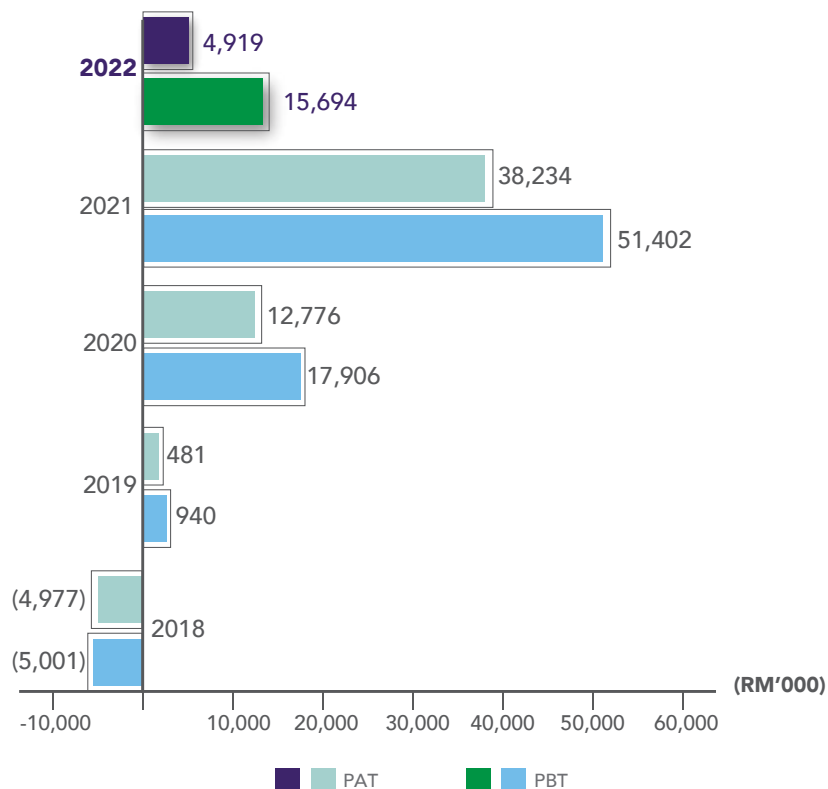
#### Gross Profit



In tandem with the decline in revenue, the Group’s gross profit decreased 51.44% from RM67.47 million in FYE2021 to RM32.76 million in FYE2022. The gross profit margin for FYE2022 stood at 23.34% which has slightly increased compared to 17.47% for FYE2021 due to higher profit margins for the ongoing construction projects.

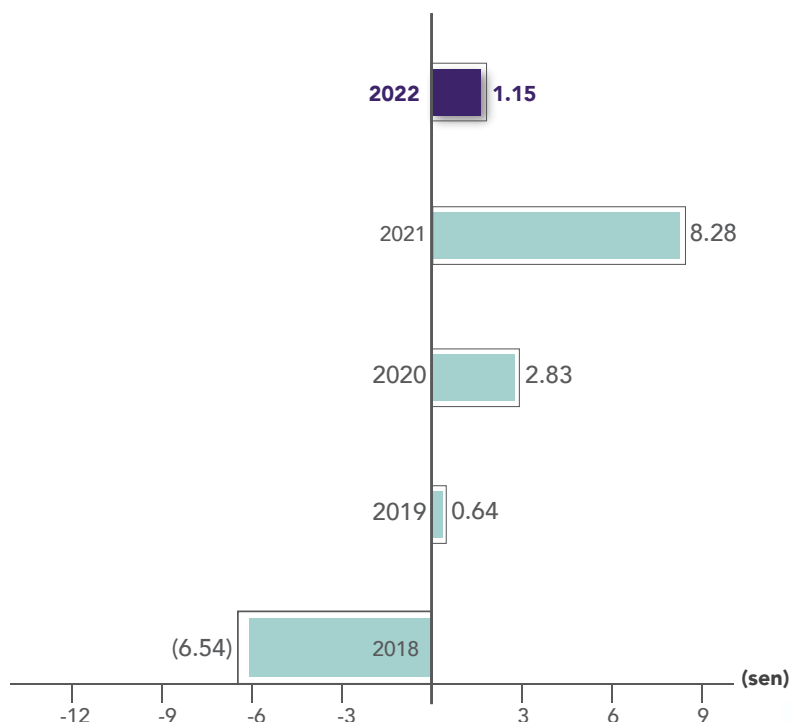
## Management Discussion And Analysis

### Profit/(Loss) Before & After Tax ("PBT & PAT")



The Group recorded a lower profit before tax of RM15.69 million in the current financial year as compared to profit before tax of RM51.40 million in FYE2021. Profit after tax lowered by 87.13% to RM4.92 million for FYE2022 from RM38.23 million in FYE2021.

### Earnings Per Share



The basic and diluted earnings per ordinary share recorded in FYE2022 is lowered by 86.11% to 1.15 sen from 8.28 sen in FYE2021.

## Management Discussion And Analysis

### Finance Costs and Income Tax

The Group's finance costs have increased by 40.58%, which is approximately RM0.56 million in FYE2022, reflecting an increase in average net debt during the year. The Group reported tax rate is based on the statutory rate of 24% (2021: 24%) of the estimated assessable profit for the year. In FYE2022, the Group recorded RM10.78 million in income tax expense.

### Financial Position

The Group's total assets increased by RM26.31 million or 8.26% from RM318.59 million in FYE2021 to RM344.90 million in FYE2022, mainly due to an increase in construction work-in-progress, right-of-use assets as well as contract assets relating to construction contracts.

The Group's borrowings stood at RM24.95 million as at FYE2022. The total borrowings during FYE 2022 decreased by RM33.27 million, resulting in a decrease in gearing ratio from 0.41 in FYE2021 to 0.12 in FYE2022 mainly due to the repayment of borrowings during this financial year.

### Capital Management

The Group has adopted a disciplined approach in respect of its capital management to enhance its long-term financial stability as well as allowing the Group to pursue its long-term vision and mission. In doing so, the Group aims to maintain an optimal capital structure that provides flexible access to financial markets to ensure the availability of funds to meet its financial obligations, thus maintaining a healthy gearing ratio.

The capital structure of the Group consists of debt which includes borrowings, cash and cash equivalents, and equity attributable to equity holders of the Company.

The Group actively and regularly reviews and manages its capital structure with the objective of ensuring that the Group will be able to meet its financial obligations while maximising the return to stakeholders. These reviews take into consideration future capital requirements of the Group, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and strategic investment opportunities.

### Dividends

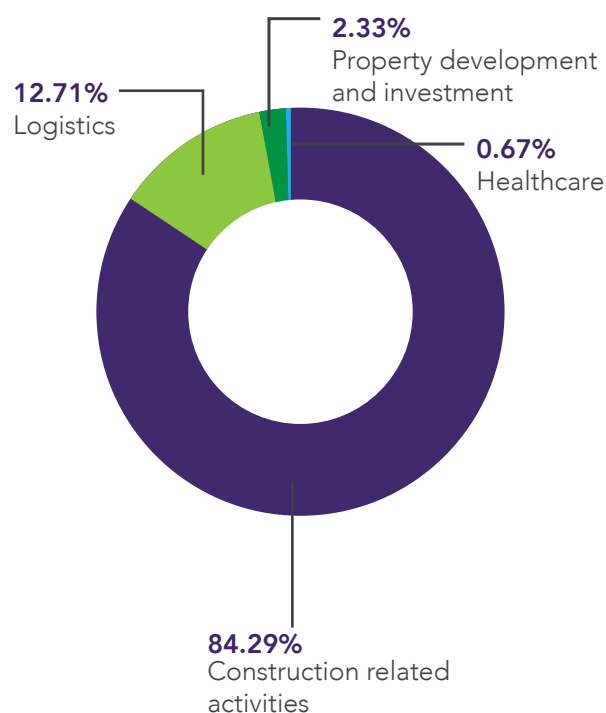
The Board of Directors have not recommended any dividend in respect of the current financial year.

### Principal Activities

The Group's current principal business is construction related activities and specialised engineering services relating to sustainable energy and utilities.

The Group is also engaged in logistics, property development and investment, and healthcare segments.

### Segmental Revenue



\*Note:  
Based on Audited Financial Statements 30 June 2022

#### • Construction Related Activities

The construction related activities recorded revenue of RM118.32 million, a decrease of 67.23% as compared to the preceding financial year due to slower progress work.

#### • Logistics

The second largest segment contributing to the Group's revenue, the logistics segment, has recorded an increase in revenue by 74.19% from RM10.24 million to RM17.84 million since revenue was recorded from the completion date of an acquisition of a subsidiary on 31 December 2020.

## Management Discussion And Analysis

### • Property Development and Investment

The Group's property development and investment segment contributed RM3.27 million to the revenue, accounting for 2.33% of the Group's revenue. The Group completed the disposal of its property in Liverpool, United Kingdom on 9 July 2021 resulted in no revenue contribution from the investment segment.

### • Healthcare

The healthcare segment consists of manufacturing and healthcare related activities. The segment recorded a revenue of RM0.95 million, a decrease of 82.84% as compared to the preceding year.

## OUTLOOK

### • Construction Related Activities

The Group's construction-related activities and specialised engineering services are mainly in the sustainable energy and utilities segment.

The global renewable energy industry remained remarkably resilient in 2022 as the capacity installation remained at an all-time high, reaching almost 295 GW.

Locally, the outlook on renewable energy industry remains lucrative due to the concern for climate change and support for environmental, social, and governance ("ESG"), increasing demand for cleaner energy sources from most market segments and also the support from the government, regulators and investors.

The National Energy Policy 2022 - 2040 ("NEP"), launched by the Prime Minister of Malaysia on 19 September 2022, details the way forward and outlines key priorities for the energy sector in the coming years. The NEP represents initiatives from governments to move towards a cleaner energy mix by promoting heightened demand side management and encouraging the development, commercialisation, adoption of green technologies, and upskilling the energy sector workforce to meet future industry needs.

NEP outlined the selected targets on Low Carbon Nation Aspiration 2040 (benchmarked against 2018) which among others are to increase the total installed capacity of renewable energy from 7,597 MW to 18,431 MW and to increase the percentage of renewable energy in the total primary energy supply from 7.2% to 17%.

Other than that, NEP also aimed to meet the climate targets by lowering coal emissions through reducing the installed capacity of coal from 31.4% to 18.6%.

Under the Eight Malaysia Plan (2001-2005), the NEP has further enhanced the Fifth Fuel Policy which included renewable energy as the fifth fuel strategy in the national energy mix.

The Group foresee the growth of renewable energy is poised to accelerate further, aided by more supportive policies which will spur the activities in this industry. To strengthen its position in this industry, the Group continue to pursue new projects and business opportunities Engineering, Procurement, Construction and Commissioning ("EPCC") contracts.

### • Asset Ownership

The Group will leverage its ability and strength in the sustainable and green business through diversification into asset ownership business model which will enable the Group to expand its income streams and ensure long-term business sustainability.

To date, the Group has won and recorded a dual portfolio of a 50 MW solar power plant and a 40.4 MW hydro power plant under this business model. The group is in the process of acquiring a 29.1 MW hydro power plant in Sabah which will increase the total assets ownership capacity to 119.5 MW.

Moving forward, the group will continue to leverage on our expertise to strengthen this segment and explore opportunities in the asset ownership-based investment whilst upsizing its EPCC orderbook. With the recent signing of Memorandum of Agreements with the agencies of state of Kedah and Sabah to explore business and potential in the renewable energy and sustainable economy sectors, we are confident that this segment will continue to grow and provide strong basis to the company.

### • Logistics

Malaysia has been ranked number four (4) in the Agility Emerging Markets Logistics Index 2022 after recording strong performance in both the Business Fundamentals and Digital Readiness rankings. Malaysia's 4th overall position in this index indicates that Malaysia is among the top attractive nations to logistics providers, freight forwarders, shipping lines, air cargo carriers and distributors.



## Management Discussion And Analysis

Malaysia views logistics as a top priority industry with various initiatives introduced such as the Twelfth Malaysia Plan (“12MP”) which outlined the transformation plan of logistics services by centralising the planning and development of logistics hubs, accelerating digital adoption and encouraging mergers and acquisitions among industry players.

As this industry has evolved in recent years, the Group believes that our logistic arm, Chemtrax has a lot of prospects for growth, backed by the company’s decades of experiences and track record as well as its strong clientele base.

### • Properties

The COVID-19 pandemic has had a significant impact on the construction sector. However, as the pandemic’s restrictions have been lifted, it is imperative for this sector to regain its momentum.

The government is supporting the construction sector through various initiatives that will strengthen the growth of this sector. Part of these initiatives has been outlined in the 12MP where the government increases the spending on large infrastructure projects that will be carried out during the 12MP period.

Through the 12MP, the government aims to build 500,000 affordable houses for the B40 and M40 groups. At the same time, the government has targeted 120 cities to achieve sustainable city status with the adoption of green technology. These initiatives will provide additional support for private sector projects.

The improvement of this sector has been highlighted in the Quarterly Bulletin 2Q 2022 by Bank Negara Malaysia (“BNM”) where the construction sector registered a growth of 2.4%, compared to the contraction of 6.2% reported in the 1Q 2022.

Covid-19 has impacted Reneuco differently compared to the other construction players as the Group maintains minimal exposure to market risk by securing revenue from its property development project in Sentul which has been fully sold.

The Group remain mindful of the industry and being very selective in any venture in this sector. Whilst many opportunities were presented to the Group in the past few years, the support from the state government of Terengganu proved to be critical in The Group’s venture in Terengganu’s new administrative centre. The Group, via its wholly owned subsidiary, Reneuco Development Sdn. Bhd, managed to secure approval from the State of

Terengganu to develop affordable and mixed housing development on government land located at Lot 100677 (8.963 hectares) and 100678 (9.996 hectares) in Kawasan Pentadbiran Kuala Nerus, Mukim Batu Rakit, Daerah Kuala Nerus, Terengganu Darul Iman. Given its visibility and support from the state government, this project will be a good platform for the group to establish itself in this segment.

### • Healthcare

The Group remains optimistic of its healthcare arm through its 70%-owned subsidiary, Granulab in the long term. The technological capabilities of Granulab specifically in utilising its various patents, licences and certifications which are in compliance with the international healthcare standards, will become a main driver for this segment moving forward.

Granulab is the manufacturer of the Halal synthetic bone graft product, GranuMas, and Prosteomax, Halal-certified synthetic bone cement.

The accelerated growth of the global Halal market which is not only confined to the food and beverage industry, but also extends to the financial sector, agriculture, medical, consumer goods, and cosmetics amongst others also presents Reneuco with numerous opportunities as a result of the increasing demand for Halal medical technologies.

Hence, it is prudent for the Group to focus on the initial marketing efforts of the Halal-certified products in Muslim-majority countries such as Indonesia, Middle East and Central Asia. Nevertheless, Granulab’s Halal-certified products are also catered to non-Muslim consumers especially as the demand for Halal-certified products amongst this demographic is also gradually increasing. The Group looks forward to strengthening its presence within the non-Muslim consumer market in the foreseeable future.

Concurrently, the Group also anticipates an increase in demand for bone cements due to a few factors, specifically the increase in global population, increase in road-traffic accidents as well as increase in the ageing population that requires medical interventions. In Malaysia, it was estimated that 3.5 million of its population was above the age of 65 years old in 2021 whereas 25% of Singapore’s population is estimated to be above 65 years old by 2030. Globally, meanwhile, it was estimated that 1.5 billion of the world’s population will be above 65 years of age by 2050, according to the United Nation’s World Population Ageing 2019 report.

### Sustainability Statement

Given sustainability and ESG's growing importance worldwide and in Malaysia, we are committed towards bolstering our sustainability efforts, and our corporate Vision and Mission clearly demonstrates our intentions in this aspect. Continuing with this commitment, our Group is pleased to present the third (3rd) Sustainability Statement ("Statement") that summarises the Group's material matters, current state of sustainability performance and our strategic efforts in managing Economic, Environmental and Social ("EES") pillars. A comprehensive account of the Group's ESG performances provided in a standalone Sustainability Report that can be accessible from our corporate website ([www.reneuco.com](http://www.reneuco.com)).

Through this statement, we convey our commitment to all our stakeholders in ensuring the creation of financial values is balanced with the realisation of non-financial values using our sustainability approach and governance.

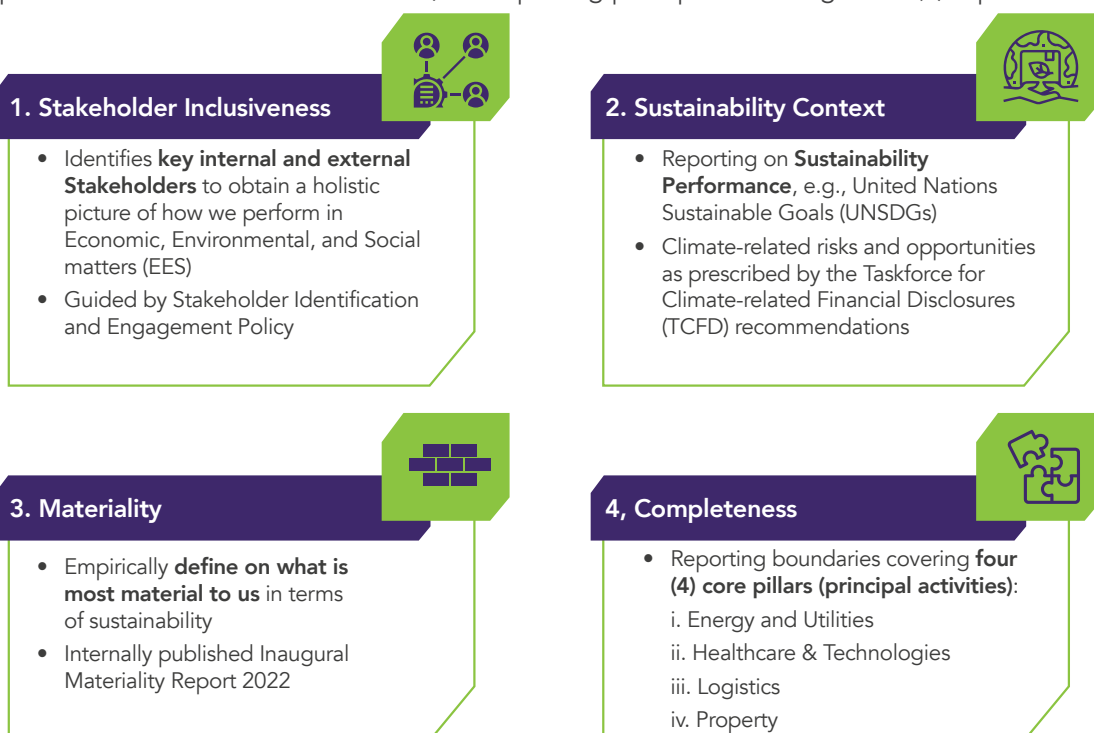
#### • Reporting Period

This Sustainability Statement covers a 12-month reporting period within the period of July 2021 to June 2022. Unless stated otherwise, where relevant, the comparative data from previous years to track year-on-year progress.

#### • Frameworks Applied

Sustainability, or ESG information is prepared by applying a reporting standard or framework pursuant to the relevant Malaysian regulations and requirements. The Group has opted to use the GRI Standards, in the core option thereof, taking into account the scope of this standard, its recognition and universality, in addition to meeting all Main Market Listing Requirements ("MMLR") as set out by Bursa Malaysia Securities Berhad ("Bursa Securities"), and the Malaysian Code of Corporate Governance ("MCCG") as set out by the Securities Commissions Malaysia, along with all laws and regulations that apply.

In compliance with the GRI Standards 2020, our reporting principles covering these (4) aspects:



## Sustainability Statement

### • Scope

This statement covers the business operations and activities of the holding company and all subsidiaries within the Group. It pertains to the principal activities in Malaysia, covering four core pillars, listed below:

Principal Activities	Companies
Energy and Utilities	<ul style="list-style-type: none"> <li>• Reneuco Engineering Sdn. Bhd. (formerly known as KPower Engineering Sdn. Bhd.)</li> <li>• Reneuco RE Sdn. Bhd. (formerly known as KPower RE Sdn. Bhd.)</li> <li>• PKNP Reneuco Suria Sdn. Bhd. (formerly known as PKNP KPower Suria Sdn. Bhd.)</li> <li>• Reneuco Digital Sdn. Bhd. (formerly known as KPower Digital Sdn. Bhd.)</li> </ul>
Healthcare & Technologies	<ul style="list-style-type: none"> <li>• Reneuco Healthcare &amp; Technologies Sdn. Bhd. (formerly known as KPower Healthcare &amp; Technologies Sdn. Bhd.)</li> <li>• Powernet Industries Sdn. Bhd.</li> <li>• Granulab (M) Sdn. Bhd.</li> </ul>
Logistics	<ul style="list-style-type: none"> <li>• Reneuco Logistics Sdn. Bhd. (formerly known as KPower Logistics Sdn. Bhd.)</li> <li>• Chemtrax Sdn. Bhd.</li> </ul>
Property	<ul style="list-style-type: none"> <li>• Reneuco Development Sdn. Bhd. (formerly known as KPower Development Sdn. Bhd.)</li> </ul>

There were no significant changes in the company's supply chain during the reporting year, i.e., all four main pillars of the Group's dealings in the supply chain has resumed to a more business-as-usual scenario after the peak of the COVID-19 pandemic prior to this reporting.

### • Materiality

The information presented in this statement addresses matters that are most materially relevant to our business and stakeholders. The materiality in relation to the sustainability of Reneuco's business has been determined from the analysis of the Group's internal documents and stakeholder identification and engagement process. We identify, prioritise and validate our material matters via a three-step materiality assessment elaborated below:

# Sustainability Statement

## Step 1: Stakeholder Identification And Engagement

As ESG and Sustainability have been becoming increasingly emphasised, we have taken first and initial steps in the Stakeholder management process. We conducted a stakeholder identification survey to identify the range of Stakeholder groups across its Boundaries. Prior to the assessment, 12 Stakeholders Groups have been identified to stimulate a more objective and structured approach of Stakeholder management on Sustainability. For the first phase on gathering our material sustainability topics, stakeholder engagement has been conducted with the various customer groups of Reneuco's organisational/operational boundaries to gain insight on the influence and impact with regards to Sustainability matters in general.

## Step 2: Prioritisation

Based on the analysed feedback received from Stakeholder engagement, we plot the identified topics onto a matrix to prioritise the ESG issues that are most critical to our Group. The key factors are designed involved in prioritisation phase are as follows:

1. The interest and expectations of stakeholders
2. Key organisation values, policies, strategies, operational management systems, goals and targets
3. The core competencies and the attribute in contributing to sustainable development
4. Consequences and impacts on economy, the environment and/or society
5. Law, regulations, or agreements of strategic significance to the Company and its stakeholders.

## Step 3: Validation

The findings from the assessment were updated in the material matrix and further deliberated by Sustainability Committee and approval of the Board.

### • Approval

This Sustainability Report 2022 has been reviewed by the Sustainability governance structure of the Group. The Board has collectively reviewed this report and acknowledges its responsibility in ensuring the integrity of this report. The Group believes that this statement reflects the economic, environmental and social information of the company in a reasonable and balanced manner.

### • Assurance

Currently, no external assurance for the whole or any part of this Sustainability Report is required by Malaysian regulations. As this is the very first Sustainability Report of the Group, it was not as yet necessary for the Group to undertake voluntary external assurance.

Report content has been guided by the GRI principles on the stakeholder inclusiveness,

accuracy, balance, clarity, comparability, reliability and timeliness. All the data has been sourced internally and validated by the information owners.

We will continue to enhance the data accuracy and quality to strengthen disclosures going forward, including the involvement of third parties for the external verification.

### • Limitations

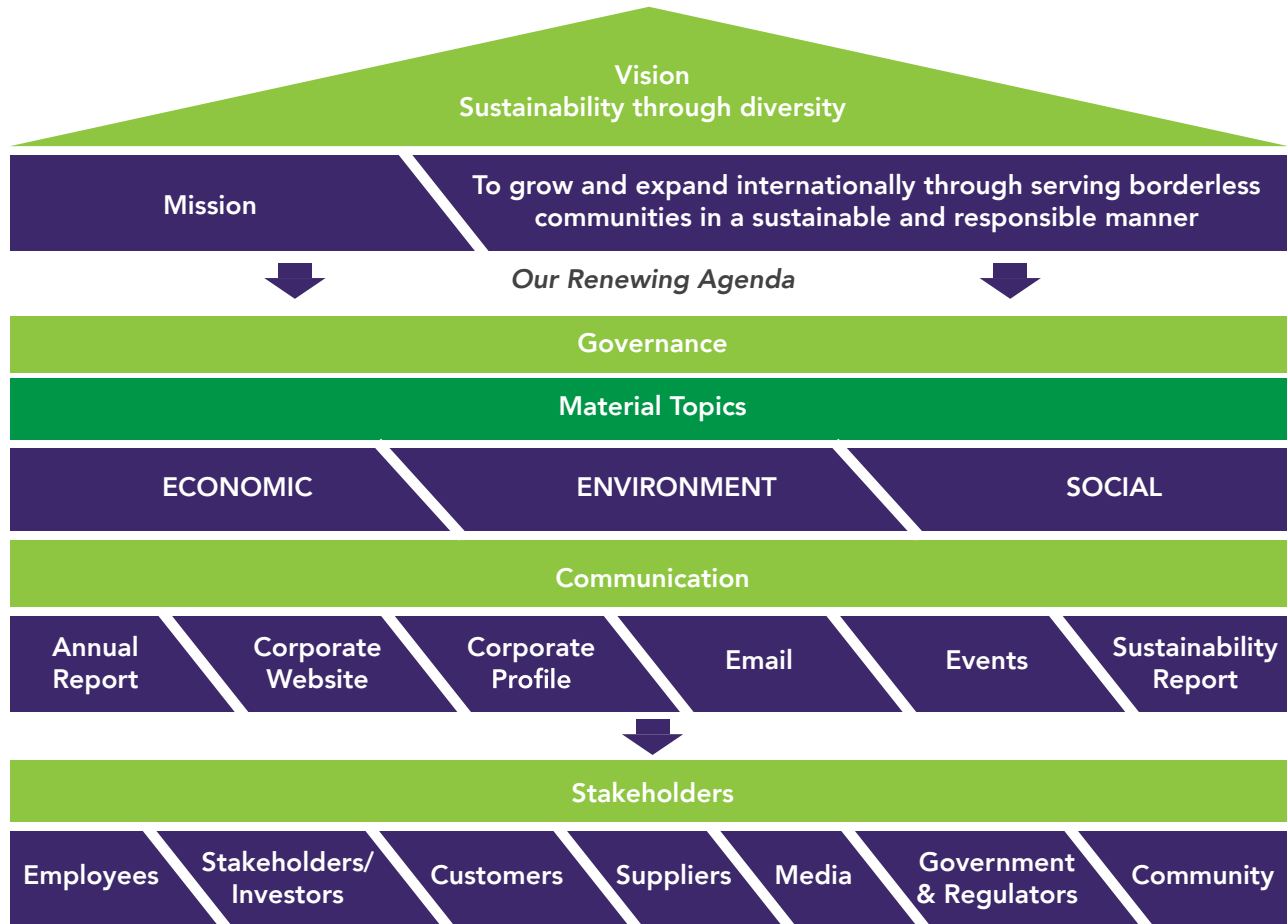
Reneuco Berhad is cognisant that data-gathering still exists for certain indicators. We are in the process of implementing better database management and gathering mechanisms for improved reporting going forward.

### • Feedback

We welcome your comments, thoughts, and remarks from all our stakeholders. Any queries and feedback can be directed to [esg@reneuco.com](mailto:esg@reneuco.com).

## Sustainability Approach

Reneuco's approach to sustainability is driven by the Group's sustainability framework with the Group's vision and mission at the apex of this framework.



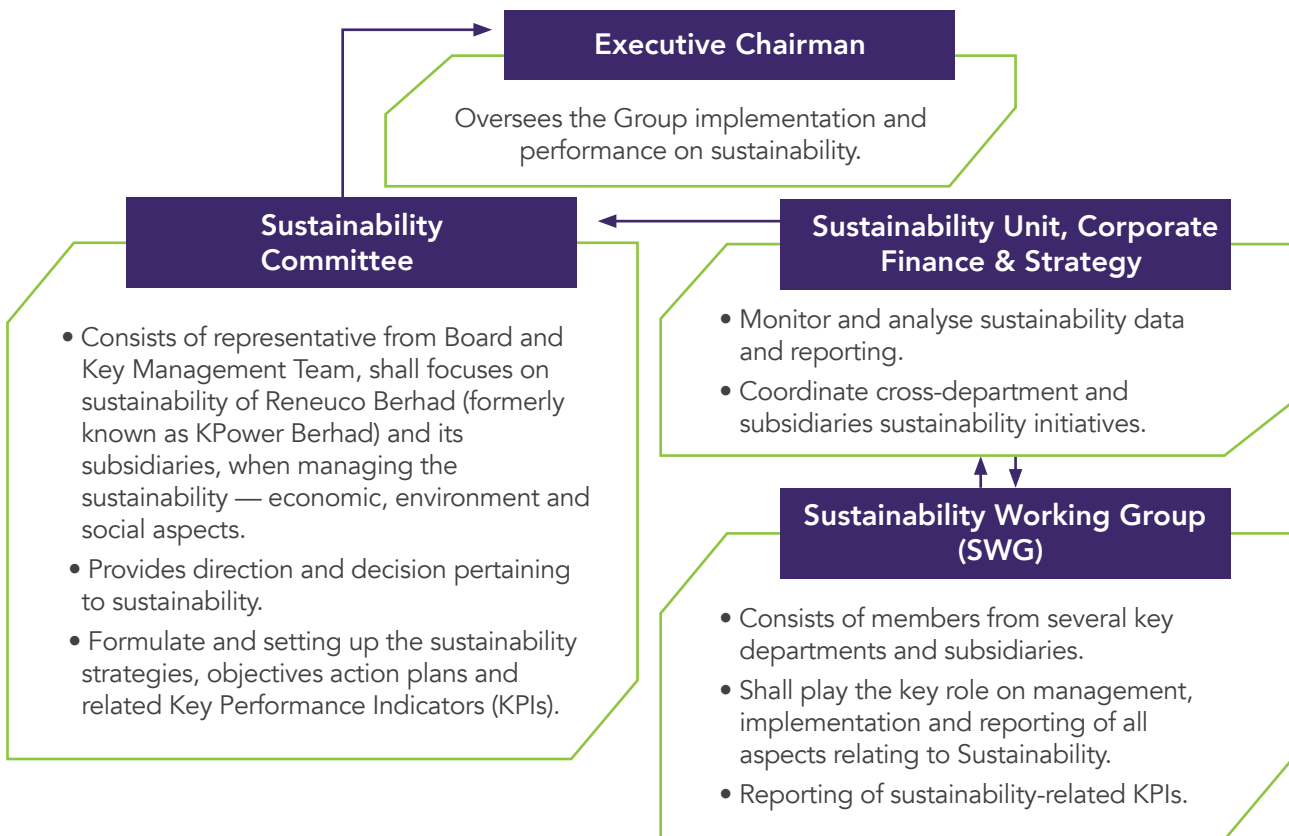
The tenets of sustainability efforts are delineated in our Group Sustainability Policy, which echoed our commitment to promoting sustainability practices within the Group and continues to undertake various efforts in improving our business operations from all aspects of ethical business practices, addressing relevant Economic, Environmental and Society (EES) parameters. Additionally, the EES parameters will be used as a basis in the formation of strategy, initiatives and measurement/monitoring to rationalise the target sets.

