

RENEUCO BERHAD

renewco

INTEGRATING SUSTAINABLE IMPACTS

ANNUAL REPORT 2023



INSIDE THIS REPORT



pg **43**
MD&A



pg **50**
Sustainability
Statement

01.

GROUP OVERVIEW

- 2 Corporate Information
- 4 Corporate Profile
- 6 Group Corporate Structure
- 8 Principal Activities
- 20 Financial Calendar

02.

OUR LEADERS

- 21 Board of Directors
- 28 Key Management Team

03.

MANAGEMENT DISCUSSION AND ANALYSIS

- 36 Executive Chairman's Statement
- 40 Key Milestones
- 42 5-Year Financial Summary
- 43 Management Discussion and Analysis

04.

SUSTAINABILITY AT RENEUCO

- 50 Sustainability Statement



05.

CORPORATE GOVERNANCE

- 62 Corporate Governance Overview Statement
- 75 Audit Committee Report
- 81 Statement on Risk Management and Internal Control
- 84 Statement on Directors' Responsibility



Integrating Sustainable Impacts

An all-encompassing, inspired cover theme that reflects Reneuco's kickstarted sustainability journey across its 4 ventures at a glance. This aspect is literally represented as a winding road surrounded by motifs related to its sustainable ventures, all coming together to display Reneuco's envisioned ESG-led communities of tomorrow.

06.

FINANCIAL STATEMENTS

- 86 Directors' Report
- 94 Statement by Directors
- 95 Statutory Declaration
- 96 Independent Auditors' Report
- 104 Statements of Financial Position
- 106 Statements of Profit or Loss and Other Comprehensive Income
- 108 Consolidated Statements of Changes in Equity
- 110 Statements of Changes in Equity
- 111 Statements of Cash Flows
- 115 Notes to the Financial Statements

07.

ADDITIONAL INFORMATION

- 203 Analysis of Shareholdings
 - 206 Analysis of Warrant Holdings
 - 209 Additional Disclosure
 - 212 Notice of Annual General Meeting
- Proxy Form

26th

ANNUAL GENERAL MEETING

Wednesday, 27 March 2024

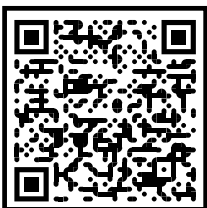
Time : 10.30 a.m.

Venue : Fully virtual basis through live streaming via Cloud AGM Platform operated by Digerati Technologies Sdn Bhd at <https://renewco-agm.digerati.com.my>

pg **36**
Executive
Chairman's
Statement



Featured in this Annual Report



Scan here and get access to the soft copy of our Annual Reports and contact information:

www.renewco.com

Feedback

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

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

Investor Relations Department:
investor@renewco.com
Telephone: +603 6203 2929
Fax: +603 6203 2939

CORPORATE INFORMATION



BOARD OF DIRECTORS

Datuk Mustakim bin Mat Nun
Executive Chairman

Sarah Azreen binti Abdul Samat
Executive Director
(Redesignated as Executive Director on 18 December 2023)

Dato' Dr. Md Khir bin Abdul Rahman
Independent Non-Executive Director
(Appointed on 18 September 2023)

Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Seri Shahabuddin
Independent Non-Executive Director
(Appointed on 18 September 2023)

Michael Tan (Tan Yee Hou)
Independent Non-Executive Director

Ahmad Riza bin Mohd Saian
Independent Non-Executive Director

Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad
Independent Non-Executive Director

Dato' Arivalagan A/L Arujunan
Non-Independent Non-Executive Director
(Retired on 7 December 2022)

Kok Pauline
Independent Non-Executive Director
(Retired on 7 December 2022)

AUDIT COMMITTEE

Ahmad Riza bin Mohd Saian
(Chairman)

Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad

Michael Tan (Tan Yee Hou)
(Appointed as Member on 18 December 2023)

Sarah Azreen binti Abdul Samat
(Resigned as Member on 18 December 2023)

Kok Pauline
(Retired as Member on 7 December 2022)

NOMINATION COMMITTEE

Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad
(Chairman)
(Redesignated from Member to Chairman on 18 December 2023)

Michael Tan (Tan Yee Hou)

Ahmad Riza bin Mohd Saian

Sarah Azreen binti Abdul Samat
(Resigned as Chairperson on 18 December 2023)

REMUNERATION COMMITTEE

Michael Tan (Tan Yee Hou)
(Chairman)
(Redesignated from Member to Chairman on 18 December 2023)

Ahmad Riza bin Mohd Saian

Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad
(Appointed as Member on 18 December 2023)

Sarah Azreen binti Abdul Samat
(Redesignated from Chairperson to Member on 18 December 2023)

Kok Pauline
(Retired as Member on 7 December 2022)

RISK MANAGEMENT COMMITTEE

Michael Tan (Tan Yee Hou)

(Chairman)

(Redesignated from Member to Chairman on 18 December 2023)

Sarah Azreen binti Abdul Samat

Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad

(Redesignated from Chairman to Member on 18 December 2023)

Dato' Dr. Md Khir bin Abdul Rahman

(Appointed as Member on 18 December 2023)

Dato' Arivalagan A/L Arujunan

(Retired as Member on 7 December 2022)

INVESTMENT COMMITTEE

Datuk Mustakim bin Mat Nun

(Chairman)

Sarah Azreen binti Abdul Samat

Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad

Tunku Datuk Nooruddin bin Tunku

Dato' Seri Shahabuddin

(Appointed as Member on 18 December 2023)

Dato' Arivalagan A/L Arujunan

(Retired as Member on 7 December 2022)

SUSTAINABILITY COMMITTEE

Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad

(Chairman)

Sarah Azreen binti Abdul Samat

Amirul Afif bin Abd Aziz

Khairil Ikhzan bin Abd Aziz

Muhammad Syukri bin Sulaiman

(Resigned as Member on 31 December 2022)

COMPANY SECRETARY

Ng Lai Yee

(SSM Practising Certificate No. 202008000977)
(MAICSA 7031768)

REGISTERED OFFICE

G-3AF-3, Level 3AF, Block G
Garden Office @ Encorp Strand
No. 12, Jalan PJU 5/1, Kota Damansara
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Selangor.
Tel: 03-6151 5727
Fax: 03-6150 7279
Email: rinanicosec@gmail.com

CORPORATE OFFICE

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50480 Kuala Lumpur
Wilayah Persekutuan
Tel: 03-6203 2929
Fax: 03-6203 2939
Email: enquiry@reneuco.com

SHARE REGISTRAR

Aldpro Corporate Services Sdn. Bhd.

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan
Tel: 03-9770 2200
Fax: 03-9770 2239
Email: admin@aldpro.com.my

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.reneuco.com

CORPORATE PROFILE



Evolving for future growth

Reneuco has embarked on asset ownership of solar and small hydro projects.

About Reneuco

Reneuco 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. The Company was subsequently transferred to the Main Market of Bursa Securities in 2009, and 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. The construction related activities segment undertaken by the Company consists of engineering, procurement, construction and commissioning ("**EPCC**") 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. Additionally, Reneuco emerged as a successful bidder under the feed-in tariff ("**FIT**") e-bidding exercise conducted by Sustainable Energy Development Authority ("**SEDA**") for the development of small hydro power plants with a total capacity of 40.4 MW in Gua Musang, Kelantan. Reneuco has also completed the acquisition of Adat Sanjung Sdn. Bhd. ("**ASSB**") that entails the indirect acquisition of a 70% stake in One River Power Sdn. Bhd. ("**ORP**"), which owns the development rights for three hydro plants in Kota Marudu, Sabah.

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 solar and hydro power to include wind and biomass. Leveraging on these strategies, the Company is confident in achieving its aspirations of emerging as a leading regional player in the sustainable energy and utilities space.

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



Our Vision

Sustainability through diversity.

Our Mission

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

Reneuco's Core Values

At Reneuco, 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.



Research and Development

Continuous research and development to increase efficiency.



Technology

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



Evolution

We continuously grow and evolve to stay competitive.



Sustainability

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



Renewable and Green

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



Developing Talent

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



Preserving Value

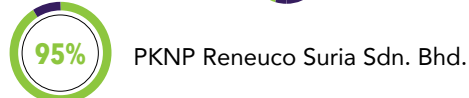
We focus on the creation of long-term shareholders' value.

GROUP CORPORATE STRUCTURE

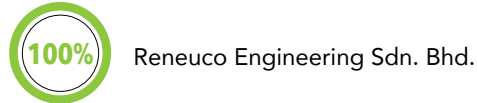


Energy & Utilities

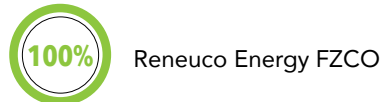
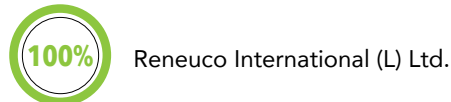
Asset Ownership



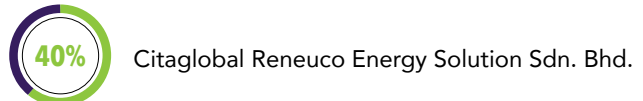
EPCC (Local)



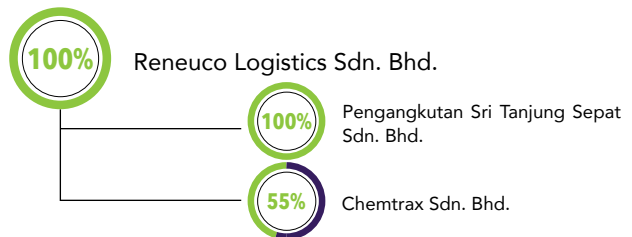
EPCC (International)



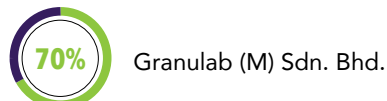
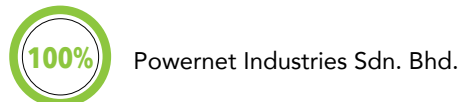
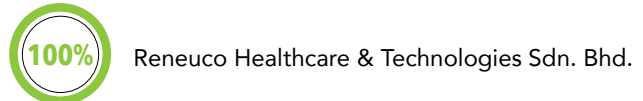
Utilities



Logistics



Healthcare & Technologies

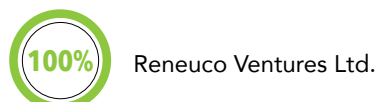


Property

Development



Investment



“

A transition to clean energy is about making an investment in our future.

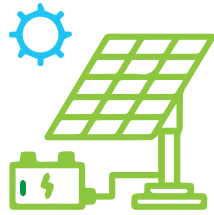
Gloria Reuben

”



PRINCIPAL ACTIVITIES

01. Energy and Utilities



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



Completed **Condition Based Maintenance ("CBM")** Repair and Supply **Pencawang Masuk Utama ("PMU")** Setia Alam, Shah Alam for 48 sites in September 2023.



Entered into a **large-scale solar photovoltaic power purchase agreement** as a joint venture with PKNP to own, design, construct, operate and maintain a solar photovoltaic energy generating facility of 50 MWac.



Entered into a **Memorandum of Agreement ("MOA")** with Public Islamic Bank Berhad ("PIBB") to secure works related to net energy metering scheme ("NEM") and/or self-consumption electricity generation.



Reneuco Engineering accepted the letter of award worth **RM475 million** for Proposed Development of Pahang Barat Integrated Small Hydro Power Schemes.



Reneuco Engineering Sdn. Bhd. ("**Reneuco Engineering**") has 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 net energy metering scheme ("**NEM**") and/or self-consumption electricity generation, which are under the purview of 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.



Figure 1: Installation of Solar Panel for NEM project

On 20 August 2021, PKNP Reneuco Suria Sdn Bhd, a Special Purpose Vehicle that was formed from the Joint Venture between Reneuco and Perbadanan Kemajuan Negeri Pahang ("**PKNP**"), has entered into a large-scale solar photovoltaic power purchase agreement with Tenaga Nasional Berhad ("**TNB**") to design, construct, own, operate and maintain a solar photovoltaic energy generating facility with a capacity of 50 MWac located in Mukim Bebar, Pekan, Pahang Darul Makmur covering an area of approximately 70 hectares.



Figure 2 : Progress Photo at Pekan, Pahang

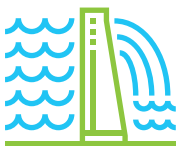
PRINCIPAL ACTIVITIES



Figure 3 : Hydro Power Plant, Kota Marudu, Sabah

On 28 January 2022, Reneuco Engineering, a wholly-owned subsidiary of Reneuco, has accepted a letter of award worth RM105.00 million from Fabulous Sunview Sdn. Bhd. to perform and undertake the procurement of equipment and materials, provision of logistics works, testing works and maintenance of equipment for the proposed solar photovoltaic plant with a total capacity of 50 MW in Malaysia.

On 26 April 2021, Reneuco Engineering received and accepted a letter of award worth RM475.00 million by securing a project for the Proposed Development of Pahang Barat Integrated Small Hydro Power Schemes which cover engineering, design, procurement, construction, commissioning and completion of small hydro power plant with a total capacity 44.6 MW at District of Cameron Highlands and District of Lipis, Pahang Darul Makmur which consist of 3 schemes as follows :-



- i. Sungai Telom SHP (13.9 MW);
- ii. Sungai Lemoi SHP (12.0 MW);
and
- iii. Sungai Jelai SHP (18.7 MW).

On 26 April 2021, Reneuco Engineering was awarded a project from Koridor Mentari Sdn. Bhd. ("**KMSB**") for a contract sum of RM35.00 million in taking over and completing the EPCC and completion of a mini hydro power plant with a total capacity of 5.25 MW along Sungai Kampar, Kampar, Perak Darul Ridzuan.

On 18 February 2022, Reneuco Engineering together with Tellhow International Engineering & Contracting Co. Ltd (the "**Consortium**") received and accepted the letter of award worth RM70.00 million from ORP to take over and complete the 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 entered into an EPCC agreement.

On 11 May 2022, Reneuco announced that Mikrogrid Lestari Sdn Bhd ("**MLSB**"), a 55%-owned subsidiary of Reneuco via Reneuco RE Sdn Bhd, had on 10 May 2022 been selected as one of the successful bidders under the FiT e-bidding exercise conducted by SEDA Malaysia for the development of small hydropower in Malaysia. Under the e-bidding exercise, MLSB shall develop small hydropower plants with a total capacity of 40.4 MW in Gua Musang, Kelantan ("**Nenggiri Project**"). The power purchase agreement in relation to the Nenggiri Project has a tenure of 21 years in which MLSB has commenced the pre-development works.



Figure 4 : Progress Photo at Kampar, Perak

On 19 October 2022, Reneuco RE had entered into a conditional share sale agreement ("**SSA**") with OHP Ventures Sdn Bhd for the acquisition by Reneuco RE Sdn Bhd ("**Reneuco RE**") of 10,000 ordinary shares in ASSB, representing the entire equity interest in ASSB, for a purchase consideration of RM90.00 million. The acquisition of ASSB was completed on 15 December 2023, resulting in ASSB becoming a wholly-owned subsidiary of Reneuco RE. The acquisition of ASSB entailed the indirect acquisition of 70% stake in One River Power Sdn Bhd, which owns the development rights for three hydro plants in Kota Marudu, Sabah.

On 26 May 2023, Reneuco RE received a letter of award as the subcontractor to collect, excavate, handle, lay, fix, join, test, flush, sterilise and commission for the proposed development of Sg. Rasau Water Supply Scheme (Phase I), Selangor Darul Ehsan. Package 2 – Design and Build of Proposed Rasau Treated Water Pumping Station, Treated Water Pumping Mains to Existing Bukit Lipat Kajang Reservoirs, Distribution and Associated Works.