At the end of the framework, we listen, engage and communicate with our Stakeholders to understand how various EES matters impact and are impacted by our business. These impacts indicate Reneuco's contribution, negative or positive to sustainable development and guided strongly by sustainability-related policies.

# Sustainability Approach

## Sustainability Governance

The Board of Directors and the top management of the Group has further established our governance structure to extend oversight from financial to non-financial performance. The roles and responsibilities of the Group’s Sustainability Committee is determined by the internal Terms of Reference of the committee, which is publicly available on our website.



The Group recognises that governance in Sustainability must not only be top-down, but it also needs to have a bottom-up approach so that the Board would have visibility and accountability over all layers of the organisation. Structurally, the Sustainability Committee is supported and assisted by the Sustainability Unit under the Corporate Finance and Strategy Department of the Group.

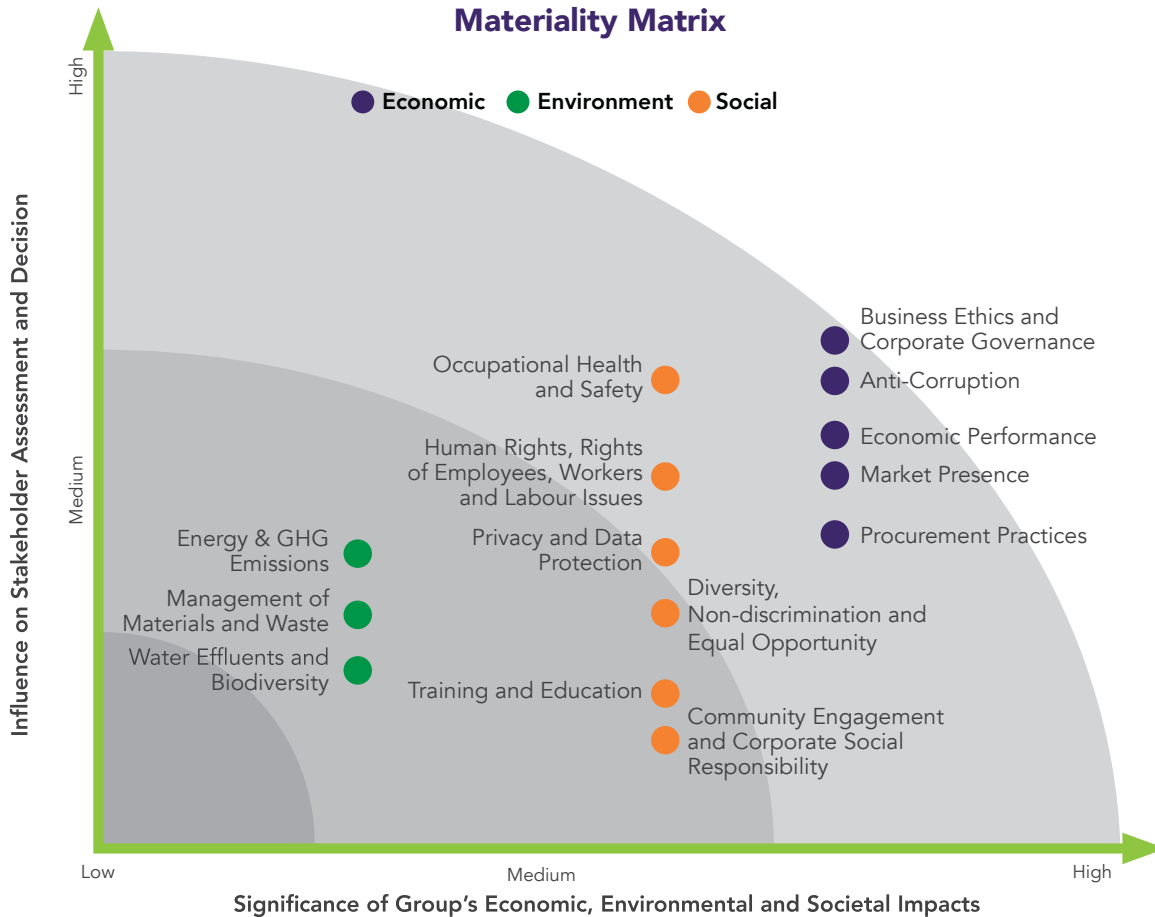
As the Sustainability Committee is the decision-making body of the Group, it requires an implementation arm to fulfil all its governance measures and roll-out its sustainability strategies.

The Sustainability Unit would then have the core competency and delegated authority to coordinate, manage and report all initiatives and implementations through the Sustainability Working Group (SWG) to the entire organisation, whereby the latter is represented by various members from all operational boundaries of the Group.

# Sustainability Approach

## Sustainability Material Matters

In the journey to be a more responsible and sustainability Group, we need to focus and channel our resources on sustainability matters that matter to us most. For FYE2022, the following material topics were identified as being the most significant to Reneuco and our stakeholders.



**Material Matters**

- Business Ethics and Corporate Governance
- Anti-Corruption
- Occupational, Health and Safety
- Economic Performance
- Market Presence
- Human Rights, Rights of the Employees, Labour Issues
- Procurement Practices
- Privacy and Data Protection
- Energy and GHG Emissions
- Diversity, Non-discrimination and Equal Opportunity
- Management of Water and Waste
- Water Effluents and biodiversity
- Training and Education
- Community Engagement and Corporate Social Responsibility

The significance of EES and influence on Stakeholder Assessment and Decision is distinguished according to colour shades below:

- Low
- Medium
- High

We identified all material matters or material topics that can either support or impede our business growth. In the highest quadrant of the materiality chart, the top Material Topics or Material matters determined for the Group are:

1. Business Ethics and Corporate Governance
2. Anti-Corruption
3. Occupational, Health and Safety
4. Economic Performance
5. Market Presence
6. Human Rights, Rights of Employees and Labour Issues
7. Procurement Practices
8. Privacy and Data Protection

## Sustainability Approach

Environmental topics are as yet not ranked as highly Material in the current evaluation, however "Energy and GHG Emissions" and "Management of Water and Wastes" will be considered as secondarily Material to the Group and will be reported in addition, for the purposes of ESG Ratings such as by FTSE4Good.

We recognise that the Group can play a role in solving broader sustainability issues and have thus aligned our Framework to the United Nations Sustainable Development Goals (UNSDGs) that we believe are most relevant to our business. The alignment of the Group's sustainability material matters and our strategies and initiatives the UNSDGs are detailed below:

### Linkage to United Nations Sustainable Development Goals (UNSDGs)

Sustainability Pillars	Material Matters	Our Strategies/ Initiatives	UNSDGs
<b>Economic</b>	Business Ethics and Corporate Governance	<ul style="list-style-type: none"> <li>• Policy on Code of Business Ethics</li> <li>• Anti-bribery and anti-corruption policy</li> <li>• Whistleblowing Policy</li> <li>• Human Rights Policy</li> <li>• Supply Chain Management &amp; Procedure Policy</li> <li>• Commitments on Task-Force on Climate-related Financial Disclosure (TCFD) Recommendations</li> <li>• Sustainable Business Segment</li> </ul>	  
	Anti-Corruption		
	Economic Performance		
	Market Presence		
<b>Social</b>	Occupational, Health and Safety	<ul style="list-style-type: none"> <li>• Integrated Management System (IMS) to meet the specific requirements of:               <ol style="list-style-type: none"> <li>MS ISO 9001:2015 - Quality Management Systems</li> <li>ISO 45001: 2018 - Occupational, Health and Safety Management Systems</li> </ol> </li> <li>• Quality, Environmental, Health &amp; Safety Procedures Manual</li> </ul>	  
	Human Rights, Rights of the Employees, Labour Relations		
	Data Protection	<ul style="list-style-type: none"> <li>• Compliance to Personal Data Protection Act 2010</li> </ul>	
<b>Environment</b>	Energy & GHG Emissions	<ul style="list-style-type: none"> <li>• Sustainability Policy</li> <li>• Environmental Policy</li> <li>• Integrated Management System (IMS) to meet the specific requirements of ISO 14001:2015 - Environmental Management Systems</li> <li>• Commitments on Task-Force on Climate-related Financial Disclosure (TCFD) Recommendations</li> </ul>	   
	Management of Materials and Waste		
	Water Effluents and Biodiversity	<ul style="list-style-type: none"> <li>• System (IMS) to meet the specific requirements of ISO 14001:2015 - Environmental Management Systems</li> </ul>	



# Economical, Environmental And Social Sustainability

## • Economic

At the foundational level, the Group has applied the practices encapsulated in the updated version of the Malaysian Code on Corporate Governance ("MCCG") and Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad. The principles therein are applied throughout all operational boundaries of the Group. The oversight and management of all levels within the Group are based on several key policies and commitments that have to be complied by all Board members and employees. These include:

1. Code of Business Ethics
2. Anti-bribery and anti-corruption policy
3. Whistleblowing Policy

In regards to sustainability of our business, we emphasised on our economic performance through the products and services that we provide in our sustainable energy and utilities businesses and subsidiaries; the other part is to look at how the management of sustainability can improve the economic performance of our other business segments such as logistics, healthcare and developments.

The Group aligns strategy on economic performance related to Sustainability with the country's aspirations in terms of Climate Action. More details on Climate Action can be found in the Sustainability Report on "Environmental: Renewing Climate Action." In terms of business direction, the policy and commitment of the Group is to target market share in national initiatives such as Malaysia's Large-Scale Solar (LSS) Projects under the purview of the Energy Commission (EC). In addition to the solar for renewable energy, the Group has been selected as one of the successful bidders under the feed-in tariff (FiT) e-bidding exercise conducted by Sustainable Energy Development Authority (SEDA) for the development of small hydro power plants in Malaysia.

On 18 February 2022 the Group also accepted the letter of award to take over and complete the engineering design, procurement, construction and commissioning ("EPPC") of small hydro power plants.

The Group continues to take the financial implications and other risks and opportunities due to climate change impacts, in terms of managing our economic performance. The Group has begun to anchor our understanding and evaluation based on the Task Force on Climate-related Financial Disclosures (TCFD) Recommendation framework which further elaborated in our Sustainability Report 2022.

## • Environmental

In 2022, the Group has rolled-out its first Environmental Policy to be implemented across all operations to mitigate negative impacts and increase our positive impacts. Our Environmental Policy provides guidelines governing the identification and management of environmental issues. This Policy reflects the commitment of the Group to maintain a holistic approach towards contributing to climate action, climate change adaptation and sustainable development in accordance with goals set out in international commitments such as the Paris Agreement and United Nations Sustainable Development Goals (UNSDG).

Our Environmental Policy is central to the management of environmental issues, which includes:

- Effective governance and oversight on environmental and climate change impacts;
- Embedding environmental considerations into the implementation of the Group's strategies;
- Promoting environmentally-oriented processes, practices, services and products; and
- Establishing environmental metrics and contribute to environmental goals and targets.

# Economical, Environmental And Social Sustainability

## Energy & GHG Emissions

The Group commits to using energy more efficiently and opting for renewable energy sources, which is essential for combating climate change and for lowering the Group's overall environmental impacts. Additionally, we commit to conservation and efficiency initiatives, such as organisational or technological modification that allows our operational processes to be carried out using less energy. Conservation and efficiency initiatives include process redesign, the conversion and retrofitting of equipment such as energy-efficient lighting, or the elimination of unnecessary energy use due to changes in behaviour. The Group has also started considering setting baselines and short to long term targets for energy in line with the relevant national or international regulations, standards and accords.

### Total non-renewable energy consumed (PETROL)



### Total non-renewable energy consumed (DIESEL)



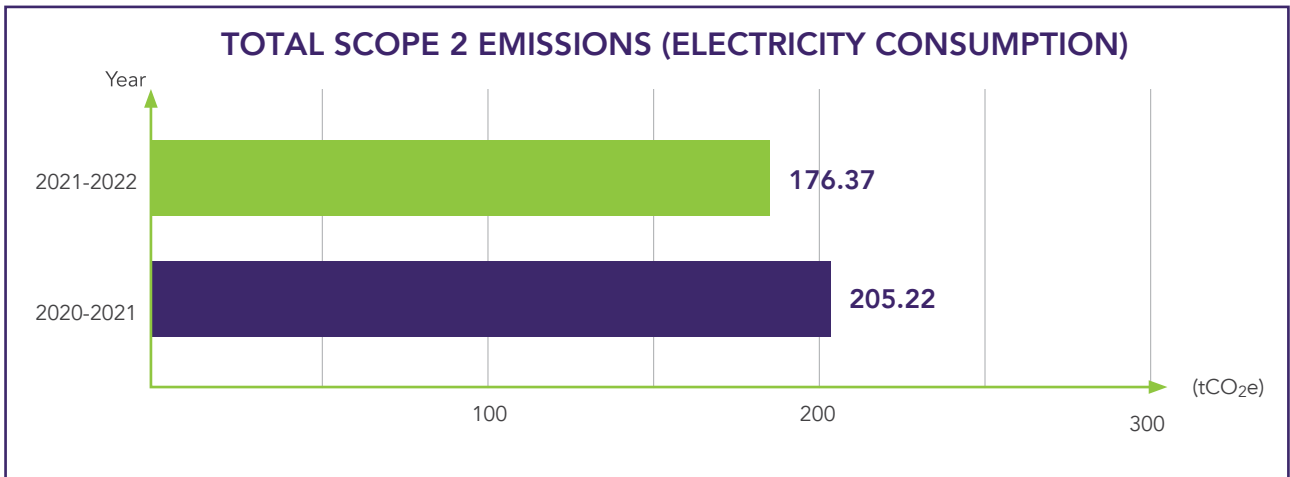
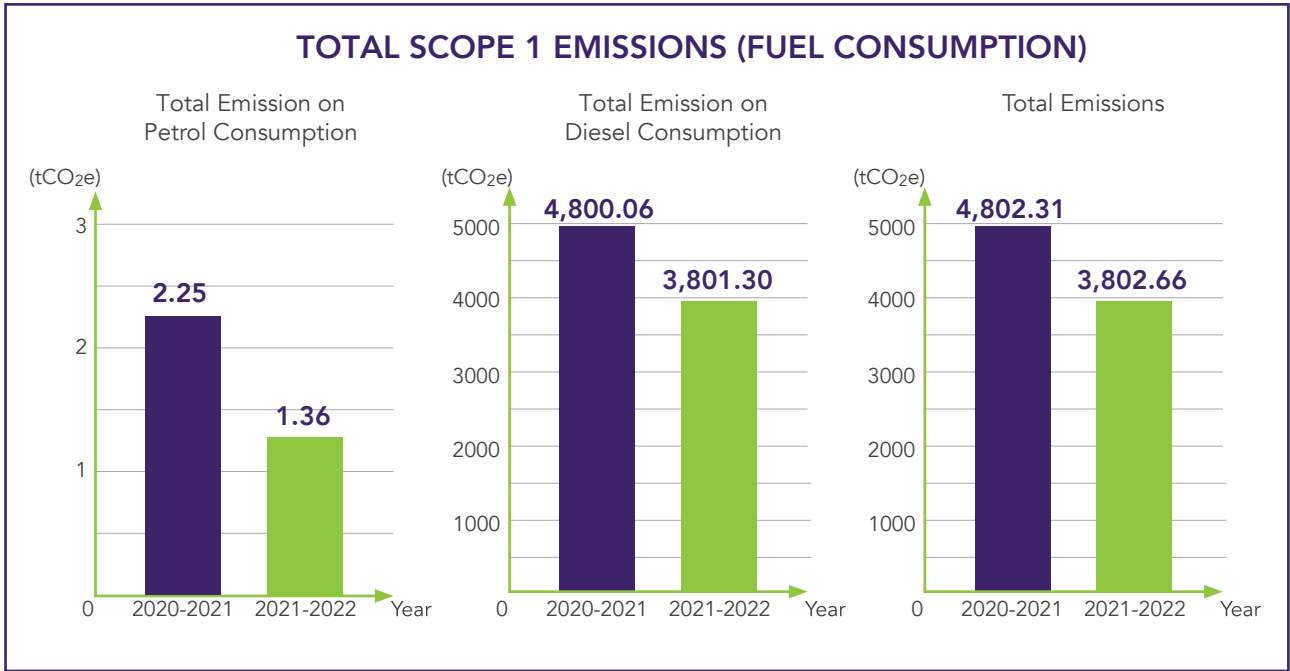
### Total electricity consumed



# Economical, Environmental And Social Sustainability

## Energy & GHG Emissions

The Group has begun planning for its Net Zero targets in line with the Paris Agreement, Malaysia's Nationally Determined Contribution (NDC) and also the benchmarks in the sector. As the first steps towards Net Zero, the Group has set 2020 as the base year on the GHG Emissions Scope 1 and Scope 2.



# Economical, Environmental And Social Sustainability

## Management Of Material And Waste

As a group with a diversified range of business segments, the Group understands that the waste that is created as a result of our business processes for our end products and services will go in tandem with our growth. The waste is usually expected to increase in accordance with the increment of business activities, however the Group would manage the rate of increase through efficient waste management.

The Group practices on processes of waste management are in accordance with the ISO 14001 standard, which specifies requirements for an effective environmental management system (EMS).

All waste was disposed in accordance with proper procedure are tabulated as below:

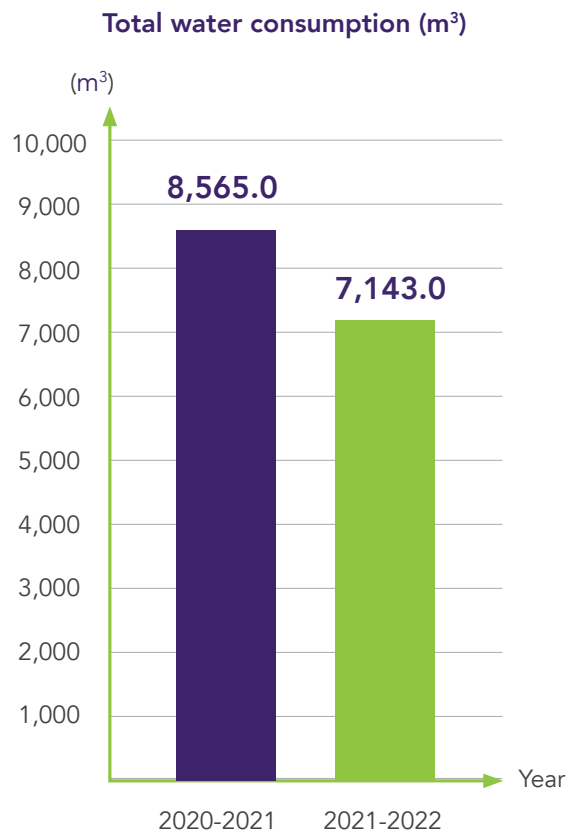


## Water Effluents And Biodiversity

The Group's management understands that clean potable water is a limited resource and its use and distribution across our operations carries environmental and social impacts. Although the management of water and effluents is not currently among our top material Sustainability matters, we believe that good water management is part of being a responsible corporation.

Total water consumption in the Group, based on recorded and collected data from various operational boundaries for the past two years.

Moving forward, the Group will continue to step up its efforts in environmental responsibility and sustainability, with the aspirations of achieving high Sustainability and indices ratings, and winning sustainability recognition awards for our performance and progress.

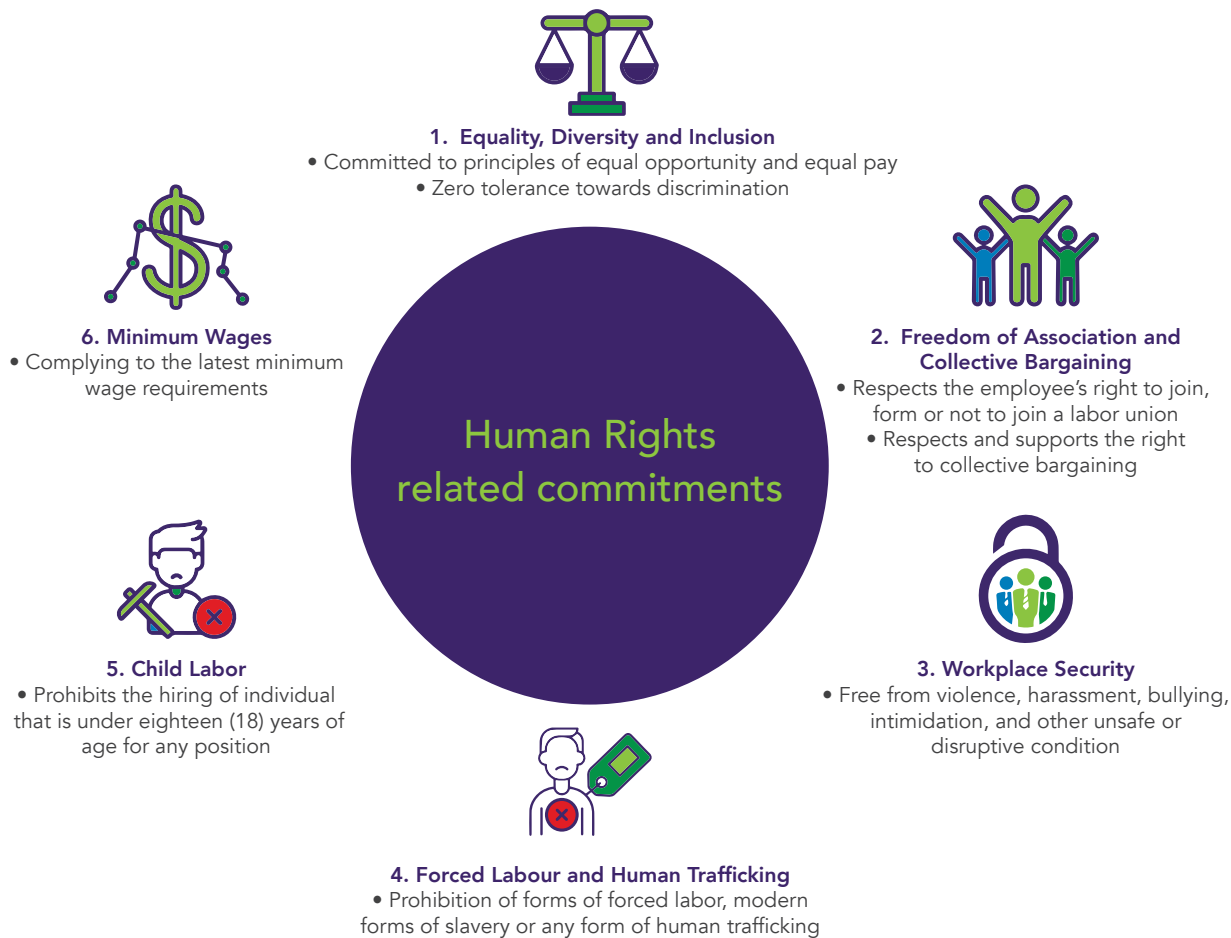


# Economical, Environmental And Social Sustainability

## • Social

The Group commits to respecting human rights. In 2022, the Group made the move to develop and roll out its inaugural Human Rights Policy that provides guidelines governing the identification and management of human rights issues. This Policy reflects the commitment of the Group to respect and promote human rights in accordance with the UN Guiding Principles on Business and Human Rights in the Group's business processes and in the Group's business relationships.

Our overall commitments to Human Rights also link to our other Human Rights related commitments:



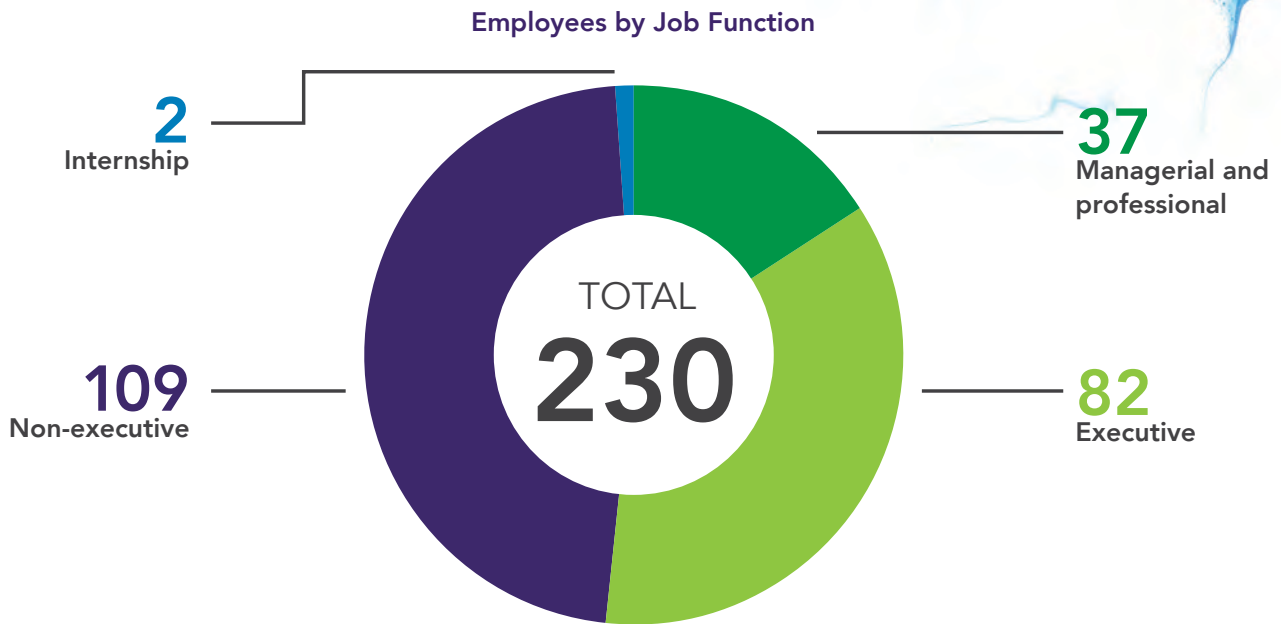
The Group upholds our human rights and human rights related commitments in every area of our employment. We focus our value creation by also contributing to positive impacts for our people and society in our employment practices and job creation. From our hiring, recruitment, retention and related practices, the Group expects to attract and retain the best talents in the field. We also strive to provide the best and safest working conditions to our employees of all levels.

To make it possible for grievances to be addressed early and remediated directly, the Group has established effective whistleblowing and grievance mechanisms for individuals and communities who may be adversely impacted, in line with our Whistleblowing Policy.

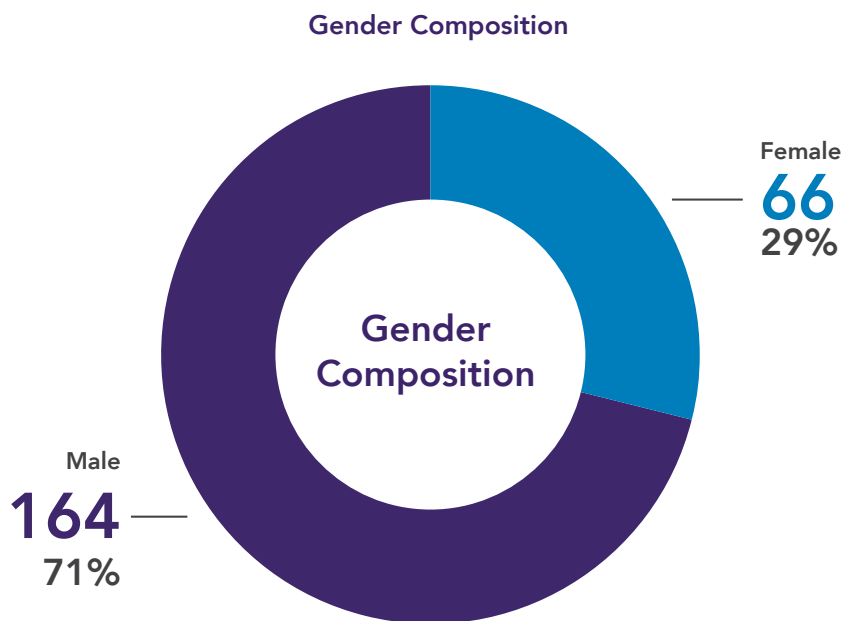
The employment practices of the Group are guided by the Employee Handbook of the Group that is referred to by all operations across its businesses. As much as possible every segment of the Group follows employee job classification and grades, whereby the relevant authorities are delegated accordingly and where the corresponding remuneration and benefits are accorded fairly.

As of the reporting year, we have a total number of 228 full time employees with an additional two interns within July 2021 to June 2022.