On 19 October 2023, Reneuco RE entered into a Memorandum of Understanding with Majlis Bandaraya Petaling Jaya ("**MBPJ**") for the installation of Rooftop Solar Photovoltaic at Pusat Inovasi MBPJ, Taman Sains Selangor under the Scheme Category of NEM 3.0.

On 31 October 2023, Reneuco RE accepted a letter of award from MSA Resources Sdn Bhd as the contractor for the civil construction and telecommunication works along E26 : SKVE highway and JKR Road for JKR Kuala Langat and JKR Sepang.

Reneuco Digital Sdn. Bhd. ("**Reneuco Digital**") is a telecommunications company responsible in carrying out all telecommunications and information technology ("**IT**") related activities by the Group. Reneuco Digital primarily focuses on being a Telco System Provider for Tower & Utility Services, and the undertaking of construction, installation, and upgrading of 5G network telecommunications. Additionally, it specialises in Digital Solutions & Information and Communications Technology ("**ICT**").

On 17 February 2022, Reneuco Digital had entered into a Telecommunications Services Agreement with Ziif Technic Sdn. Bhd. ("**ZTSB**"). ZTSB had previously entered into a Site Services Purchase Agreement with Ericsson Malaysia Sdn. Bhd. ("**Ericsson**") on 16 February 2022 to provide site services to Ericsson. Subsequently, ZTSB has awarded Reneuco Digital with the construction of network telecommunication, supply labour, installation and upgrading works in relation to the services via a letter of award dated 18 February 2022.

On 14 July 2023, Neddy Enterprise Sdn. Bhd. awarded Reneuco Digital the contract to supply and install Pipe PN10 6" Red using Horizontal Directional Drilling method including HDD checklist document preparation until the approval from TNB is received. This project was completed in September 2023.

On 16 June 2023, Tenaga Lite Sdn. Bhd. appointed Reneuco Digital to undertake Condition Based Maintenance Repair and Supply Pencawang Masuk Utama ("**PMU**") Setia Alam - Supply Labour and Maintain for PMU TNB located at Setia Alam, Shah Alam. Reneuco Digital entered into a Heads of Agreement with Moxtech Bina Sdn Bhd to undertake this project for 48 sites which has been completed in September 2023.

Additionally, Reneuco Digital was engaged in the YTL Fiber OSP Project, involving the installation of equipment and cables in Shah Alam for YTL provider. The project was completed in September 2023.



Reneuco Digital completed contract by Neddy Enterprise Sdn. Bhd. to **supply and install Pipe PN10 6" Red** on September 2023.

PRINCIPAL ACTIVITIES

02. Logistics



Through the subsidiaries of Reneuco Logisitics Sdn. Bhd. ("**Reneuco Logistics**") and Chemtrax Sdn. Bhd. ("**Chemtrax**") and the newly acquired Pengangkutan Sri Tanjung Sepat Sdn Bhd, ("**PSTS**"), the Group provides logistic solutions to various multinational companies.

Chemtrax is one of the leading transportation companies in Malaysia with more than 20 years of experience, specialising in the moving of hazardous chemicals and gas products such as Hydrochloric Acid, Alkalis, Styrene Monomer, Butadiene gas, water-based chemicals and other flammable and toxic gases.

The company transports these products within Malaysia and Singapore using various types of road tankers such as stainless-steel tanker, special-lined tanker and high-pressured gas tanker to meet the diverse and strict requirements for each hazardous material it transports.



Chemtrax and PSTS

More than **30 years** of experience



Chemtrax currently manages a fleet of 61 trucks, 12 ISO tanks and six other units consisting of barrels and trailers. Reneuco Logistics Sdn Bhd had on 2 March 2023, entered into a SSA with Yang Chie Yun, Yeow Chee Hui and Tung Siew Hun (collectively referred as the "Vendors") for the acquisition of 475,000 ordinary shares in Pengangkutan Sri Tanjung Sepat Sdn Bhd, ("PSTS"), representing the entire equity interest in PSTS ("Sales Shares") for a purchase consideration of RM700,000, to be satisfied via cash. The acquisition of PSTS had been completed on 9 November 2023, resulting in PSTS becoming a wholly-owned subsidiary company of Reneuco Logistics.

The Proposed Acquisition of PSTS aligns with Reneuco's objective to expand its logistics segment through the acquisition of new vehicles and assets in the near future, leading to revenue and cost synergies within Reneuco Group, major shareholders, and strategic partners. The majority equity interest in PSTS acquired by Reneuco allows for immediate utilisation of PSTS's established experience and platforms in the transportation of various palm oil products, such as Crude Palm Oil ("CPO"), Processed Palm Oil ("PPO"), Crude Palm Kernel Oil ("CPKO"), and Sludge Palm Oil ("SPO"), for multinational companies.

PSTS has obtained their license from the Malaysian Palm Oil Board ("MPOB") that allows them to engage in transportation services for various types of palm oil. PSTS have been operating in the palm oil transportation industry for more than three decades and currently have a fleet of ten trucks and palm oil tankers to cater to their clients in Malaysia.



Chemtrax currently manages a fleet of:



61

Trucks



12

ISO tanks



6

other units consisting of barrels and trailers



Utilises stainless steel, special-lined, and high-pressured gas tankers



Specialises in moving **Hydrochloric Acid, Alkalis, Styrene Monomer, Butadiene gas, water-based chemicals** and **other flammable and toxic gases.**

PRINCIPAL ACTIVITIES

03. Property

Currently, the Group has two ongoing projects in this segment under Reneuco Development Sdn. Bhd. ("**Reneuco Development**"), Reneuco's wholly owned.



The first project involves fully sold development which 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. The current status of construction progress as per details below:-

Item	Description	% Progress
1	Building Works	96.42%
2	External Works	82.04%
Total Progress		89.23%

A photo of the development in progress is as follows:



Fully sold development
on a parcel of commercial development in Sentul, KL



2 ongoing projects
under Reneuco Development.



RM300 million
development of affordable and mixed housing located at Lot 100677 (22.65 acres) and 100678 (22.47 acres) in Kawasan Pentadbiran Kuala Nerus, Mukim Batu Rakit, Daerah Kuala Nerus, Terengganu.

The second project is a recent undertaking awarded by the State Government of Terengganu (Joint Venture with Terengganu State). It entails the development of affordable and mixed housing on government land in Kawasan Pentadbiran Kuala Nerus, Mukim Batu Rakit, Daerah Kuala Nerus, Terengganu.

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

The RM300 million development will be located at Lot 100677 (22.65 acres) and 100678 (22.47 acres) in Kawasan Pentadbiran Kuala Nerus, Mukim Batu Rakit, Daerah Kuala Nerus, Terengganu Darul Iman where a total of approximately 1,298 units (after revision and reconciliation) consists of affordable, mixed housing and commercial units would be developed simultaneously.

Reneuco Development has commenced pre-development works for the project. This project is the first development project at Bandar Kuala Nerus, Terengganu.

PRINCIPAL ACTIVITIES

04. Healthcare and Technologies



Our 70%-owned subsidiary, Granulab (M) Sdn. Bhd. ("**Granulab**") manufactures synthetic bone graft and bone cement, namely, GranuMas and Prosteomax which has been certified Halal by Jabatan Kemajuan Islam Malaysia ("**JAKIM**").



Filed and received patents in **Malaysia, Indonesia, Japan, South Korea, USA, and Europe.**



Signed a partnership with NTC Dental Suppliers Sdn Bhd for the distribution of dental bone grafts to the local market.



Registered vendor with government and private universities, namely **IUM, UM, UiTM, UKM, and MAHSA.**



Successfully developed **Prosteomax Chips**, a combination of tricalcium phosphate ("TCP") and hydroxyapatite ("HA").

Prosteomax is an innovative calcium phosphate-based synthetic bone cement that is injectable and is able to be loaded with drugs, used for orthopaedics, cranio, dental and maxillofacial applications for patients of all ages. GranuMas, a 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 for geriatric patients.

Granulab has filed and received patents in Malaysia, Indonesia, Japan, South Korea, USA, and Europe. Granulab is also the holder of various certifications locally and internationally. Amongst them are the Manufacturer Establishment License and Good Distribution Practice of Medical Devices ("**GDPMD**") License from Medical Device Authority ("**MDA**") Malaysia, as well as the CE Mark Certification and ISO 13485 from BSI, Netherlands. Granulab has also successfully obtained product registrations in Indonesia for both GranuMas and Prosteomax.

Granulab has signed a partnership with NTC Dental Suppliers Sdn Bhd for the distribution of dental bone grafts to the local market. Granulab is also in-discussion with several Indonesian distributor companies to market the products in Indonesia. Granulab is exploring opportunities in Philippines and Uzbekistan markets and negotiating for an original equipment manufacturing ("**OEM**") business model with an Egyptian company for Middle East markets.

Granulab's vendor registration with government and private universities, namely IIUM, UM, UiTM, UKM, and MAHSA showcases its collaboration with educational institutions which leads to research partnerships and potential future market opportunities. The successful renewal of the Ministry of Finance ("**MOF**") certification is a testament to Granulab's financial stability and its ability to meet government procurement requirements.

Last but not least, Granulab has successfully developed Prosteomax Chips, a combination of tricalcium phosphate ("**TCP**") and hydroxyapatite ("**HA**").

PRINCIPAL ACTIVITIES

05. Moving Forward



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.



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, healthcare and property segments to generate long-term sustainable revenue streams.



FINANCIAL CALENDAR

Financial Period Ended 30 September 2023



Announcements of Quarterly Results

30
November 2022

Announcement of the unaudited consolidated results for the 1st quarter ended 30 September 2022

28
February 2023

Announcement of the unaudited consolidated results for the 2nd quarter ended 31 December 2022

30
May 2023

Announcement of the unaudited consolidated results for the 3rd quarter ended 31 March 2023

30
August 2023

Announcement of the unaudited consolidated results for the 4th quarter ended 30 June 2023

30
November 2023

Announcement of the unaudited consolidated results for the financial period ended 30 September 2023



General Meetings and Annual Reports

2022

31
October 2022

Issuance of Annual Report 2022

7
December 2022

25th Annual General Meeting

2023

27
April 2022

Extraordinary General Meeting

13
July 2023

Extraordinary General Meeting

8
February 2024

Issuance of Annual Report 2023

27
March 2024

26th Annual General Meeting

BOARD OF DIRECTORS

Working Experience

Datuk Mustakim has more than 24 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.

Datuk Mustakim 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) of this Annual Report.



Datuk Mustakim bin Mat Nun

Executive Chairman

Board Committee(s)

Investment Committee (Chairman)

Board Meetings Attended in the Financial Period

11/12

Qualification

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



Nationality
Malaysian



Age and Gender
51 / Male



- 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 OF DIRECTORS

Working Experience

Cik Sarah has approximately 22 years of experience in corporate finance transactions involving equity issuance, mergers and acquisitions, corporate restructuring and corporate valuation.

Cik Sarah 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 AmlInvestment Bank Berhad, Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) and RHB Investment Bank Berhad.

Cik 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., Pharmaniaga Berhad and Education Malaysia Global Services 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). She does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) of this Annual Report.



Sarah Azreen binti Abdul Samat

Executive Director

Board Committee(s)

- Remuneration Committee (Member)
- Risk Management Committee (Member)
- Investment Committee (Member)
- Sustainability Committee (Member)

Board Meetings Attended in the Financial Period

12/12

Qualification

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



Nationality
Malaysian



Age and Gender
49 / Female



- 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
- Date of Resignation as Executive Director:
18 December 2023

Working Experience

Dato’ Dr. Md Khir started his career with the Malaysian Agricultural Research and Development Institute (“MARDI”) in 1972, before joining Bank Negara Malaysia in 1983. He held various positions in Bank Negara Malaysia before joining the telecommunications sector in 1996 as Managing Director of Mejati Technologies Group. In 2000, he was appointed as a Director and Chief Executive Officer of Telekom Malaysia until 2004. Prior to this, he has also served as a General Manager/ Director of Malaysia Electronic Payment System (“MEPS”). He has

in-depth experience in information and communication technology, banking and payment systems as well as in the semiconductor services industry.

Dato’ Dr. Md Khir who possesses strong corporate governance and strategic thinking, has more than 25 years of experience as an Independent Director in various Boards of public, private and financial sectors as well as in government bodies. Currently, he sits on the Board of several private limited companies in 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.



Dato’ Dr. Md Khir bin Abdul Rahman

Independent Non-Executive Director

Board Committee(s)

- Risk Management Committee (Member)

Board Meetings Attended in the Financial Period

Nil

Qualification

- Doctor of Science in Computing Statistics, State University of Ghent, Belgium
- Masters of Agricultural Development in Survey Techniques/Analysis, State University of Ghent, Belgium
- Bachelor of Science in Mathematics, University of Malaya



Nationality
Malaysian



Date of Appointment:
18 September 2023



Age and Gender
77 / Male

BOARD OF DIRECTORS

Working Experience

Y.M. Tunku Datuk Nooruddin has an extensive background in the Oil, Gas & Energy industries including Esso Malaysia Berhad Downstream (Exxon Mobil), where he effectively managed refinery products distribution and Government National accounts. He was the Executive Director of Reach Energy Berhad and Baker Hughes INTEQ (BHI).



Y.M. Tunku Datuk Nooruddin also provided advisory services to various companies involved in international trade such as Avaria International FZE, Jotun Paints, Al Madina LLC, SCS Computer Systems Sdn Bhd, Electrolux, Tideway-Dredging International, Yoshida BM Japan, Paylink Global Sdn Bhd, Japan Halal Promotion Association, Malene Insurance Brokers, ERM Property Management, Singapore Precious Metals Exchange (SGPMX Malaysia) and others in South East Asia, the United Arab Emirates, Oman and Kazakhstan.

Y.M. Tunku Datuk Nooruddin has extensive business experience and held various senior positions such as Business Development Advisor of Lebtech Energy, Business Development Advisor of Sustainable Investments LLC, Advisor of Infolliance Sdn Bhd, Pro-Chancellor of Universiti Sultan Zainal Abidin, Terengganu, Shareholder of Vanguard Group Asia

Sdn Bhd, Director of ERM Property Management Sdn Bhd, Director of Singapore Precious Metals Exchange, Chairperson of Paylink Global (M) Sdn Bhd. Tunku Datuk Nooruddin is also the Vice President of Majlis Datuk Dato' Malaysia (MDDM). Currently, he is the Deputy Chairman of Kumpulan Jetson 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.

Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Seri Shahabuddin

Independent Non-Executive Director

Board Committee(s)

- Investment Committee (Member)

Board Meetings Attended in the Financial Period

Nil

Qualification

- Bachelor of Science in Business Administration, United States International University (USIU, now renamed as Alliant University) San Diego, USA. London Campus
- O & A Level for Oxford & Cambridge Certification, Cheltenham College, Gloucestershire, England



Nationality
Malaysian



Age and Gender
60 / Male



Date of Appointment:
18 September 2023

Working Experience

Mr. Michael Tan (Tan 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.



**Michael Tan
(Tan Yee Hou)**

Independent Non-Executive Director

Board Committee(s)

- Remuneration Committee (Chairman)
- Risk Management Committee (Chairman)
- Audit Committee (Member)
- Nomination Committee (Member)

Board Meetings Attended in the Financial Period

12/12

Qualification

- Diploma in Engineering, University of Monash, Australia



Nationality
Malaysian



Date of Appointment:
13 March 2019



Age and Gender
41 / Male

BOARD OF DIRECTORS

Working Experience

Encik Ahmad Riza is an experienced finance professional with more than 23 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.

Encik Ahmad Riza is the Group Chief Executive Officer of MyCreative 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. Currently he 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.