## Economical, Environmental And Social Sustainability

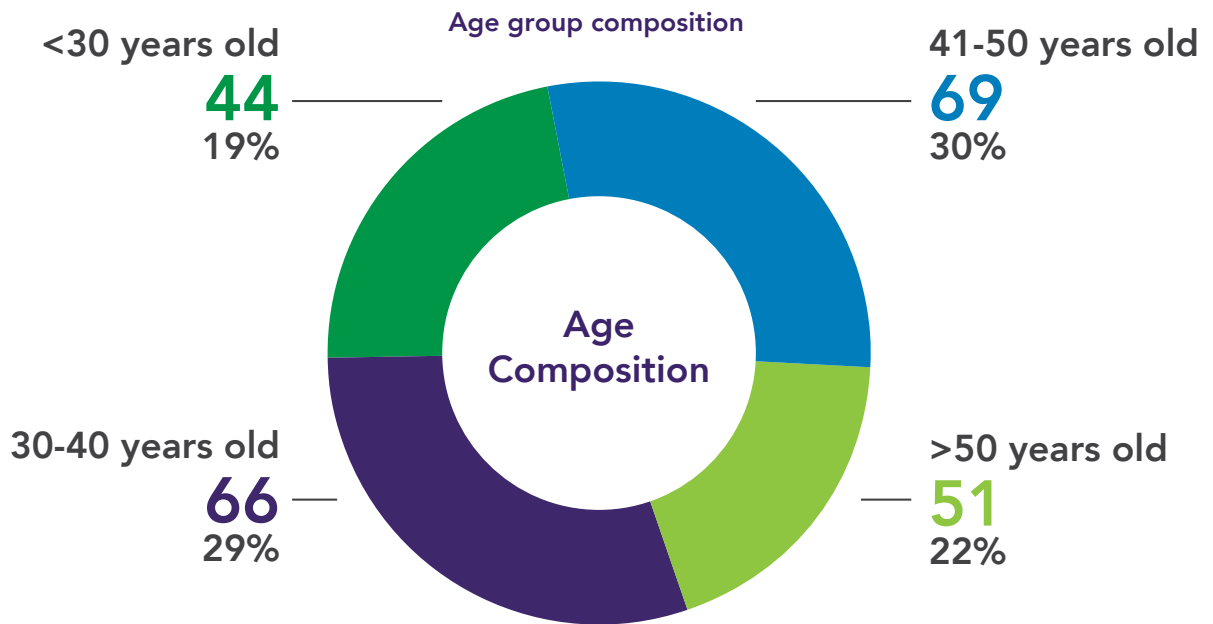


In terms of gender diversity, the Group has more than a quarter of female full-time employees

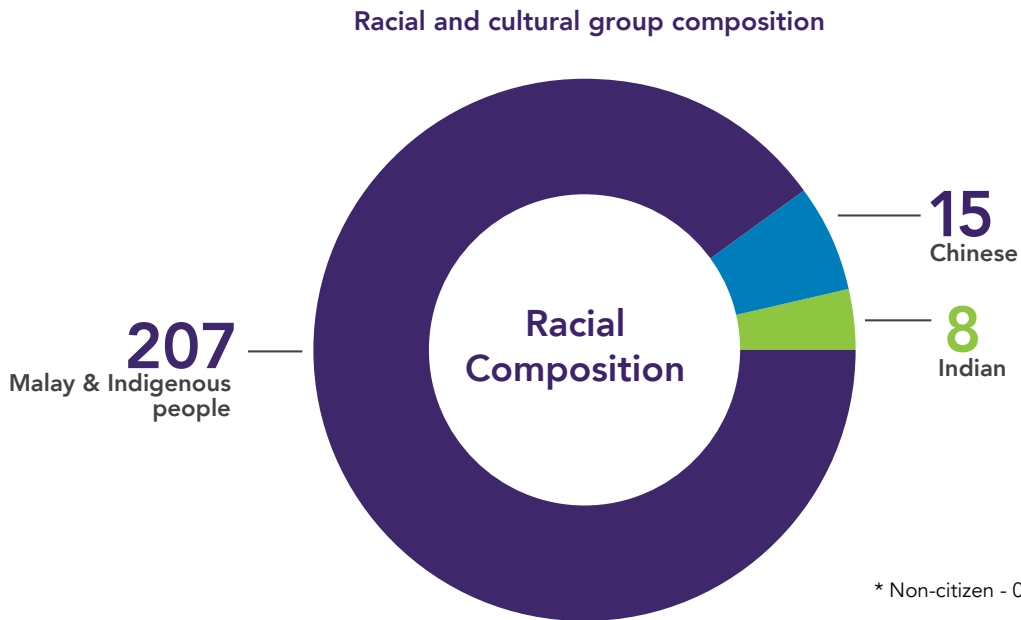


Amongst all of our employees, the majority of 59% are between the ages of 30-50. This means that the human resources in the group are anchored by a majority of employees that have the necessary experience in contributing to the value creation and positive impacts in the Group. Nevertheless, the Group also focuses on a large group of young talents that are below the age of 30.

## Economical, Environmental And Social Sustainability



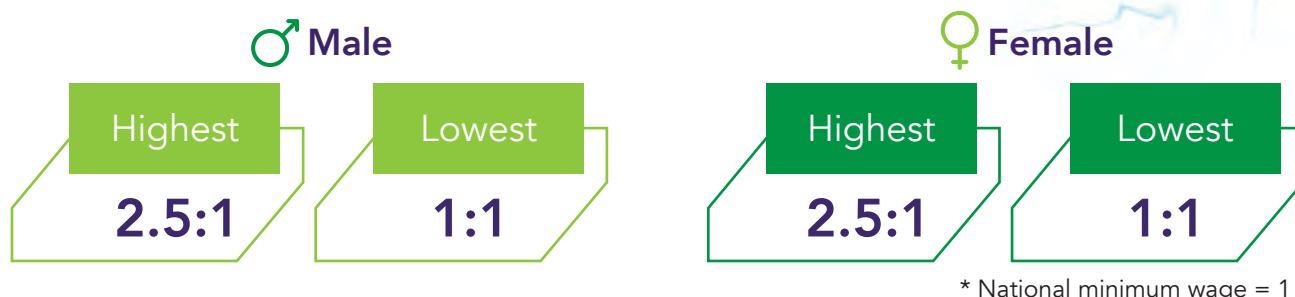
In terms of the diversity of our people, we continue to attract and retain talents from all racial and cultural backgrounds. Including our interns, we are pleased to report that 100% within the Group are all Malaysians. We will continue to focus on creating employment opportunities in our local communities so that our business segments create positive economic and social impacts.



From the facet of human rights, we believe that providing wages above the minimum wage can help to contribute to the economic well-being of our employees, while the distribution of wages is crucial for eliminating inequalities. We are pleased to report that the basic entry-level salary we offer our employees is equally distributed for both men and women. The comparative entry level salary for our employees is also equal or higher than Malaysia's minimum wage and supported by the low turnover rate (10.53% for male and 2.19% for female).

## Economical, Environmental And Social Sustainability

### Entry-level salary (by ratio) by gender



#### • Occupational, Safety and Health

In order to be a responsible and sustainable employer, the Group commits to keeping all our employees, workers and interns safe and healthy. Hence the Group emphasises strongly on occupational health and safety. At the foundation, the Group applies the ISO 45001:2018 Occupational, Health and Safety Management System. The Group has anchored our operations on the Integrated Management System (IMS) to meet the specific requirements of MS ISO 9001, ISO 14001, ISO 45001 and Quality, Environmental, Health & Safety Procedures Manual.

The Group maintains its good record in terms of occupational health and safety so that our employees, clients, vendors and other stakeholders have full confidence in our operations.

Incident Record	2021	2022
Fatality	0	0
Class II LTI/Major Injury (>4 days)	0	0
Class III NLT/ Medical Treatment/Minor Injury (< 4 days)	1	0
Class IV First Aid Case	0	0
Class V Near Miss	0	0
Class VI Dangerous Occurrence	0	0
Class VII Property Damage	0	0
Class VIII Occupational Disease/Poisoning	0	0
Class IX Environmental Incident	0	0
Class X Others	0	0

We also acknowledge the importance of employee training to enhance the knowledge and individual skills in many areas but not limited to Occupational, Safety and Health. Throughout July 2021 to June 2022, we provided approximately 449 hours of training – equivalent to an average of 2 hours of training per employee using internal and external subject-matter experts covering skills, technical and functional training programmes.

#### Privacy and Data Protection

We are steadfast in keeping our stakeholders' data private at all times. Our group recognises in keeping data safe from any data breach threats and violations. We also abide by the Personal Data Protection Act (2010), which regulates the processing of personal data in commercial transactions. At the foundation, we believe that keeping the data security and privacy within the organisation is an essential in order to showcase our ability as a trustworthy company and build stakeholders' trust.

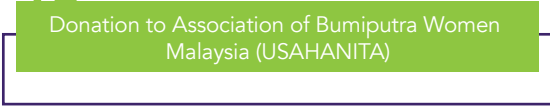


# Corporate Social Responsibilities

The Group places great importance on social responsibility and ethical practices to make a difference in the world. We believe that we are a part of the larger community around us and strive to do our best by taking the extra step in caring for the society, especially the less fortunate. The Group made contributions and participated in several events summarised as follows. The full details of the programmes are available in Sustainability Report 2022.

**18** December 2021

Donation to Association of Bumiputra Women Malaysia (USAHANITA)



**20** December 2021

Flood Aid Programme 2.0: Puchong, Selangor



**20** December 2021

Flood Aid Programme 3.0: Bentong, Pahang



**20** December 2021

Flood Aid Programme 4.0: Hulu Langat, Selangor



**04** January 2022

Flood Aid Programme 5.0: Gemas, Negeri Sembilan



**17** January 2022

Flood Aid Programme 6.0: Jasin, Melaka



**26** April 2022

Donation to Ihya Ramadhan 2022



# Corporate Social Responsibilities

26 May 2022

Food Programme with Yayasan Bursa Malaysia



29 May 2022

Donation to Pertubuhan Dai Kuala Lumpur (DAIKL)

07-08 July 2022

Sponsorship for IMT-GT & BIMP-EAGA Green City Action Plan Kick-Off: Building Back Better



19 June 2022

KK Duathlon 3.0 2022



08 July 2022

Flood Aid Programme 7.0: Baling, Kedah



14 July 2022

Sponsorship for Persatuan Hoki Veteran Malaysia Sultan Ahmad Shah (SAS)



# Employee Engagement Programmes

The Group has carried out employee engagement programmes in the year 2022 as summarised below. The full details of the programmes are available in Sustainability Report 2022.

**01** April 2022  
Football Friendly Match between Reneuco staff and Malaysia Entertainer Football Team



**27** June 2022  
Football Friendly Match among Reneuco Staffs



**11** August 2022  
Futsal Friendly Match among Reneuco Staffs



**20** August 2022  
White Water Rafting @ Kuala Kubu Bharu



**15-16** September 2022  
Reneuco Group's Team Building



# renewco

## Corporate Governance

### Corporate Governance Overview Statement

This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance ("MCCG") and Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad except where stated otherwise.

Details of the Group's application of each practice set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group's website at [www.renewco.com](http://www.renewco.com).

#### Practice 1.1 – Board Duties and Responsibilities

The Board is responsible and accountable to the Company's shareholders and various stakeholders in order to achieve sustainability and long-term success through its effective leadership and management of the Company's business. Hence, the Board is responsible for the long-term performance of the Group, overseeing the Group's strategy and monitoring its operation.

The Board's principal function is to address all significant matters as it is accountable under the applicable laws and regulations for the Group's activities, strategies, financial position and performance. The Board delegates certain functions to the Board Committees, Group Chief Executive Officer and the Management, for implementing the Group's strategic direction and for managing its day-to-day operations. The Board has delegated specific responsibilities to the committees to assist the Board in corporate governance and operation of the Group.

The functions and the Terms of Reference of the committees have been defined by the Board in the Terms of Reference of the respective committees. The Key Matters reserved for the Board's approval are specified in the Board Charter.

The Board adheres to the Code of Conduct and Ethics for Directors which highlights the criteria that directors should observe in the performance of their duties. The following are the roles and responsibilities of the Board in discharging its fiduciary functions:

- Leads, controls, provides strategic direction and the overall responsibility for corporate governance.

- Formulates key policies, overseeing investments and businesses for the Group.
- Ensures that the Company has appropriate corporate disclosure policies and procedures.
- Establishes succession planning and ensures that all candidates appointed to Senior Management are of sufficient calibre.
- Identifies principal risks and ensures the implementation of appropriate internal controls.

#### Practice 1.2 – Chairman

The Chairman of the Board is an Executive Chairman. The Chairman is capable of leading the Board based on his leadership skill, education level and extensive working experience. As the Chairman plays an important role in the Board, the Chairman is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Company, and at the same time be guided by the independent advice and views from the Independent Directors, who offer the necessary checks and balances in the decision making process of the Board.

The Chairman is responsible for promoting and overseeing the standards of Corporate Governance with the Board and the Company.

The Chairman ensures that the Board members receive accurate, timely and clear information to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company.

## Corporate Governance Overview Statement

The Chairman takes a leading role in determining the composition and structure of the Board. This will involve regular reviews of the overall size of the board, the balance between executive and non-executive directors and the balance of age, experience and qualification of the directors.

The Chairman, whose primary role is to preside over board meetings, has the significant role of ensuring that all directors' views are heard, to ensure sufficient time for discussion of each agenda, as well as to provide a fair opportunity to all directors to participate actively and constructively during the meetings.

### **Practice 1.3 – Separation of the roles of Chairman and Group Chief Executive Officer**

The roles of Chairman and Group Chief Executive Officer ("GCEO") are exercised by different individuals. A clear segregation of their responsibilities and powers are stated and defined in the Company's Board Charter. It is made available for reference on the Company's website.

The Chairman is responsible for managing the conduct of the Board and ensuring its effectiveness including all directors to receive sufficient relevant information on all financial, business, operations and corporate matters to enable each of them to participate actively and effectively in Board Decisions. The GCEO is responsible for efficient and effective management of the business operations and strategic direction of the Company

### **Practice 1.4 – Separation of the Chairman from the Board Committees**

To ensure the Company is in compliance with Practice 1.4 of the Malaysian Code on Corporate Governance ("MCCG"), the Chairman of the Board is not a member of Audit Committee ("AC"), Nomination Committee ("NC") and the Remuneration Committee ("RC").

Each Committee sought to ensure that there is a check and balance practice by the Group and all the objectives are reviewed by the Board.

### **Practice 1.5 – Company Secretary**

The Board is supported by an outsourced Company Secretary who is a qualified and competent Company Secretary under the Companies Act 2016. The Company Secretary is responsible for advising and regularly updating the Board on good governance, policies and procedures and corporate compliance from time to time.

The Company Secretary also ensures that the Board is kept well informed on any regulatory requirements and updates on the developments in the areas of corporate governance that affect the duties and responsibilities of the Directors as well as the Company being a public listed company.

The Company Secretary advises and circulates relevant guidelines on new and amended statutory and regulatory requirements from time to time for the Board's reference and briefs the Board on these updates at Board meetings. The Company Secretary ensures that the Company and its Directors operate within the law.

The Company Secretary also attends all Board and Board Committee meetings and ensures that the meetings are properly convened and the discussions on key issues and decisions thereon are properly recorded. The Company Secretary is directly accountable to the Board on all matters in relation to the proper functioning of the Board, maintenance of the statutory and corporate documents of the Board, facilitating the Board's communication and monitoring the implementation of the Board's decisions, where appropriate.

All Directors have full and unrestricted access to the advice and services of the Company Secretaries.

### **Practice 1.6 – Information and support for Directors**

The Board of Directors' Meeting is held on a quarterly basis to deliberate and approve the quarterly results and at other times as required. There were eight (8) Board meetings held during the financial year ended 30 June 2022.

Board meeting is a platform for exchange of views, with Directors bringing their experience and independent judgement to discuss the issues at hand. During these meetings, the Board discusses, amongst other matters, the Company's financial position, company policies, risks management, as well as management's performance based on the corporate targets and budget.

Each Board member is supplied in advance with an agenda, which include minutes of previous meetings, financial reports and other reports relevant to the meeting, to allow sufficient time for the directors to review and to deliberate at the Board meetings and to facilitate informed decision making by the directors. All meeting materials are reviewed by the Management to ensure the accuracy and completeness of the information contained before presented to the Board.

## Corporate Governance Overview Statement

Management representatives are also present to provide additional insight on matters to be discussed during the Board meetings.

In between Board meetings, matters requiring Board's approval were sanctioned by way of written resolutions where relevant information on the subject matter was enclosed.

All the Directors have the right of access to all relevant Company information, access to management

and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties, subject to prior consultation with the Chairman. To enable them to effectively exercise their duties and responsibilities, Board meetings regularly included sessions on recent key developments in governance and other corporate matters affecting the Company's business

**The number of meetings attended by each Director during the financial year are set out as follows.**

Name of Directors	Number of Meetings Attended
Datuk Mustakim bin Mat Nun ( <i>Executive Chairman</i> )	8/8
Sarah Azreen binti Abdul Samat ( <i>Deputy Chairperson</i> )	8/8
Dato' Arivalagan A/L Arujunan	8/8
Kok Pauline	8/8
Tan Yee Hou	8/8
Ahmad Riza bin Mohd Saian ( <i>Appointed on 17 January 2022</i> )	5/5
Ir. Ts. Dr. Muhammad Mahadi bin Mohamad ( <i>Appointed on 31 March 2022</i> )	3/3
Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah ( <i>Resigned on 10 December 2021</i> )	3/3

### Practice 2.1 – Board Charter

The Board Charter sets out the roles and responsibilities, composition and processes of the Board. It provides an overview of how the Board leads and provides direction to the Management of the Company. It also sets out the delegations of authority by the Board to various Committees to ensure the Board members in performing their responsibilities on behalf of the Company would act in the best interest of all shareholders. In addition, this Board Charter also outlines the core principles of Corporate Governance to which the Company subscribes.

The Board has established five (5) Board Committees, namely Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Investment Committee, that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities.

Each committee is governed by its own Terms of Reference which sets out its functions and duties, compositions, rights and meetings procedures. The Board Charter is reviewed and revised periodically to meet changing business, operational and regulatory requirements.

### Practice 3.1 – Code of Conduct and Ethics

The Company has adopted the Code of Conduct and Ethics ("Code") to provide guidance to every member of the Company's Board of Directors. Each Director is responsible for reading and understanding this Code, and using it as a guide in the performance of his or her responsibilities as a Director.

The Board is committed to establish a corporate culture that promotes ethical conduct throughout the Company and ensures that its business is conducted with integrity, transparency and fairness. In discharging its fiduciary duties, the Board must at all times act in good faith and in the best interests of the Company and at the same time ensure that its obligation to shareholders and stakeholders are met. All of its Directors help foster a sense of commitment to this Code among all Directors, and to foster a culture of fairness, honesty and accountability within the Company.

## Corporate Governance Overview Statement

The Board and all employees are guided by the Company's core values and policies, as well as relevant regulatory requirements and standards which regulate appropriate conduct and ethics within the Company. The Company has established the following policies and procedures to provide direction and guidance to all Directors, Senior Management, employees and external parties in discharging their duties and responsibilities in the best interest of the Company:

- a) Code of Conduct and Ethics;
- b) Whistleblowing Policy; and
- c) Anti-Bribery and Anti-Corruption Policy.

### Practice 3.2 - Whistleblowing Policy

The Board is committed to the highest standards of integrity, openness and accountability in the conduct of its businesses and operations. The Board has established the Whistleblowing Policy that provides a channel to enable employees and other stakeholders to report any suspected breaches of law or regulations or any illegal acts observed in the Group, including financial malpractice or fraud, non-compliance with regulatory requirements, danger to health, safety or the environment, criminal activity and corruption.

A whistleblower is not responsible for investigating the activity or for determining fault or corrective measures. Appointed management officials are charged with these responsibilities. This policy is to provide an avenue for all employees of the Group and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy and to provide protection for employees and members of the public who report such allegations.

The whistleblower will be accorded with protection of confidentiality of identity to the extent reasonably practicable. In addition, an employee who raises any issues internally will also be protected against any adverse and detrimental actions for disclosing any improper conduct committees or about to be committed with the Group, to the extent reasonably practicable, provided that the disclosure is made in good faith. Such protection is accorded even if the investigation later reveals that the whistleblower is mistaken as to the facts and the rules and procedures involved.

It outlines the procedures for reporting a genuine concern on any breach of conduct that is taking place, has taken place or may take place in the future. The Group treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in good faith. The Whistleblowing Policy is reviewed as and when deemed necessary and is available on the Company's website.

### Practice 4.1 – Sustainability Leadership

The Board recognises environmental, social and governance (ESG) considerations as part of an integral component to the Company's performance and long-term sustainability strategies. As such, the Board has strengthened the corporate governance on sustainability leadership through the sustainability governance structure. The sustainability governance structure is described as two-way approaches (top-down to bottom-up approach) on sustainability strategy's operationalisation. Further details on sustainability governance are provided in the Sustainability Report 2022, which is available on our corporate website ([www.reneuco.com](http://www.reneuco.com)).

On sustainability leadership, the Sustainability Committee was established to provide the decision and setting up the sustainability strategies, managing sustainability issues, risks and opportunities of the Group. The Committee comprises the Board and key senior management, with the Executive Chairman providing oversight of overall sustainability strategy. The Committee is supported by the Sustainability Unit under the Department of Corporate Finance & Strategy of the Group and Sustainability Working Group (SWG), whose role is to drive sustainability throughout the Group as well as monitor its progress. In pursuit of delivering the sustainability agenda, the Terms of Reference of Sustainability Committee has set out the requirement for at least one of the Committee members to have relevant experience, skills on sustainable development and sustainability related matters. Whilst, the details on functional roles and responsibilities of the Sustainability Committee are available on the corporate website ([www.reneuco.com](http://www.reneuco.com)), appended in the Terms of Reference of the Sustainability Committee.

# Corporate Governance Overview Statement

## Practice 4.2 – Sustainability Reporting

The Group fully recognises the role of stakeholders as being at the forefront of corporate sustainability and hence committed to engage with stakeholders to ensure the strategies, priorities, target and performance are well-communicated to the internal and external stakeholders. Prior to commitment, the Board has established the Sustainability Identification and Engagement Policy that provides the systematic initiatives and communication approach among our internal and external stakeholders of the Group.

Internally, the Board and key senior management has validated the result of stakeholder engagements and focused deliberation on sustainability material matters, such as human rights, business ethics, procurement practices, privacy and data protection, occupational, safety and health, climate action, as well as the contribution to United Nations Sustainable Development Goals (UNSDGs).

In addition to the stakeholder engagement, the Board committed to be transparent and balanced with regards to data disclosure and its representations to the Group. Details of the Group's sustainability performance and efforts are stipulated in the Sustainability Report 2022.

## Practice 4.3 – Sustainability Training

The Board recognises the need to improve the ESG competencies and responding to the climate change issues. The Board has taken initiative to attend the training on Task Force on Climate-related Financial Disclosures (TCFD) Recommendations framework to build the competency on the sustainability issues, climate actions including its risks and opportunities that are relevant to the Company and its business.

## Practice 4.4 – Sustainability Performance Evaluation

The Sustainability Committee was established on 30 June 2022. The evaluation of the Committee will be conducted during the next financial year.

Where applicable, progress on sustainability performance in the form of data basis will be reported in Sustainability Report 2022.

## Practice 5.1, 5.2, 5.3 and Step Up 5.4 – Independent Directors

The Board recognises the importance of having a diverse Board in terms of age, qualification and gender to provide the necessary range of perspectives, experience and expertise in bringing value to the Group.

During the financial year ended 30 June 2022, the Board has seven (7) Directors comprising Executive Chairman, two (2) Non-Independent and Non-Executive Directors including the Deputy Chairman and four (4) Independent and Non-Executive Directors.

Consequently, the constitution of the Independent Directors of the Company is more than half (50%) and in line with the MCCG Practice 4.1 requirement.

There is a balance of power and authority in the Board as the Executive Chairman is responsible for making the day-to-day business and operational decisions and implementation of Board policies while the Independent and Non-Executive Directors ensure that the Board practices good governance in discharging its duties. There is a clear division of duties and responsibilities between them in order to maintain a balance of control, power and authority within the Board. As the views of the Independent Directors are crucial, the Board constantly discussed and deliberated all matters thoroughly before making any decisions.

The Independent and Non-Executive Directors have a crucial role in ensuring that the Board is an effective Board and through which good corporate governance can be promoted throughout the entire Company. They expect to provide a balanced and independent view. It calls for persons of calibre, integrity, with requisite business acumen and the credibility, skills and experience to bring independent judgement on issues of strategy, performance and resources, including key appointments and standards of conduct. Independent Directors must be given free access to the records and information of the Company as well as independent legal advice and the services of the Company Secretary if they find this to be necessary to fulfil their duties. The Board reviews and assesses the independence of Directors annually based on the criteria set by the Nomination Committee. One of the assessment criteria is the ability of the individual Director to exercise objectivity in the discharge of his or her responsibilities in the interest of the Company.



## Corporate Governance Overview Statement

The Board is of the view that all the Independent Directors remain independent.

The Board is of the view that throughout their tenure, the Independent Directors have demonstrated independence in character and judgement, and have always looked out for the best interest of the Company. The Independent Directors have provided independent views based on their experience and knowledge that allow for diverse and objective perspectives on the Group's business and direction.

In line with the recommendation of the Code, the Board limits the tenure of its Independent Directors to nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Board intends to retain the Independent Director as an Independent Director after serving a cumulative term of nine (9) years, shareholders' appropriate approval will be sought.

As at the date of this Annual Report, none of the Independent Directors of the Company served beyond nine (9) years.

### **Practices 5.5 and 5.6 – Diversity of Board of Directors and Senior Management**

The Board reviews from time to time the composition of the Board and considers new appointments when the need arises. The Nomination Committee is responsible for assessing and making recommendations to the Board of Directors based on the recruitment criteria established by the Board.

In considering potential candidates for appointment, the Nomination Committee would refer to the Terms of Reference of the Nomination Committee, Board's Fit and Proper Policy as well as the Board and Senior Management Diversity Policy. The Nomination Committee has the authority to obtain the services of professional recruitment firms to source the candidates for directorship or seek independent professional advice in recruiting suitable candidates for the directorship position.

The Nomination Committee has the responsibility of ensuring that the composition of the Board represents a good mix of knowledge, skills and experience to ensure that the Group is competitive within its industry. In considering potential candidates for appointment, the Nomination Committee undertakes a thorough review of the candidate's criteria, amongst others; qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role.

Seminars and conferences organised by Bursa Malaysia, relevant regulatory bodies and professional bodies on areas pertinent to the Directors are communicated to the Board for their participation. The Board has identified training needs amongst the Directors and enrolled themselves for the training programmes as and when required. Directors may also request to attend additional training to keep abreast of their individual requirements.

All directors are also provided with updates from time to time by the Company Secretary on matters relating to Directors' duties and responsibilities, as well as on relevant regulations such as the Companies Act 2016 and Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company Secretary ensures all appointments are properly made and all necessary information required by the new Directors for the proper discharge of their duties is obtained.

When considering nomination or re-election of Directors, the Nomination Committee also takes into account the Director's ability to devote sufficient time and attention to properly fulfil his/her responsibilities. Besides attending all meetings of the Board and Board Committees on which he or she serves, each member is expected to be present in all shareholders' meetings, major Company events and to participate in continuous training programmes. The proposed date for Annual General Meeting ("AGM") is also notified to all Board members in advance, to enable all Directors to be present at the AGM and engage with the shareholders.



## Corporate Governance Overview Statement

The Board through the Nomination Committee is responsible for the identification and development of the key Senior Management as well as reviewing the succession planning for the Executive Directors and other key executive officers from time to time. The Board through the Nomination Committee shall search for suitable candidates through established channels such as public advertisement or direct approaches being made to individuals who may be suitable or through organisations that may be able to assist in the recruitment process.

In selecting the appropriate candidates, the Nomination Committee takes into account the candidate's qualification, experience, competency and character.

### **Practice 5.7 – Appointment and Reappointment of Directors**

According to the Clause 76(3) and 76(4) of Company's Constitution respectively, at the Annual General Meeting in every subsequent year, one-third (1/3) of the Directors for the time being or Directors who have been longest in office since the Directors' last election, shall retire from office at the conclusion of the Annual General Meeting in every year.

The information for the Directors standing for re-election is disclosed in the Explanatory Notes to the Notice of the Annual General Meeting. The details of the Directors including their interest, position, experience and relationship are set out in the Directors' profile in the Annual Report 2022.

Shareholders are kept well-informed of the changes to the Board as well as the Committees through the Company's announcements to Bursa Malaysia. The details of the Directors including their interest, position, experience and relationship are set out in the Directors' profile in the Annual Report 2022 and are also made available on the Company's website at [www.reneuco.com](http://www.reneuco.com).

### **Practice 5.8 – Nomination Committee**

The Board has established a Nomination Committee to provide advice and assistance to the Board in matters relating to appointment of new Directors, board composition, training programmes and performance evaluation on effectiveness of the Board, Board Committees and individual directors.

The Nomination Committee comprises three (3) Independent Non-Executive Directors and chaired by Company's Non-Independent Non-Executive Deputy Chairman. The Chairperson leads the Committee to discuss and deliberates the matters thoroughly. Together with three (3) other members of the Committee, she leads the discussion on the strategies and policies recommended by the Management. Upon obtaining the majority votes, the Nomination Committee will make recommendations to the Board for consideration.

The Board and the Nomination Committee are aware of such a departure from the MCCG Practice. Nonetheless, the Board has established the roles and responsibilities of the Chairperson of the Nomination Committee in the Board Charter and the Nomination Committee's TOR. In the best interest of the Group, the Chairperson possesses the valuable knowledge which is essential for the effective discussion and contribution to the Committee and to the Board in general.

### **Practice 5.9 and 5.10 – Gender Diversity**

The Board through the Nomination Committee will consider appropriate candidates for appointment as Board members in terms of gender, ethnicity and age and will require measures to meet those targets from time to time if deemed necessary to enhance the effectiveness of the Board. The Board consists of members with a broad range of skills, well-rounded experience and knowledge in different fields relevant to oversee the business. The Board ensures that each member has a proper understanding of the Group's business and competence to deal with current and emerging issues of the Group.

The Board acknowledges the importance of gender diversity as an important element of a well-functioning Board. The Company currently has two (2) women Directors out of seven (7) Directors representing 29% of the Board composition.

Therefore, the Board has adopted the Board and Senior Management Diversity Policy which requires women candidates to be given priority in the recruitment process of finding suitable candidates for the roles.

## Corporate Governance Overview Statement

Although the Board is satisfied with the current Board composition which reflects a good mix of knowledge, skills and experience, the Board recognised the importance of gender diversity towards providing opinions from diverse perspectives for decision making and thus the Company strives to achieve 30% of women representation in the Board and Management level.

Through its Nomination Committee, the Board will continue to review its structure and composition in order to ensure boardroom diversity and balance of power and authority, which are fundamental to an effective Board.

### **Practice 6.1 – Evaluation for Board, Board Committees and Individual Directors**

The Nomination Committee performs annual assessments and evaluation to evaluate the performance of the Board, Board Committees and Individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire on the Directors' performance evaluation which covers matters relevant to the Board's performance, amongst others, contribution to interaction, quality of input, understanding of role and personal development. Evaluation of each Board Committee is done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as the Committee's performance against its Terms of Reference.

The Company Secretary compiled the completed assessment forms from the respective Directors and table the outcome results to the Nomination Committee for deliberation before making recommendation to the Board.

Based on the assessment carried out, the Nomination Committee has concluded the following:

- a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
- b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
- c) The Directors have discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
- d) The Board and Board Committees have contributed positively to the Company and its subsidiaries and were operating in an effective manner.
- e) The Chairman has steered the leadership as well as contributed to the Board.
- f) The performances of the Board Committees were found to be effective.

The Board recognises the importance of continuous training to remain abreast of the latest developments in related industries and changes to the regulatory environment. The assessment on individuals provided the Board with valuable insights into training and development needs of each Director, to ensure that each Board member's contribution to the Board remains relevant.

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## Corporate Governance Overview Statement

Particulars of the seminars and courses attended by the Directors during the financial year are as follows:

Name of Directors	Date	Seminar/Training Course Title
Datuk Mustakim bin Mat Nun	29 March 2022	Tricor Training Academy: Related Party Transactions and Recurrent Related Party Transactions
	28 June 2022	Avantedge Consulting Group: Understanding and Implementing the Task Force on Climate-Related Financial Disclosures Recommendations
Sarah Azreen binti Abdul Samat	24 August 2021	SSM National Conference: Governing Under New Normal
	28 October 2021	CKM Advisory Sdn Bhd: Related Party Transaction Simplified
	17 March 2022	Strategic Corporate Governance for High Performing Board 2022
	29 March 2022	Tricor Training Academy: Related Party Transactions and Recurrent Related Party Transactions
	28 June 2022	Avantedge Consulting Group: Understanding and Implementing the Task Force on Climate-Related Financial Disclosures Recommendations
Dato' Arivalagan A/L Arujunan	29 March 2022	Tricor Training Academy: Related Party Transactions and Recurrent Related Party Transactions
	28 June 2022	Avantedge Consulting Group: Understanding and Implementing the Task Force on Climate-Related Financial Disclosures Recommendations
Kok Pauline	12 January 2022	MIA Webinar Series: Audit Quality Enhancement Programme for SMPs
	24 January 2022	MIA Webinar Series : Revenue from Contracts with Customers - A focus on construction contracts with case studies - MFRS & MPERS
	29 March 2022	Tricor Training Academy: Related Party Transactions and Recurrent Related Party Transactions
	28 June 2022	Avantedge Consulting Group: Understanding and Implementing the Task Force on Climate-Related Financial Disclosures Recommendations
Tan Yee Hou	29 March 2022	Tricor Training Academy: Related Party Transactions and Recurrent Related Party Transactions
	28 June 2022	Avantedge Consulting Group: Understanding and Implementing the Task Force on Climate-Related Financial Disclosures Recommendations
Ahmad Riza bin Mohd Saian	29 March 2022	Tricor Training Academy: Related Party Transactions and Recurrent Related Party Transactions
	8 April 2022	ICDM: Mandatory Accreditation Programme (MAP)
	20 May 2022	Curtin University: An Overview of Malaysian Code of Corporate Governance 2021
	9 June 2022	MIA: MIA International Accountants Conference 2022
	28 June 2022	Avantedge Consulting Group: Understanding and Implementing the Task Force on Climate-Related Financial Disclosures Recommendations
Ir. Ts. Dr. Muhammad Mahadi bin Mohamad	23 June 2022	ICDM: Mandatory Accreditation Programme (MAP)
	28 June 2022	Avantedge Consulting Group: Understanding and Implementing the Task Force on Climate-Related Financial Disclosures Recommendations

# Corporate Governance Overview Statement

## Practice 7.1 – Remuneration Policy

The Board takes note of the need to establish a fair and transparent Remuneration Policy with the objective of guiding the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key Senior Management.

On a yearly basis the Remuneration Committee reviews and recommends to the Board, the remuneration packages of the Executive Directors and Key Executives of the Company, while the remuneration for the Non-Executive Directors was determined by the Board as a whole, with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and Senior Management team. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors abstain from participation in deliberations and decisions regarding their individual remuneration.

The Board has on 9 September 2022 adopted Remuneration Policy and Procedures for Directors and Senior Management with the objective to retain and attract the Executive and Non-Executive Directors as well as the Key Executives of the Company to continue serving the Board of the Company.

According to the Company's Remuneration Policy and Procedures for Directors and Senior Management, the Company will provide a fair, reasonable and competitive remuneration for its Executive and Non-Executive Directors as well as its Senior Management. This is on the basis to ensure that the Company attracts and retains high calibre individuals who have the skills, experience and knowledge to lead the Company to greater stepping stones. The Company's Remuneration Policy and Procedures for Directors and Senior Management is published on the corporate website at [www.reneuco.com](http://www.reneuco.com) which is appended in the Terms of Reference.

## Practice 7.2 – Remuneration Committee

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel.

Full details of the functions and duties of the Remuneration Committee are stated in its Terms of Reference, which is incorporated in the Board Charter, available on the Company's website at [www.reneuco.com](http://www.reneuco.com).

The responsibilities of the Remuneration Committee are as follows:

- a) Review and assess the performance and the remuneration packages of the Executive Directors and key Senior Management;
- b) Review and assess the Directors' fees and benefits payable to the Directors;
- c) Review and update its Terms of Reference;
- d) Review the Board Remuneration Policy; and
- e) Provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and Senior Management.

As at 30 June 2022, the Remuneration Committee comprises two (2) Independent Non-Executive Directors and chaired by a Non-Independent Non-Executive Deputy Chairman. A total of one (1) meeting was held during the financial year. The attendance record of each member during the financial year is as follows:

Name of Directors	Number of Meetings Attended
Sarah Azreen binti Abdul Samat ( <i>Chairperson</i> )	1/1
Kok Pauline	1/1
Ahmad Riza bin Mohd Saian ( <i>Appointed as a Member on 17 January 2022</i> )	-
Tan Yee Hou ( <i>Resigned on 20 May 2022</i> )	1/1
Datuk Mustakim bin Mat Nun ( <i>Appointed as a Member on 20 May 2022 and resigned on 30 June 2022</i> )	-

## Corporate Governance Overview Statement

### Practice 8.1 – Remuneration of Directors

Details of the Directors' remuneration of each Director during the financial year ended 30 June 2022 are as follows:

Name of Directors	Company ('000)							Group ('000)						
	Directors' Fees	Allowance	Salary	Bonus	Benefits in Kind	Other emoluments	Total	Directors' Fees	Allowance	Salary	Bonus	Benefits in Kind	Other emoluments	Total
Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah (Resigned on 10 December 2021)	53.23	2.00	-	-	4.76	-	59.99	69.19	2.00	-	-	4.76	-	75.96
Datuk Mustakim bin Mat Nun (Executive Chairman)	120.53	5.85	-	-	6.45	-	132.83	170.53	5.85	-	-	6.45	-	182.83
Sarah Azreen binti Abdul Samat (Deputy Chairperson)	70.00	4.40	-	-	6.45	-	80.85	120.00	4.40	-	-	6.45	-	130.85
Dato' Arivalagan A/L Arujunan	67.00	4.40	-	-	7.68	-	79.08	67.00	4.40	-	-	7.68	-	79.08
Kok Pauline	67.00	4.40	-	-	5.37	-	76.77	67.00	4.40	-	-	5.37	-	76.77
Tan Yee Hou	67.00	4.40	-	-	5.37	-	76.77	67.00	4.40	-	-	5.37	-	76.77
Ahmad Riza bin Mohd Saian	32.90	2.40	-	-	2.86	-	38.17	37.90	2.40	-	-	2.86	-	43.17
Ir. Ts. Dr. Muhammad Mahadi bin Mohamad	18.00	1.80	-	-	1.34	-	21.14	18.00	1.80	-	-	1.34	-	21.14

### Practice 8.2 and Step Up 8.3 – Remuneration of Senior Management

The remuneration of the Senior Management during the financial year ended 30 June 2022 is set out as follows:

Remuneration Range	Number of Senior Management
Below RM150,000	2
RM150,000 to RM200,000	1
RM200,001 to RM250,000	2
RM250,001 to RM300,000	1
RM300,001 to RM350,000	0
RM350,001 to RM400,000	1
RM400,001 to RM450,000	1

The details of the Senior Management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talent. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to the Senior Management's remuneration are appropriately served by disclosure in RM50,000 bands.



## Corporate Governance Overview Statement

### **Practices 9.1, Step Up 9.4 and 9.5 – Audit Committee**

The Chairman of the Audit Committee is not the Chairman of the Board. In addition, the Audit Committee is chaired by an Independent Non-Executive Director, with two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Deputy Chairperson as the members of the Committee.

The Audit Committee's Report is set out separately in this Annual Report.

Full details of the functions and duties of the Audit Committee are stated in its Terms of Reference, which is incorporated in the Board Charter, available on the Company's website at [www.reneuco.com](http://www.reneuco.com).

The Audit Committee members are aware of the need to continuously develop and increase their knowledge in the area of accounting and auditing standards, given the changes and development in this area from time to time. During the financial year ended 2022, all the members of the AC attended professional development training.

Besides attending various trainings to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules, the Audit Committee also keeps themselves updated with the financial performance of the Group with the Management of the Company for further understanding of overall business performance of the Group during the financial year.

### **Practice 9.2 and 9.3 – Oversight of External Auditors**

The Audit Committee is well noted on the importance of independence of its external auditor to ensure that there will be no conflict-of-interest related issue will arise in the future. Therefore, the Board had on 9 September 2022 adopted the External Auditors Policy which governs the independence of the Group's External Auditor.

The policy together with Audit Committee's TOR provides that a former audit partner (including former partner of affiliate firm) who is a potential candidate to be appointed as a member of the AC shall observe a cooling-off period of at least three (3) years before his or her appointment.

The Group engaged the External Auditors to perform non-audit services including review of the Statement of Risk Management and Internal Control. The Board, through its Audit Committee

maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the Audit Committee for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as on their remunerations. The Audit Committee ensures that the External Auditors work closely with the Internal Auditors to enhance the effectiveness of the overall audit process. The Audit Committee assesses the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.

The Audit Committee had on 17 October 2022, reviewed the suitability and independence of the External Auditors i.e. Messrs. Al Jafree Salihin Kuzaimi PLT ("ASK") and is satisfied with their independence and performance. Thus, the Audit Committee has recommended to the Board to table the re-appointment of ASK as External Auditors for the following financial years at the forthcoming 25th AGM for shareholders' approval.

In the course of their audit the External Auditors highlighted to the Audit Committee matters pertaining to the financial reporting. There were two (2) meetings held between the External Auditors and the Audit Committee during the financial year without the presence of the other Directors and key management to discuss any issues that may require the attention of the Audit Committee.

### **Practices 10.1, 10.2 and Step Up 10.3 – Board Responsibility on Risk Management and Internal Control**

The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with these risks and opportunities. To discharge these responsibilities, the Board is assisted by the Risk Management Committee ("RMC") in fulfilling the oversight responsibilities of reviewing the control systems in general and assessing the adequacy and effectiveness of the risk management and internal control practices conducted by the Management.

The Risk Management Committee is chaired by an Independent Non-Executive Director, with one (1) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Deputy Chairman and one (1) Non-Independent Non-Executive Director as the members of the Committee.

## Corporate Governance Overview Statement

The Group's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems. The Statement on Risk Management and Internal Control made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirement of Bursa Malaysia is separately set out in the Annual Report.

The Board recognises risk management as an integral element of business and operations. The objective of the Group's ongoing risk assessment process is to ensure that key areas are managed within an acceptable risk profile or tolerance level in order to increase the prospects of achieving business objectives. The Group's overall risk appetite is based on assessment of the Group's existing risk management capabilities and capacity.

The Board acknowledges its overall responsibility of maintaining effective governance, risk management and compliance framework. Supported by the Management and internal audit function, the Board ensures the adequacy and effectiveness of the Group's risk management and internal control practices. The Board is responsible for ensuring that the Group complies with all applicable provisions of law and regulations and ensures that appropriate risk management systems are in place throughout the Group.

To facilitate effective monitoring, the Board regularly receives reports from the Management on any business risks related to its business activities that have impacted or likely to impact the Group from achieving its objectives and strategies.

Compliance relating to risk recognition and management is presented in the Group's Statement on Risk Management and Internal Control as set out separately in this Annual Report.

### Practices 11.1 and 11.2 – Internal Audit Function

The Company's internal audit function is outsourced to an independent professional firm, namely Tricor Axcelasia Sdn. Bhd. ("Axcelasia") which reports functionally directly to the AC. The Internal Auditors provide an independent evaluation on the effectiveness of the risk management, control and governance processes in the Group. In addition, the Internal Auditors carry out a follow-up review on the issues raised in the previous Internal Audit report and ensure that the proposed action plan has been implemented by the Management to mitigate the risk exposure of the Group.

The Board, through the AC conducts annual review on the effectiveness of the internal audit function including assessing the quality of audit review and ensuring that the Internal Auditors have sufficient knowledge and experience to perform their role effectively.

The scope of work covered by the Internal Audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit and Risk Management Committee Report of this Annual Report.

### Practice 12.1 – Communication with Stakeholders

The Group is committed to ensure that timely, accurate and complete information about the Group is provided equally to its shareholders, stakeholders and to the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promoting investor confidence.

The Board is ultimately responsible for ensuring the Group's disclosure requirements are fulfilled and overseeing the implementation of the Group's communication policy. The Group strives to promote a better understanding of the Group through investor relations activities. Apart from general meetings, the Group has in place the following initiatives to facilitate effective communication with its shareholders:

- The Annual Report, which contains information such as Management Discussion and Analysis on financial statements and information on the Audit Committee, Corporate Governance, Sustainability and Risk Management and Internal Control;
- Various announcements made to Bursa Malaysia, which include timely release of financial results on a quarterly basis. Concurrent with these releases, the Group posts all announcements on its website;
- Attending to shareholders' and investors' emails and phone enquiries;
- The Group's website at [www.reneuco.com](http://www.reneuco.com) under the Investor Relations section, which contains Bursa announcements, annual reports, quarterly report announcements and other corporate information of Reneuco; and



## Corporate Governance Overview Statement

- Timely release of quarterly results announcements and full year financial reports reflects the Board's accountability to its shareholders.

### Practice 13.1 – Notice of General Meeting

General meeting is an important platform for the shareholders to exercise their rights in the Group, either in the Annual General Meeting or Extraordinary General Meeting.

The Notice of General Meetings and/or Circular(s) to Shareholders will be dispatched to shareholders within the prescribed notice period prior to the scheduled general meetings in order to provide sufficient time to the shareholders to make the necessary arrangements to attend and participate either in person, corporate representative or by proxy. The Board encourages shareholders' participation and engagement at the general meeting as it provides an opportunity for the Board to assess market expectations. More importantly, it provides an avenue for the shareholders to make enquiries on the resolutions being proposed and to seek clarification on the business and performance of the Group. Shareholders are invited to the general meetings through a notice of meeting that specifies the venue, day and hour of the meeting, as well as the business of the meeting.

The Company dispatched the notice of its 25th AGM to the shareholders at least 28 days before the AGM as per the MCCG Practice 13.1 requirement.

### Practice 13.2 – Attendance of Directors at General Meetings

Reneuco's AGM is an important means of communicating with its shareholders. It enables the shareholders to interact directly with the Board and gain insights on the Company's business and financial position. It serves as a platform for shareholders to have full understanding of the Group.

During the AGM, the Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group.

The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All members of the Board and the respective Chairman of the Board Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility. The Group's External Auditors also attended the AGM and were available to answer

questions from the shareholders pertaining to the audit matters and the auditor's report.

### Practice 13.3, 13.4 and 13.5 – Voting and Remote Shareholders' Participation at General Meetings

The Company's 24th AGM as well as the EGM were conducted entirely through live streaming from the broadcast venue at One Capital Market Services Sdn. Bhd. on 14 December 2021 and 24 August 2022 respectively.

The Chairman of the Company briefed the shareholders, corporate representatives and proxies present virtually at the Meeting of their rights to pose questions and vote on the resolutions set out in the Notice of the 24th AGM.

Shareholders attended, posted their questions to the Board via real time submission of typed texts, and voted remotely for the AGM via the Remote Participation and Voting facilities provided by One Capital Market Services Sdn Bhd at <http://www.onecapital.com.my/>. There was sufficient time and opportunity made available for the shareholders to pose questions. The live questions posed by shareholders and answers were read and answered by the Directors and Senior Management in order to support meaningful engagement between the Board, Senior Management and shareholders.

The Group conducted poll voting on each resolution tabled during the general meetings to support shareholders' participation. The shareholders were allowed to submit their votes within a stipulated time. A video guide on the online remote voting process was shown before the voting commenced. Detailed instructions and procedures on the remote participation and e-voting process were provided in the Company's notification to the Shareholders on the administrative details of the 24th AGM and EGM. The e-voting system provides an efficient and accurate outcome of the results. The outcome of the meeting was announced to Bursa Malaysia on the same day, which was also accessible on the Group's website.

### Practice 13.6 – Minutes of General Meetings

The Minutes of the 24th AGM and EGM of the Company were made available on the Company's website at <https://reneuco.com/general-meeting> within 30 business days from the 24th AGM and EGM on 14 December 2021 and 24 August 2022 respectively.

## Audit Committee Report

### A. COMPOSITION AND ATTENDANCE

The Audit Committee which comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Deputy Chairperson is in compliance with Paragraph 15.09(1)(a) and (b) of the MMLR of Bursa Securities which states that the Audit Committee must be composed of no fewer than 3 members; and that all the Audit Committee members must be non-executive directors, with a majority of them being independent directors.

The Chairman of the Audit Committee, Encik Ahmad Riza bin Mohd Saian, is not the Chairman of the Board. He is a member of the Malaysian Institute of Accountants ("MIA") and a fellow of the Chartered Accountant of Chartered Accountants Australia & New Zealand ("CAANZ").

There were nine (9) meetings held during the financial year ended 30 June 2022. The Audit Committee members and details of attendance of each member at the Audit Committee meetings held during the financial year ended 30 June 2022 are as follows: -

	Number of Meetings Attended
Ahmad Riza bin Mohd Saian (Chairman)	5/5
Sarah Azreen binti Abdul Samat	9/9
Kok Pauline	9/9
Ir. Ts. Dr. Muhammad Mahadi bin Mohamad	4/4
Tan Yee Hou	4/4

During the financial year, the Audit Committee meetings were duly convened with due notices given to all Audit Committee members together with the agenda, report and proposals for deliberation at the Meetings. The Group Chief Executive Officer was invited to all the Audit Committee meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

Representatives from the External Auditors, as the case may be, were in attendance to present the relevant reports and proposals to the Audit Committee at the meetings which included inter alia, the Auditors' audit plans and audit reports and the audited financial statements for the financial year ended 30 June 2022.

In the Audit Committee meetings, the External Auditors were given opportunities to raise any matters and gave unrestricted access to the Audit Committee to contact them at any time should they become aware of incidents or matters during the course of their audits or reviews. Minutes of the Audit Committee meetings were tabled for confirmation at the following Audit Committee meeting and subsequently presented to the Board for notation.

# Audit Committee Report

## B. ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee's activities during the financial year under review comprised the following:

### Overseeing Financial Reporting

- Reviewed the unaudited quarterly consolidated financial results prior to recommending them to the Board for their consideration and approval to release the quarterly results to Bursa Malaysia Securities Berhad. The reviews included detailed discussions with the Group Chief Executive Officer and senior finance personnel to ensure compliance with the provisions of the Companies Act 2016 and the applicable approved accounting standards as issued by Malaysian Accounting Standards Board.
- Reviewed the annual audited consolidated financial statements of the Company and its subsidiaries which included detailed discussions with the Group Chief Executive Officer and senior finance personnel and external auditors which covers the financial position and performance for the financial year and ensure that it complied with all disclosures and regulatory requirements before recommending the same for approval by the Board.

### Reviewed Statements for inclusion in Annual Report

- Reviewed the Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the MMLR of Bursa Securities and recommended the same to the Board for inclusion in the Annual Report.

### Reviewed Recurrent Related Party Transactions Monitoring of the Group

- Reviewed the recurring related party transactions ("RRPT") and conflict of interest situations that may arise within the Company and ensure the Company's compliance with the Listing Requirements.

### Private Session with the External Auditors

- Conducted two (2) private sessions with the External Auditors without the presence of Executive Directors and Management. This review process ensures that critical issues, if any, are being objectively brought up to the attention of the AC.

## C. EXTERNAL AUDITORS

The Group has appointed Messrs Al Jafree Salihin Kuzaimi PLT as the External Auditors of the company. Their scope of works are as follows:

- Identify and assess the risks or material misstatement of the financial statements of the Group and of the Company, where 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 their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditors' report to the related disclosures that are inadequate and modify their opinion. The conclusions are based on the audit evidence obtained up to the date of the 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 the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.

## Audit Committee Report

- 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. They are responsible for the direction, supervision and performance of the Group audit.

During the financial year ended 30 June 2022, the total cost incurred (audit and non-audit fees) on the external audit function amounted to approximately RM185,000.

### D. INTERNAL AUDIT FUNCTION

The Company's internal audit function is outsourced to an independent professional firm, namely, Tricor Axcelasia Sdn. Bhd. ("Axcelasia") which reports functionally directly to the Audit Committee. The internal audit function has confirmed that the internal audit staff assigned to Reneuco are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The number of staff deployed for the internal audit reviews ranging from 3 to 4 staffs per visit including the outsourced internal audit leader. The internal audit teams who are involved in the internal audit reviews, possess professional qualifications and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia ("IIA"). The outsourced internal audit function is led by En. Noradlan Abdul Latif who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Member of the IIA and the Malaysian Institute of Accountants. He has a Certification in Control Self – Assessment (United States) and a bachelor's degree in Accounting from University Utara Malaysia.

The internal auditor regularly reviews and appraises the effectiveness of the governance, risk management and internal control processes within the Company's key operations. Summary of works of the Internal Audit function during the financial year are as follows:

- Prepared a risk-based internal audit strategy document;
- Performed risk-based internal audits based on the internal audit strategy document; and
- Conducted follow-up assessment on implementation status of prior internal audit

The internal auditor produced the following deliverables during the financial year:

- An annual internal audit plan;
- An Internal audit report; and
- An internal audit follow-up report.

The outsourced internal audit consultants carry out audit assignments in accordance with the approved internal audit plan. The final internal audit report containing audit findings and recommendations together with management's responses thereto will be presented to the Audit Committee and forwarded to the management member concerned for attention and necessary action. The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework (IPPF) issued by the IIA.

During the financial year ended 30 June 2021, the total cost incurred on the internal audit function amounted to RM37,100.



# Statement on Risk Management and Internal Control

## Introduction

The Board of Directors of Reneuco is pleased to present this Statement on Risk Management and Internal Control ("Statement") which has been prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance. This Statement outlines the nature and scope of risk management and internal control of the Group during the financial year ended 30 June 2022.

## A. RESPONSIBILITY OF THE BOARD

The Board of Reneuco is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board affirms that there is an established and an ongoing process to identify, assess and monitor key risks applicable to the Group's business activities. The Board, through the Risk Management Committee ("RMC") has been involved in articulating, implementing and reviewing the Group's risk management and internal control.

The Board is also ultimately responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations, and risk management in order to safeguard shareholders' investments and the Group's assets.

The Board recognises that the Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and that it can only provide reasonable and not absolute assurance against misstatement, fraud or loss. The Board continuously evaluates appropriate initiatives to strengthen the transparency and efficiency of its operations, taking into account the requirements for sound and appropriate internal controls and management information systems within the Group.

## B. CONTROL ENVIRONMENT

### Organisation Structure

The Board of Directors and Senior Management consistently endeavour to maintain an adequate system of internal controls designed to manage risks rather than eliminate them.

The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes in the Group. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to Senior Management on the manner the Group controls its businesses, the state of internal control and its activities. The internal control processes are reviewed and updated from time to time. This is to ensure that they are relevant and effective to respond to market changes.

### Internal Audit

The Board acknowledges the importance of internal audit function and has engaged the services of Axcelasia whose principal responsibility is to assist the Audit Committee in providing independent assessments on the adequacy, efficiency and effectiveness of internal control systems and ensuring the Group's operation compliance with standard operating procedures within the Group.

Axcelasia undertakes annual and systematic review of the risk identification procedures and control processes implemented by the Management and conducts audits that encompass reviewing critical areas that the Group faces, providing the Audit Committee and the Board with sufficient independent assurance that the system of internal control is effective in identifying and addressing potential risks.

## Statement on Risk Management and Internal Control

The Internal Audit team continues to independently, objectively and regularly review key processes, check compliance with policies/procedures, evaluate the adequacy and effectiveness of internal control, risk management and governance measures in respect of any non-compliance. The annual internal audit plan, established primarily on a risk-based approach, is being reviewed and approved by the Audit Committee annually. The Audit Committee oversees the Internal Audit team's functions, its independence, scope of work and resources.

The Internal Audit team also reported on the activities performed and key strategic and control issues observed to the Audit Committee in order to preserve its independence. The Audit Committee reviewed and approved the Internal Audit's annual budget, audit plan and human resource requirements to ensure the function maintained an adequate number of internal auditors.

For the financial year ended 30 June 2022, the Internal Audit team has carried out their review according to the approved internal audit plan. The review covered the assessment on the adequacy and effectiveness of the Group's risk management and internal control system. Upon completion, the internal audit observations, recommendations, and management comments were reported to the Audit Committee. The Audit Committee reviews internal control matters and updates the Board on significant issues for the Board's attention and action.

In the financial year ended 30 June 2022, reviews were carried out in various areas. All reports from the internal audit reviews carried out were submitted and presented to the Audit Committee with the feedback and corrective actions to be undertaken by the Management.

### Risk Management

The Board recognises its responsibilities over the governance of risks and has set in place management procedures for ensuring a sound system of risk management and internal controls by embedding a structured Risk Management Plan ("RMP"). The RMP shall act as a guiding manual and reference for the Management in implementing the process of identifying, evaluating and managing significant risks applicable to their respective areas of business and in formulating suitable internal controls to mitigate and control these risks. The Group firmly believes that risk management is critical for the Group's continued profitability and the enhancement of shareholder value.

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Risk Management Committee and Audit Committee. The Risk Management Committee and Audit Committee, supported by the Internal Audit team, provides an independent assessment of the effectiveness of the Group's RMP framework and reports to the Board. The Group's RMP is consistent with the RMP framework and involves systematically identifying, analysing, risk response planning, monitoring and control and risk management close-out. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment.

All identified risks are displayed on a risk matrix based on their risks ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks. The Board and Management drive a proactive risk management culture and regular risk awareness and coaching sessions are held to ensure that the Group's employees have a good understanding and application of risk management principles.

Risk Management functions are overseen by the Group Chief Executive Officer and Head of Risk Management who work closely with the Group's operational managers to continuously strengthen the risk management initiatives within the Group so that it responds effectively to the constantly changing business environment and is thus able to protect and enhance shareholder value.

Risk Management Policies and practices form part of Reneuco's overall strategies to chart positive growth in today's rapidly evolving business environment. The Board continues to ensure that risk management is effectively institutionalised and its risk maturity level is elevated. This is achieved via a multitude of RMP initiatives clustered into key strategic areas, as part of the Group's efforts to ensure smooth RMP practice on the ground coupled with continuous tracking and monitoring of risks and controls. It also strengthens its risk culture and practice, harmonises its risks and risk appetites at the operational level wherever possible.

# Statement on Risk Management and Internal Control

## Information and Communication

While the Management has full responsibility in ensuring the effectiveness of internal control which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from Management as well as to seek inputs from the Audit Committee, external and internal auditors, and other experts at the expense of the Group, if any.

Our Group reinforces Standard Operating Procedures ("SOP") which comply with relevant laws and regulations. These policies and procedures ensure that processes adequately mitigate risks with appropriate internal controls. Reviews are conducted to ensure that risk policies and procedures are updated to align with new risk management action plans to address emerging risks and identified control gaps. SOP which includes ISO Quality Management System of PISB and Integrated Management Systems of Reneuco Engineering Sdn Bhd (formerly known as KPower Engineering Sdn. Bhd.) ("Reneuco Engineering") which consist of Integrated Management system - ISO 9001:2015, Environment Management System ISO 14001:2015 and Safety and Health Management System - ISO 45001:2018, are consistently pursued by the Group.

Internal control procedures set include the publication of the Employees Handbook, which highlights policies on health and safety, staff performance and serious misconduct. These procedures are relevant at the Group level to provide for continuous assurance to be given at increasingly higher levels of management and finally to the Board.

## Systems, Data and Information Security

The IT department is responsible for continuously monitoring and resolving both internal and external security threats to our Group. This includes conducting security awareness initiatives, review of our Group's IT networks and systems and vulnerability assessments to mitigate the impact of security attacks and malware. The IT policies are continuously updated to proactively manage current and potential security threats to our Group's data and content arising from physical and logical access.

## Monitoring Activities

In the year under review, our Audit Committee has reviewed the process and compliance, exceptions identified by external auditors and internal auditors.

The implementation of the recommendations is tracked and reported to the Audit Committee to provide assurance on the effectiveness of risk management and internal controls.

Management has taken the necessary actions to remediate weaknesses identified for the year under review. Our Board and senior leadership continuously assess the effectiveness of monitoring activities over risks and take measures to strengthen our risk management and internal control environment.

## Assurance from the Management

The Board has also received assurance from the Group Chief Executive Officer and Head of Risk Management that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Group.

## Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), 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 ("MIA") for inclusion in the annual report of the Group for the financial year ended 30 June 2022, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 32 and 36 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's Risk Management and Internal Control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.



## Statement on Directors' Responsibility

**STATEMENT ON DIRECTORS' RESPONSIBILITY  
IN RESPECT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS**  
(Pursuant to Paragraph 15.26(a) of the Listing Requirements of Bursa Malaysia)

The Act places responsibility on the Directors to ensure that the financial statements provide a true and fair view of the financial position of the Group and the Company as of 30 June 2022 and of their financial performance and cash flows for the financial year ended. The Board is satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2022, the Group has conformed to the appropriate accounting policies and applied them consistently and prudently and that measures have been taken to ensure that the accounting records are properly kept in accordance with the law.

The Directors also have the general responsibility to take such steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities relevant to preparation and fair presentation of financial statements that are free from material misstatement.



# FINANCIAL STATEMENTS

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## Directors' Report

The Directors hereby with pleasure submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

There have been no significant changes in the nature of this activity during the financial year.

### SUBSIDIARIES

The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

### CHANGE OF COMPANY'S NAME

The Company has changed its name from KPower Berhad to Reneuco Berhad with effect from 26 August 2022.

### RESULTS

	Group RM'000	Company RM'000
<b>Profit for the year attributable to:</b>		
Owners of the parent	5,953	3,719
Non-controlling interests	(1,034)	-
	<u>4,919</u>	<u>3,719</u>

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### DIVIDENDS

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

The Directors do not recommend any dividend in respect of the current financial year.

### DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Datuk Mustakim Bin Mat Nun \*

Dato' Arivalagan A/L Arujunan

## Directors' Report

### DIRECTORS (CONTINUED)

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are: (continued)

Kok Pauline

Tan Yee Hou

Sarah Azreen Binti Abdul Samat \*

Ahmad Riza Bin Mohd Saian \*

(Appointed on 17 January 2022)

Ir. Ts. Dr. Muhammad Mahadi Bin Mohamad

(Appointed on 31 March 2022)

Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah

(Resigned on 10 December 2021)

\* They are also Directors of certain subsidiary companies of the Company.

The Directors of the subsidiary companies of the Company who held office during the financial year and up to the date of this report, not including those Directors listed above are:

Amirul Afif Bin Abd Aziz

Jaffar Bin Abu Bakar

Keevan Raj A/L Kali Kavandan

Khairulaklam Bin Omar <sup>1</sup>

Md Daud Bin Abdul Rahman

Muhammad Syukri Bin Sulaiman

Mohd Rashid Bin Mohd Yusof

Zainal Azwadi Bin Zainal Abidin <sup>2</sup>

Syed Aswad Bin Syed Mokhtar <sup>3</sup>

Khairil Ikhzan Bin Abd Aziz

(Appointed on 28 March 2022)

<sup>1</sup> The Director has been appointed on 26 January 2022 and 17 May 2022 in two subsidiaries within the Group.

<sup>2</sup> The Director has resigned on 15 June 2022 in a subsidiary but remained as a Director in another subsidiary within the Group.

<sup>3</sup> The Director has been appointed on 15 June 2022 and 21 June 2022 in two subsidiaries within the Group.

### DIRECTORS' BENEFITS

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the Directors as disclosed in Note 28 to the financial statements of the Company and its related corporations or the fixed salary of a full-time employee of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

### DIRECTORS' AND OFFICERS' INDEMNITY

During the financial year, the total cost of indemnity insurance effected for Directors and officers of the Group and the Company is as disclosed in Note 26 to the financial statements.