Ahmad Riza bin Mohd Saian FCA

Independent Non-Executive Director

Board Committee(s)

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

Board Meetings Attended in the Financial Period

12/12

Qualification

- 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)



Nationality
Malaysian



Age and Gender
48 / Male



Date of Appointment:
17 January 2022

Working Experience

Datuk Dr. Mahadi has more than 16 years of working experience in several industries. He specialises in the fields of engineering, consulting, and international relations.

Among others, Datuk 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.

Currently, he 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.



Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad

Independent Non-Executive Director

Board Committee(s)

- Nomination Committee (Chairman)
- Sustainability Committee (Chairman)
- Audit Committee (Member)
- Risk Management Committee (Member)
- Remuneration Committee (Member)
- Investment Committee (Member)

Board Meetings Attended in the Financial Period

12/12

Qualification

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

 Nationality
Malaysian

 Date of Appointment:
31 March 2022

 Age and Gender
42 / Male

KEY MANAGEMENT TEAM

Datuk Mustakim bin Mat Nun

Executive Chairman



Nationality
Malaysian



Age and Gender
51 / Male



- 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 21 of this Annual Report.



Amirul Afif bin Abd Aziz

Group Chief Executive Officer



Nationality
Malaysian



Age and Gender
48 / Male



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



Qualification

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

Working Experience

Encik Amirul has been with Reneuco since August 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.

Encik Amirul 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries other than disclosed under Additional Disclosure (Recurrent Related Party Transactions) in this Annual Report. He currently holds <0.01% direct interest (20 ordinary shares and 739 warrants) in Reneuco and 20.94% indirect interest in Reneuco via OHP Ventures Sdn Bhd.

KEY MANAGEMENT TEAM

Khairil Ikhzan bin Abd Aziz

Acting Group Chief Financial Officer



Nationality
Malaysian



Age and Gender
47 / Male



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

Qualification

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

Working Experience

Encik 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.

Hawa Jenna Ng

Head of Corporate Resources & Administration



Nationality
Malaysian



Age and Gender
52 / Female



Date of Appointment as Head of
Corporate Resources & Administration:
1 December 2023

Qualification

- Bachelor of Degree in Business Administration, The Institute of Administrative Management (IAM), United Kingdom

Working Experience

Puan Hawa has over 20 years of experience in the construction industry, a proven leader and expert in all aspects of including HR department start-up, HR & Administrative policy and procedures, talent management, performance management, benefits administration, administrative management & procurement, ISO and audit compliance, operations management, asset management, and corporate public relations employee. Her experiences include her positions at Pengiran Kiara Management Corporation, BEWG (M) Sdn. Bhd., Bestari Unggul Sdn. Bhd., Loyal Group of Companies, Mind Merge, Sagajuta Sabah Sdn. Bhd., Ramajuta Sdn. Bhd., and Numestro Holdings before joining the Reneuco Berhad as the Head of Corporate Resources & Administration.

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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). She does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.

Mohd. Radzi bin Othman

Manager of Finance



Nationality
Malaysian



Age and Gender
37 / Male



Date of Appointment as Manager of
Finance:
3 April 2023

Qualification

- Bachelor's Degree in Accountancy (Hons), Universiti Teknologi MARA, Malaysia
- Association of Chartered Certified Accountants (ACCA) Affiliate, Universiti Teknologi MARA, Malaysia

Working Experience

Encik Radzi has over 12 years of experience in financial accounting. He began his career in 2009 as a trainee at Malaysia Airlines Headquarter, where he specialised in credit remittance before starting his long journey with Rafulin Holdings from 2011 until early 2023. He has experience working with a well-diversified company that has been involved in concessions, construction of roadworks and building, facilities maintenance and management, renewable energy, plantations, trading, and manufacturing. He has also closely monitored project budgeting/costing which amount to approximately RM1.90 billion.

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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.

KEY MANAGEMENT TEAM

Kamalulariffin bin Ahmad

Chief Executive Officer of Reneuco Engineering Sdn. Bhd.



Nationality
Malaysian



Age and Gender
49 / Male



Date of Appointment as Chief Executive Officer of Reneuco Engineering Sdn. Bhd.:
1 September 2023

Qualification

- Bachelor's Degree in Construction Management, Universiti Teknologi MARA, Malaysia

Working Experience

Encik Kamalulariffin has more than 20 years of experience in construction and energy project management covering procurement, costing and implementation. He held various positions at Ranhill Engineers & Constructors Sdn. Bhd., PECB Berhad, Sime Darby Berhad, and Maxwell Energy Sdn. Bhd. He also held senior management positions at I Strada Sdn. Bhd., Mozzpower Sdn. Bhd. and OHP Ventures 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.

Khairulaklam bin Omar

Director, Business Development of Reneuco RE Sdn. Bhd.



Nationality
Malaysian



Age and Gender
46 / Male



Date of Resignation as Director, Business Development of Reneuco RE Sdn. Bhd.:
24 January 2024

Qualification

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

Working Experience

Encik 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.

Mohamad Farish bin Ahmad

Director, Business Development and Operation of Reneuco Digital Sdn. Bhd.



Nationality
Malaysian



Age and Gender
51 / Male



Date of Appointment as Director, Business Development and Operation of Reneuco Digital Sdn. Bhd.:
1 April 2022

Qualification

- Diploma in Electrical Engineering, Universiti Teknologi Malaysia

Working Experience

Encik Mohamad Farish has more than 20 years of experience in telecommunication and technical operation and is proficient in a vast array of LAN, WAN environment including communication and "Transmissions Medium" technologies. His experience includes positions at Telekom Malaysia Berhad, Maxis Communications Berhad, Via Communication Network Berhad, Theta Edge Berhad, and has had international exposure by working with Speedcast Ltd, Hong Kong and Newtec CY, Belgium. He also held senior management positions at Baycom 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.

Ir. Ts. Ahmad Sayufei bin Zainuddin

Chief Executive Officer of Reneuco Development Sdn. Bhd.



Nationality
Malaysian



Age and Gender
54 / Male



Date of Resignation of Chief Executive Officer of Reneuco Development Sdn. Bhd.:
1 May 2023

Qualification

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

Working Experience

Encik 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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.

KEY MANAGEMENT TEAM

Syed Aswad bin Syed Mokhtar

Director, Business Development & Operations of Reneuco Logistics Sdn. Bhd.



Nationality
Malaysian



Age and Gender
51 / Male



Date of Appointment as Director, Business Development & Operations of Reneuco Logistics Sdn. Bhd.:
1 October 2021

Qualification

- Association of Chartered Certified Accountants (ACCA), FTMS, Kuala Lumpur
- Bachelor of Arts in Accounting & Finance (Hons), London South Bank University, London
- Diploma in Accounting, UITM Arau

Working Experience

Encik Syed Aswad has over 20 years of experience in the plantation industry with Sime Darby Group. He began his career in Sime Darby Group in 1997 as a management trainee until 2004 before being posted permanently to Sime Darby Plantation Berhad as a marketing manager. He also held several senior management positions in Sime Darby Plantation Berhad from 2005 until 2018 as a Head of Strategic Program Management.

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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.

Hairul bin Anuar

Senior Manager - Operations of Chemtrax Sdn. Bhd.



Nationality
Malaysian



Age and Gender
51 / Male



Date of Appointment as Senior Manager - Operations:
24 September 2013

Qualification

- Bachelor's Degree in Business Administration (Logistics), Universiti Teknologi MARA Malaysia

Working Experience

En Hairul has over 20 years of experience in the logistics industry mainly involving in the operations management. His experience includes positions at Miel Logistics Sdn Bhd and Konsortium Logistik Berhad. His career started at Konsortium Logistik Berhad, as a management trainee and his last position is the Assistant Manager reporting directly to the Chief Operating Officer of the company and his has worked for Konsortium Logistik Berhad for 13 years before joining Miel Logistics Sdn Bhd and then pursuing his career with Chemtrax Sdn Bhd in 2010.

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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year (if any). He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.

Dr. Fazilah binti Fazan

Chief Technology Officer of Reneuco Healthcare & Technologies Sdn. Bhd.



Nationality
Malaysian



Age and Gender
55 / Female



Date of Appointment as Chief
Technology Officer of Reneuco
Healthcare & Technologies
Sdn. Bhd.:
26 Feb 2021

Qualification

- Doctor of Philosophy (PhD) in Dentistry, The University of Birmingham, United Kingdom
- Bachelor of Science in Physics and Chemistry, The University of Adelaide, Australia

Working Experience

Dr. Fazilah is a highly experienced medical device expert with over 20 years of experience in developing, commercialising, and regulatory compliance of medical devices. She began her career as a Senior Researcher at SIRIM Berhad. She was then promoted as Medical Technology Expert before joining Granulab (M) Sdn Bhd ("Granulab") as a technical consultant and Chief Operating Officer and subsequently as a Chief Executive Officer of Granulab.

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) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial period (if any). She does not have any conflict of interest or potential conflict of interest with the Company and its subsidiaries.





Dear Esteemed Shareholders,
On behalf of the Board, we present to you Reneuco Berhad's Annual Report for the financial period 2023.

OVERVIEW

As the domestic economy reopened and COVID-19 infections slowly declined amidst high vaccination rates, the operations of the Group had stabilised. Malaysia's transition towards endemicity in the reporting year augured well for us as the resumption of all economic activities continued to revitalise market and economic conditions to almost pre-pandemic levels.

Our focus for FPE 2023 was to remain profitable amidst the challenging business environment, and to progressively make headway on all our projects. Under the guidance of the Board and the leadership of our senior management team, we delivered a credible performance in the face of multi-faceted challenges. It was by no means an easy feat but our strong mindset, resilience and prudent execution have formed a stable foundation for us to prevail during this difficult period.

Moving forward, we are poised to ride on the wave of gradual economic recovery as well as the growing demand for environmental compliance through the provision of our suite of solutions. We are thrilled to further explore the opportunities in sustainable building practices which have seen a rapid growth in awareness over recent years as evidenced in the findings in Knight Frank Malaysia's white paper survey, "The Age of ESG: Futureproofing Corporate

Real Estate with Sustainability". Under the survey, 50% of respondents within the corporate real estate community are taking tangible steps towards ESG integration, either by establishing ESG plans or net-zero carbon targets.

At the same time, the opportunities in the energy and utilities sector continue to be plentiful especially with strong support from the Malaysian government through several initiatives that aim to accelerate the country's green and sustainable growth agenda. Most recently, Phase 1 of the National Energy Transition Roadmap was launched in July 2023 which aims to unite the whole nation, encompassing federal and state government, industry, general public, and international community to steer Malaysia's shift from traditional fossil fuels-based economy to a high-value green economy.

These two instances accentuate a significant and robust embrace of the ESG agenda while simultaneously highlighting the adoption of ESG practices which is increasingly playing a key role in long-term planning in Malaysia. The strategic outlook and recognition of the wider societal and environmental implications will definitely create an abundance of opportunities for us to seize in the mid- to long-term future.

EXECUTIVE CHAIRMAN'S STATEMENT



Renewable Energy

We continued striding forward in our core segment in three specific areas namely engineering, procurement, construction and commissioning as well as project management consultancy, asset ownership and renewable energy technology as well as products.

For a start, we took a major step in growing our asset ownership to 120 MW through the acquisition of Adat Sanjung Sdn. Bhd. ("ASSB"). The acquisition of ASSB also entailed the indirect acquisition of 70% stake in One River Power Sdn. Bhd., which owns the development rights for three hydro plants in Kota Marudu, Sabah.

Meanwhile, our Nenggiri small hydro power plants with a total capacity of 40.4 MW in Gua Musang, Kelantan which was awarded under the feed-in-tariff e-bidding exercise is currently undergoing pre-development works.

In tandem with this, we have also recorded significant progress in the construction of our LSS4@Mentari project having achieved 63% completion.

As we keep the focus on our Malaysian operations, we continued to pursue opportunities locally be it independently or through strategic partnerships. In December 2022, a consortium of Reneuco and Citaglobal Berhad ("Citaglobal") received and accepted a Letter of Intent from Malaysia Rail Link Sdn. Bhd. for the development of an independent and renewable power production facilities for the East Coast Rail Link project's network.

Following this, Reneuco, had on 20 April 2023, entered into a consortium agreement with Citaglobal and a special purpose vehicle with Citaglobal was set up in mid-2023 which will allow seamless integration of both parties' resources, and expertise as we work on the project together.

Over the past few years, the use of solar energy to benefit the community has risen rapidly. Taking advantage of this, we forayed into other renewable energy sub-areas particularly renewable technology as well as project management. In early 2023, we widened our reach to Perak through a collaboration with Pengurusan Murni Sdn. Bhd., a wholly-owned indirect subsidiary of Perbadanan Kemajuan Negeri Perak as well as Aero Line Facilities Engineering Services Sdn. Bhd. to further green energy technology usage in Perak particularly through the state-wide installation of smart solar LED lighting.

In the same vein, we expanded our product offering through a RM22.9 million contract from ZBS Optima Trading Sdn. Bhd. for the Sg. Rasau Water Supply Scheme Phase 1. This project marked our first foray into the water infrastructure sector where we intend to build and enhance our technical capabilities while simultaneously broaden our market presence.

Digital

Our first ever telecommunications work awarded by Ziif Technic Sdn. Bhd. was successfully completed within the stipulated timeline in 2022. Following this, we continued to pursue other opportunities in this segment especially as Malaysia is expecting to achieve a digital economy contribution of at least 25.5% to the country's gross domestic product in 2025 under the 12th Malaysia Plan.

The initiative, supplemented by the Government's three key pillars of action namely the facilitation of the digitalisation in both the public and private sectors, the building of the nation's digital talent and the promotion of digital trade opportunities, will undoubtedly accelerate the nation's digital ecosystem's growth and drive adoption thus presenting us with abundant opportunities to seize.



Total Revenue

RM64.6
million



Asset Ownership

120 MW



Expanded into the water
infrastructure sector -

Awarded

RM22.9

million contract for
Sg. Rasau Water Supply
Scheme Phase 1

Sustainable Development

Our venture into sustainable development was marked through our first ever development contract from the Terengganu State Government last year. Currently, we are in the midst of pre-development works which involves streamlining processes and mitigating risks to ultimately maximise project efficiency while simultaneously minimising potential obstacles.

FINANCIAL PERFORMANCE

The Malaysian economy to this day continues to recover from the effects of the COVID-19 pandemic, albeit at a slower pace. This unfortunate situation, mostly stemming from persistently elevated inflation, a slower momentum in major economies, escalation of geopolitical tensions and a slowdown in recovery China, Malaysia's main trading partner, has continued to assert pressure on our operations. For the financial period ended 30 September 2023, we recorded RM64.6 million of total revenue.

Consequently, our business segments were also adversely impacted with our core business segment, the construction related activities segment recording RM25.3 million in revenue. However, our other business segments, specifically property development and investment as well as logistics, fared better year-on-year recording RM19.7 million and RM19.2 million respectively. Our healthcare segment on the other hand, contributed RM0.4 million to the Group's total revenue.

ACKNOWLEDGEMENTS

On behalf of the Board, our deepest appreciation goes to Dato' Arivalagan A/L Arujunan and Ms. Kok Pauline for their exceptional contributions and unwavering dedications during their tenure as Reneuco's Non-Independent Non-Executive Director and Independent Non-Executive Director respectively. Their wisdom and vision have been a guiding force in the Board's deliberations as Reneuco navigated challenges and seized opportunities. We wish them both a great future ahead.

On that note, we extend our warmest welcome to Dato' Dr. Md Khir bin Abdul Rahman and Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Seri Shahabuddin and who joined us in September 2023. We are confident that their addition to the Board will be a great asset to us, and we look forward to the fresh perspectives, insights and expertise that they will bring to the Board.

We also would like to acknowledge and extend our gratitude to all Government ministries, agencies, and regulatory bodies that we have worked with throughout the years. The support you have rendered us has been instrumental to our growth.

Last but not least, to our Reneuco family, allow me to extend my heartfelt thanks for all the work you've done thus far. As we continue to strive for excellence, let's continue to learn from each other, inspire one another, and work together to shape a future that we can all be proud of.

Datuk Mustakim bin Mat Nun

Executive Chairman

KEY MILESTONES



- The Company was taken over by the new management, led by Datuk Mustakim bin Mat Nun.
- The Group ventured into construction related activities focusing on sustainable energy and utilities.
- Secured RM270.00 million for a utilities project in Kuala Lumpur, Malaysia.
- The Company registered its first profit after 8 consecutive years of losses.

2019

- Diversified its principal activities to include construction business and construction related activities.
- Recorded RM1.36 billion worth of renewable energy related projects in the domestic and international markets.
- Completed two private placement exercises on 21 February 2020 and 30 June 2020.
- Acquired a 51% equity stake in logistics company, Chemtrax Sdn. Bhd.
- Awarded The BrandLaureate BestBrands e-Branding Award 2020.

2020

- Recorded RM510.00 million worth of Renewable Energy related projects in Pahang and Perak, Malaysia, and RM73.00 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 RM61.00 million.

2021

2022

- Received letter of award for the procurement, testing and maintenance works in relation to the Proposed 50 MW Solar PV 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 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 RM12.00 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.
- Rebranding of the company from 'KPower Berhad' to 'Reneuco Berhad'.
- Entered into a Memorandum of Understanding ("MOU") 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 MOU 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 MOU 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 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 RM90.00 million.
- In December 2022, Reneuco and Citaglobal received and accepted a Letter of Intent from Malaysia Rail Link Sdn Bhd for the development of an independent and renewable power producer project for the East Coast Rail Link ("ECRL") railway network.

2023

- Entered into a SSA with Yang Chie Yun, Yeow Chee Hui and Tung Siew Hun (collectively referred as the "Vendors") for the acquisition of 475,000 ordinary shares in Pengangkutan Sri Tanjung Sepat Sdn Bhd, ("PSTS"), representing the entire equity interest in PSTS ("Sales Shares") for a purchase consideration of RM700,000, to be satisfied via cash, on 2 March 2023.
- Completed a private placement exercise on 20 June 2023, successfully raising approximately RM11.82 million.
- Entered into a consortium agreement with Citaglobal Berhad, and a special purpose vehicle, namely Citaglobal Reneuco Energy Solution Sdn Bhd was incorporated in June 2023.
- Reneuco RE entered into a MOA with Pengurusan Murni Sdn Bhd ("PMSB"), a wholly-owned subsidiary of Perak Industrial Resources Sdn Bhd ("PIRSB") and Aero Line Facilities & Engineering Services Sdn Bhd ("ALFES") to explore a collaboration to venture into green energy business in Perak, including but not limited to award Reneuco RE and ALFES with the supply of the Smart Solar LED Lighting to PIRSB/ PMSB for the Smart Solar Project.
- Reneuco RE received a letter of award as the subcontractor to collect, excavate, handle, lay, fix, join, text, flush, sterilise and commission for the proposed development of Sg. Rasau Water Supply Scheme (Phase 1), Selangor Darul Ehsan. Package 2 – Design and Build of Proposed Rasau Treated Water Pumping Station, Treated Water Pumping Mains to Existing Bukit Lipat Kajang Reservoirs, Distribution and Associated Works.
- Entered into a MOU with Majlis Bandaraya Petaling Jaya ("MBPJ") for the installation of Rooftop Solar Photovoltaic ("PV") at Pusat Inovasi MBPJ, Taman Sains Selangor under the Scheme Category of Net Energy Metering Programmes ("NEM") 3.0, on 19 October 2023.
- Accepted a letter of award from MSA Resources Sdn. Bhd. as the contractor for the civil construction and telecommunication works along E26: SKVE highway and JKR Road for JKR Kuala Langar and JKR Sepang on 31 October 2023.
- Completion of acquisition of PSTS on 9 November 2023, resulting in PSTS becoming a wholly-owned subsidiary company of Reneuco Logistics.
- Change in financial year end from 30 June 2023 to 30 September 2023.
- Completion of acquisition of ASSB on 15 December 2023, resulting in ASSB becoming a wholly-owned subsidiary of Reneuco RE.

5-YEAR FINANCIAL SUMMARY

	FINANCIAL YEAR ENDED 30 JUNE				FINANCIAL PERIOD ENDED 30 SEPTEMBER
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000) Restated	2022 (RM'000) Restated	2023 (RM'000)
Revenue	13,217	95,843	386,091	140,376	64,596
Gross Profit	4,610	27,899	67,469	32,847	13,748
Operating Profit/(Loss)	1,155	18,011	52,779	17,720	(105,664)
Profit/(Loss) Before Tax	940	17,906	51,402	15,780	(107,163)
Profit/(Loss) After Tax	481	12,776	38,234	5,005	(118,982)
Total comprehensive income/(loss) for the financial year/period	484	12,644	38,982	4,577	(118,981)
Profit/(Loss) attributable to:					
Owners of the parent	486	12,786	37,463	6,039	(117,036)
Non-controlling interests	(5)	(10)	771	(1,034)	(1,946)
Profit/(Loss) After Tax	481	12,776	38,234	5,005	(118,982)
Total comprehensive income/(loss) attributable to:					
Owners of the parent	489	12,654	38,211	5,611	(117,035)
Non-controlling interests	(5)	(10)	771	(1,034)	(1,946)
Total comprehensive income/(loss) for the financial year/period	484	12,644	38,982	4,577	(118,981)
Earnings/(Loss) per share attributable to owners of the parent (sen per share)					
Basic	0.64	2.83	8.28	1.16	(20.56)
Diluted	0.64	2.83	8.28	1.16	(20.56)

MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL PERFORMANCE REVIEW

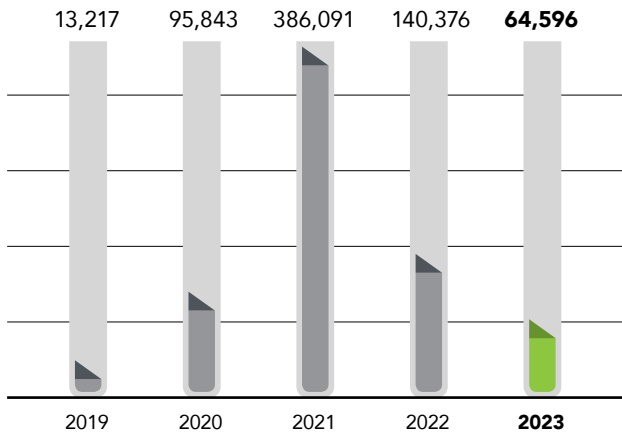
The Statement on Management Discussion and Analysis (“MD&A”) provides an insight of the financial performance of Reneuco and its subsidiaries (“the Group”) for the financial period ended 30 September 2023 (“FPE2023”).

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.



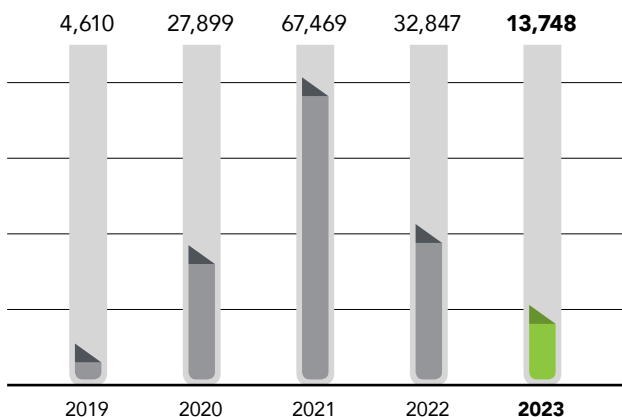
Revenue (RM'000)



The Group registered a turnover of RM64.60 million for FPE2023, as compared to RM140.38 million in the previous financial year ended 30 June 2022 (“FYE2022”). Construction related activities remained as the primary revenue contributor, accounting for 39.15% or RM25.29 million of the total revenue in FPE2023. Meanwhile, the property development and investment segment contributed 30.55% of the total revenue, followed by 29.68% from the logistics segment and the remaining 0.62% from the healthcare segment.



Gross Profit (RM'000)

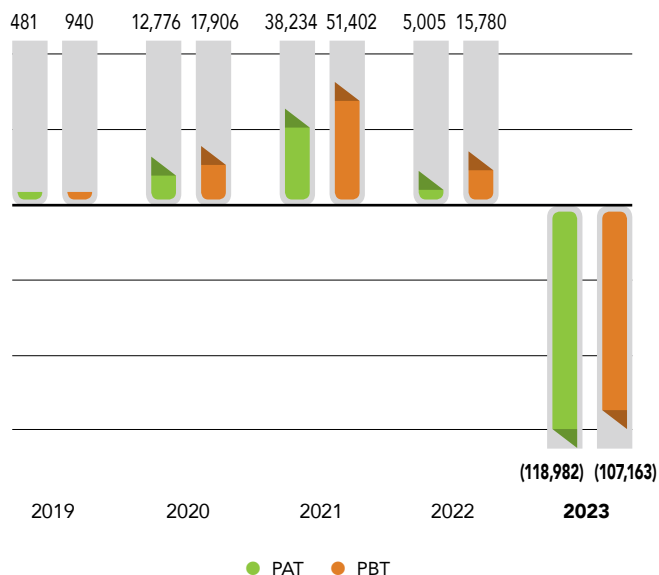


In tandem with the revenue decline, the Group’s gross profit decreased 58.15% from RM32.85 million in FYE2022 to RM13.75 million in FPE2023. The gross profit margin for FPE2023 stood at 21.28% which has slightly decreased compared to 23.40% for FYE2022 due to lower profit margins for the ongoing construction projects due to slower work in progress.

MANAGEMENT DISCUSSION AND ANALYSIS



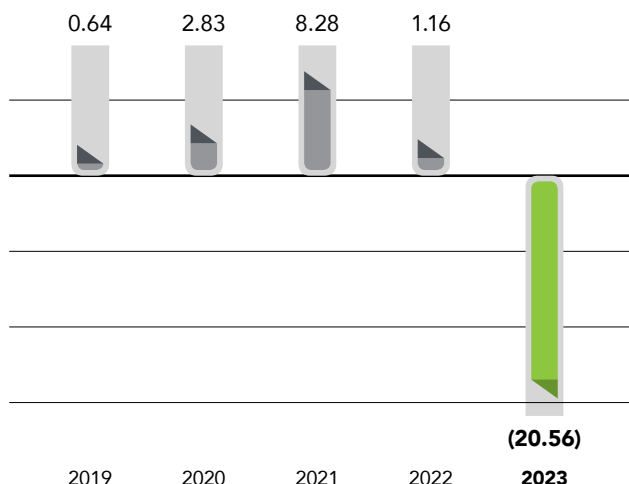
Profit/(Loss) Before & After Tax ("PBT & PAT")
(RM'000)



The Group recorded a loss before tax of RM107.16 million in the current financial period as compared to profit before tax of RM15.78 million in FYE2022 resulting in a loss after tax of RM118.98 million in FPE2023. The significant increase of loss before tax and loss after tax were due to the impairment of trade receivables and contract assets.



Earnings/(Loss) Per Share
(sen)



The Group recorded a basic and diluted loss per ordinary share of 20.56 sen in FPE2023, compared to the basic and diluted earnings per ordinary shares of 1.16 sen in FYE2022.

FINANCE COSTS AND INCOME TAX

The Group's finance costs have decreased by 22.73%, approximately RM0.441 million in FPE2023, due to the reduction of interest for hire purchase loans and capitalisation of finance lease interest. The Group reported tax rate is based on the statutory rate of 24% (2022: 24%) of the estimated assessable profit for the year. In FPE2023, the Group recorded RM11.82 million in income tax expense.

FINANCIAL POSITION

The Group's total assets decreased by RM32.40 million or 9.39% from RM344.99 million in FYE2022 to RM312.59 million in FPE2023, mainly due to the impairment of trade receivables and other receivables.

The Group's borrowings stood at RM94.41 million as at FPE2023. The total borrowings during FPE2022 increased by RM69.46 million, resulting in an increase in gearing ratio from 0.12 in FYE2022 to 0.91 in FPE2023 mainly due to drawdown of financing facilities for active projects during this financial period.

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

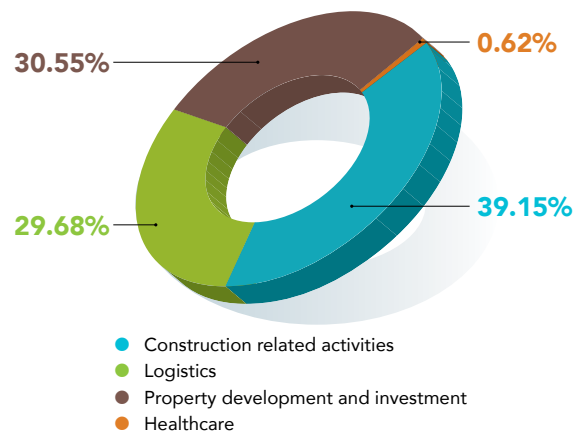
The Board of Directors have not recommended any dividend in respect of the current financial year.

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



• Construction Related Activities

The construction related activities recorded revenue of RM25.29 million, a decrease of 78.63% as compared to the preceding financial year due to slower progress work.

• Logistics

The logistics segment of the Group has recorded an increase in revenue by 7.46% from RM17.84 million in FYE2022 to RM19.17 million in FPE2023 due to the increase in market demand for logistic related services.

• Property Development and Investment

The second largest segment contributing to the Group's revenue, the property development and investment segment contributed RM19.74 million to the revenue, accounting for 30.55% of the Group's revenue. The revenue of the property development and investment segment is mainly generated by the investment segment.

• Healthcare

The healthcare segment consists of manufacturing and healthcare related activities. The segment recorded a revenue of RM0.401 million, a decrease of 57.61% as compared to the preceding year.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Construction Related Activities



The Group is principally engaged in the sustainable energy and utilities segment, which involves construction and specialised engineering activities. While a majority of our secured projects are related to hydro power and solar energy, there are significant opportunities within this sector, encompassing not only hydroelectric and solar energy projects but also initiatives in other areas of the Group. Reneuco Group has plans which include integrating the renewable energy segment across all of its business segments as part of its efforts to offer one-stop, wide-ranging solutions to cater increasing demands for environmental compliance while simultaneously solidifying its positioning in the sustainable space.

Malaysia Energy Transition Outlook by the International Renewable Energy Agency (“IRENA”) outlined that Malaysia has appropriately begun to tap its considerable renewable energy resource potential to provide affordable, domestic alternatives to fossil fuels by setting short-term goals to increase renewable energy to help meet expanding demand. Malaysia has also announced its target to reach net-zero emissions by 2050, as indicated in its National Energy Policy (“NEP”) 2022-2040, and is trying to refine a long-term low-emission development strategy.

The transition to a cleaner energy future is well underway, bolstered by Malaysia’s strong renewable energy industry value chain. The Government initiatives such as the NEP 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 8th 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, Suruhanjaya Tenaga Malaysia reported that Peninsular Malaysia’s most recent generation growth plan, spanning the period from 2021 to 2039, targets a 31% share of renewable energy capacity by 2025, an increase from the previous objective of 20% (excluding big hydropower plants). Renewable energy capacity is expected to account for 40% of total capacity by 2035. This will necessitate the installation of an additional 1,178 MW of new capacity in Peninsular Malaysia by 2025, the majority of which will be solar photovoltaic, followed by 2,414 MW between 2026 and 2035. The entire installed renewable energy capacity would be 8,531 MW by 2025 and 10,944 MW by 2035.