## Directors' Report

### DIRECTORS' INTERESTS

According to the register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

The Company	Number of ordinary shares			
	At 1.7.2021	Bought	Sold	At 30.6.2022
<i>Direct interests:</i>				
Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	134,088,312	-	(134,088,312)	-
Datuk Mustakim Bin Mat Nun	6,041,800	34,667,800	-	40,709,600
<i>Deemed interests:</i>				
Mustakim Bin Mat Nun ^	70,572,880	-	(46,452,800)	24,120,080
Sarah Azreen Binti Abdul Samat #	70,572,880	-	(46,452,800)	24,120,080

The Company	Number of warrants			
	At 1.7.2021	Bought	Sold	At 30.6.2022
<i>Direct interests:</i>				
Datuk Mustakim Bin Mat Nun	1,255,599	-	-	1,255,599
<i>Deemed interests:</i>				
Datuk Mustakim Bin Mat Nun ^	1,226,666	-	-	1,226,666
Sarah Azreen Binti Abdul Samat #	1,226,666	-	-	1,226,666

^ Deemed interested by virtue of his shareholding in Grand Deal Vision Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

# Deemed interested by virtue of her shareholding in Grand Deal Vision Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

None of the other Directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 90,466,129 new ordinary shares at a price of RM0.68 per ordinary share by way of private placement.

Other than above, there was no other change in the issued and paid-up capital of the Company, nor issuances of debentures by the Company, during the financial year.

### WARRANTS

The main features of the warrants are disclosed in Note 18 to the financial statements.

## Directors' Report

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for expected credit losses and satisfied themselves that there were bad debts written off and that adequate allowance for impairment had been made for expected credit losses; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (i) which would render it necessary to write off any bad debts or the amount of allowance for expected credit losses in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements of the Group and the Company which would render any amount stated in the respective financial statements misleading.

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

In the opinion of the Directors, the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

### SIGNIFICANT EVENT AND SUBSEQUENT EVENTS

The details of significant event during the financial year and subsequent events are disclosed in Note 41 and Note 42 to the financial statements respectively.

### AUDITORS

The auditors, Al Jafree Salihin Kuzaimi PLT, have expressed their willingness to accept the appointment.

The auditors' remuneration is disclosed in Note 26 to the financial statements.

## Directors' Report

### **AUDITORS' INDEMNITY**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Al Jafree Salihin Kuzaimi PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Al Jafree Salihin Kuzaimi PLT during or since the end of the financial year.

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

**Datuk Mustakim Bin Mat Nun**  
Director

**Sarah Azreen Binti Abdul Samat**  
Director

Kuala Lumpur

Date: 18 October 2022



## Statement by Directors

### **Pursuant to Section 251(2) of the Companies Act 2016**

We, Datuk Mustakim Bin Mat Nun and Sarah Azreen Binti Abdul Samat, being two of the Directors of Reneuco Berhad (Formerly known as KPower Berhad), do hereby state that in the opinion of the Directors, the financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of their financial performance and cash flows for the financial year then ended.

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

**Datuk Mustakim Bin Mat Nun**  
Director

**Sarah Azreen Binti Abdul Samat**  
Director

Kuala Lumpur

Date: 18 October 2022

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## Statutory Declaration

### **Pursuant to Section 251(1)(b) of the Companies Act 2016**

I, Amirul Afif Bin Abd Aziz, being the officer primarily responsible for the financial management of Reneuco Berhad (Formerly known as KPower Berhad), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed Amirul Afif Bin Abd Aziz  
at Petaling Jaya, Selangor  
on 18 October 2022

**Amirul Afif Bin Abd Aziz**

Before me,

**Amir Adham Bin Zainal @ Hasbullah (B575)**  
Commissioner for Oaths





# Independent Auditors' Report to The Members of Reneuco Berhad

(Formerly Known As KPower Berhad) (Incorporated In Malaysia)

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Reneuco Berhad (Formerly known as KPower Berhad), which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and 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 the accompanying pages.

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 2022, 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 *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence and other ethical responsibilities*

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

### *Key Audit Matters*

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

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

# Independent Auditors' Report to The Members of Reneuco Berhad (Formerly Known as KPower Berhad) (Incorporated in Malaysia)

## Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matters
<p>1) Revenue recognition construction related activities</p> <p>The Group and the Company involves in the construction related activities during the year, where the revenue generated from the construction related activities were using the input method using the percentage of completion method.</p> <p>The Group and the Company recognised the revenue amounting to RM118,317,000 (2021: RM361,087,000) and RM Nil (2021: RM55,242,000) respectively during the year which represents 84% (2021: 94%) and Nil (2021: 96%) of the Group and the Company total revenue during the year, respectively.</p> <p>We identified the revenue and cost of sales recognised on the percentage of completion method for construction related activities as matters requiring audit focus as these are areas involved significant management's judgement.</p> <p>The Group's accounting policies and disclosures on construction related activities based on percentage of completion method are disclosed in Note 2.18 (i) and Note 23 respectively to the financial statements.</p>	<p>Our procedures included, amongst others:</p> <p>In assessing the revenue recognised from construction related activities, we have:</p> <ul style="list-style-type: none"> <li>• Walked through the process and test the Group's internal controls on the revenue recognition and tested the operating effectiveness of the controls;</li> <li>• Agreed the contract price in the input method calculation to the latest contract and variation orders (if any);</li> <li>• Agreed the budget in the percentage of completion calculation to the budget approved by the key management;</li> <li>• Evaluated the assumptions applied in estimating the contract costs for project cost by examining documentary evidence such as letter award issued to subcontractor and to support the budgeted costs;</li> <li>• Evaluated the appropriateness of the basis of the approved budget with the management and discussed and challenged the significant basis applied in their budget;</li> <li>• Selected samples based on materiality to vouch for the actual cost incurred during the year by examining documentary evidences such as statement of account from active creditors;</li> <li>• Obtained the statements of account from active creditors to ensure the completeness of the actual cost recognised;</li> <li>• Performed the cut-off tests to ensure revenue recognised for the financial year are recognised in correctly; and</li> <li>• Re-calculated the percentage of completion to ensure mathematical accuracy.</li> </ul>

# Independent Auditors' Report to The Members of Reneuco Berhad (Formerly Known as KPower Berhad) (Incorporated in Malaysia)

## Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matters
<p>2) Expected credit loss on trade and other receivables and contract assets</p> <p>MFRS 9 introduces an expected credit loss ("ECL") impairment model, which takes into account the credit behaviour and reasonable and supportable forward-looking information.</p> <p>The Group and the Company assessed at each reporting date whether the trade and other receivables and contract assets carried at amortised cost are credit-impaired. The Group and the Company have applied simplified method to determine the allowance for impairment of trade and other receivables and contract assets. The ECL models involves the use of various assumptions, economic factors, and historical credit behaviour of trade and other receivables.</p> <p>We identified ECL on trade and other receivables and contract assets as a key audit matter due to estimation and judgement significantly used by the management in the calculation of ECL and the inherent uncertainties during the estimation process.</p> <p>As at 30 June 2022, the Group carrying amount of trade and other receivables is amounting to RM146,624,000 (2021 : RM144,867,000).</p> <p>As at 30 June 2022, the Group carrying amount of contract assets is amounting to RM86,831,000 (2021 : RM13,113,000).</p> <p>Refer to summary of significant accounting policies in Note 2.10 and Note 2.13, significant accounting estimates and judgement in Note 3.1 (a) and the disclosures in Note 11 and Note 13 respectively.</p>	<p>Our procedures included, amongst others :</p> <p>In assessing the adequacy of the allowance for expected credit loss for trade and other receivables and contract assets, we have:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding on management's control over the identification of allowance of expected credit loss of trade and other receivables and contract assets and to review the detail of allowances of expected credit loss assessment by the management and to further analyse any subsequent collection arising from the net balances of the trade and other receivables and to further analyse any subsequent billings arising from the net balances of the contract assets up until the date of financial statements.</li> </ul> <p>Process to identify and assess the adequacy of allowance of expected credit losses of trade and other receivables and contract assets, we have assessed the appropriateness of the allowances for trade and other receivables and contract assets using simplified approach which include:</p> <ul style="list-style-type: none"> <li>• Discussion with management to ascertain the appropriateness using simplified approach and to understand the underlying assumptions used in the simplified approach impairment model under MFRS 9 when determining the allowance of expected credit loss;</li> <li>• Reviewing management's basis of estimation to determine the default rate including review of past historical trends, credit worthiness assessment and expected payments based on settlement agreement with customers;</li> <li>• Challenging management's view on credit risk of trade and other receivables and take into consideration the subsequent collection and billings as well as historical patterns for outstanding trade receivables and contract assets and holding discussion with those charged with governance and management; and</li> <li>• We have ensured the disclosures in the notes to the financial statements are in accordance with MFRS 9.</li> </ul>

# Independent Auditors' Report to The Members of Reneuco Berhad (Formerly Known as KPower Berhad) (Incorporated in Malaysia)

## Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matters
<p>3) Impairment of goodwill</p> <p>The Group has significant balances of non-current assets as at financial year end. The significance amount of non-current assets were contributed by the acquisitions of Chemtrax Sdn. Bhd. and Granulab Sdn. Bhd. which resulted in the recognition of goodwill upon consolidation.</p> <p>As at 30 June 2022, the carrying amount of goodwill contributed by the acquisitions of Chemtrax Sdn. Bhd. and Granulab Sdn. Bhd. are amounting to RM12,233,000 (2021: 12,956,000) representing 19% (2021: 35%) of the Group's total non-current assets respectively.</p> <p>In accordance with MFRS 136: <i>Impairment of Assets</i>, the Group is required to perform impairment test annually for goodwill and for its cash generating unit ("CGU") and these may be impaired by comparing the carrying amount of the goodwill against the recoverable amount. Recoverable amount is defined as the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"). The Group estimated the recoverable amount based on VIU for goodwill.</p> <p>Based on the impairment assessment of the goodwill, the Group did not recognised any impairment loss during the year.</p> <p>We focus on this area due to the significant of goodwill balances which require significant judgement and estimates that are highly subjective.</p> <p>Refer to the disclosures of goodwill in Note 7 to the financial statements.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We re-calculated the impairment assessment for mathematical accuracy;</li> <li>• We have obtained the Group's impairment assessment and assessed the methodology used by Directors to estimate the recoverable value of the cash-generating unit (CGU) to ensure that this is consistent with the accounting standards;</li> <li>• We have challenged the key assumptions used by management in the discounted cash flows projection in determining the recoverable amounts which include the annual revenue growth rate and discount rate;</li> <li>• We have assessed the reliability of management's forecast through the review of past trends of actual financial performances against forecasted results; and</li> <li>• We have reviewed the sensitivity analysis performed by the management on the annual revenue growth rate and discount rate to determine whether reasonable changes on these key assumptions would result in the carrying amount of the goodwill to exceed their recoverable amount.</li> </ul>

## Independent Auditors' Report to The Members of Reneuco Berhad (Formerly Known as KPower Berhad) (Incorporated in Malaysia)

### *Information other than the financial statements and auditors' report thereon*

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement by Directors, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report 2022, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report 2022, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

### *Responsibilities of the Directors for the financial statements*

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

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

### *Auditors' responsibilities for the audit of the financial statements*

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

## Independent Auditors' Report to The Members of Reneuco Berhad (Formerly Known as KPower Berhad) (Incorporated in Malaysia)

### *Auditors' responsibilities for the audit of the financial statements (continued)*

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

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

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, actions taken to eliminate threats or safeguards applied.

## Independent Auditors' Report to The Members of Reneuco Berhad (Formerly Known as KPower Berhad) (Incorporated in Malaysia)

### *Auditors' responsibilities for the audit of the financial statements (continued)*

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

### *Report on Other Legal and Regulatory Requirements*

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

### *Other matters*

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

**AL JAFREE SALIHIN KUZAIMI PLT  
201506002872 (LLP0006652-LCA) & AF1522  
CHARTERED ACCOUNTANTS**

**AHMAD ALJAFREE BIN MOHD RAZALLI  
No. 01768/05/2023 J  
CHARTERED ACCOUNTANT**

Dated: 18 October 2022

Selangor, Malaysia



## Statements of Financial Position

As at 30 June 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	4	12,316	21,290	329	247
Construction work-in-progress	5	25,470	-	-	-
Right-of-use assets	6	13,805	1,554	1,599	661
Intangible assets	7	13,552	13,610	13	17
Investment in subsidiaries	8	-	-	141,189	92,175
Deferred tax assets	9	474	67	-	-
		<u>65,617</u>	<u>36,521</u>	<u>143,130</u>	<u>93,100</u>
<b>Current assets</b>					
Inventories	10	1,264	2,794	-	-
Contract assets	11	86,831	13,113	-	-
Contract cost assets	12	735	1,421	-	98
Trade and other receivables	13	146,624	144,867	10,285	12,203
Deposits and prepayments	14	7,906	4,924	606	830
Tax assets	15	1,944	3,461	-	2,641
Cash and bank balances	16	33,978	104,100	27,016	58,672
		<u>279,282</u>	<u>274,680</u>	<u>37,907</u>	<u>74,444</u>
Asset classified as held for sale	17	-	7,387	-	-
		<u>279,282</u>	<u>282,067</u>	<u>37,907</u>	<u>74,444</u>
<b>Total assets</b>		<u>344,899</u>	<u>318,588</u>	<u>181,037</u>	<u>167,544</u>
<b>Equity</b>					
Share capital	18	156,379	97,730	156,379	97,730
Reserve	19	84	5,424	-	-
Retained earnings		49,278	38,413	10,587	6,868
Total equity attributable to:					
Owners of the parent		205,741	141,567	166,966	104,598
Non-controlling interest		399	1,413	-	-
Total equity		<u>206,140</u>	<u>142,980</u>	<u>166,966</u>	<u>104,598</u>
<b>Non-current liabilities</b>					
Lease liabilities	20	12,417	702	1,312	316
Deferred tax liabilities	9	415	345	41	18
Borrowings	21	10,752	5,838	-	-
		<u>23,584</u>	<u>6,885</u>	<u>1,353</u>	<u>334</u>
<b>Current liabilities</b>					
Trade and other payables	22	81,511	97,477	7,946	11,505
Contract liabilities	11	11,263	13,503	2,154	1,672
Lease liabilities	20	1,548	891	307	363
Borrowings	21	14,196	52,384	-	48,454
Tax liabilities	15	6,657	4,468	2,311	618
		<u>115,175</u>	<u>168,723</u>	<u>12,718</u>	<u>62,612</u>
<b>Total liabilities</b>		<u>138,759</u>	<u>175,608</u>	<u>14,071</u>	<u>62,946</u>
<b>Total equity and liabilities</b>		<u>344,899</u>	<u>318,588</u>	<u>181,037</u>	<u>167,544</u>





## Statements of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 30 June 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	23	140,376	386,091	16,141	57,842
Cost of sales	24	(107,615)	(318,622)	-	(45,369)
Gross profit		32,761	67,469	16,141	12,473
Other income	25	3,077	1,568	853	1,499
Selling and distributions expenses		(34)	(53)	-	-
Administrative expenses		(16,216)	(13,505)	(9,367)	(9,087)
Other expenses		(1,954)	(2,700)	-	(475)
Profit from operations		17,634	52,779	7,627	4,410
Finance costs	29	(1,940)	(1,377)	(909)	(1,020)
Profit before tax	26	15,694	51,402	6,718	3,390
Income tax expense	15	(10,775)	(13,168)	(2,999)	(1,467)
Profit net of tax		4,919	38,234	3,719	1,923
Other comprehensive income:					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation		(428)	748	-	-
<b>Total comprehensive income for the financial year</b>		4,491	38,982	3,719	1,923
<b>Profit attributable to:</b>					
Owners of the parent		5,953	37,463	3,719	1,923
Non-controlling interests		(1,034)	771	-	-
		4,919	38,234	3,719	1,923
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		5,525	38,211	3,719	1,923
Non-controlling interests		(1,034)	771	-	-
		4,491	38,982	3,719	1,923
Earnings per share attributable to owners of the parent (sen per share)					
Basic	30	1.15	8.28	-	-
Diluted	30	1.15	8.28	-	-



## Consolidated Statements of Changes in Equity

For The Financial Year Ended 30 June 2022

	Note	← Attributable to owners of the Company →				← Non-Distributable →		Total equity RM'000
		Share capital RM'000	Foreign currency translation reserves RM'000	Asset revaluation reserve RM'000	Distributable retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	
<b>Group</b>								
At 1 July 2021		97,730	512	4,912	38,413	141,567	1,102	142,669
Effect of measurement period adjustment	38	-	-	-	-	-	311	311
At 1 July 2021, as restated		97,730	512	4,912	38,413	141,567	1,413	142,980
Net profit for the financial year		-	-	-	5,953	5,953	(1,034)	4,919
Foreign currency translation		-	(428)	-	-	(428)	-	(428)
Total comprehensive income for the year		-	(428)	-	5,953	5,525	(1,034)	4,491
<u>Transaction with owners:</u>								
Issue of share capital	18	61,517	-	-	-	61,517	-	61,517
Share issue expenses	18	(2,868)	-	-	-	(2,868)	-	(2,868)
Reclassification		-	-	(4,912)	4,912	-	-	-
Acquisition of subsidiaries		-	-	-	-	-	20	20
At 30 June 2022		156,379	84	-	49,278	205,741	399	206,140
<b>Group</b>								
At 1 July 2020		97,730	(236)	4,912	3,506	105,912	(4)	105,908
Net profit for the financial year		-	-	-	37,463	37,463	771	38,234
Foreign currency translation		-	748	-	-	748	-	748
Total comprehensive income for the year		-	748	-	37,463	38,211	771	38,982
<u>Transaction with owners:</u>								
Dividend paid	31	-	-	-	(2,556)	(2,556)	-	(2,556)
Acquisition of subsidiaries		-	-	-	-	-	329	329
Deconsolidation of subsidiaries		-	-	-	-	-	6	6
At 30 June 2021		97,730	512	4,912	38,413	141,567	1,102	142,669



## Statements of Changes in Equity

For The Financial Year Ended 30 June 2022

	Note	Share capital RM'000	Retained earnings RM'000	Total RM'000
<b>Company</b>				
At 1 July 2021		97,730	6,868	104,598
Total comprehensive income for the year		-	3,719	3,719
<u>Transaction with owners:</u>				
Issue of share capital	18	61,517	-	61,517
Share issue expenses	18	(2,868)	-	(2,868)
At 30 June 2022		<u>156,379</u>	<u>10,587</u>	<u>166,966</u>
<b>Company</b>				
At 1 July 2020		97,730	7,501	105,231
Total comprehensive income for the year		-	1,923	1,923
<u>Transaction with owners:</u>				
Dividend paid	31	-	(2,556)	(2,556)
At 30 June 2021		<u>97,730</u>	<u>6,868</u>	<u>104,598</u>



## Statements of Cash Flows

For The Financial Year Ended 30 June 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	15,694	51,402	6,718	3,390
Adjustments for:				
Allowance for impairment loss on:				
- trade and other receivables	73	168	-	-
- investment property	-	1,005	-	-
- contract assets	895	-	-	-
Trade receivables written off	2	-	-	-
Other receivables written off	55	-	-	-
Amortisation of intangible assets	78	3	4	3
Depreciation of investment property	-	174	-	-
Depreciation of property, plant and equipment	3,162	1,618	33	22
Depreciation of right-of-use assets	1,404	546	340	299
Gain on remeasurement right-of-use assets	(3)	-	(3)	-
Gain on disposal of property, plant and equipment	(1,739)	(99)	-	-
Gain on disposal of subsidiaries	-	(16)	-	-
Reversal of impairment loss in a subsidiary	-	-	-	(470)
Interest expense	1,701	1,305	881	969
Interest expense on lease liabilities	239	72	28	51
Inventories written off	1,282	-	-	-
Interest income	(872)	(885)	(750)	(858)
Unrealised loss/(gain) on foreign exchange	578	119	(100)	(146)
Operating profit before changes in working capital	22,549	55,412	7,151	3,260
Changes in working capital				
Inventories	248	(161)	-	-
Contract assets	(81,513)	(6,958)	-	-
Contract cost assets	686	1,339	98	(98)
Contract liabilities	(2,240)	6,918	482	1,731
Trade and other receivables	(2,868)	(92,613)	(38,159)	(23,474)
Trade and other payables	(6,235)	36,835	( 3,158)	(27,371)
Cash (used in)/ generated from operations	(69,373)	772	(33,586)	(45,952)
Interest received	689	885	569	858
Tax paid	(7,416)	(20,040)	(1,150)	(5,927)
Tax refund	10	-	-	-
Net cash used in operating activities	(76,090)	(18,383)	(34,167)	(51,021)

## Statements of Cash Flows

For The Financial Year Ended 30 June 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from investing activities</b>				
Construction cost incurred on solar plant	(25,470)	-	-	-
Proceeds from disposal of asset held for sale	7,281	-	-	-
Increase in investment in subsidiaries	-	-	(6,126)	(22,258)
Net cash inflow/(outflow) from acquisition of subsidiaries (Note 38)	23	(9,534)	-	(1,000)
Purchase of property, plant and equipment	(5,202)	(2,848)	(115)	(115)
Purchase of intangible assets	(17)	(9)	-	(9)
Proceeds from sale of subsidiaries	-	10	-	10
Proceeds from disposal of property, plant and equipment	12,753	100	-	-
Net cash used in investing activities	<u>(10,632)</u>	<u>(12,281)</u>	<u>(6,241)</u>	<u>(23,372)</u>
<b>Cash flows from financing activities</b>				
Drawdown of trade financing	10,500	28,115	-	28,115
Drawdown of revolving credits	-	35,000	-	35,000
Proceeds from finance lease	4,124	2,605	-	-
Dividend paid	-	(2,556)	-	(2,556)
Issuance of share capital	58,649	-	58,649	-
Interest paid	(1,982)	(708)	(1,283)	(373)
Interest paid on lease liabilities	(239)	(72)	(28)	(51)
Repayment of trade financing	(13,454)	(14,661)	(13,454)	(14,661)
Repayment of revolving credits	(35,000)	-	(35,000)	-
Repayment of finance lease	(3,095)	(1,570)	-	-
Repayment of term loans	(1,542)	(853)	-	-
Reversal placements in bank restricted for use	53,180	-	53,135	-
Payments for the principal portion of lease liability	(1,077)	(333)	(132)	(89)
Placements in bank restricted for use	(26,135)	(52,525)	(26,085)	(52,500)
Net cash generated from/ (used in) financing activities	<u>43,929</u>	<u>(7,558)</u>	<u>35,802</u>	<u>(7,115)</u>
Net decrease in cash and cash equivalents	(42,793)	(38,222)	(4,606)	(81,508)
Effect of exchange rate changes	(284)	(8)	-	-
Cash and cash equivalents at beginning of year	51,555	89,785	6,172	87,680
Cash and cash equivalents at end of year	<u>8,478</u>	<u>51,555</u>	<u>1,566</u>	<u>6,172</u>
Cash and cash equivalents at end of year comprised:				
Cash and bank balances	6,761	47,808	66	5,955
Deposits with licensed banks	27,217	56,292	26,950	52,717
	<u>33,978</u>	<u>104,100</u>	<u>27,016</u>	<u>58,672</u>
Less: Cash and bank balances restricted for use	(25,500)	(52,545)	(25,450)	(52,500)
	<u>8,478</u>	<u>51,555</u>	<u>1,566</u>	<u>6,172</u>

## Statements of Cash Flows

For The Financial Year Ended 30 June 2022

Reconciliation of movement of liabilities to cash flow arising from financing activities:

Group	Net changes from financing cash flows		Acquisition of new leases		Foreign exchange movement		Net changes from financing cash flows		Acquisition of new leases		Foreign exchange movement		At 30 June 2022	
	At 1 July 2020	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2022
Term loans	1,985	(853)	-	1,037	242	2,411	(1,542)	-	-	3	872			872
Finance lease	-	1,035	-	6,322	-	7,357	1,029	-	-	-	8,386			8,386
Revolving credits	-	35,000	-	-	-	35,000	(35,000)	-	-	-	-			-
Trade financing	-	13,454	-	-	-	13,454	(2,954)	-	-	-	10,500			10,500
Lease liabilities	523	(333)	383	1,020	-	1,593	(1,077)	13,449	-	-	13,965			13,965
	2,508	48,303	383	8,379	242	59,815	(39,544)	13,449	-	3	33,723			33,723

Company	Net changes from financing cash flows		Acquisition of new leases		Foreign exchange movement		Net changes from financing cash flows		Acquisition of new leases		Foreign exchange movement		At 30 June 2022	
	At 1 July 2020	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2021	At 30 June 2022
Revolving credits	-	35,000	-	35,000	(35,000)	-	-	-	-	-	-			-
Trade financing	-	13,454	-	13,454	(13,454)	-	-	-	-	-	-			-
Lease liabilities	523	(89)	245	679	(132)	1,072	1,619	-	-	-	1,619			1,619
	523	48,365	245	49,133	(48,586)	1,072	1,619	-	-	-	1,619			1,619



# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 1. GENERAL INFORMATION

Reneuco Berhad (Formerly known as KPower Berhad) ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at G-3AF-3, Level 3AF, Block G, Garden Office @ Encorp Strand, No. 12, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor. The principal place of business of the Company is located at C1-1-1, Solaris Dutamas No. 1, Jalan Dutamas 1, 50480, Kuala Lumpur.

The principal activities of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 8 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 October 2022.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated.

### 2.2 Changes in accounting policies

On 1 July 2021, the Group and the Company adopted the following new and amended MFRSs and Interpretations Committee ("IC") Interpretations and Annual Improvement to MFRSs mandatory for annual financial periods beginning on or after 1 July 2021.

<b>MFRS/ Amendment/ Interpretation</b>	<b>Effective date</b>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform-Phase 2	1 January 2021
Amendment to MFRS 16 Leases - Covid-19 - Related Rent Concession beyond 30 June 2021	1 April 2021

The adoption of amendments listed above did not have any material impact on the current financial year or any prior financial year and is not likely to affect future financial years significantly.

### 2.3 Standards issued but not yet effective

<b>MFRS/ Amendment/ Interpretation</b>	<b>Effective date</b>
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9 Financial Instruments (Annual Improvement to MFRS Standards 2018 - 2020)	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)	1 January 2022
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies	1 January 2023

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective (continued)

<b>MFRS/ Amendment/ Interpretation</b>	<b>Effective date</b>
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Unless otherwise described below, the new MFRSs, Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs above are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of the above new MFRS, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations.

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

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

- (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its investment with the investee; and
- (iii) the ability to use its power over the investee to affect the amount of the investors' returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- (ii) potential voting rights held by the Company, other vote holders or other parties;
- (iii) rights arising from other contractual arrangements; and
- (iv) any additional facts and circumstances that indicated that the Company 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' meeting.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.



# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Basis of consolidation (continued)

All subsidiary companies are consolidated using the acquisition method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the fair values of the assets acquired, liabilities incurred or assumed and equity instruments issued at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interests in the subsidiary. Acquisition-related costs are expensed as incurred.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

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

The excess of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interests in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is stated at cost less accumulated impairment losses. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

Non-controlling interests are the part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the shareholders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in retained earnings within equity attributable to the shareholders of the Company.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Foreign currency

The Group's consolidated financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) Foreign currency transaction

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 at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

#### (b) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### 2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Property, plant and equipment (continued)

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land is stated at cost less accumulated impairment losses, if any. Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Electrical installation, air conditioner and renovation	5 to 10 years
Factory and buildings	18 to 28 years
Furniture and fittings	10 years
Motor vehicles	5 years
Office equipment and computers	4 to 10 years
Plant and machinery and lab equipment	10 to 20 years
Trucks	5 to 7 years
Yard and engineering equipment	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, 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 the profit or loss in the year the asset is derecognised.

### 2.7 Service concession arrangements

A substantial portion of the Group's assets are used within the framework of concession contracts granted by a grantor.

In order to fall within the scope of concession arrangement a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls the significant residual interest in the infrastructure at the end of the term of the arrangement.

Such infrastructure are not recognised in assets of the Group as plant and equipment but in financial assets ("financial asset model") and/or intangible assets ("intangible asset model") depending on the remuneration commitments given by the grantor.

#### (a) Concession financial assets

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of:

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Service concession arrangements (continued)

- amounts specified or determined in the contracts; or
- the shortfall, if any, between amounts received from users and amounts specified or determined in the contract.

Concession financial assets are recognised at amortised cost.

The portion falling due within less than one year is presented in 'Current concession financial assets'. while the portion falling due more than one year is presented in the non-current heading.

#### (b) Concession intangible assets

Concession intangible assets comprising concession rights under intangible asset model, are stated as cost less accumulated amortisation and impairment losses, if any. Concession intangible assets acquired separately are measured on initial recognition cost, which is the fair value as at the date of acquisition.

The amortisation begins when the concession asset is completed and ready for it to be capable of operating in the manner intended by management. The management adopts the solar energy power supplied amortisation policy during concession period, which is in line with the pattern in which the asset's economic benefits are consumed.

At end of each reporting period, the Group assesses whether there is any indication of impairment. If such indication exists, the carrying amount is assessed and written down immediately to its recoverable amount.

The concession intangible assets apply to service concession arrangements where the grant or has not provided a contractual guarantee in respect of the amount receivable for constructing and operating the asset. During construction or upgrade phase or upon acquisition, the Group records a concession intangible asset representing the right to charge users and recognised profits from the construction or upgrade or acquisition of the infrastructure.

As at the reporting date, the concession asset is recognised as construction work-in-progress in the statement of financial position.

### 2.8 Intangible assets

#### (a) Goodwill

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

#### (b) Patents and trademarks

Patents and trademarks are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying product not exceeding 17 years.

#### (c) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Intangible assets (continued)

#### (d) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

### 2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial instruments - initial recognition and subsequent measurement

#### (i) Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under *MFRS 15: Revenue from Contract with Customers* ("MFRS 15").

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

##### **Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost are contract assets, trade and other receivables, deposits and cash and bank balances.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial instruments - initial recognition and subsequent measurement

#### (i) Financial assets (continued)

##### Subsequent measurement (continued)

##### **Financial assets at fair value through OCI (debt instruments)**

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

##### **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under *MFRS 32 Financial Instruments*: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group have not designated any financial assets at fair value through OCI.

##### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on unquoted equity investments are also recognised as other income in profit or loss when the right of payment has been established.

The Group have not designated any financial assets at fair value through profit or loss.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial instruments - initial recognition and subsequent measurement (continued)

#### (i) Financial assets (continued)

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- (i) The rights to receive cash flows from the asset have expired; or
- (ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset, or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.



# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial instruments - initial recognition and subsequent measurement (continued)

#### (ii) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss.

The Group and the Company initially measure a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gain or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in *MFRS 9: Financial Instruments* ("MFRS 9") are satisfied.

The Group have not designated any financial liability as at fair value through profit or loss.

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

Financial liabilities are measured at amortised cost using the effective interest method, which allocates interest expenses at a constant rate over the term of the financial liabilities. The effective interest rate is calculated at initial recognition and is the rate that discounts the estimated future cash flows (including all fees and points paid 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 to the amortised cost of the financial liability.