In supporting the Government’s initiatives, the Group has made significant moves by forging partnerships with Smart Sabah RE Sdn. Bhd., Menteri Besar Kedah Incorporated, Pengurusan Murni Sdn Bhd, (a wholly owned subsidiary of Perak Industrial Resources Sdn Bhd) and other technology partners which paved ways for the Group to further advance in the sustainable space. The Group expects to benefit from the future concession-based recurring income and thus, ensuring long-term sustainability in addition to its existing EPCC contracts. The Group firmly believes 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.

Given this landscape, the Group is well positioned to seize the numerous opportunities on the horizon within the renewable energy industry.

Asset Ownership

The Group is strategically positioned to harness its robust capabilities and expertise in the sustainable and green business sector. This strategic move involves diversification into asset ownership business model which will enable the Group to expand its income streams and ensure long-term business sustainability.

The asset ownership business model is in line with the Malaysian Government's commitment to promoting the expansion of Malaysia's eco-friendly economy, one of the initiatives includes the introduction of the Green Technology Tax Incentive in 2014. This initiative is designed to offer the industry a choice between two available incentives. Businesses looking to obtain eligible green technology assets or engaging in qualifying green technology projects for either commercial purposes or their own use can opt for the Green Investment Tax Allowance ("GITA"). Meanwhile, the Green Income Tax Exemption ("GITE") is accessible to service providers in the green technology sector that meet the qualifying criteria. Through Budget 2024, the Government proposes to extend the period to apply for GITA and GITE to the end of 31 December 2026. It also proposes to extend the tax allowance and exemptions from three years to five years.

The Government is dedicated to reaching its goal of attaining net-zero greenhouse gas emissions by 2050. Consequently, it is bolstering current funding initiatives and expanding tax incentives to promote the adoption of green technology within the nation.

The Group has made significant progress in expanding its asset ownership portfolio to approximately 120 MW through the development of a 50 MW solar power plant under the LSS4 solar project, development of small hydro power plants with a combined capacity of 40.4 MW in Gua Musang, Kelantan, and the acquisition of ASSB, which involves the addition of 29.1 MW small hydro plants in Kota Marudu, Sabah.

Moving forward, the Group remains committed to capitalising on its expertise to fortify its presence in the asset ownership-based investment landscape while simultaneously expanding its EPCC orderbook. Memorandum of Agreements with state agencies in Kedah and Sabah to explore opportunities in the renewable energy and sustainable economy sectors reflects our dedication to this strategic direction. With these developments, we are highly confident that this segment will continue to thrive, providing a solid foundation for the company's growth and success.

Logistics



Based on the World Bank's Logistics Performance Index 2023, Malaysia has moved up 15 spots to 26th following only Singapore among ASEAN peers. Malaysia possessed a comprehensive infrastructure for the logistics company to thrive, as well as solid connectivity via land, sea, and air. Malaysia has also been ranked number four among 50 attractive nations in the Agility Emerging Market Logistics Index 2023 in February 2023 after displaying strong performance

in the Business Fundamentals and Digital Readiness rankings. Malaysia, like several other top-ranking countries on the Agility Emerging Market Logistics Index 2023, has implemented an 'Industry 4.0' policy to guide its future supply chain strategy. This means utilising digital technology to increase output ('by 30% by 2030') while also improving what it refers to as its ecological integrity and people's quality of life.

The logistic arm of the Group, Reneuco Logistics remains active in the Malaysia logistics industry and is confident in its long-term growth. The Group believes that Chemtrax's extensive experience and track record in the logistics industry with a strong clientele base will continue to contribute positively to the Group's earnings. Moving forward, the Group intends to further expand the logistic segment via the acquisition of new businesses in other segments as well as shift its logistic fleet towards electric vehicles as an effort to further advance the Group's green and sustainable agenda.

MANAGEMENT DISCUSSION AND ANALYSIS

Properties

In the new Budget 2024 Madani, themed “Madani Economy: Empowering the People” (“Budget 2024”), which was presented by Prime Minister Datuk Seri Anwar Ibrahim on 13 October 2023, RM2.47 billion has been allocated for public housing projects (“PPRs”) in 2024, out of which RM546 million is allocated to sustain 36 PPRs, including a new project in Kluang, Johor. There are 15 more PPRs targeted for completion in the coming year, benefitting 5,100 residents. Moreover, RM385 million is allocated for the construction of 14 affordable housing projects (Program Rumah Mesra Rakyat), involving 3,500 housing units. The Government plans to facilitate Malaysians to secure home financing by offering up to 120% credit guarantee under the Syarikat Jaminan Kredit Perumahan (“SJKP”). The measures are expected to address the affordability of housing in Malaysia. These initiatives are crucial in enhancing the well-being of Malaysians and driving economic growth in the country. To encourage more international visitors and investors to Malaysia, the government decided to loosen the requirements for Malaysia My Second Home (“MM2H”) applications. The development of MM2H is anticipated to boost investment activity in Malaysia’s financial market and property sector.

The Government is supporting the property sector through various initiatives that will strengthen the growth of this sector. Part of these initiatives has been outlined in the 12th Malaysia Plan, 2021-2025 (“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 Group had recently formed a joint venture in the property development segment with Pejabat Setiausaha Kerajaan Negeri Terengganu acting on behalf of the State Government of Terengganu and Perbadanan Memajukan Iktisad Negeri Terengganu through the Kuala Nerus Project. As part of the Group’s commitment to promote sustainable development, the Group aims to integrate Reneuco’s energy products, specifically Solar PV panels on each building to generate long term income under the NEM programme for the Kuala Nerus Project.

Kuala Nerus is in one of the Kuala Terengganu Growth Triangle of the East Coast Economic Region Developments (“ECER”). Based on the ECER Master Plan 2.0, the Federal Government through the East Coast Economic Region Development Council (“ECERDC”) and the Terengganu State Government had indicated that the socio-economic growth in Terengganu will be driven by its existing key economic clusters, particularly manufacturing, tourism, agribusiness, and human capital development and attract a targeted RM26.00 billion in private investments by 2025. These private investments are projected to create 36,600 job opportunities and 15,550 new entrepreneurs among the locals.

Notwithstanding the above, the Group will remain cautious in growing its businesses in view of the current uncertainties in the overall global and local economies and it will take into consideration, amongst others, the financial requirements of the Group. With the right vision and strategies, the Group is confident that it can attain better earnings visibility, thus enhancing its long-term shareholders’ value.



Healthcare



Malaysia's capacity to provide exceptional quality, affordability, accessibility, communication, and hospitality has cleared the path for the country's healthcare travel industry to advance. These, combined with the seamless end-to-end services that prioritise patient safety and peace of mind, have seen the Malaysia Healthcare brand develop from strength to strength, positioning it as a top-of-mind destination for healthcare travellers from all over the world. This can be proved when the Communications or PR Campaign of the Year – Healthcare category was won by the Malaysia Healthcare Travel Council ("MHTC"), which also received a Bronze Stevie award. This recognition from the top business awards competition in the world demonstrated Malaysia's accomplishment in solidifying its position as a reliable and secure international travel destination for healthcare.

The Government plans to create the best Malaysia healthcare travel experience by 2025 based on three strategic pillars which are the Healthcare Travel Ecosystem, the Malaysia Healthcare Brand, and the Markets for Malaysia Healthcare. Further, the Group would remain focused on the initial marketing efforts of the Halal-certified products in Muslim-majority countries and look forward to strengthening its presence within the non-Muslim consumer market in the foreseeable future.

The Group remains optimistic of its participation in the healthcare segment through the Group's 70%-owned subsidiary, Granulab. Granulab, a Bio-Nexus company, is the manufacturer of the Halal synthetic bone graft product, GranuMas, and Prosteomax, a Halal-certified synthetic bone cement. Granulab's manufacturing facility is ISO 13485:2016 certified by BSI in the Netherlands. The facility is well-equipped and capable of generating multiple types, forms, shapes, and sizes of synthetic bone grafts to meet the needs of businesses, hospitals, and patients.

By utilising Granulab's various patents, licenses, and certifications which complies with the international healthcare standards and backed by its technological capabilities, the Group is in line with the Government's initiatives outlined under the Malaysia Healthcare Travel Industry Blueprint 2021-2025 by MHTC.

SUSTAINABILITY STATEMENT

OUR APPROACH TO SUSTAINABILITY

We continuously strive to enhance our sustainability approach and commitments in delivering the best service, as we believe that a balanced approach to economic, environmental and social aspects will result in long-term benefits for our employees and stakeholders at large.

This Sustainability Statement offers a brief overview of our sustainability approach and performance attained in the past year. For a more comprehensive understanding of Reneuco’s sustainability efforts, we encourage you to explore our dedicated Sustainability Report for 2023 (“SR2023”). Our standalone SR2023 offers a deeper dive into our sustainability initiatives and accomplishments.

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 serves the purpose of reporting on the summary of events for financial period ended 30 September 2023, which is from 1 July 2022 to 30 September 2023. Where relevant, it also includes some events that occurred in October 2023 up to November 2023.

FRAMEWORKS APPLIED

Our sustainability report is prepared by applying a reporting standard or framework pursuant to the relevant Malaysian regulations and requirements. The Group meets all Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements (“MMLR”) and the Malaysian Code of Corporate Governance (“MCCG”) as set out by the Securities Commissions Malaysia, along with all laws and regulations that apply. This report is prepared with close reference to:

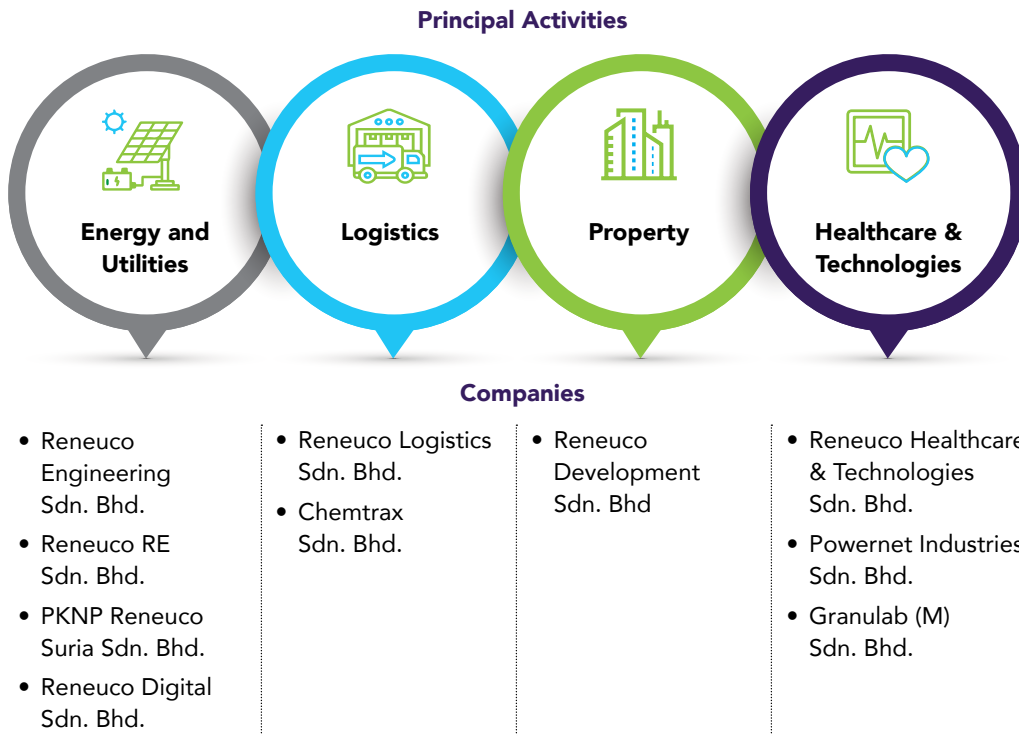


- Bursa Malaysia Sustainability Reporting Guide (3rd Edition)
- Global Reporting Initiative (“GRI”) Standards 2021
- FTSE4Good ESG Indicators
- Task Force on Climate-related Financial Disclosures (“TCFD”)



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:



There were no significant changes in the company’s supply chain during the reporting year.

APPROVAL

This Sustainability Report 2023 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.

EXTERNAL ASSURANCE

Currently, no external assurance for the whole or any part of this Sustainability Report is required by Malaysian regulations. 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 acknowledges 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.

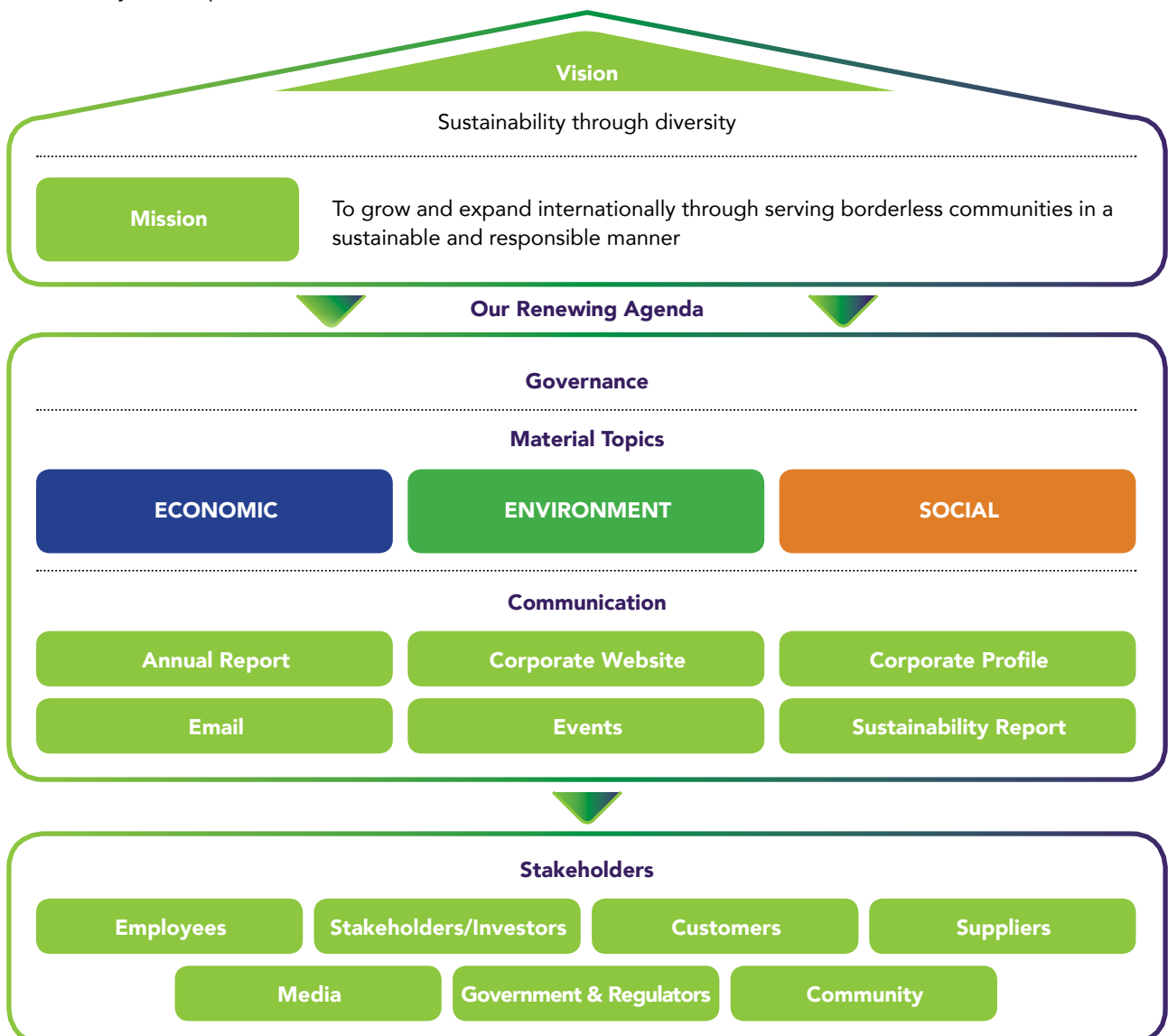
FEEDBACK

We encourage and value feedback from our stakeholders on the content of this report. If you have any comments, thoughts and suggestions to share in this regard, please direct them to esg@reneuco.com

SUSTAINABILITY STATEMENT

SUSTAINABILITY FRAMEWORK

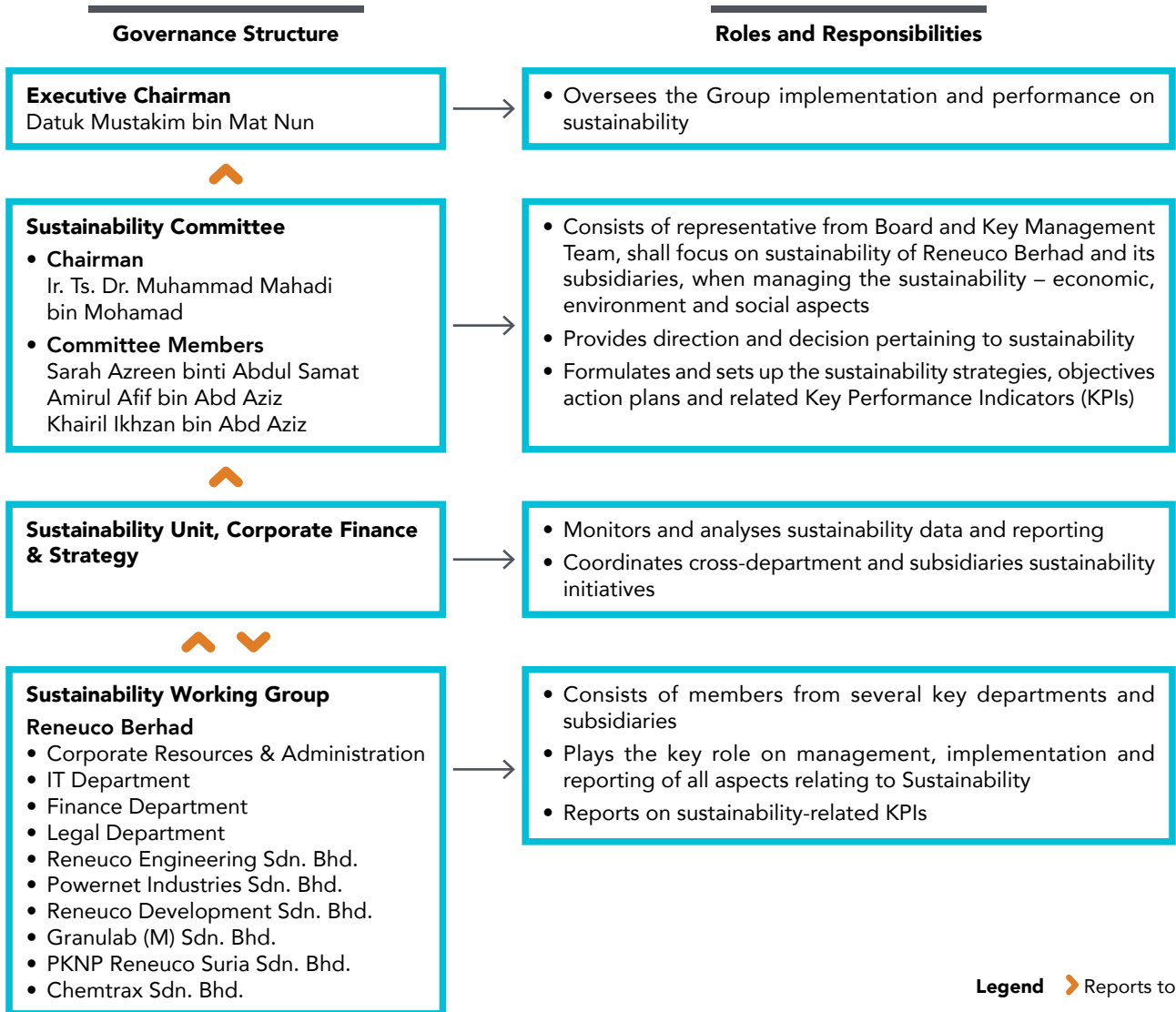
To keep our sustainability journey on the right track, our Group is driven by a sustainability framework which indicates the Group’s vision and mission. As we embarked into our ‘Reneuco Renewing Agenda’ last year, our strategy, initiatives and measurement methods are still delineated in our Group Sustainability Policy, which outlines our commitment to promoting sustainable practices within the Group. The framework also addresses relevant Economic, Environmental and Social (“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 GOVERNANCE

Sustainability at Reneuco is overseen by the Sustainability Committee (“SC”), comprising representatives from the Board of Directors and senior management level. This committee plays a pivotal role in driving the group’s sustainability efforts so that sustainability remains a core element of the group’s operations and long-term success.

GOVERNANCE STRUCTURE



SUSTAINABILITY STATEMENT

MATERIALITY MATTERS

The information presented in this statement addresses matters that are most materially relevant to our business and stakeholders. Reneuco realised the importance of identifying materiality matters from the environment, social and governance aspects to determine which sustainability issues are the most relevant to our business and stakeholders and to measure our progress in the sustainability performance.

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:

STEP 1: IDENTIFICATION

The 14 material sustainability matters identified in 2022 were reviewed with reference to various reporting standards and ESG indices, which includes Bursa Malaysia’s Sustainability Reporting Guide 3rd Edition, GRI Standards and FTSE4Good Bursa Malaysia ESG indicators.

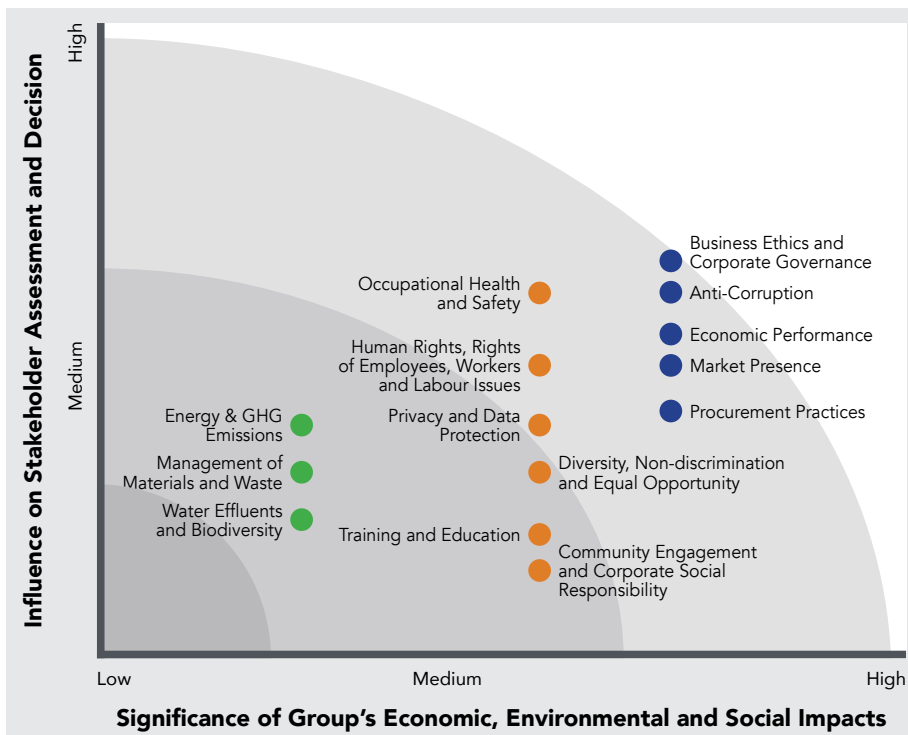
STEP 2: PRIORITISATION

Prioritisation of material sustainability matters took into account the significance of matters to Reneuco and importance to its stakeholders. The prioritisation of these matters was carried out using the stakeholder inclusiveness and materiality principles - which was gathered through the Stakeholder Identification and Engagement Worksheets. This analysis resulted in the construction of a materiality matrix. These matters were then subjected to a weighted ranking scoring exercise to evaluate their individual priorities and placement within our materiality matrix.

STEP 3: VALIDATION

The reviewed materiality matrix was deliberated by the Sustainability Committee and presented to and approved by the Board.

Materiality Matrix



Material Matters

- Business Ethics and Corporate Governance
- Anti-Corruption
- Occupational, Health and Safety
- Economic Performance
- Market Presence
- Procurement Practices
- Human Rights, Rights of the Employees, Labour Issues
- 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

- Economic
- Environment
- Social

The environmental topics are not ranked as “highly material” in the current evaluation as environmental issues, were insufficiently prioritised in previous stakeholder engagements. However, “Energy and GHG Emissions” and “Management of Water and Waste” will be considered as secondarily material to the Group and will be reported on for the purposes of ESG performance as indicated by FTSE Russell.

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”)

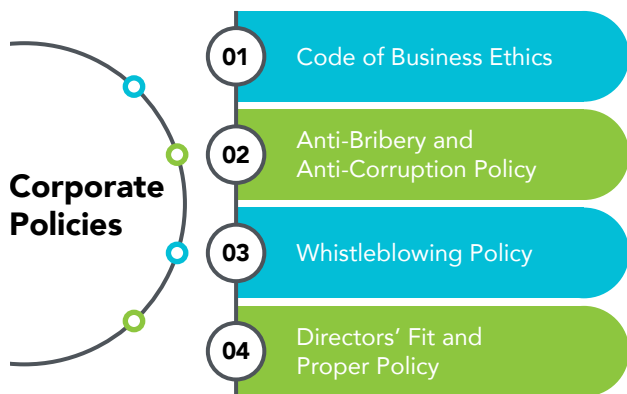
Sustainability Pillars	Material Matters	Our Strategies/Initiatives	UNSDGs
Economic 	Business Ethics and Corporate Governance	<ul style="list-style-type: none"> • Policy on Code of Business Ethics • Anti-bribery and anti-corruption policy • Whistleblowing Policy • Human Rights Policy • Supply Chain Management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

SUSTAINABILITY STATEMENT



ECONOMIC

Reneuco seeks to maintain our business ethics and remain guided by its corporate governance by maintaining the policy that has been established. A list of our policies is available online on our website www.reneuco.com. Our corporate policies that we strive to maintain and comply to are as follows:



In line with the Paris Agreement on climate change and supporting Sustainable Development Goals (“SDGs”), the Malaysian Government has put in place several initiatives in the growth of solar renewable energy in Malaysia.

Reneuco, via its wholly-owned subsidiary, Reneuco Engineering Sdn. Bhd., along with the Pahang state government entity, Perbadanan Kemajuan Negeri Pahang (“PKNP”), have been working on Malaysia’s Large Scale Solar Project (LSS@MEnTARI) with a cumulative capacity of

50MW(ac) in Pekan. This solar plant is expected to produce 96.4 million kWh of electricity a year, and will benefit the Group itself until the completion of its project.

In December 2022, our Reneuco Development Sdn. Bhd., one of our wholly-owned subsidiaries, managed to ink a joint venture agreement with the Terengganu Government for the development of a mixed housing project in Kuala Nerus, with the gross development worth RM315.84 million and is expected to be completed in 60 months, or any extended period authorised in writing by Perbadanan Memajukan Iktisad Negeri Terengganu effective from the date of the joint venture agreement.

Moreover, with the aim of venturing into the green energy business, our Reneuco RE has started a collaboration with companies in Perak to supply and install smart solar LED lighting for the Smart Solar Project. This project is in line with the Malaysia Renewable Energy Roadmap (MyRER) to reach 31% of RE share in the national installed capacity mix by 2025.

In ensuring that we support our domestic economy, we have engaged with 607 suppliers in financial period ended 30 September 2023, with about 97% of them being local suppliers. We also made sure that our procurement practices are complied with the Procurement Policy and Procedure. The suppliers and vendors are evaluated by vendor performance assessment, in which the vendors that fulfil requirements shall be maintained and renewed accordingly on the Vendor Approved List.





ENVIRONMENTAL

As we strive to hold our vision ‘Sustainability through Biodiversity’, Reneuco is committed to making sure that our business is integrated with sustainable environmental aspects. We believe that climate change might affect the economy due to the supply chain disruptions and resource scarcity.

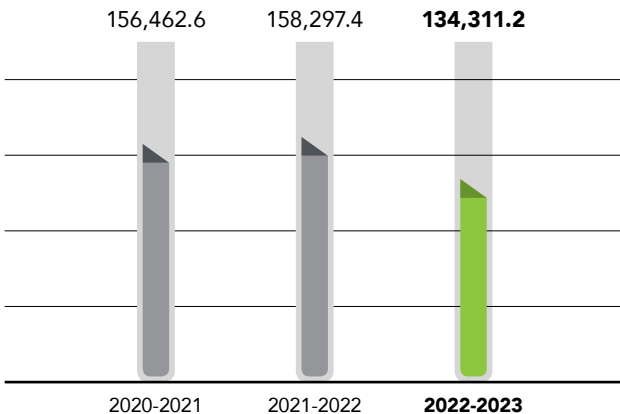
We acknowledge the importance of minimising the impacts on the environment, thus, we comply with the guidelines and regulations guided by the ISO 14001:2015 Environmental Management System (EMS), as has been certified to one of our subsidiary companies, Reneuco Engineering Sdn. Bhd. Internally, we embark on the “Reneuco Go Green” campaign, a 3R (Reduce, Reuse, Recycle) practice as part of our efforts to reduce consumption at sources. Through these campaigns, there are some key initiatives that we highlighted to the employees, which include the reduction of colour printing for internal documentations, and going forward, we shall monitor and record the outcome of these practices through the paper-based batch record.

All waste was disposed of in accordance with proper procedure, and this year, the total waste generated decreased to 134,311.2 kg.

Total Waste Generated

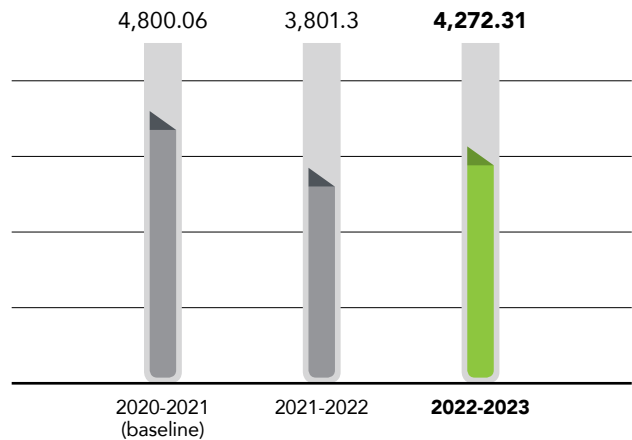
All waste was disposed in accordance with proper procedure.

Total waste generated (kg)

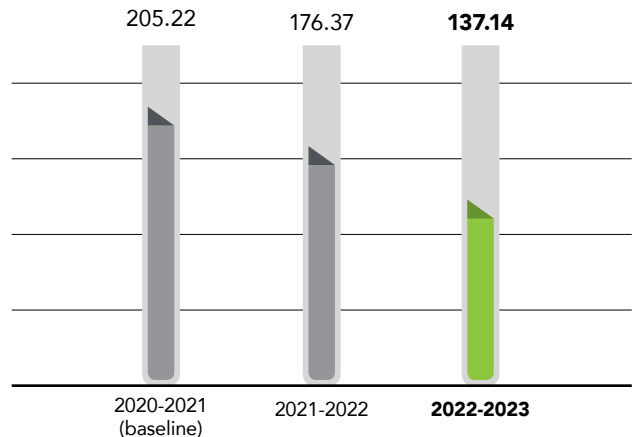


In our efforts to reduce energy consumption, we consistently adhere to the Environmental Policy, which reflects the commitment of the Group to maintain a holistic approach towards contributing to climate action, climate change adaptation and sustainable development in accordance with goals set out in international commitments such as the Paris Agreement and United Nations Sustainable Development Goals (UNSDGs). In addition to that, the Group has always upheld standard operating procedures (SOPs) on resource and energy consumption at the head and site offices. We have set 2020 as the baseline year for tracking our progress against targets for GHG emissions.