Subsequent to initial recognition, the amortised cost of a financial liability is the amount at initial recognition minus principal repayments, plus the cumulative amortisation using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

The Group's financial liabilities at amortised cost are lease liabilities, borrowings and trade and other payables.

##### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial instruments - initial recognition and subsequent measurement (continued)

#### (iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and bank balances as defined above and deposits pledged with licensed banks.

### 2.12 Inventories

#### (i) Trading inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

#### (ii) Manufacturing inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- (a) Raw materials and consumables: purchase costs on a first-in first-out basis.
- (b) Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

### 2.13 Contract assets and contract liabilities

A contract asset is the right of the Group or the Company to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group or the Company has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is presented as the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance of MFRS 9.

A contract liability is the obligation of the Group or the Company to transfer goods and services to a customer for which it has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration or the Group or the Company has a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group or the Company performs its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss. Contract liabilities include advance payment and downpayments received from customers and other amounts where the Group or the Company has billed before the goods are delivered or services are provided to the customers.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Contract cost assets

(i) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as contract cost assets when the Group expects those costs to be recoverable.

(ii) Costs to fulfil a contract

The costs incurred in fulfilling a contract with a customer who are not within the scope of other MFRSs, such as MFRS 102: Inventories, MFRS 116: Property, Plant and Equipment and MFRS 138: Intangible Assets, are recognised as contract cost assets when all of the following criteria are met:

- costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Contract cost assets are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

### 2.15 Provision

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other 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.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Leases

The Group assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### As a lessee

The Group applies a single recognition and measurement approach for all lease, except for short term leases and leases of low-value-asset. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised. Initial direct costs, incurred, and lease payments made at or before commencement date less any lease incentives received. Right-of-use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If the ownership of the leased assets transfer to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### (ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease terms reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) a change in the assessment of an option to purchase the underlying asset.

#### (iii) Short-term leases and leases of low-value assets

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

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Leases (continued)

#### (iv) Extension options

The Group in applying their judgement, determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that creates an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

#### As a lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease income.

When the assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

### 2.18 Revenue

#### (i) Revenue from constructions related activities

The Group and the Company involves in the constructions related activities, in which the Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

For contracts relating to constructions related activities, the Group is responsible for the overall management of the project and identifies various services to be provided, including project management, supply of labour, construction, installation, testing, commissioning and completion of the project.

In such contracts, the Group determined that the goods and services are not distinct and generally accounts for them as a single performance obligation. Depending on the terms of each contract, the Group and the Company has determined control is transferred at a point in time or over time.

#### (ii) Sale of goods

Revenue from sales of goods is recognised net of discounts when control of the asset is transferred to the customer, generally on the delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### (iii) Rental income

Revenue income is recognised in profit or loss as it accrues, based on rates agreed with tenants.

#### (iv) Interest income

Interest income is recognised using the effective interest method.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Revenue (continued)

#### (v) Revenue from property development

Contract with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to make payment for performance completed to date.

If control of the asset transfer over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the output method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

#### (vi) Management fees

Management fees are recognised in profit or loss as it accrues at contracted rates.

#### (vii) Rendering of Services

Revenue from rendering of services is measured based on the consideration specified in a contract with a customer in exchange for transferring goods and services to customers. The Group recognises revenue when (or as) it transfers control over products or services to customers. Assets are transferred when (or as) the customers obtain control of the assets.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group have an enforceable right to payment for performance completed to date.

### 2.19 Income tax

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

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Income tax (continued)

#### (a) Current tax

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

#### (b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised 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.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

### 2.20 Operating segment

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

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Fair value measurements

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

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

### 2.22 Share capital

#### Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.23 Earnings for ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group or the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

### 2.24 Non-current asset held for sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Upon classification as held for sale, non-current assets and disposals group are not depreciated.



# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumption 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 periods.

### 3.1 Judgements made in applying accounting policies

There were no critical judgement made by management in the process of applying the Group's accounting policies that may have a significant effect on the amounts recognised in the financial statements during the current financial year.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date 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 financial assets

The Group assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's financial assets carried at amortised costs at the reporting date is disclosed in Note 11, 12, 13, 14 and 17.

#### (b) Useful lives of plants, equipments and trucks

The cost of plants and equipments are depreciated on a straight-line basis over the plants, equipments and trucks estimated useful lives. Management estimates the useful lives of these plants, equipments and trucks (excludes freehold land, factory and buildings) to be within 4 to 20 years. The carrying amount of the Group's plants and equipments at 30 June 2022 was RM12,316,000 (2021: RM9,973,000) as disclosed in Note 4 to the financial statements.

#### (c) Revenue recognition of property development activities and construction contracts

The Group recognises property development activities and construction contracts based on stage of completion method. The stage of completion of the property development activities and construction contracts is measured in accordance with the accounting policies set out in Notes 2.18.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the property development projects. Substantial changes in cost estimates, particularly in complex projects have had, and can in future periods have, a significant effect on the Group's profitability. In making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

### 3.2 Key sources of estimation uncertainty (continued)

#### (d) Leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

#### (e) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences, capital allowances and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. When an entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

The Group has recognised the deferred tax assets as it is foreseeable that the Group would generate sufficient taxable profits in future against which the deferred tax assets can be utilised

The carrying amount of the Group's recognised and unrecognised deferred tax assets as at 30 June 2022 are disclosed in Note 9.

#### (f) Measurement of progress when revenue is recognised over time

For those contracts involving the construction related activities and property development that meet the over time criteria of revenue recognition, the Group's performance is measured using an input method, by reference to the inputs towards satisfying the performance obligation relative to the total expected inputs to satisfy the performance obligation. The Group generally uses the costs incurred method as a measure of progress for its contracts because it best depicts the Group's performance. Under this method of measuring progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. When costs are incurred, but do not contribute to the progress in satisfying the performance obligation (such as unexpected amounts of wasted materials, labour or other resources), the Group excludes the effect of those costs. Also, the Group adjusts the input method for any cost incurred that are not proportionate to the Group's progress in satisfying the performance obligation.

The carrying amounts of contract assets and liabilities of the Group are disclosed in Note 11.

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 4. PROPERTY, PLANT AND EQUIPMENT

Group 2022	Note	Freehold land RM'000	Factory and buildings RM'000	Furniture and fittings RM'000	Office equipment and computers RM'000	Motor vehicles RM'000	Trucks RM'000	Electrical installation, air conditioner and renovation RM'000	Plant and machinery and lab equipment RM'000	Yard and engineering equipment RM'000	Total RM'000
<b>Cost/valuation</b>											
At 1 July 2021		4,800	9,200	179	956	719	28,076	2,853	19,743	406	66,932
Additions		-	-	16	175	664	3,635	613	99	-	5,202
Disposals		(4,800)	(9,200)	(40)	(369)	(214)	(4,599)	(2,587)	(19,623)	-	(41,432)
At 30 June 2022		-	-	155	762	1,169	27,112	879	219	406	30,702
<b>Accumulated depreciation and impairment loss</b>											
At 1 July 2021		-	2,683	126	722	453	19,238	2,623	19,520	277	45,642
Depreciation for the financial year	26	-	469	8	48	164	2,258	74	75	66	3,162
Disposals		-	(3,152)	(42)	(357)	(214)	(4,572)	(2,525)	(19,556)	-	(30,418)
At 30 June 2022		-	-	92	413	403	16,924	172	39	343	18,386
<b>Carrying amounts at 30 June 2022</b>		-	-	63	349	766	10,188	707	180	63	12,316

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2021	Note	Freehold	Factory	Furniture	Office	Motor	Trucks	Plant and	Yard and	Total	
		land	and	and	equipment	vehicles		machinery	engineering		
		RM'000	buildings	fittings	and	RM'000	RM'000	and lab	equipment	RM'000	
			RM'000	RM'000	computers	RM'000	RM'000	equipment	RM'000	RM'000	
<b>Cost/valuation</b>											
At 1 July 2020		4,800	9,200	157	688	214	-	2,627	19,623	-	37,309
Acquisition of subsidiaries		-	-	5	141	505	25,826	170	119	406	27,172
Additions		-	-	17	127	-	2,647	56	1	-	2,848
Disposals		-	-	-	-	-	(397)	-	-	-	(397)
At 30 June 2021		4,800	9,200	179	956	719	28,076	2,853	19,743	406	66,932
<b>Accumulated depreciation and impairment loss</b>											
At 1 July 2020		-	2,172	119	595	214	-	2,507	19,415	-	25,022
Acquisition of subsidiaries		-	-	-	101	202	18,747	86	18	244	19,398
Depreciation for the financial year	26	-	511	7	26	37	887	30	87	33	1,618
Disposals		-	-	-	-	-	(396)	-	-	-	(396)
At 30 June 2021		-	2,683	126	722	453	19,238	2,623	19,520	277	45,642
<b>Carrying amounts at 30 June 2021</b>		4,800	6,517	53	234	266	8,838	230	223	129	21,290

- (i) At 30 June 2022, the net carrying amount of motor vehicles and trucks is RM10,954,460 (2021: RM9,104,954) have been pledged to financial institution as security for banking facilities granted to the Group as disclosed in Note 21(d).
- (ii) Included in the Group's accumulated depreciation and impairment of property, plant and equipment are impairment losses carried forward of RM Nil (2021: RM2,015,494).

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Furniture and fittings RM'000	Office equipment and computers RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>					
At 1 July 2020		117	325	44	486
Additions		8	107	-	115
At 30 June 2021/ 1 July 2021		125	432	44	601
Additions		9	48	58	115
At 30 June 2022		134	480	102	716
<b>Accumulated depreciation</b>					
At 1 July 2020		80	249	3	332
Depreciation for the financial year	26	5	13	4	22
At 30 June 2021/ 1 July 2021		85	262	7	354
Depreciation for the financial year	26	5	21	7	33
At 30 June 2022		90	283	14	387
<b>Carrying amounts:</b>					
At 30 June 2022		44	197	88	329
At 30 June 2021		40	170	37	247

### 5. CONSTRUCTION WORK-IN-PROGRESS

	Group	
	2022 RM'000	2021 RM'000
Construction work-in-progress	25,470	-

The Company has entered into Joint Venture with Perbadanan Kemajuan Negeri Pahang for the construction of the LSS4 Project. The Company has also signed the power purchase agreement with Tenaga Nasional Berhad ("TNB") for this project. The agreement will take effect for 21 years from the Scheduled Commercial Operation Date (by 30 September 2023).

Construction work-in-progress is related to the construction of solar farm ("the Facility") for the large-scale solar photovoltaic project (LSS4). The Facility is a 50 MWac photovoltaic (PV) power generation plant with the installed capacity of not less than 71 MWac. The Facility is located in Mukim Bebar, Pekan, Pahang Darul Makmur and covers an area of approximately 70 hectares.

The Facility is currently in construction phase. Upon completion, the Facility will be assessed under IFRIC12 Service Concession Arrangements to be capitalised and capitalised as Non-current Assets.

In regard of this project, Reneuco Berhad has incorporated a Special Purpose Vehicle namely PKNP Reneuco Suria Sdn Bhd (formerly known as PKNP KPower Suria Sdn Bhd) ("PKNP") for the purpose of development of the LSS4 project.

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 6. RIGHT-OF-USE ASSETS

Group	Note	Land RM'000	Buildings RM'000	Office RM'000	Total RM'000
At 1 July 2020		-	-	511	511
Acquisition of subsidiaries		672	330	-	1,002
Additions		-	125	218	343
Remeasurement		-	-	244	244
Depreciation for the financial year	26	(139)	(108)	(299)	(546)
At 30 June 2021/ 1 July 2021		533	347	674	1,554
Additions		10,172	220	917	11,309
Remeasurement		220	962	1,275	2,457
Disposal		-	-	(111)	(111)
Depreciation for the financial year	26	(471)	(405)	(528)	(1,404)
At 30 June 2022		10,454	1,124	2,227	13,805

Company	Office RM'000	Total RM'000
At 1 July 2020	511	511
Additions	205	205
Remeasurement	244	244
Depreciation for the financial year (Note 26)	(299)	(299)
At 30 June 2021/ 1 July 2021	661	661
Additions	107	107
Remeasurement	1,274	1,274
Disposal	(103)	(103)
Depreciation for the financial year (Note 26)	(340)	(340)
At 30 June 2022	1,599	1,599

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 6. RIGHT-OF-USE ASSETS (CONTINUED)

The following are the amounts recognised in profit or loss:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation expense of right-of-use assets (Note 26)	1,404	546	340	299
Interest expense on lease liabilities (Note 29)	239	72	28	51
Total amount recognised in profit or loss	<u>1,643</u>	<u>618</u>	<u>368</u>	<u>350</u>

#### *Extension of option*

The lease of buildings contain extension options exercisable by the Group up to 1 year before the end of the non-cancellable contract period. Where applicable, 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 commencements whether its 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 change in circumstances within its control. The discounted lease liabilities recognised is RM15,874,324. The Group lease rate is ranging from 5.00% to 5.25% (2021: 5.00% to 6.14%).

### 7. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Software RM'000	Patents and trademarks RM'000	Total RM'000
<b>Cost</b>					
At 1 July 2020		-	12	-	12
Acquisition through business combination	38	12,956	-	-	12,956
Additions		-	9	-	9
At 30 June 2021/ 1 July 2021, as disclosed		<u>12,956</u>	<u>21</u>	<u>-</u>	<u>12,977</u>
Effect of measurement period adjustment	38	(723)	-	1,360	637
At 30 June 2021/ 1 July 2021, as restated		<u>12,233</u>	<u>21</u>	<u>1,360</u>	<u>13,614</u>
Acquisition through business combination		3	-	-	3
Additions		-	17	-	17
At 30 June 2022		<u>12,236</u>	<u>38</u>	<u>1,360</u>	<u>13,634</u>

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 7. INTANGIBLE ASSETS (CONTINUED)

Group (continued)	Note	Goodwill RM'000	Software RM'000	Patents and trademarks RM'000	Total RM'000
<b>Accumulated amortisation</b>					
At 1 July 2020		-	1	-	1
Amortisation for the year	26	-	3	-	3
At 30 June 2021/ 1 July 2021		-	4	-	4
Amortisation for the year	26	-	4	74	78
At 30 June 2022		-	8	74	82
<b>Carrying amounts:</b>					
At 30 June 2022		12,236	30	1,286	13,552
At 30 June 2021, as restated		12,233	17	1,360	13,610

The carrying amount of goodwill allocated to the Group's cash generating unit ("CGU") is based on the CGU's excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets and liabilities.

#### Patents

The patents relates to the formulation, process of manufacturing and application of halal bone graft substitute in clinical bone graft procedures.

#### Trademarks

The trademarks relates to valuation of series of trademarks, logos and names of the Company's products. The example of the company products are GranuMas, Prosteomax and Osteopaste.

Patents and trademarks are registered in Malaysia, Indonesia, Japan, South Korea, European Patent Organization ("EPO") and United States of America ("USA"). The estimated useful life for patents and trademarks are 17 years.

Company	Note	Software RM'000
<b>Cost</b>		
At 1 July 2020		12
Additions		9
At 30 June 2021/ 30 June 2022		21
<b>Accumulated amortisation</b>		
At 1 July 2020		1
Charge during the year	26	3
At 30 June 2021/ 30 June 2022		4
Charge during the year	26	4
At 30 June 2022		8
<b>Carrying amounts:</b>		
At 30 June 2022		13
At 30 June 2021		17



## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 8. INVESTMENT IN SUBSIDIARIES

	Note	Company	
		2022 RM'000	2021 RM'000
Unquoted shares, at cost		69,427	63,301
Less: Allowance for impairment		(39,940)	(39,940)
		<u>29,487</u>	<u>23,361</u>
Quasi equity (Reclassified from amount due from subsidiaries)	(a)	113,014	70,126
Less: Allowance for impairment		(1,312)	(1,782)
Add: Reversal of impairment	25	-	470
		<u>111,702</u>	<u>68,814</u>
		<u>141,189</u>	<u>92,175</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Group's effective equity interest/ voting rights		Principal activities
		2022 %	2021 %	
Powernet Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing of warp knitted fabrics
Reneuco Development Sdn. Bhd. (formerly known as KPower Development Sdn. Bhd.)	Malaysia	100	100	Property development
Reneuco Ventures Ltd. (formerly known as KPower Ventures Ltd.) *	British Virgin Islands	100	100	Investment holding
Reneuco Engineering Sdn. Bhd. (formerly known as KPower Engineering Sdn. Bhd.)	Malaysia	100	100	Real estate, investment holding, construction business and construction related activities, general trading and services
Reneuco International (L) Ltd. (formerly known as KPower International (L) Ltd.)	Malaysia	100	100	Construction related activities
Reneuco Healthcare & Technologies Sdn. Bhd. (formerly known as KPower Healthcare & Technologies Sdn. Bhd.)	Malaysia	100	100	Investment holding and trading of healthcare related products

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of subsidiaries	Country of incorporation	Group's effective equity interest/ voting rights		Principal activities
		2022 %	2021 %	
Reneuco Logistics Sdn. Bhd. (formerly known as KPower Logistics Sdn. Bhd.)#	Malaysia	100	100	Investment holding and logistics
PKNP Reneuco Suria Sdn. Bhd. (formerly known as PKNP KPower Suria Sdn. Bhd.)# ("PKNP Suria")	Malaysia	95	95	Operation of the energy industry
Granulab (M) Sdn. Bhd.	Malaysia	70	70	Manufacturing and selling of Granumas, a granular synthetic bone graft
Reneuco RE Sdn. Bhd. (formerly known as KPower RE Sdn. Bhd.)#	Malaysia	100	-	Activities of holding holding companies, installation of non-electric solar energy collectors and operation of the energy industry
Reneuco Digital Sdn. Bhd. (formerly known as KPower Digital Sdn. Bhd.)	Malaysia	100	-	Other information technology service activities and research and development on information communication technology
KPower Energy FZCO#	United Arab Emirates	100	-	Investment in energy enterprises and management
<b>Subsidiary company of Reneuco Logistics Sdn. Bhd. (formerly known as KPower Logistics Sdn. Bhd.)</b>				
Chemtrax Sdn. Bhd.	Malaysia	51	51	Providing chemical and gas transportation and forwarding services
<b>Subsidiary company of Chemtrax Sdn. Bhd</b>				
Sabaka Logistik (M) Sdn. Bhd.	Malaysia	100	100	Chemical logistic services

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of subsidiaries	Country of incorporation	Group's effective equity interest/ voting rights		Principal activities
		2022 %	2021 %	
<b>Subsidiary company of</b>				
<b>Reneuco RE Sdn. Bhd.</b>				
<b>(formerly known as KPower RE Sdn. Bhd.)</b>				
Mikrogrid Lestari Sdn. Bhd.#@	Malaysia	55	-	Operation of generation facilities that produce electric energy

\* Companies not required to be audited in their country of incorporation. The financial statements have been reviewed for consolidation purposes.

# Companies are inactive and yet to commence any business.

@ Companies are not audited by Al Jafree Salihin Kuzaimi PLT.

(a) Quasi equity represents advances and payments made on behalf on which the settlement is either planned or likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi equity is stated at cost less accumulated impairment loss, if any.

(b) Disposal of subsidiaries

During the last financial year, the Company has disposed its 51% interest in CBG Capital Sdn. Bhd. And 51% interest in CBG Builders Sdn. Bhd. For a total cash consideration of MR10,000. The disposal of subsidiaries has been completed on 2 June 2021.

(c) Non-controlling interests in subsidiaries

	Carrying amount of non-controlling interests		(Loss)/profit attributable to non-controlling interests	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Chemtrax Sdn. Bhd.	3,101	2,930	171	821
Granulab (M) Sdn. Bhd.	(2,646)	(1,517)	(1,129)	(48)
PKNP Suria	(74)	-	(74)	-
Mikrogrid Lestari Sdn. Bhd.	18	-	(2)	-
CBG Capital Sdn. Bhd.	-	-	-	(1)
CBG Builders Sdn. Bhd.	-	-	-	(1)
	<u>399</u>	<u>1,413</u>	<u>(1,034)</u>	<u>771</u>

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information before intra-group elimination

	PKNP Suria RM'000 5%	Mikrogrid Lestari Sdn. Bhd. RM'000 45%	Chemtrax Sdn. Bhd. RM'000 49%	Granulab (M) Sdn.Bhd. RM'000 30%
<b>As at 30 June 2022</b>				
Non-current assets	11,545	-	11,725	8,406
Current assets	3,292	1,925	6,645	787
Non-current liabilities	-	-	(6,249)	(6,074)
Current liabilities	(15,318)	(1,885)	(5,792)	(7,371)
Net (liabilities)/assets	<u>(481)</u>	<u>40</u>	<u>6,329</u>	<u>(4,252)</u>
<b>Year ended 30 June 2022</b>				
Revenue	-	-	17,561	993
(Loss)/profit for the year, representing total comprehensive (loss)/ income for the year	<u>(1,478)</u>	<u>(4)</u>	<u>350</u>	<u>(4,114)</u>
Net cash flows generated from/(used in) operating activities	1,869	(51)	3,567	383
Net cash flows used in investing activities	(1,623)	-	(2,900)	(98)
(Net cash flows used in financing activities	<u>(156)</u>	<u>-</u>	<u>(615)</u>	<u>(353)</u>
Net increase/(decrease) in cash and cash equivalents	<u>90</u>	<u>(51)</u>	<u>52</u>	<u>(68)</u>

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information before intra-group elimination (continued)

	<b>Chemtrax Sdn. Bhd. RM'000</b>	<b>Granulab (M) Sdn. Bhd. RM'000 Restated</b>
	49%	30 %
<b>As at 30 June 2021</b>		
Non-current assets	10,031	1,663
Current assets	8,570	1,194
Non-current liabilities	(6,141)	(5,521)
Current liabilities	(6,452)	(2,393)
Net assets/(liabilities)	<u>6,008</u>	<u>(5,057)</u>
<b>Year ended 30 June 2021</b>		
Revenue	10,241	75
Profit/(loss) for the year, representing total comprehensive income/(loss) for the year	<u>1,677</u>	<u>(161)</u>
Net cash flows generated from operating activities	1,046	140
Net cash flows (used in)/generated from investing activities	(2,612)	3
Net cash flows generated from/(used in) financing activities	<u>773</u>	<u>(88)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(793)</u>	<u>55</u>

### 9. DEFERRED TAXATION

(a) 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 the deferred taxes relate to the same tax authority. The amounts of deferred tax assets and liabilities, after appropriate offsetting, are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
At 1 July	(278)	(6)	(18)	(6)
Effect of measurement period adjustment	<u>-</u>	<u>(326)</u>	<u>-</u>	<u>-</u>
At 1 July, as restated	(278)	(332)	(18)	(6)
Acquisition of a subsidiary company	-	(1,038)	-	-
Recognised in profit or loss (Note 15)				
- current year	342	27	(18)	(11)
- (under)/over provision of deferred tax liabilities in prior years	<u>(5)</u>	<u>1,065</u>	<u>(5)</u>	<u>(1)</u>
At 30 June	<u>59</u>	<u>(278)</u>	<u>(41)</u>	<u>(18)</u>

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 9. DEFERRED TAXATION (CONTINUED)

- (a) 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 the deferred taxes relate to the same tax authority. The amounts of deferred tax assets and liabilities, after appropriate offsetting, are as follows:(continued)

	Group		Company	
	2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000
Disclosed as:				
- Deferred tax assets	474	67	-	-
- Deferred tax liabilities	(415)	(345)	(41)	(18)
	<u>59</u>	<u>(278)</u>	<u>(41)</u>	<u>(18)</u>

Deferred tax assets/(liabilities) of the Group and the Company:

	Intellectual property RM'000	Property, plant and equipment RM'000	Right-of-use assets RM'000	Total RM'000
<b>Group</b>				
At 1 July 2021	-	40	8	48
Effect of measurement period adjustment	(326)	-	-	(326)
At 1 July 2021, as restated	(326)	40	8	(278)
Recognised in profit or loss	-	333	4	337
At 30 June 2022	(326)	373	12	59
At 1 July 2020	-	(9)	3	(6)
Acquisition of a subsidiary	-	(1,038)	-	(1,038)
Recognised in profit or loss	-	1,087	5	1,092
At 30 June 2021	-	40	8	48
<b>Company</b>				
At 1 July 2021	-	(22)	4	(18)
Recognised in profit or loss	-	(20)	(3)	(23)
At 30 June 2022	-	(42)	1	(41)
At 1 July 2020	-	(9)	3	(6)
Recognised in profit or loss	-	(13)	1	(12)
At 30 June 2021	-	(22)	4	(18)

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 9. DEFERRED TAXATION (CONTINUED)

Deferred tax assets/(liabilities) of the Group and the Company: (continued)

(b) Deferred tax assets have not been recognised for the following items:

	Group		Group	
	2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000
Tax effects of unutilised tax losses	61,592	37,674	-	-
Tax effects of unabsorbed capital allowance	12,597	12,584	-	-
At 30 June	<u>74,189</u>	<u>50,258</u>	<u>-</u>	<u>-</u>

### 10. INVENTORIES

	Group	
	2022 RM'000	2021 RM'000
<b>At lower of cost and net realisable value:</b>		
Raw material	6	79
Work-in-progress	147	562
Manufactured inventories	915	1,286
Consumables	196	867
	<u>1,264</u>	<u>2,794</u>
Recognised in profit or loss:		
- Inventories recognised as cost of sales	554	169
- Inventories written off (Note 26)	<u>1,282</u>	<u>-</u>

### 11. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Contract assets</b>				
Contract assets relating to construction contracts	<u>86,831</u>	<u>13,113</u>	<u>-</u>	<u>-</u>
<b>Contract liabilities</b>				
Contract liabilities relating to construction contracts	<u>(11,263)</u>	<u>(13,503)</u>	<u>(2,154)</u>	<u>(1,672)</u>

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date.

(b) The contract liabilities relate to advance considerations received (or an amount of consideration due) from customers for contracts of which the revenue will be recognised over the remaining contract term of the specific contract it relates to.

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 12. CONTRACT COST ASSETS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 July	1,421	2,760	98	-
Cost to obtain a contract	-	98	-	98
Costs to fulfil contract with customers:				
- Incurred during the year	-	449	-	-
- Recognised in profit or loss during the year	(686)	(1,886)	(98)	-
At 30 June	<u>735</u>	<u>1,421</u>	<u>-</u>	<u>98</u>

The contract cost assets primarily relate to the construction of property development.

### 13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables	96,305	143,688	10,218	11,588
Other receivables	51,297	2,084	67	615
	<u>147,602</u>	<u>145,772</u>	<u>10,285</u>	<u>12,203</u>
Less: Allowance for impairment				
- Trade receivables	(913)	(840)	-	-
- Other receivables	(65)	(65)	-	-
	<u>146,624</u>	<u>144,867</u>	<u>10,285</u>	<u>12,203</u>

- (i) Included in trade receivables of the Group and the Company is a balance with a related party amounting to RM15,123,208 (2021: RM8,477,000) and RM6,797,433 (2021: RM8,477,000) respectively.
- (ii) Trade receivables are non-interest bearing and are generally on 30 days to 60 days (2021: 30 days to 60 days) credit terms. They recognised on their original invoice amount which represents their fair value on initial recognition.



## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Neither past due nor impaired	14,637	2,680	-	1,199
1 to 30 days past due not impaired	1,972	45,985	-	-
31 to 120 days past due not impaired	8,122	75,363	-	9,396
More than 120 days past due not impaired	70,661	18,820	10,218	993
	80,755	140,168	10,218	10,389
	95,392	142,848	10,218	11,588
Impaired	913	840	-	-
	96,305	143,688	10,218	11,588

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

#### Receivables that are past due but not impaired

These trade receivables are not impaired due to their past good payment records and have renegotiated payment terms. Based on the past experience and with no adverse information to date, the Directors are of the opinion that no impairment is necessary.

#### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2022 RM'000	2021 RM'000
<b>Individually impaired</b>		
Trade receivables	913	840
Other receivables	65	65
Less: Allowance for impairment	(978)	(905)
	-	-
<b>Movements in allowances accounts:</b>		
At 1 July	905	737
Additions (Note 26)	73	168
At 30 June	978	905

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are individually determined to be impaired at the reporting date which has defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The currency exposure profile of trade and other receivables net of allowance for impairment losses is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
United States Dollar	1,298	44,211	1,298	1,198
Malaysian Ringgit	145,326	100,656	8,987	11,005
	<u>146,624</u>	<u>144,867</u>	<u>10,285</u>	<u>12,203</u>

### 14. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits	5,255	3,519	434	486
Prepayments	2,651	1,405	172	344
	<u>7,906</u>	<u>4,924</u>	<u>606</u>	<u>830</u>

### 15. INCOME TAX BALANCE AND EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net tax (liabilities)/ assets as at 1 July	(1,007)	(2,699)	2,023	(2,449)
Acquisition through business combination	-	(4,088)	-	-
Taxation charge for the financial year	(11,112)	(14,260)	(2,976)	(1,455)
Payment made	7,416	20,040	1,150	5,927
Tax set off within the Group	-	-	(2,508)	-
Tax refunded	(10)	-	-	-
Net tax (liabilities)/ assets as at 30 June	<u>(4,713)</u>	<u>(1,007)</u>	<u>(2,311)</u>	<u>2,023</u>
Disclosed as:				
Tax assets	1,944	3,461	-	2,641
Tax liabilities	(6,657)	(4,468)	(2,311)	(618)
	<u>(4,713)</u>	<u>(1,007)</u>	<u>(2,311)</u>	<u>2,023</u>

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 15. INCOME TAX BALANCE AND EXPENSE (CONTINUED)

Income tax expenses comprise:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian income tax:				
- Current year	10,958	14,241	2,843	1,455
- Under provision in prior year	154	19	133	-
	<u>11,112</u>	<u>14,260</u>	<u>2,976</u>	<u>1,455</u>
Deferred tax (Note 9):				
- Current year	(342)	(27)	18	11
- Under/(over) provision in prior years	5	(1,065)	5	1
	<u>10,775</u>	<u>13,168</u>	<u>2,999</u>	<u>1,467</u>

The income tax is calculated at the statutory rate of 24% (2021: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax applicable to profit before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax	<u>15,694</u>	<u>51,402</u>	<u>6,718</u>	<u>3,390</u>
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	3,767	12,336	1,612	814
Tax effects arising from				
- non-deductible expenses	1,569	1,781	1,273	804
- non-taxable income	(463)	(209)	(24)	(152)
- deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	5,743	306	-	-
- under/(over) provision of deferred tax liability in prior years	5	(1,065)	5	1
- under provision of income tax in prior years	154	19	133	-
	<u>10,775</u>	<u>13,168</u>	<u>2,999</u>	<u>1,467</u>

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 16. CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash at banks	6,717	47,801	65	5,953
Cash in hands	44	7	1	2
Deposits with licensed banks	27,217	56,292	26,950	52,717
	<u>33,978</u>	<u>104,100</u>	<u>27,016</u>	<u>58,672</u>
Cash and bank balances restricted for use	(25,500)	(52,545)	(25,450)	(52,500)
Cash and cash equivalents	<u>8,478</u>	<u>51,555</u>	<u>1,566</u>	<u>6,172</u>

The fixed deposits of the Group and the Company bear effective interest rate at 1.85% to 1.90% (2021: 1.50% to 1.65%) and 1.90% (2021: 1.50% to 1.65%) per annum respectively and with maturity periods of 2 months (2021: 1 to 12 months).

Included in cash and bank balances restricted for use of the Group and the Company are amount of RM25,500,000 (2021: RM52,545,000) and RM25,450,000 (2021: RM52,500,000) respectively pertaining to payment to bank guarantees issued in favour of third parties as disclosed in Note 21.

The currency exposure profile of cash and cash equivalents is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
United States Dollar	821	3,805	-	-
British sterling pound	236	433	-	-
United Arab Emirates Dirham	686	-	-	-
Malaysian Ringgit	6,735	47,317	1,566	6,172
	<u>8,478</u>	<u>51,555</u>	<u>1,566</u>	<u>6,172</u>

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 17. ASSET CLASSIFIED AS HELD FOR SALE

Group	Freehold land RM'000	Building RM'000	Total RM'000
<b>Cost</b>			
At 1 July 2020	-	-	-
Reclassification from investment property	1,330	8,643	9,973
At 30 June 2021	1,330	8,643	9,973
Disposal	(1,330)	(8,643)	(9,973)
At 30 June 2022	-	-	-
<b>Accumulated depreciation</b>			
At 1 July 2020	-	-	-
Reclassification from investment property	-	2,586	2,586
At 30 June 2021	-	2,586	2,586
Disposal	-	(2,586)	(2,586)
At 30 June 2022	-	-	-
<b>Carrying amounts:</b>			
At 30 June 2022	-	-	-
At 30 June 2021	1,330	6,057	7,387

On 5 July 2021, the Group has completed the sale of the Property for a total cash consideration of GBP1,250,000 (RM7,281,000).

### 18. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
Issued and fully paid:				
At 1 July	452,331	113,083	97,730	97,730
Issued during the year:				
- Cash (i)	90,466	-	61,517	-
- Share split (ii)	-	339,248	-	-
Share issue expenses	-	-	(2,868)	-
At 30 June	542,797	452,331	156,379	97,730

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

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.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 18. SHARE CAPITAL (CONTINUED)

- (i) During the financial year, the Company issued 90,466,129 new ordinary shares at a price of RM0.68 per ordinary share by way of private placement.
- (ii) Share split represents the number of subdivided shares of 339,247,986 pursuant to share split involving a subdivision of every 1 existing ordinary share into 4 shares.

### Warrants

The issuance of 150,774,529 free warrants on the basis of 1 warrant for every 3 subdivided shares was completed on 25 January 2021 following the listing and quotation of the warrants on the Main Market of Bursa Securities. No warrants were exercised during the financial period from the completion date to 30 June 2022.

The salient terms of the Warrants are as follows:

- (a) The Warrants are constituted by a Deed Poll executed on 11 December 2020.
- (b) The Warrants are traded separately.
- (c) The Warrants can be exercised at any time for a period of 5 years commencing on and including 25 January 2021 ("Exercise Period"). Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
- (d) Each Warrant entitled the registered holder to subscribe for one new ordinary share in the Company.
- (e) Subject to the provisions in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall from time to time be adjusted by the Company in consultation with the approved adviser and certified by the auditors appointed by the Company.

## 19. RESERVES

		Group	
	Note	2022 RM'000	2021 RM'000
Foreign currency translation reserves	(a)	84	512
Revaluation reserves	(b)	-	4,912
		<u>84</u>	<u>5,424</u>

### (a) Foreign currency translation reserves

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### (b) Revaluation reserves

The revaluation reserves are used to record increase in fair values of land and buildings and decrease to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 20. LEASE LIABILITIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current	1,548	891	307	363
Non-current	12,417	702	1,312	316
	<u>13,965</u>	<u>1,593</u>	<u>1,619</u>	<u>679</u>

The lease liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
<b>Group</b>			
<b>2022</b>			
Less than one year	2,147	(599)	1,548
Between one and two years	20,002	(7,585)	12,417
	<u>22,149</u>	<u>(8,184)</u>	<u>13,965</u>
<b>2021</b>			
Less than one year	957	(59)	898
Between one and two years	714	(19)	695
	<u>1,671</u>	<u>(78)</u>	<u>1,593</u>
<b>Company</b>			
<b>2022</b>			
Less than one year	329	(22)	307
Between one and two years	1,480	(168)	1,312
	<u>1,809</u>	<u>(190)</u>	<u>1,619</u>
<b>2021</b>			
Less than one year	389	(27)	362
Between one and two years	325	(8)	317
	<u>714</u>	<u>(35)</u>	<u>679</u>

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 21. BORROWINGS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>				
<b>Secured</b>				
Term loans	688	760	-	-
Finance lease	5,874	5,078	-	-
Loan from subsidiary shareholder	4,190	-	-	-
	<u>10,752</u>	<u>5,838</u>	<u>-</u>	<u>-</u>
<b>Current</b>				
<b>Secured</b>				
Term loans	184	1,651	-	-
Finance lease	2,512	2,279	-	-
Trade financing	10,500	13,454	-	13,454
Revolving credits	-	35,000	-	35,000
Loan from subsidiary shareholder	1,000	-	-	-
	<u>14,196</u>	<u>52,384</u>	<u>-</u>	<u>48,454</u>
<b>Total borrowings</b>	<u>24,948</u>	<u>58,222</u>	<u>-</u>	<u>48,454</u>

(a) Security

The borrowings are secured by way of:

- (i) Fixed deposit of the Group as disclosed in Note 16; and
- (ii) Corporate guarantees from the Company.

(b) Interests charged are as follows:

- term loans - 3.52% (2021: 3.52% to 4.60%) per annum.
- finance lease obligations - 2.80% to 4.35% (2021: 3.50% to 4.00%) per annum.
- trade financing - Nil (2021: 3.37% to 3.44%) per annum.
- revolving credits - Nil (2021: 4.26%) per annum.
- loan from subsidiary shareholder - 2.33% (2021: Nil) per annum.

(c) The outstanding term loans as at the end of the financial year are repayable as follows:

	Group	
	2022 RM'000	2021 RM'000
Term loan	<u>872</u>	<u>2,411</u>
Represented by:		
Current		
- Not later than one year	184	1,651
Non-current		
- Later than one year but not later than five years	<u>688</u>	<u>760</u>
	<u>872</u>	<u>2,411</u>



## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 21. BORROWINGS (CONTINUED)

(d) Finance lease obligations:

	Group	
	2022 RM'000	2021 RM'000
Minimum lease payments:		
- Not later than one year	2,921	2,636
- Later than one year but not later than five years	6,778	5,943
	<u>9,699</u>	<u>8,579</u>
Less: Unexpired term charges	(1,313)	(1,222)
	<u>8,386</u>	<u>7,357</u>
Present value of hire purchase obligations:		
- Current portion	2,512	2,279
- Non-current portion	5,874	5,078
	<u>8,386</u>	<u>7,357</u>

The finance lease is secured by a lien over the motor vehicles and trucks as disclosed in Note 4.

### 22. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	27,213	64,119	-	104
Other payables	8,201	11,937	820	3,696
Accruals	34,845	10,071	459	1,038
Amount due to Directors	11,252	11,350	6,667	6,667
	<u>81,511</u>	<u>97,477</u>	<u>7,946</u>	<u>11,505</u>

The normal trade credit terms granted to the Group range from 30 days to 90 days (2021: 30 days to 90 days).

The amount due to Directors are unsecured, non-interest bearing and are repayable upon demand.

Included in accruals is accrued construction costs amounted RM33,682,255 (2021: RM8,162,991).

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 23. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Construction related activities	118,317	361,087	-	55,242
Property development	3,274	8,742	-	-
Sale of goods	587	764	-	-
Rental income	-	508	-	-
Sale of medical kit and health products	359	4,749	-	-
Rendering of services	17,839	10,241	-	-
Management fees	-	-	16,141	2,600
	<u>140,376</u>	<u>386,091</u>	<u>16,141</u>	<u>57,842</u>
Timing of revenue recognition:				
- Goods transferred at a point in time	946	5,513	16,141	2,600
- Goods and services transferred over time	139,430	380,578	-	55,242
	<u>140,376</u>	<u>386,091</u>	<u>16,141</u>	<u>57,842</u>
Type of revenue:				
Construction related activities	118,317	361,087	-	55,242
Logistics	17,839	10,241	-	-
Property and investment	3,274	9,250	-	-
Healthcare	946	5,513	-	-
Management fees	-	-	16,141	2,600
	<u>140,376</u>	<u>386,091</u>	<u>16,141</u>	<u>57,842</u>

### 24. COST OF SALES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Construction costs	86,317	299,032	-	45,369
Property development costs	1,996	5,740	-	-
Service costs	14,763	7,450	-	-
Cost of goods sold	4,539	6,400	-	-
	<u>107,615</u>	<u>318,622</u>	<u>-</u>	<u>45,369</u>

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 25. OTHER INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Foreign exchange:				
- unrealised	117	154	100	146
- realised	182	92	-	-
Interest income	872	885	750	858
Sale of scrap	15	-	-	-
Reversal of impairment on investment in a subsidiary (Note 8)	-	-	-	470
Gain on remeasurement of right-of-use assets	3	-	3	-
Gain on disposal of property, plant and equipment	1,739	99	-	-
Gain on disposal of subsidiaries	-	16	-	-
Insurance claim	4	80	-	-
Perkeso wage subsidy	83	207	-	18
Miscellaneous income	62	35	-	7
	<u>3,077</u>	<u>1,568</u>	<u>853</u>	<u>1,499</u>

### 26. PROFIT BEFORE TAX

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation is arrived at after charging/(crediting):					
Auditors' remuneration:					
- statutory audit		178	125	45	45
- under/(over) provision in prior year		44	(19)	27	4
- other services		27	5	27	5
Allowance for impairment on:					
- trade receivables and other receivables	13	73	168	-	-
- investment property		-	1,005	-	-
- contract assets		895	-	-	-
Trade receivables written off		2	-	-	-
Other receivables written off		55	-	-	-
Amortisation of intangible assets	7	78	3	4	3
Indemnity insurance of Directors and officers		31	16	31	16

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 26. PROFIT BEFORE TAX (CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unrealised loss on foreign exchange		695	273	-	-
Depreciation of:					
- property, plant and equipment	4	3,162	1,618	33	22
- right-of-use assets	6	1,404	546	340	299
- investment property		-	174	-	-
Employee benefits expenses	27	14,891	7,842	4,446	4,658
Inventories written off	10	1,282	-	-	-
		<u>14,891</u>	<u>7,842</u>	<u>4,446</u>	<u>4,658</u>

### 27. EMPLOYEE BENEFITS EXPENSES (INCLUDING KEY MANAGEMENT PERSONNEL)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, wages, allowances and bonuses	13,219	6,941	3,967	4,108
Contributions to defined contribution plans	1,672	901	479	550
	<u>14,891</u>	<u>7,842</u>	<u>4,446</u>	<u>4,658</u>

### 28. COMPENSATION TO KEY MANAGEMENT PERSONNEL

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Group and the Company:				
- fees	903	669	546	485
- remuneration	814	552	436	390
- other employee benefits	387	370	387	343
	<u>2,104</u>	<u>1,591</u>	<u>1,369</u>	<u>1,218</u>
Other key management personnel:				
- remuneration	1,046	1,037	810	1,037
- other employee benefits	728	719	564	719
	<u>1,774</u>	<u>1,756</u>	<u>1,374</u>	<u>1,756</u>

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 29. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on:				
- hire purchase	470	207	-	-
- term loan	184	104	-	-
- revolving credits	882	863	881	863
- trade financing	44	131	-	106
- others	121	-	-	-
	<u>1,701</u>	<u>1,305</u>	<u>881</u>	<u>969</u>
- lease liabilities (Note 6)	239	72	28	51
	<u>1,940</u>	<u>1,377</u>	<u>909</u>	<u>1,020</u>

### 30. EARNINGS PER SHARE

#### Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 30 June 2022 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2022 RM'000	2021 RM'000
Profit attributable to ordinary shareholders	<u>5,953</u>	<u>37,463</u>

	Group	
	2022 '000	2021 '000
Weighted average number of ordinary shares at the beginning of year	452,331	452,331
Effect of ordinary shares on issue	<u>66,424</u>	<u>-</u>
Weighted average number of ordinary shares at the end of year	<u>518,755</u>	<u>452,331</u>

	Group	
	2022	2021
Basic and diluted earnings per ordinary share (sen)	<u>1.15</u>	<u>8.28</u>



# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 33. CAPITAL COMMITMENTS

Capital commitment as at the end of the financial year is as follows:

	Group	
	2022 RM'000	2021 RM'000
Authorised capital expenditure for property, plant and equipment not provided for in the financial statements		
- Approved and contracted for	-	6,283

Other than the above, the Group has no other capital commitment as at the end of the financial year.

## 34. OPERATING SEGMENTS

The Group adopted *MFRS 8: Operating Segments* ("MFRS 8"). MFRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

The information reported to the Management to make decisions about resources to be allocated and for assessing their performance is based on the business segments of the Group as follows:

- Construction related activities : Engineering, procurement, construction and commissioning of energy utilities and infrastructure projects and investment holding.
- Investment : Investment in land and buildings that are held for long term rental yields and/or capital appreciation.
- Property : The development and construction of commercial properties.
- Healthcare : Manufacturing, distribution and trading of healthcare related products.
- Logistics : Transportation and forwarding services.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Transfer prices between operating segments took place at terms agreed between the parties.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 34. OPERATING SEGMENTS (CONTINUED)

	Construction related activities RM'000	Property and Investment RM'000	Healthcare * RM'000	Logistics RM'000	Elimination RM'000	Note	Total RM'000
<b>2022</b>							
<b>Revenue:</b>							
External customers	118,318	3,551	946	17,561	-		140,376
Inter-segment	4,707	16,141	-	-	(20,848)	(a)	-
<b>Results:</b>							
Interest income	824	6	18	24	-		872
Finance costs	956	138	150	696	-		1,940
Depreciation	154	2	562	2,444	-		3,162
Other non-cash expenses	745	-	1,322	117	-		2,184
Segment results	21,214	(985)	(4,637)	102	-		15,694
<b>Assets:</b>							
Property, plant and equipment	1,438	106	211	10,561	-		12,316
Segment assets	484,851	36,706	11,851	29,299	(217,808)	(b)	344,899
<b>Segment liabilities</b>	253,703	28,807	25,208	22,678	(191,637)	(c)	138,759
<b>2021 (Restated)</b>							
<b>Revenue:</b>							
External customers	361,087	9,250	5,513	10,241	-		386,091
Inter-segment	-	2,600	-	-	(2,600)	(a)	-
<b>Results:</b>							
Interest income	871	7	5	2	-		885
Finance costs	1,021	75	3	278	-		1,377
Depreciation	23	173	621	975	-		1,792
Other non-cash expenses	1,490	-	28	398	-		1,916
Segment results	50,559	2,066	(2,080)	857	-		51,402
<b>Assets:</b>							
Property, plant and equipment	267	-	11,652	9,371	-		21,290
Segment assets	352,901	30,909	22,803	19,602	(107,627)	(b)	318,588
<b>Segment liabilities</b>	201,074	24,814	24,655	12,668	(87,603)	(c)	175,608

\* Healthcare segment constitutes manufacturing and healthcare related activities.



## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 34. OPERATING SEGMENTS (CONTINUED)

- (a) Inter-segment revenues are eliminated on consolidation.
- (b) Inter-segment assets are eliminated on consolidation.
- (c) Inter-segment liabilities are eliminated on consolidation.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical segments of its customers. The presentation of revenue and non-current assets as below is at gross before elimination of inter-company balances.

	Malaysia RM'000	ASEAN RM'000	Europe RM'000	Total RM'000
<b>2022</b>				
Revenue from external customers	137,196	3,180	-	140,376
Non-current assets	65,617	-	-	65,617
<b>2021</b>				
Revenue from external customers	230,278	155,305	508	386,091
Non-current assets (restated)	36,521	-	-	36,521

#### Information about major customers

Major customers' revenues are from transactions with external customers amounting to 10% (2021: 10%) or more of the Group revenue.

The following are the major customers individually accounting for 10% (2021: 10%) or more of group revenue:

	Revenue 2022 RM'000	Revenue 2021 RM'000	Segment
Customer A	-	84,358	Construction related activities
Customer B	-	42,901	Construction related activities
Customer C	31,003	-	Construction related activities
Customer D	23,544	-	Construction related activities

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 35. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as amortised cost.

	Carrying amount RM'000	Amortised cost RM'000
<b>Group</b>		
<b>2022</b>		
<b>Financial assets</b>		
Trade and other receivables	146,624	146,624
Deposits	5,255	5,255
Cash and bank balances	33,978	33,978
<b>Total financial assets</b>	<u>185,857</u>	<u>185,857</u>
<b>Financial liabilities</b>		
Trade and other payables	(81,511)	(81,511)
Lease liabilities	(13,965)	(13,965)
Borrowings	(24,948)	(24,948)
Total financial liabilities	<u>(120,424)</u>	<u>(120,424)</u>
<b>2021</b>		
<b>Financial assets</b>		
Trade and other receivables	144,867	144,867
Deposits	3,519	3,519
Cash and bank balances	104,100	104,100
<b>Total financial assets</b>	<u>252,486</u>	<u>252,486</u>
<b>Financial liabilities</b>		
Trade and other payables	(97,477)	(97,477)
Lease liabilities	(1,593)	(1,593)
Borrowings	(58,222)	(58,222)
Total financial liabilities	<u>(157,292)</u>	<u>(157,292)</u>

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 35. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying amount RM'000	Amortised cost RM'000
<b>Company</b>		
<b>2022</b>		
<b>Financial assets</b>		
Trade and other receivables	10,285	10,285
Deposits	434	434
Cash and bank balances	27,016	27,016
<b>Total financial assets</b>	<b>37,735</b>	<b>37,735</b>
<b>Financial liabilities</b>		
Trade and other payables	(7,946)	(7,946)
Lease liabilities	(1,619)	(1,619)
Total financial liabilities	(9,565)	(9,565)
<b>2021</b>		
<b>Financial assets</b>		
Trade and other receivables	12,203	12,203
Deposits	486	486
Cash and bank balances	58,672	58,672
<b>Total financial assets</b>	<b>71,361</b>	<b>71,361</b>
<b>Financial liabilities</b>		
Trade and other payables	(11,505)	(11,505)
Lease liabilities	(679)	(679)
Borrowings	(48,454)	(48,454)
Total financial liabilities	(60,638)	(60,638)

### 36. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### (a) Determination of fair value

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or the Group and the Company do not anticipate the carrying amounts recorded at the financial period end to be significantly different from the values that would be eventually received or settled.

The carrying amount of current and long-term floating rate loans are reasonable approximation of fair value as the loans to be repaid to market interest rate on or near report date.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Fair value information

#### Fair value hierarchy

The following are classes of financial instruments that are carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : Unadjusted quoted prices in active market for identical financial instruments.

Level 2 : Inputs other than quoted prices include within Level 1 that are observable either directly or indirectly.

Level 3 : Inputs that are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

Fair value of financial instrument not carried at fair value						Carrying amount
	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
<b>Group</b>						
<b>2022</b>						
<b>Financial liabilities</b>						
Borrowings	21	-	-	24,948	24,948	24,948
<b>2021</b>						
<b>Financial liabilities</b>						
Borrowings	21	-	-	58,222	58,222	58,222

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the change in circumstances that caused the transfer.

#### Transfer between Level 1 and Level 2 of fair values

There has been no transfer between levels of fair values during the financial year and last financial period.

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, and foreign currency risk. The Group and the Company have adopted a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

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.

### (a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Credit risk (continued)

#### Receivables

##### Risk management objective, policies and processes for managing the risk

The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

##### Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 13 to the financial statements.

##### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2022		2021	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	95,007	99	98,694	69
ASEAN	1,298	1	44,994	31

##### Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements. Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions with high credit ratings.

##### Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 13 to the financial statements.

#### Intercompany balances

##### Risk management objective, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

##### Exposure to credit risk

At the reporting date, the maximum exposure to credit risk is presented by their carrying amounts in the statements of financial position.

#### Financial guarantees

##### Risk management objective, policies and processes for managing the risk

The Company provides secured financial guarantee to a bank in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the performance of the subsidiary companies to meet the expectation of their customers in accordance with the original terms of a contract in due course.

# Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Credit risk (continued)

#### Financial guarantees (continued)

##### Exposure to credit risk

The maximum exposed to credit risk amounts to RM7,789,309 representing the outstanding banking facilities of certain subsidiary companies as at the end of the reporting year.

At the reporting date, there was no indication that the subsidiary companies would fail to meet the terms as stated in the contract.

The financial guarantee has not been recognised due to the uncertainties of timing, costs and eventual outcome.

### (b) Liquidity risk

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

##### Risk management objective, policies and processes for managing the risk

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

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

#### Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on undiscounted contractual repayment at the reporting date are as follows:

	Carrying amount RM'000	Contractual interest rate %	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
<b>Financial liabilities</b>					
<b>Group</b>					
<b>2022</b>					
Lease liabilities	13,965	5.00 - 5.25	1,548	12,417	13,965
Trade payables	27,213	-	27,213	-	27,213
Other payables and accruals	43,046	-	43,046	-	43,046
Contract liabilities	11,263	-	11,263	-	11,263
Amount due to Directors	11,252	-	11,252	-	11,252
Borrowings	24,948	2.33 - 4.35	14,196	10,752	24,948
<b>2021</b>					
Lease liabilities	1,593	5.00 - 6.14	898	695	1,593
Trade payables	64,119	-	64,119	-	64,119
Other payables and accruals	22,008	-	22,008	-	22,008
Contract liabilities	13,503	-	13,503	-	13,503
Amount due to Directors	11,350	-	11,350	-	11,350
Borrowings	58,222	3.37 - 4.60	52,384	5,838	58,222

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (b) Liquidity risk (continued)

##### Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate %	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
<b>Financial liabilities</b>					
<b>Company</b>					
<b>2022</b>					
Lease liabilities	1,619	5.00 - 5.25	307	1,312	1,619
Other payables and accruals	1,279	-	1,279	-	1,279
Contract liabilities	2,154	-	2,154	-	2,154
Amount due to Directors	6,667	-	6,667	-	6,667
<b>2021</b>					
Lease liabilities	679	5.00 - 5.25	362	317	679
Trade payables	104	-	104	-	104
Other payables and accruals	4,734	-	4,734	-	4,734
Contract liabilities	1,672	-	1,672	-	1,672
Amount due to Directors	6,667	-	6,667	-	6,667
Borrowings	48,454	3.37 - 4.26	48,454	-	48,454

#### (c) Interest and profit rate risk

##### Risk management objective, policies and processes for managing the risk

The Group manages the net exposure to interest and profit rate risks by monitoring the exposure to such risks on an ongoing basis.

##### Exposure to interest and profit rate risk

The Group's exposure to interest rate risk arises primarily from deposits placed with licensed banks and interest-bearing borrowing.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweighs the potential risk of interest rate fluctuation.

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (c) Interest and rate risk (continued)

	Effective interest rate %	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>Group</b>					
<b>2022</b>					
<b>Financial assets</b>					
Deposits placed with licensed banks	1.85 - 1.90	27,217	-	-	27,217
<b>Financial liabilities</b>					
Lease liabilities	5.00 - 5.25	1,548	12,417	-	13,965
Borrowings	2.33 - 4.35	14,196	10,752	-	24,948
<b>2021</b>					
<b>Financial assets</b>					
Deposits placed with licensed banks	1.50 - 1.65	56,292	-	-	56,292
<b>Financial liabilities</b>					
Lease liabilities	5.00 - 6.14	898	695	-	1,593
Borrowings	3.37 - 4.60	52,384	5,838	-	58,222
<b>Company</b>					
<b>2022</b>					
<b>Financial assets</b>					
Deposits placed with licensed banks	1.90	26,950	-	-	26,950
<b>Financial liabilities</b>					
Lease liabilities	5.00 - 5.25	307	1,312	-	1,619
<b>2021</b>					
<b>Financial assets</b>					
Deposits placed with licensed banks	1.50 - 1.65	52,717	-	-	52,717
<b>Financial liabilities</b>					
Lease liabilities	5.00 - 5.25	362	317	-	679
Borrowings	3.37 - 4.60	48,454	-	-	48,454

Financial instruments subject to floating interest rates are repriced regularly. Financial instruments at fixed rates are fixed until the maturity of the instruments.



## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (c) Interest and rate risk (continued)

##### Sensitivity analysis for interest rate risk

An increase in market interest rates by 1% (2021: 1%) on financial assets and liabilities of the Group which have variable interest rates at the reporting date would have decreased the profit net of tax of the Group by RM404,000 (2021: RM265,000).

A decrease in market interest rates by 1% (2021: 1%) on financial assets and liabilities of the Group which have variable interest rates at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

#### (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.

##### Risk management objective, policies and processes for managing the risk

The Group and the Company manage the net exposure to foreign currency risks by monitoring the exposure to such risks on an ongoing basis. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

##### Exposure to foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and cash and bank balances that are denominated in a currency other than the respective functional currencies of the Group. The currency giving rise to this risk is primarily United States Dollar ("USD"), British sterling pound and United Arab Emirates Dirham.

The Group's exposure to foreign currency risks, based on carrying amounts at the reporting date are as follows:

	Group		Group	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency:				
<b>Trade receivables</b>				
USD	1,298	44,211	1,298	1,198
<b>Cash and bank balances</b>				
USD	821	3,805	-	-
British sterling pound	236	433	-	-
United Arab Emirates Dirham	686	-	-	-

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 38. ACQUISITION AND INCORPORATION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

#### (a) Acquisition of subsidiaries

##### 2022

On 25 October 2021, the Group has entered into a share sale agreement with Terang Hijau Sdn. Bhd. for the acquisition of 27,500 ordinary shares in Mikrogrid Lestari Sdn. Bhd., representing 55% equity interest for a total cash consideration of RM27,500. On 25 October 2021, the acquisition was completed and recognised as subsidiary.

	Recognised fair value at date of acquisition	
	Mikrogrid Lestari Sdn. Bhd. RM'000	Total RM'000
Other receivables	1,925	1,925
Cash and cash equivalents	51	51
Trade and other payables	(99)	(99)
Amount due to a related company	(1,832)	(1,832)
Net identifiable assets and liabilities	45	45
Add: Goodwill	3	3
Less: Non-controlling interest, measured at the proportionate share of the fair value of the net identifiable assets and liabilities	(20)	(20)
Purchase consideration	28	28
Less: Cash and cash equivalents acquired	(51)	(51)
Net cash inflow on acquisition of a subsidiary	(23)	(23)

##### 2021

- (i) On 21 October 2020, the Company has entered into a Share Sale Agreement to acquire 2,193,000 ordinary shares in Chemtrax Sdn. Bhd., representing 51% equity interest for a total cash consideration of RM10,000,000. On 31 December 2020 the acquisition has been completed and recognised as subsidiary.
- (ii) On 5 January 2021, the Company has entered into a Share Sale Agreement to acquire 5,950,000 ordinary shares in Granulab (M) Sdn. Bhd., representing 70% equity interest for a total cash consideration of RM1,000,000. On 2 April 2021 the acquisition has been completed and recognised as subsidiary.

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 38. ACQUISITION AND INCORPORATION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONTINUED)

#### (a) Acquisition of subsidiaries (continued)

##### 2021 (continued)

##### Final purchase price allocation ("PPA") in 2022

During the current financial period, the Group has completed the purchase price allocation ("PPA") exercise to determine the fair values of the net assets of Granulab (M) Sdn. Bhd. ("Granulab") a wholly-owned subsidiary company, within the stipulated time period, i.e twelve (12) months from the acquisition date of 2 April 2021, in accordance with MFRS 3, Business Combinations. Based on the fair values of the net assets of Granulab, the goodwill amount has reduced from RM5.15 million to RM4.43 million. The adjusted fair value of Granulab has been reflected in the Group's Consolidated Statement of Financial Position as at previous year ended 30 June 2021. Below are the effects of the final PPA adjustments in accordance with MFRS 3:

	Recognised fair value at date of acquisition (provisional) RM'000	Adjustment RM'000	Recognised fair value at date of acquisition (final) RM'000
Property, plant and equipment	140	-	140
Right-of-use assets	253	-	253
Intangible assets	-	1,360	1,360
Inventories	550	-	550
Trade and other receivables	304	-	304
Cash and cash equivalents	73	-	73
Trade and other payables	(6,989)	-	(6,989)
Lease liabilities	(260)	-	(260)
Deferred tax liabilities	-	(326)	(326)
Net identifiable assets and liabilities	(5,929)	1,034	(4,895)
Add: Goodwill	5,150	(723)	4,427
Less: Non-controlling interest, measured at the proportionate share of the fair value of the net identifiable assets and liabilities	1,779	(311)	1,468
Purchase consideration	1,000	-	1,000
Less: Cash and cash equivalents acquired	(73)	-	(73)
Net cash outflow on acquisition of subsidiaries	927	-	927

The above fair value adjustments were recorded with effect from date of acquisition. As a result, certain balances on the statement of financial position at 30 June 2021 were restated (Note 40). There was no impact to profit or loss for the year ended 30 June 2021.

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 38. ACQUISITION AND INCORPORATION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONTINUED)

#### (a) Acquisition of subsidiaries (continued)

##### 2021 (continued)

	Recognised fair value at date of acquisition		
	Chemtrax Sdn. Bhd. RM'000	Granulab (M) Sdn. Bhd. RM'000 (Restated)	Total RM'000
Property, plant and equipment	7,634	140	7,774
Right-of-use assets	749	253	1,002
Intangible assets	-	1,360	1,360
Inventories	66	550	616
Trade and other receivables	10,611	304	10,915
Cash and cash equivalents	1,393	73	1,466
Tax liabilities	(4,088)	-	(4,088)
Trade and other payables	(2,906)	(6,989)	(9,895)
Lease liabilities	(760)	(260)	(1,020)
Borrowings	(7,359)	-	(7,359)
Deferred tax liabilities	(1,038)	(326)	(1,364)
Net identifiable assets and liabilities	4,302	(4,895)	(593)
Add: Goodwill	7,806	4,427	12,233
Less: Non-controlling interest, measured at the proportionate share of the fair value of the net identifiable assets and liabilities	(2,108)	1,468	(640)
Purchase consideration	10,000	1,000	11,000
Less: Cash and cash equivalents acquired	(1,393)	(73)	(1,466)
Net cash outflow on acquisition of subsidiaries	8,607	927	9,534

#### (b) Incorporation of subsidiaries

##### 2022

- (i) On 17 September 2021, the Company has subscribed 100 ordinary shares representing 100% shareholding in Reneuco RE Sdn. Bhd. (formerly known as KPower RE Sdn. Bhd.) for a total cash consideration of RM100. During the financial year, the Company has subscribed additional 999,900 ordinary shares in Reneuco RE Sdn. Bhd. (formerly known as KPower RE Sdn. Bhd.) for a total cash consideration of RM999,900.
- (ii) On 23 November 2021, the Company has subscribed 1,000 ordinary shares representing 100% shareholding in KPower Energy FZCO for a total cash consideration of AED100,000.
- (iii) On 26 November 2021, the Company has subscribed 100 ordinary shares representing 100% shareholding in Reneuco Digital Sdn. Bhd. (formerly known as KPower Digital Sdn. Bhd.) for a total cash consideration of RM100. During the financial year, the Company has subscribed additional 4,999,900 ordinary shares in Reneuco Digital Sdn. Bhd. (formerly known as KPower Digital Sdn. Bhd.) for a total cash consideration of RM4,999,900.