Scope 1 emissions (Diesel consumption) (tCO_{2e})

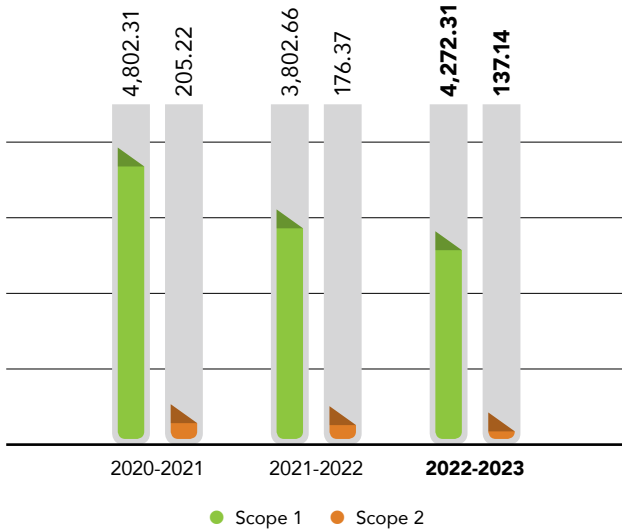


Scope 2 emissions (Electricity consumption) (tCO_{2e})



SUSTAINABILITY STATEMENT

Scope 1 and 2 GHG emissions (tCO₂e)

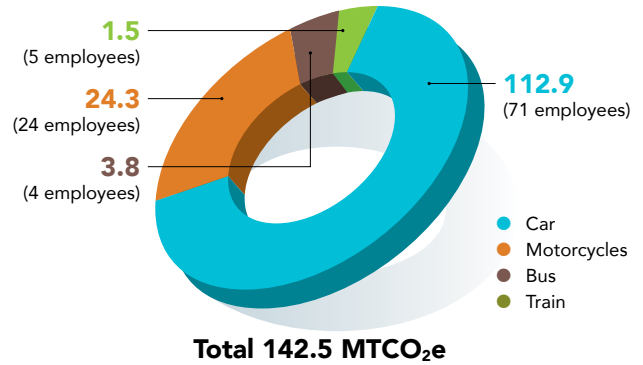


The total emission emitted by the Group amounted to 4,409.45 tCO₂e, which is higher compared to last year. Our Scope 1 emission mostly cover the mobile emissions, whilst Scope 2 covers the emissions indirectly associated with purchased electricity. Moving forward, Reneuco will monitor its Scope 1 and Scope 2 emissions and improve its data collection from its operations.

This year, we embarked on the Scope 3 calculation as part of our steps in understanding and reducing the company's overall carbon footprint, in which we gathered carbon emissions data for employees' commutes to work. Our Scope 3 emissions are recorded from financial period ended 30 September 2023 onwards and have amounted to 142.5 MTCO₂e in total. Going forward, we strive to expand our Scope 3 calculations and implement strategies to reduce our Scope 3 emissions, where possible.

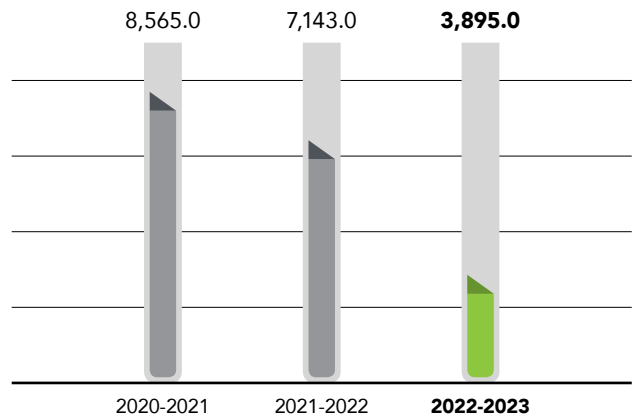


Scope 3 emissions (tCO₂e)



We also maintained our climate-related risk report based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Whilst this report represents the second iteration of our TCFD disclosures, we want to emphasise our ongoing commitment to transparency and continuous improvement. As we acknowledge that no major changes have been made in our approach, we remain vigilant in monitoring and responding to evolving climate-related risks and opportunities.

Total water consumption (m³)



The data for water consumption are obtained from the water utility bills. However, we must acknowledge that some of the data for the reporting period are not available on record. Thus, we take this data gap seriously and are committed to improving our data collection processes for a clear picture of our water consumption and setting targets for its reduction.



SOCIAL

At Reneuco, we are committed to adhering to all relevant laws relating to employment practices. We strive to uphold the welfare of our employees through a comprehensive Human Rights Policy that addresses the employees' rights and well-being. As of the reporting period, there were zero reported incidents of discrimination amongst employees.

We maintained our Human Rights Policy which addresses the following key elements:

Equality, Diversity and Inclusion

- Committed to principles of equal opportunity and equal pay
- Zero tolerance towards discrimination

Freedom of Association and Collective Bargaining

- Respects the employee's right to join, form or not to join a labour union
- Respects and supports the right to collective bargaining

Workplace Security

- Free from violence, harassment, bullying, intimidation, and other unsafe or disruptive condition

Forced Labour and Human Trafficking

- Prohibition of forms of forced labour, modern forms of slavery or any form of human trafficking

Child Labour

- Prohibits the hiring of individual that is under eighteen (18) years of age for any position

Minimum Wages

- Complying to the latest minimum wage requirements



We value our employees by encouraging employee engagement in the organisation through many activities, such as celebrations and religious activities, as well as promoting health and well-being. Moving forward, we plan to expand the employee engagement activities and measure our engagement to meet the employees' needs and expectations.

In ensuring that the Group is free from discrimination and bias, we have a clear Human Rights Policy and take it seriously against employees who engage in such behaviour. As of last year, we managed to organise a sexual harassment training as part of our initiatives to spread awareness in reducing bias and discrimination at workplace. Besides, our Whistleblowing Policy and Procedures encourage our employees to disclose any improper conduct without fear of retribution or detrimental action. Our Human Rights Policy also prohibits child labour or any hiring of individuals that is under eighteen (18) years of age for any position in the Company.

Within the workplace, we are guided by the Employee Handbook and Code of Business Ethics, which is referred to by all operations across its businesses. As of the reporting year, we have a total of 327 full time employees, with more than one quarter of the Group's employees being female. 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.

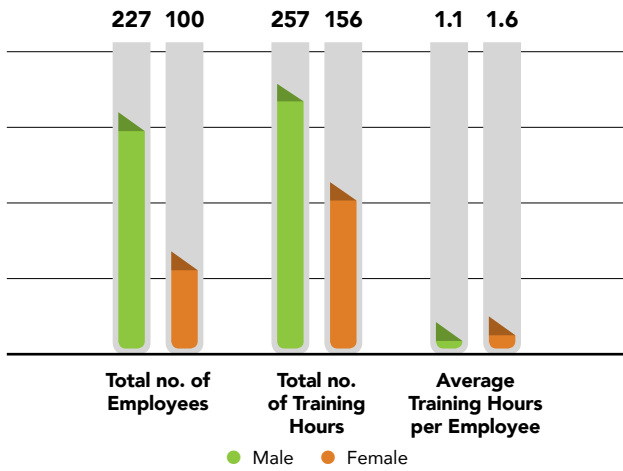
We will continue to focus on creating employment opportunities in our local communities so that our business segments create positive economic and social impacts.

Our Company reported zero incidents of discrimination amongst employees and violations of human rights.

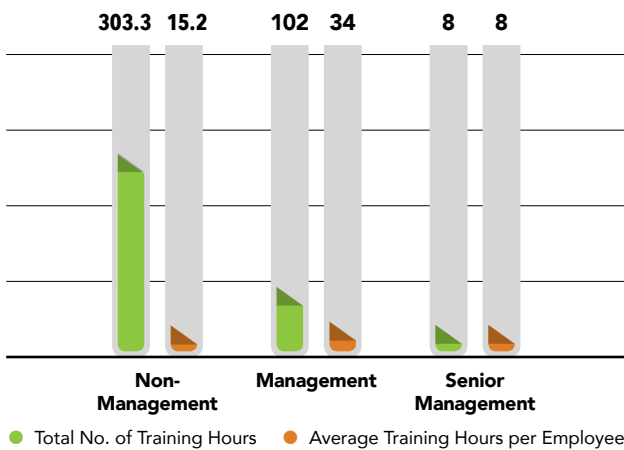
We also provided a total of 413.3 hours of training to the employees to enhance their skills and knowledge, which is equivalent to an average of 1.35 hours of training per employee. Our training programmes are provided to employees using internal and external subject matter experts.

SUSTAINABILITY STATEMENT

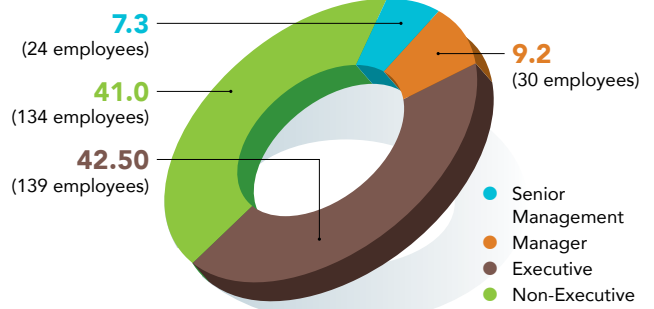
Training hours by gender



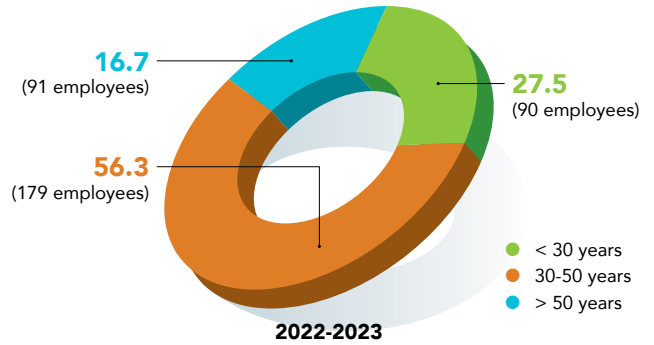
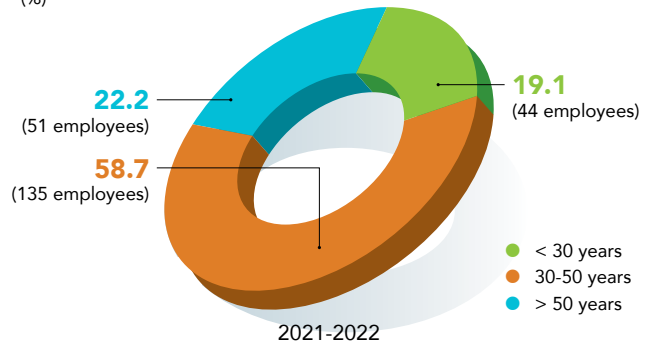
Training hours by employee category



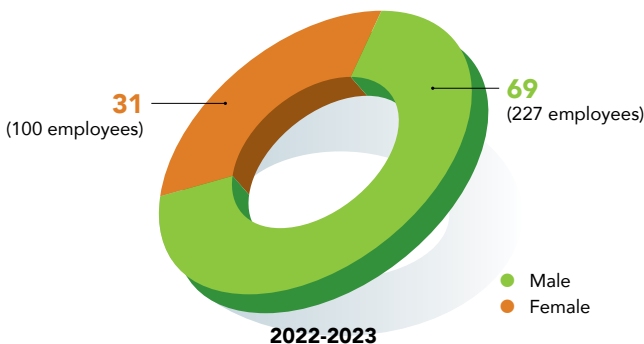
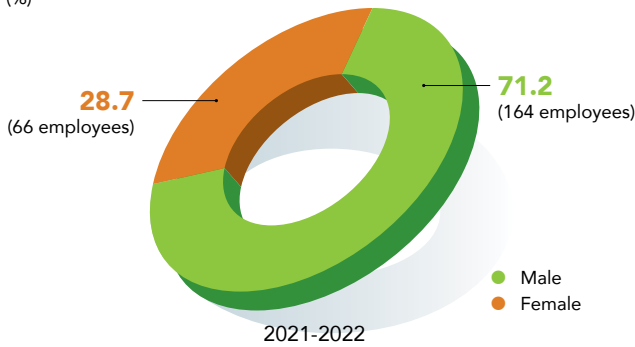
Employee distribution by employee category (%)



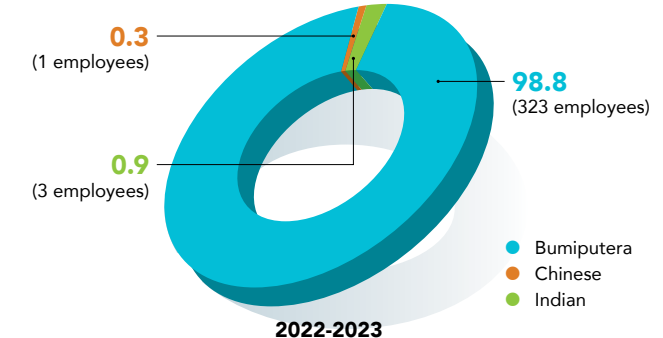
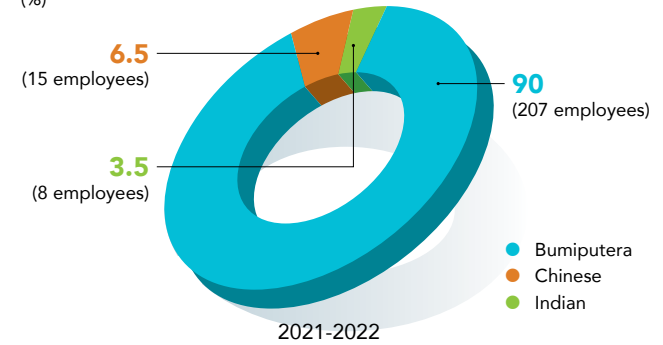
Employee distribution by age (%)



Employee distribution by gender (%)



Employee distribution by ethnicity (%)



Reneuco puts forth in prioritising the health and safety of employees, as it is not only ethical, but also a critical aspect of running a responsible business operation. True to this, our wholly-owned subsidiary, Reneuco Engineering Sdn. Bhd. consistently maintains its ISO 45001:2018 Occupational Health and Safety Management Systems (OHSMS) as a guide to better manage its procedures and is expected to reduce the likelihood of workplace injuries and illnesses. To enhance the knowledge and individual skills of our staff, the Group, through its subsidiaries, established relevant Health, Safety and Environment (HSE) management programmes for each site. We are delighted to announce that the subsidiary has been awarded with the Malaysia Occupational Safety and Health 41st Award in 2023. This recognition stands as a testament to our unwavering commitment to safety and health in the workplace and it highlights our continuous efforts in achieving the highest standards of employee well-being. In addition, we are proud to mention that there are zero fatalities recorded within the reporting period.



Safety training and programmes to all employees conducted throughout the year:



We recognise the paramount importance of safeguarding our company’s privacy and data protection. In this reporting year, Reneuco has established internal policies and procedures as an initiative towards protecting sensitive information and maintaining the trust of our stakeholders whilst upholding our responsibility to protect their data.