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 38. ACQUISITION AND INCORPORATION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONTINUED)

#### (b) Incorporation of subsidiaries (continued)

##### 2021

- (i) On 9 October 2020, the Company has subscribed 1,000,000 ordinary shares representing 100% shareholding in Reneuco Logistics Sdn. Bhd. (formerly known as KPower Logistics Sdn. Bhd.) for a total cash consideration of RM1,000,000.
- (ii) On 18 November 2020, the Company has subscribed 1,000,000 ordinary shares representing 100% shareholding in Reneuco Healthcare & Technologies Sdn. Bhd. (formerly known as KPower Healthcare & Technologies Sdn. Bhd.) for a total cash consideration of RM1,000,000.
- (iii) On 14 June 2021, the Company has subscribed 950,000 ordinary shares representing 95% shareholding in PKNP Reneuco Suria Sdn. Bhd. (formerly known as PKNP KPower Suria Sdn. Bhd.) for a total cash consideration of RM950,000.

### 39. CAPITAL MANAGEMENT

The Group actively and regularly reviews and manages its capital structure with the objectives of ensuring that the Group will be able to continue as a going concern while maximising the return to stakeholders. These reviews take into consideration future capital requirements of the Group, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and strategic investment opportunities.

The capital structure of the Group consists of debt which includes borrowings (Note 21 to the financial statements), cash and cash equivalents (Statements of Cash Flows), and equity attributable to equity holders of the Company.

The Group's overall capital management strategy remains unchanged from 2021 and this includes maintaining a healthy gearing ratio taking into consideration the objectives of the Group. As at reporting date, the gearing ratio calculated as total borrowings divided by total equity is as follows:

	Group	
	2022 RM'000	2021 RM'000
Total loans and borrowings (Note 21)	24,948	58,222
Less: Cash and cash equivalents	(8,478)	(51,555)
	16,470	6,667
Total equity	206,140	142,980
Net debt-to-equity ratios	0.08	0.05

There were no changes in the Group's approach to capital management during the year.

The Company is required to comply with the disclosure and necessary capital requirements as prescribed.

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 40. COMPARATIVE FIGURE

During the financial year, the Group has completed the purchase price allocation for the acquisition of Granulab on 2 April 2021 (Note 38(a)). Adjustments were made retrospectively to the provisional fair values recorded in the prior year and comparative amounts in the statements of financial position were restated. The adjustments did not have any effect on the statement of comprehensive income and cash flows.

The effects of the adjustments are set out below:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
<b>As at 30 June 2021</b>			
<b>Consolidated Statement of Financial Position</b>			
<u>Non-current assets</u>			
Intangible assets	12,973	637	13,610
<u>Non-current liabilities</u>			
Deferred tax liabilities	19	326	345
<b>Consolidated Statement of Changes in Equity</b>			
Non-controlling interest	1,102	311	1,413

## Notes to the Financial Statements

For The Financial Year Ended 30 June 2022

### 41. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

- (i) On 20 August 2021, PKNP Reneuco Suria Sdn. Bhd. (formerly known as PKNP KPower Suria Sdn. Bhd.) ("PKNP Suria"), an indirect wholly-owned subsidiary company of the Group which was incorporated on 14 June 2021, entered into a large-scale solar photovoltaic power purchase agreement ("LSSPPA") with Tenaga Nasional Berhad ("TNB") to design, construct, own, operate and maintain a solar photovoltaic energy generating facility with a capacity of 50MW<sub>a.c</sub> located in Mukim Bebar, Pekan, Pahang Darul Makmur.

The LSSPPA governs the obligations of PKNP Suria and TNB to sell and purchase the energy generated by the facility to TNB for a period of 21 years from the commercial operation date in accordance with the agreed terms and conditions as stipulated in the LSSPPA.

- (ii) On 28 January 2022, Reneuco Engineering Sdn. Bhd. (formerly known as KPower Engineering Sdn. Bhd.) ("REng"), a wholly-owned subsidiary company of the Group has accepted the letter of award from Fabulous Sunview Sdn. Bhd. to perform and undertake the procurement of the equipment and materials, provision of logistics works, testing works and the maintenance of the equipment for the proposed solar photovoltaic plant with a total capacity of 50MW in Malaysia.
- (iii) On 18 February 2022, REng together with Tellhow International Engineering & Contracting Co. Ltd (the "Consortium") has received and accepted the letter of award from One River Power Sdn. Bhd. ("ORP") to take over and complete the engineering, design, procurement, construction and commissioning ("EPCC") of small hydro power plants in Sg. Bengkoka Upper, Sg. Bengkoka Lower and Sg. Togohu in Kota Marudu, Sabah with total capacity of 29.1MW. Subsequently on 17 May 2022, the Consortium and ORP had entered into an EPCC agreement.
- (iv) On 14 June 2022, Powernet Industries Sdn. Bhd., a wholly-owned subsidiary company of the Group has completed the sale of industrial land held under Lot 10231, GM 7196, Mukim Bentong, Daerah Bentong, Pahang Darul Makmur, together with building erected thereon (including fixtures and fittings) for a total cash consideration of RM12,000,000.

### 42. SUBSEQUENT EVENTS

- (i) On 10 August 2022, Reneuco Development Sdn. Bhd. (formerly known as KPower Development Sdn. Bhd.), a wholly-owned subsidiary company of the Group has received the approval from the State Government of Terengganu via Pejabat Setiausaha Kerajaan Terengganu (Bahagian Perumahan), to develop affordable and mixed housing development on government land located at Lot 100677 (8.963 hectares) and 100678 (9.996 hectares) in Kawasan Pentadbiran Kuala Nerus, Mukim Batu Rakit, Daerah Kuala Nerus, Terengganu Darul Iman.
- (ii) On 26 August 2022, the Company has changed its name from KPower Berhad to Reneuco Berhad.

### 43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 18 October 2022.



## Analysis of Shareholdings

As of 20 October 2022

### DISTRIBUTION OF SHAREHOLDINGS (BASED ON THE RECORD OF DEPOSITORS)

Number of Issued Shares : 542,796,777  
Class of shares : Ordinary shares  
Voting Rights : One (1) vote per ordinary share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	117	0.61	2,015	0.00*
100 - 1,000	3,772	19.44	2,519,431	0.46
1,001 – 10,000	10,378	53.50	49,633,421	9.14
10,001 – 100,000	4,597	23.70	140,485,385	25.88
100,001 - Less than 5% of issued capital	531	2.74	228,644,250	42.13
5% and above of issued capital	2	0.01	121,512,275	22.39
<b>Total</b>	<b>19,397</b>	<b>100.00</b>	<b>542,796,777</b>	<b>100.00</b>

Note:

\* less than 0.01%



## Analysis of Shareholdings

As of 20 October 2022

### DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Mustakim bin Mat Nun	38,509,600	7.095	1,440,080**	0.265
Sarah Azreen binti Abdul Samat	-	-	1,440,080**	0.265
Dato' Arivalagan a/l Arujunan	-	-	-	-
Kok Pauline	-	-	-	-
Tan Yee Hou	-	-	-	-
Ahmad Riza bin Mohd Saian	-	-	-	-
Ir. Ts. Dr. Muhammad Mahadi bin Mohamad	-	-	-	-

Note:

\*\* Deemed interested by virtue of his/her shareholdings in Grand Deal Vision Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

### SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Mustakim bin Mat Nun	38,509,600	7.095	1,440,080**	0.265

Note:

\*\* Deemed interested by virtue of his/her shareholdings in Grand Deal Vision Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

## Analysis of Shareholdings

As of 20 October 2022

### TOP 30 LARGEST SHAREHOLDERS (BASED ON THE RECORD OF DEPOSITORS)

No.	Name	No. of Shares	% of Shares
1	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD	86,554,475	15.95
2	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MUSTAKIM BIN MAT NUN (MARGIN)	34,957,800	6.44
3	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	7,700,000	1.42
4	SWIFT CAPITAL GROUP SDN. BHD.	6,981,500	1.29
5	HUANG TIONG SII	6,409,800	1.18
6	LEE SIEW PENG	4,660,000	0.86
7	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TWE FOOK CHUAN	4,500,000	0.83
8	TAN YU YEH	4,500,000	0.83
9	CHEW LIONG KEE	3,900,000	0.72
10	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN AGGRESSIVE FUND	3,510,000	0.65
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YUU SPEED SDN BHD	3,500,000	0.64
12	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM YEE HUEY	3,400,000	0.63
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUSTAKIM BIN MAT NUN	3,165,800	0.58
14	WARRANTS CAPITAL LIMITED	2,899,100	0.53
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY MOY KOH (SEGAMAT-CL)	2,865,000	0.53

## Analysis of Shareholdings

As of 20 October 2022

### TOP 30 LARGEST SHAREHOLDERS (BASED ON THE RECORD OF DEPOSITORS) (CONTINUED)

No.	Name	No. of Shares	% of Shares
16	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH KIM SOON	2,260,000	0.42
17	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH YONG HAU	2,200,000	0.41
18	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOR HASLINA BINTI KASSIM	2,200,000	0.41
19	GV ASIA FUND LIMITED	2,192,600	0.40
20	TOU SOUR	2,011,800	0.37
21	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR UNITED MALAYSIA FUND	2,000,000	0.37
22	JOHNITY @ MAXIMUS BIN ONGKILI	2,000,000	0.37
23	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,917,800	0.35
24	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD	1,911,654	0.35
25	INNOLESTARI SDN BHD	1,580,000	0.29
26	MOHD FARHAN BIN ISHAK	1,535,000	0.28
27	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GRAND DEAL VISION SDN.BHD. (MX3884)	1,440,000	0.27
28	JT CAPITAL HOLDING SDN. BHD.	1,300,000	0.24
29	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PAW YEE LENG	1,250,000	0.23
30	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG KOK WENG (MY2166)	1,200,000	0.22



## Analysis of Warrant Holdings

As of 20 October 2022

### Warrants 2021/2026

No. of Warrants issued : 150,774,529  
 Exercise price of Warrants : RM2.50  
 Expiry date of Warrants : 19 January 2026

### DISTRIBUTION OF WARRANT HOLDINGS (BASED ON THE RECORD OF DEPOSITORS)

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100	1,649	22.47	75,148	0.05
100 - 1,000	1,199	16.35	542,547	0.36
1,001 – 10,000	2,502	34.10	11,867,117	7.87
10,001 – 100,000	1,697	23.13	56,420,626	37.42
100,001 - Less than 5% of issued warrants	290	3.95	81,869,091	54.30
5% and above of issued warrants	0	0.00	0	0.00
<b>Total</b>	<b>7,337</b>	<b>100.00</b>	<b>150,774,529</b>	<b>100.00</b>

### DIRECTORS' WARRANT HOLDINGS

	Direct		Indirect	
	No. of Warrants	%	No. of Warrants	%
Datuk Mustakim bin Mat Nun	1,255,599	0.833	1,226,666**	0.814
Sarah Azreen binti Abdul Samat	-	-	1,226,666**	0.814
Dato' Arivalagan a/l Arujunan	-	-	-	-
Kok Pauline	-	-	-	-
Tan Yee Hou	-	-	-	-
Ahmad Riza bin Mohd Saian	-	-	-	-
Ir. Ts. Dr. Muhammad Mahadi bin Mohamad	-	-	-	-

Note:

\*\* Deemed interested by virtue of his/her warrant holdings in Grand Deal Vision Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

## Analysis of Warrant Holdings

As of 20 October 2022

### TOP 30 LARGEST WARRANT HOLDERS (BASED ON THE RECORD OF DEPOSITORS)

No.	Name	No. of Warrants	% of Warrants
1	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR CHIK ABDUL HAFEZ BIN HAIDAR	3,000,000	1.99
2	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD RASHDI BIN AB HAMID @ AZIZ (E-KLC)	1,922,266	1.27
3	CHIK ABDUL HAFEZ BIN HAIDAR	1,875,000	1.24
4	LEE MING HA	1,500,000	0.99
5	ATCHUTHAN A/L R NARAYANAN RAMAN	1,300,000	0.86
6	GRAND DEAL VISION SDN BHD	1,226,666	0.81
7	AGNES CHAN WAI CHING	1,200,000	0.80
8	CCGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN JIN THAI (SS2 PJ-CL)	1,100,000	0.73
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAZALI BIN MOHAMMAD	1,000,000	0.66
10	MOHD FAIRUZ BIN MOHD AZRUL	978,466	0.65
11	ANUAR BIN MD JUNUS	903,200	0.60
12	CHUNG SHAN HUI	850,000	0.56
13	LEE CHONG CHAT	836,900	0.56
14	KHAIRIL ANWAR BIN MOHAMMED	833,000	0.55
15	LEONG KIT YING	801,200	0.53

## Analysis of Warrant Holdings

As of 20 October 2022

### TOP 30 LARGEST WARRANT HOLDERS (BASED ON THE RECORD OF DEPOSITORS) (CONTINUED)

No.	Name	No. of Warrants	% of Warrants
16	AZAHAR BIN YAAKUB @ ARIFFIN	764,800	0.51
17	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUSTAKIM BIN MAT NUN	678,000	0.45
18	WARRANTS CAPITAL LIMITED	677,700	0.45
19	CHAI SIEW KEAN	650,000	0.43
20	BELINDA PHANG HUI SHANG	604,000	0.40
21	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIM CHEE KUAN	600,000	0.40
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD NGU DIEN HUAT	600,000	0.40
23	MOHD JIMMY KONG BIN ABDULLAH	600,000	0.40
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI EE FONG (E-TSA)	600,000	0.40
25	MD FISAL BIN AHMAD	585,000	0.39
26	MOHD FAKHRUL ZAMAN BIN OTHMAN	580,000	0.38
27	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAZLAN BIN AHMAD (REM 871)	571,000	0.38
28	JIN ING	570,000	0.38
29	LAW EN ZHEN	569,700	0.38
30	CHE ALIAS BIN MAT	550,000	0.36



## Additional Disclosure

### UTILISATION OF PROCEEDS

During the financial year under review, the Company completed the private placement of 90.47 million new ordinary shares in Reneuco and raised total proceeds of RM61.52 million. As at 9 May 2022, the proceeds from the private placement exercise have been fully utilised as intended.

### AUDIT FEES AND NON-AUDIT FEES

The audit and non-audit fees incurred for services rendered by the External Auditors of the Group for the FYE 2022 were as follows:-

	Group (RM'000)	Company (RM'000)
Audit fees	178	45
Non-audit fees	27	27
<b>Total</b>	<b>185</b>	<b>72</b>

### MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There is a material contract involving a director and major shareholder during the financial year ended 30 June 2022, as follows:

- Heads of Agreement dated 25 April 2022 between Reneuco RE Sdn. Bhd. (formerly known as KPower RE Sdn. Bhd.), and Pristine Falcon Sdn. Bhd. ("PFSB") in relation to the Proposed Acquisition of up to 100% equity interest in One River Power Sdn. Bhd. ("ORP").
- Letter of Award dated 18 February 2022 from ORP to Reneuco Engineering Sdn. Bhd. (formerly known as KPower Engineering Sdn. Bhd.), together with Tellhow International Engineering & Contracting Co., Ltd to take-over and complete the engineering, design, procurement, construction, and commissioning of small hydro power plants in Sg. Bengkoka Upper, Sg. Bengkoka Lower and Sg. Togohu in Kota Marudu, Sabah.

Datuk Mustakim ("Interested Director") is the Executive Chairman and substantial shareholder of Reneuco. He currently holds 7.095% direct interest in Reneuco and 0.265% indirect interest in Reneuco via Grand Deal Vision Sdn. Bhd.. He is also the Director and major shareholder of OHP Ventures Sdn. Bhd. ("OHPV"), an indirect shareholder of ORP and PFSB with an effective interest of 100%, and accordingly, he is deemed interested in the contract.

Encik Amirul is the Group Chief Executive Officer of Reneuco. He is also the Director and major shareholder of OHPV, an indirect shareholder of ORP and PFSB with an effective interest of 100%, and accordingly, he is deemed interested in the contract.

## Additional Disclosure

### RECURRENT RELATED PARTY TRANSACTIONS

In accordance with Paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Securities, the details of the recurrent related party transactions transacted during the financial year ended 30 June 2022 pursuant to the shareholders' mandate are as follows:-

Related Party	Interested Director/Major Shareholder/Persons connected	Nature of Transaction	Total Value of Transaction (RM'000)
OHP Capital Sdn. Bhd. and its subsidiaries companies ("OHP Group")	<ul style="list-style-type: none"><li>• Datuk Mustakim bin Mat Nun</li><li>• Amirul Afif bin Abd Aziz</li></ul>	Provision of construction and project management services by Reneuco for projects owned by OHP Group under the infrastructure, utility, energy and logistic sectors.	47,282
3P Capital Advisers Sdn. Bhd.	<ul style="list-style-type: none"><li>• Datuk Mustakim bin Mat Nun</li><li>• Sarah Azreen binti Abdul Samat</li></ul>	Provision of advisory services related to corporate finance by 3P Capital to Reneuco Group.	1,065





## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Fifth Annual General Meeting (“**25<sup>th</sup> AGM**”) of Reneuco Berhad (formerly known as KPower Berhad) (“**Reneuco**” or “**the Company**”) will be conducted on a fully virtual basis through live streaming from the broadcast venue at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur (“**Broadcast Venue**”) using the Remote Participation and Voting facilities (“**RPV**”) provided by One Capital Market Services Sdn. Bhd. via <http://www.onecapital.com.my/> on **Wednesday, 7 December 2022 at 11.00 a.m.** to transact the following businesses:-

### AGENDA

#### Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors’ fees of up to RM1,045,800.00 for the period from the conclusion of the 25th AGM until the next Annual General Meeting of the Company.
3. To approve the payment of Directors’ benefits of up to RM403,412.00 for the period from the conclusion of the 25<sup>th</sup> AGM until the next Annual General Meeting of the Company.
4. To re-elect the following Directors who retire pursuant to Clause 76(3) of Constitution of the Company:
  - (a) Kok Pauline
  - (b) Dato’ Arivalagan A/L Arujunan
5. To re-elect the following Directors who retire pursuant to Clause 78 of Constitution of the Company:
  - (a) Ahmad Riza bin Mohd Saian
  - (b) Ir. Ts. Dr. Muhammad Mahadi bin Mohamad
6. To re-appoint Messrs Al Jafree Salihin Kuzaimi PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

#### Special Business

To consider and, if thought fit, to pass, with or without modifications, to pass the following Ordinary Resolutions: -

#### 7. Ordinary Resolution

**Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of the pre-emptive rights.**

“THAT subject always to the Companies Act 2016 (“**the Act**”), the Constitution of the Company, Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approvals of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, from time to time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors as may in their absolute discretion deem fit provided that the aggregate

*[Please refer to Explanatory Note 1 on Ordinary Business]*

#### Ordinary Resolution 1

*[Please refer to Explanatory Note 2 on Ordinary Business]*

#### Ordinary Resolution 2

*[Please refer to Explanatory Note 2 on Ordinary Business]*

*[Please refer to Explanatory Note 3 on Ordinary Business]*

#### Ordinary Resolution 3

#### Ordinary Resolution 4

*[Please refer to Explanatory Note 3 on Ordinary Business]*

#### Ordinary Resolution 5

#### Ordinary Resolution 6

#### Ordinary Resolution 7

#### Ordinary Resolution 8

## Notice of Annual General Meeting

number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company.

AND THAT pursuant to Section 85 of the Act to be read together with Clause 12(3a) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new Reneuco shares ranking equally to the existing issued Reneuco shares arising from any issuance of new Reneuco shares pursuant to Sections 75 and 76 of the Act."

### 8. Ordinary Resolution Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature

"THAT pursuant to Paragraph 10.09 of Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**Listing Requirement**"), approval be and is hereby given to the Company and its subsidiaries ("**Group**") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.2.2 and 2.2.3 of Part A of the Circular to Shareholders dated 31 October 2022 provided that such arrangements and/or transactions are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business at arm's length basis, on normal commercial terms and transaction prices which are not more favorable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "**Proposed Renewal of RRPT Mandate**").

THAT the Proposed Renewal of RRPT Mandate shall only continue to be in full force until: -

- (i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of RRPT Mandate."

### Ordinary Resolution 9

## Notice of Annual General Meeting

### 9. Ordinary Resolution

#### **Proposed renewal of share buy-back authority for the purchase up to ten percent (10%) of the total number of issued shares of the Company**

THAT subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company, Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirement ("**Listing Requirement**") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of issued shares in the Company ("**Reneuco Shares**") purchased ("**Purchased Reneuco Shares**") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

#### **("Proposed Renewal of Share Buy-Back Authority").**

AND THAT the authority to facilitate the Proposed Renewal of Share Buy-Back Authority will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Reneuco Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

### Ordinary Resolution 10

## Notice of Annual General Meeting

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Reneuco Shares until all the Purchased Reneuco Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- (i) To cancel any or all of the Purchased Reneuco Shares;
- (ii) To retain any or all of the Purchased Reneuco Shares as treasury shares as defined in Section 127 of the Act;

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, where such Purchased Reneuco Shares are held as treasury shares as may be permitted by the Act:

- (i) To distribute any or all of the Purchased Reneuco Shares as dividends to the shareholders of the Company;
- (ii) To resell any or all of the Purchased Reneuco Shares;
- (iii) To transfer any or all of the Purchased Reneuco Shares for the purposes of or under an employees' share scheme which may be established by the Company and/or its subsidiaries in the future;
- (iv) To transfer any or all of the Purchased Reneuco Shares as purchase consideration for any acquisition that Reneuco might undertake in the future;
- (v) To cancel any or all of the Purchased Reneuco Shares;
- (vi) To sell, transfer or otherwise use any or all of the Purchased Reneuco Shares for such other purposes as the Minister may by order prescribe; and/or
- (vii) To deal with the Purchased Reneuco Shares in any other manner as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.

10. To transact any other business of which due notice shall have been given in accordance with the Act.

# Notice of Annual General Meeting

## BY ORDER OF THE BOARD

### NG LAI YEE

SSM PC No. 202008000977

(MAICSA 7031768)

Company Secretary

Kuala Lumpur

31 October 2022

### Notes:-

#### 1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders **WILL NOT BE ALLOWED** to attend the 25<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, participate (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 25<sup>th</sup> AGM via Remote Participation and Voting facilities ("**RPV**") provided by One Capital via <http://www.onecapital.com.my/>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the 25<sup>th</sup> AGM in order to participate remotely via RPV.**

- For the purpose of determining who shall be entitled to participate in this 25<sup>th</sup> AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 30 November 2022**. Only a member whose name appears in this Record of Depositors shall be entitled to participate in this 25<sup>th</sup> AGM via RPV.
- A member who is entitled to participate in this 25<sup>th</sup> AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the 25<sup>th</sup> AGM via RPV.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

## Notice of Annual General Meeting

8. Members who appoint proxies to participate via RPV in the 25<sup>th</sup> AGM must ensure that the duly executed proxy forms are deposited in a hard copy form to the Poll Administrator of the Company at Level 18, Plaza VADS, No. 1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur or by fax to 03 7732 7997 or email to info@onecapital.com.my not less than forty-eight (48) hours before the time appointed for holding the 25<sup>th</sup> AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Monday, 5 December 2022 at 11.00 a.m.**
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Poll Administrator of the Company at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 25<sup>th</sup> AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Poll Administrator of the Company at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

### EXPLANATORY NOTES ON ORDINARY BUSINESS

#### 1. Audited Financial Statements for the financial year ended 30 June 2022

This item is meant for discussion only as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

#### 2. Ordinary Resolutions 1 to 2: Payment of Directors' fees and benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 1 is to facilitate the payment of Directors' fees for the period from the conclusion of the 25<sup>th</sup> AGM until the next AGM of the Company, calculated based on the size of the current Board of Directors ("**Board**") and expansion of Board Members.

## Notice of Annual General Meeting

The proposed Ordinary Resolution 2 for the Directors' benefits such as meeting allowances payable to the Directors is calculated based on the current board size and the number of scheduled meetings for the period from the conclusion of the 25th AGM until the next AGM of the Company. It also includes Directors' and Officers' Liability Insurance, Group Hospitalisation, Group Term Takaful and Outpatient.

In the event the proposed Directors' fees and/or benefits are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for the under-provision.

### 3. Ordinary Resolutions 3 to 6: Re-election of Directors

Kok Pauline, Dato' Arivalagan A/L Arujunan, Ahmad Riza bin Mohd Saian and Ir. Ts. Dr. Muhammad Mahadi bin Mohamad are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 25<sup>th</sup> AGM.

The Board has through the Nomination Committee ("**NC**"), considered the assessment of the said Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

The Board has also through the NC assessed the independence of Ahmad Riza bin Mohd Saian and Ir. Ts. Dr. Muhammad Mahadi bin Mohamad and satisfied that he has complied with the criteria on independence as prescribed by the Listing Requirements of Bursa Securities.

The profiles of the Directors who are subject for re-election are set out in the Annual Report 2022.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### 1. Ordinary Resolution 8: Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of the pre-emptive rights.

The Ordinary Resolution 8 is proposed pursuant to Sections 75 and 76 of the Companies Act 2016, and if passed, will give the Directors of the Company, from the date of the above AGM, authority to issue and allot shares in the Company up to and not exceeding in total ten per cent (10%) of the total number of issued shares of the Company for such purposes as the Directors deem fit and in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the last general mandate granted to the Directors at 24<sup>th</sup> AGM held on 14 December 2021 and which will lapse at the conclusion of 25<sup>th</sup> AGM. The renewal of this general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions and to avoid delay and cost in convening general meeting to approve the same.

## Notice of Annual General Meeting

### **2. Ordinary Resolution 9: Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

The proposed Ordinary Resolution 9, if passed, is primarily to renew its existing mandate and authorising the Group to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business at arm's length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally made available to the public and not detrimental to the minority shareholders of the Company.

Please refer to Part A of the Circular to Shareholders dated 31 October 2022 for further information.

### **3. Ordinary Resolution 10: Proposed renewal of share buy-back authority for the purchase up to ten percent (10%) of the total number of issued shares of the Company**

The proposed Ordinary Resolution 10, if passed, will allow the Company to purchase its own shares through Bursa Malaysia Securities Berhad up to ten per centum (10%) of the total number of issued shares of the Company.

Please refer to Part B of the Statement to Shareholders dated 31 October 2022 for further details.



**RENEUCO BERHAD**  
**(FORMERLY KNOWN AS KPOWER BERHAD)**  
**[Registration No. 199701003731 (419227-X)]**  
(Incorporated in Malaysia)

**PROXY FORM**

CDS Account No.
No. of shares held

I/We \_\_\_\_\_ [Full name in block and as per NRIC/Passport/Company No.] Tel: \_\_\_\_\_  
of \_\_\_\_\_

being member(s) of **Reneuco Berhad (formerly known as KPower Berhad)**, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Contact no. & Email Address			

and / or ^

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Contact no. & Email Address			

or failing him/her, the Chairperson of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the Twenty-Fifth Annual General Meeting ("**25<sup>th</sup> AGM**") of the Company which will be conducted on a fully virtual basis through live streaming from the broadcast venue at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur ("**Broadcast Venue**") using the Remote Participation and Voting facilities provided by One Capital Market Services Sdn. Bhd. ("**One Capital**" or "**Poll Administrator**") via <http://www.onecapital.com.my> on **Wednesday, 7 December 2022** at **11.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Ordinary Resolution	Description of Resolution	For	Against
1.	Payment of Directors' fees of up to RM1,045,800.00 for the period from the conclusion of the 25 <sup>th</sup> AGM until the next Annual General Meeting of the Company		
2.	Payment of Directors' benefits of up to RM403,412.00 for the period from the conclusion of the 25 <sup>th</sup> AGM until the next Annual General Meeting of the Company		
3.	Re-election of Kok Pauline as Director		
4.	Re-election of Dato' Arivalagan A/L Arujunan as Director		
5.	Re-election of Encik Ahmad Riza bin Mohd Saian as Director		
6.	Re-election of Ir. Ts. Dr. Muhammad Mahadi bin Mohamad as Director		
7.	Re-appointment of Messrs Al Jafree Salihin Kuzaimi PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
8.	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of pre-emptive rights		
9.	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
10.	Proposed renewal of share buy-back authority for the purchase up to ten percent (10%) of the total number of issued shares of the Company		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Signature\*  
Member

Fold this flap for sealing

<sup>^</sup> Delete whichever is inapplicable

\* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - (i) at least two (2) authorised officers, of whom one shall be a director; or
  - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Then fold here

**RENEUCO BERHAD**  
**(FORMERLY KNOWN AS KPOWER BERHAD)**  
[Registration No. 199701003731 (419227-X)]

AFFIX  
STAMP

**ONE CAPITAL MARKET SERVICES SDN. BHD.**  
**[201901023363 (1332692-M)]**  
Level 18, Plaza VADS,  
No.1, Jalan Tun Mohd Fuad,  
Taman Tun Dr. Ismail,  
60000 Kuala Lumpur,  
Malaysia.

1<sup>st</sup> fold here

#### Notes:-

##### 1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders), proxy(ies), attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 25<sup>th</sup> AGM.

Shareholders are to attend, participate (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 25<sup>th</sup> AGM via Remote Participation and Voting facilities ("**RPV**") provided by One Capital via <http://www.onecapital.com.my>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the 25<sup>th</sup> AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this 25<sup>th</sup> AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 30 November 2022**. Only a member whose name appears in this Record of Depositors shall be entitled to participate in this 25<sup>th</sup> AGM via RPV.

3. A member who is entitled to participate in this 25<sup>th</sup> AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the 25<sup>th</sup> AGM via RPV.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. Members who appoint proxies to participate via RPV in the 25<sup>th</sup> AGM must ensure that the duly executed proxy forms are deposited in a hard copy form to the Poll Administrator of the Company at Level 18, Plaza VADS, No. 1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur or by fax to 03 7732 7997 or email to info@onecapital.com.my not less than forty-eight (48) hours before the time appointed for holding the 25<sup>th</sup> AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Monday, 5 December 2022 at 11.00 a.m.**
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Poll Administrator of the Company at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 25<sup>th</sup> AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Poll Administrator of the Company at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.







**RENEUCO BERHAD**

(Formerly known as KPower Berhad)

[199701003731 (419227-X)]

A Public Listed Company on Bursa Malaysia (Code: 7130)

C1-1-1, Solaris Dutamas, No. 1, Jalan Dutamas 1  
50480 Kuala Lumpur, Malaysia.  
T: 03 6203 2929 F: 03 6203 2939  
E: [enquiry@reneuco.com](mailto:enquiry@reneuco.com)