The Group has reported zero non-compliance cases related to breaches of customer privacy in 2022. Moving forward, we aim to elevate our internal network infrastructure and improvise the security protocols.

The Group recognises the importance of corporate social responsibility and ethical practices in conducting our business operation. We believe that it is our part in giving back to the community, thus, we support and serve the local community surrounding our operations as well as the community at large. As of November 2023, we invested approximately RM1.2 million in our corporate social responsibility efforts. Moving forward, we are dedicated to contributing to the community by actively engaging in a range of CSR initiatives to align with the UNSDGs.

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.reneuco.com.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

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 Company and its subsidiaries (“the Group”), in 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 the Executive Chairman. The Chairman is capable of leading the Board based on his leadership skill, education level and extensive working experience. The Chairman plays pivotal role 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.

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 of all all directors including receiving 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 to oversee the strategic direction of the Company.

PRACTICE 1.4 – SEPARATION OF THE CHAIRMAN FROM THE BOARD COMMITTEES

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

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 discussions on the 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.

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 twelve (12) Board meetings held during the financial period ended 30 September 2023.

Board meeting is a platform for the Directors to exchange views, as well as bringing their experience and independent judgement in reviewing and/or resolving 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 in ensuring the accuracy and completeness of the information thereon before presentation to the Board.

Management representatives are also present to provide additional insight on matters to be discussed during 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 were enclosed.

All the Directors have the right to access the relevant documents and financial records of the Company and may obtain an independent professional advice at the Company’s expense which 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 which include sessions on recent key developments in governance and other corporate matters affecting the Company’s business, were held regularly.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The number of meetings attended by each Director during the financial period ended 30 September 2023 are set out as follows:

Name of Directors	Number of Meetings Attended
Datuk Mustakim bin Mat Nun (Executive Chairman)	11/12
Sarah Azreen binti Abdul Samat (Redesignated to Executive Director on 18 December 2023)	12/12
Michael Tan (Tan Yee Hou)	12/12
Ahmad Riza bin Mohd Saian	12/12
Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad	12/12
Dato' Dr. Md Khir Bin Abdul Rahman (Appointed on 18 September 2023)	-
Y.M. Tunku Datuk Nooruddin Bin Tunku Dato' Seri Shahabuddin (Appointed on 18 September 2023)	-
Dato' Arivalangan A/L Arujunan (Retired on 7 December 2022)	6/6
Kok Pauline (Retired on 7 December 2022)	5/6

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 that they will act and perform their responsibilities in the best interest of the Company and the stakeholders. 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 the 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 meeting procedures. The Board Charter is reviewed and revised periodically to meet changing business, operational and regulatory requirements. The Board Charter is available on Reneuco's website at www.reneuco.com.

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 Board of Directors in performing 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.

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, which are available on Reneuco's website at www.reneuco.com:

- Code of Conduct and Ethics;
- Whistleblowing Policy; and
- 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 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 committed or about to be committed with/by 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 by way of 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 2023, which is available on our corporate website at 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 at www.reneuco.com, appended in the Terms of Reference of the Sustainability Committee.

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 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 2023.

PRACTICE 4.3 – SUSTAINABILITY TRAINING

The Board takes sustainability into account when practising its duties and responsibilities to ensure our activities have minimal impact on the environment. The Sustainability Committee is kept up to date with the progress of activities related to sustainability, whereas the Board will look into keeping up with relevant measures and provide views and opinions on the Group's sustainability to ensure relevant issues are addressed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company is committed in ensuring that all levels of management and employees are aware of our Sustainability efforts by the establishment of Sustainability Handbook, which serves as a knowledge reference to enhance their understanding and awareness on the matter. Moving forward, the Company shall upskill the Board and senior management on sustainability issues including climate-related topics, through internal workshops and training.

To ensure that the material matters remain relevant to the stakeholders, materiality assessment is reviewed annually. The details of the materiality assessment 2023 are made available in the Sustainability Report 2023 and Annual Report 2023.

PRACTICE 4.4 – SUSTAINABILITY PERFORMANCE EVALUATION

The Sustainability Committee was established on 30 June 2022. The Board and the Sustainability Committee have reviewed the sustainability-related policies within the Group but a formal evaluation process regarding sustainability risks and opportunities has yet to be embedded in the annual performance evaluation of the Board and Senior Management. Moving forward, the Board will explore ways to review and formulate strategies to address sustainability risks and opportunities into the senior management's performance evaluation.

Where applicable, progress on sustainability performance in the form of data basis will be reported in the Sustainability Report 2023. This report, including sustainability matters, are reviewed by the Sustainability Committee before submitting to the Board for their deliberation and approval.

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 period ended 30 September 2023 up to the date of this report, the Board has seven (7) Directors comprising one (1) Executive Chairman, one (1) Executive Director and five (5) experienced Independent Non-Executive Directors. The composition of the Independent Directors represent more than 50% of the total Board members of the Company which is in line with Practice 5.2 of MCGG.

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 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 discuss and deliberate all matters thoroughly before making any decisions.

The Independent Non-Executive Directors have a crucial role in ensuring that the Board is an effective Board by providing a balance and independent view as well as to promote good corporate governance throughout the Company and its Group. Independent Non-Executive Directors are highly professional with calibre integrity and possess requisite business acumen, credibility, skills and experience to bring independent judgement on issues raised concerning 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 discharging his or her responsibilities in the interest of the Company.

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 experiences and knowledges 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' approval have to be sought annually.

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 on the candidate including 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 Directors are communicated to the Board for their participation. The Board members would identify their own individual training needs and enrol themselves for the appropriate training programmes as and when required. Directors may also request to attend additional training programs 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.

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 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 AGM. The details of the Directors including their interest, position, experience and relationship are set out in the Directors' profile in the Annual Report 2023.

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 2023 and are also made available on the Company's website at 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial period, 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.

On 18 December 2023, the composition of the Nomination Committee has been led by solely independent non-executive directors following the redesignation of the former Chairperson to become an Executive Director and hence complied with the MCCG Practice. The current composition of the Nomination Committee is disclosed under the Corporate Information of this Annual Report.

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 has one (1) female Director out of seven (7) Directors representing 14% of the Board composition during the financial period.

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. The Board and Senior Management Diversity Policy of the Company is available for reference at www.reneuco.com.

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.

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

Name of Directors	Date	Seminar/Training Course Title
Datuk Mustakim bin Mat Nun	15 June 2023	CKM Advisory Sdn Bhd: Managing Recurrent Related Party Transactions
Sarah Azreen binti Abdul Samat	18 July 2022	Moffett Consultancy Sdn Bhd: Post Covid-19 Investment Strategy - Profit Any Market Direction
	20 July 2022	CHK Consultancy Sdn Bhd: Creativity and Innovation: The Key to Successful Corporate Transformation in Covid-19 Era
	1 August 2022	CHK Consultancy Sdn Bhd: 12 Malaysia Plan - Challenges and Opportunities
	5 August 2022	CHK Consultancy Sdn Bhd: Rethinking Business Strategies in Driving the ESG and Sustainability Agenda
Michael Tan (Tan Yee Hou)	15 June 2023	CKM Advisory Sdn Bhd: Managing Recurrent Related Party Transactions
Ahmad Riza bin Mohd Saian	13 - 14 June 2023	MIA: MIA International Accountants Conference 2023
	16 June 2023	Equity Funding: CFO's Perspective of Crowdfunding and Venture Capital
Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad	15 June 2023	CKM Advisory Sdn Bhd: Managing Recurrent Related Party Transactions
Dato' Dr. Md Khir Bin Abdul Rahman	22 - 23 November 2023	ICDM: Mandatory Accreditation Programme (MAP)
Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Seri Shahabuddin	22 - 23 November 2023	ICDM: Mandatory Accreditation Programme (MAP)

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 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.

The responsibilities of the Remuneration Committee are as follows:

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

As at 30 September 2023, the Remuneration Committee comprises two (2) Independent Non-Executive Directors and chaired by the Non-Independent Non-Executive Deputy Chairman. A total of one (1) meeting was held during the aforesaid financial period. The attendance record of each member during the financial period is as follows:

Name of Directors	Number of Meetings Attended
Sarah Azreen binti Abdul Samat (Chairperson)	1/1
Ahmad Riza bin Mohd Saian	1/1
Michael Tan (Tan Yee Hou) (Appointed as a Member on 29 March 2023)	-
Kok Pauline (Retired on 7 December 2022)	1/1

On 18 December 2023, there was a change in the composition of the Remuneration Committee following the redesignation of the Chairperson to be an Executive Director of the Company, in which the new composition is disclosed in the Corporate Information of this Annual Report.

PRACTICE 8.1 – REMUNERATION OF DIRECTORS

Details of the Directors' remuneration of each Director during the financial period ended 30 September 2023 are as follows:

Name of Directors	Company (RM'000)							Group (RM'000)						
	Directors' Fees	Allowance	Salary	Bonus	Benefits in Kind	Other emoluments	Total	Directors' Fees	Allowance	Salary	Bonus	Benefits in Kind	Other emoluments	Total
Datuk Mustakim bin Mat Nun	185.40	11.10	-	-	5.13	-	201.63	262.65	11.10	-	-	5.13	-	278.88
Sarah Azreen binti Abdul Samat	139.05	9.22	-	-	5.13	-	153.4	216.30	9.22	-	-	5.13	-	230.65
Michael Tan (Tan Yee Hou)	92.70	6.15	-	-	3.78	-	102.63	92.70	6.15	-	-	3.78	-	102.63
Ahmad Riza bin Mohd Saian	92.70	6.75	-	-	4.83	-	104.28	169.95	6.75	-	-	4.83	-	181.53
Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad	92.70	6.75	-	-	4.08	-	103.53	92.70	6.75	-	-	4.08	-	103.53
Dato' Arivalagan A/L Arujunan (Resigned on 7 December 2022)	31.34	3.00	-	-	2.21	-	36.55	61.14	3.00	-	-	2.21	-	66.35
Kok Pauline (Resigned on 7 December 2022)	31.34	3.60	-	-	1.25	-	36.19	61.14	3.60	-	-	1.25	-	65.99

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRACTICE 8.2 AND STEP UP 8.3 – REMUNERATION OF SENIOR MANAGEMENT

The remuneration of the Senior Management during the financial period ended 30 September 2023 is set out as follows:

Remuneration Range	No of senior management
Below RM150,000	0
RM150,00 to RM200,000	4
RM200,001 to RM250,000	0
RM250,001 to RM300,000	2
RM300,001 to RM350,000	0
RM350,001 to RM400,000	0
RM400,001 to RM450,000	2

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.

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 one (1) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Deputy Chairman as the members of the Committee.

On 18 December 2023, the composition of the Audit Committee was led by solely Independent Non-Executive Directors of the Company following the redesignation of the Non-Independent Non-Executive Deputy Chairman to Executive Director, in which the current composition of the Audit Committee is disclosed in the Corporate Information of this Annual Report.

The Audit Committee 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.

The Audit Committee members are aware of the need to continuously develop and increase their knowledge in areas of accounting and auditing standards, given the changes and development in this area from time to time. During the financial period ended 2023, 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 period.

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 arising 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 Terms of Reference 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/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.

In the course of their audit the External Auditors highlighted to the Audit Committee matters pertaining to the financial reporting. There are 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.

The External Auditors has expressed their intention not to seek for reappointment as Auditors of the Company and they shall retire at the conclusion of the 26th AGM of the Company. The Company shall be seeking a suitable candidate to be appointed as new Auditors in place thereof in which will be announced in due course. The terms of office of the new Auditors to be appointed will be until the conclusion of the next AGM of the Company.

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 Director and one (1) Non-Independent Non-Executive Deputy Chairman as the members of the Committee.

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" or the "Internal Auditors") 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 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:

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- 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 under the Investor Relations section, which contains Bursa announcements, annual reports, quarterly report announcements and other corporate information of Reneuco; and
- 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 26th AGM to the shareholders at least 28 days before the AGM as per the MCGG 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 25th AGM as well as EGMs were conducted entirely through live streaming on 7 December 2022, 24 August 2022, 27 April 2023 and 13 July 2023 respectively.

The Chairman of the Meeting 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 General Meetings.

Shareholders attended, posted their questions to the Board via real time submission of typed texts, and voted remotely for the General Meetings via the Remote Participation and Voting facilities provided by the Poll Administrator. 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 25th AGM and EGMs. 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 25th AGM and EGMs of the Company were made available on the Company's website at <https://reneuco.com/general-meeting> within 30 business days from the 25th AGM on 7 December 2022, and EGMs on 24 August 2022, 27 April 2023 and 13 July 2023 respectively.

This Corporate Governance Overview Statement has been approved by the Board of Directors on 7 February 2024

AUDIT COMMITTEE REPORT

A. COMPOSITION AND ATTENDANCE

The Audit Committee which comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Deputy Chairman 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 seven (7) meetings held during the financial period ended 30 September 2023. The Audit Committee members and details of attendance of each member at the Audit Committee meetings held during the financial period ended 30 September 2023 are as follows: -

Name of Directors	Number of Meetings Attended
Ahmad Riza bin Mohd Saian (Chairman)	7/7
Sarah Azreen binti Abdul Samat	7/7
Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad	7/7
Kok Pauline (Retired on 7 December 2022)	4/4

On 18 December 2023, there was a change in the composition of the Audit Committee following the resignation of the Sarah Azreen binti Abdul Samat from Non-Independent Non-Executive Deputy Chairman to an Executive Director of the Company, in which the new composition of the Audit Committee is disclosed in the Corporate Information of this Annual Report.

During the financial period, 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 period ended 30 September 2023.

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.

B. ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee's activities during the financial period 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 period 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.

AUDIT COMMITTEE REPORT

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.
- 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 period ended 30 September 2023, the total cost incurred (audit and non-audit fees) on the external audit function amounted to approximately RM414,000.

D. INTERNAL AUDIT FUNCTION

The Company's internal audit function is outsourced to an independent professional firm, namely, Tricor Axcelasia Sdn. Bhd. ("Axcelasia" or the "Internal Auditors") 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 4 to 5 staff 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 period 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 period:

- An annual internal audit plan;
- Two (2) internal audit reports for two (2) cycles conducted during the financial period; and
- Two (2) internal audit follow-up reports for each cycle.

The outsourced internal audit consultants carry out audit assignments in accordance with the approved internal audit plan. The final internal audit reports for both cycles containing audit findings and recommendations together with management's responses thereto were 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 period ended 30 September 2023, the total cost incurred on the internal audit function amounted to RM42,500.00.

This Audit Committee Report has been approved by the Board of Directors on 7 February 2024.

E. ESTABLISHMENT OF STEERING COMMITTEE COMPRISING OF INDEPENDENT DIRECTORS

A steering committee was formed on 30 October 2023 led by Audit Committee Chairman namely Encik Ahmad Riza bin Mohd Saian ("AC Chairman") to monitor and resolve audit issues raised by Messrs Al-Jafree Salihin Kuzaimi PLT ("ASK").

The members comprise of AC Chairman, Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad ("Datuk Mahadi") and Encik Khairil Ikhzan bin Abd Aziz ("Acting Group CFO").

The functions of the Steering Committee are to provide independent oversight on the audit issues as highlighted by ASK as well as to facilitate transparency on the audit issues and other financial related matters.

In this respect, the Steering Committee has been taking charge of the finalisation of the audited financial statements ("AFS") of the Group including the selection process of independent consultants to facilitate the Board and audit process.

F. APPOINTMENT OF SPECIAL INDEPENDENT REVIEW CONSULTANT AND THE INDEPENDENT TECHNICAL REVIEW CONSULTANT

On 28 November 2023, The Board has resolved for the appointment of Independent Consultants to conduct an independent review of the financial issues highlighted by the external auditors raised by ASK based on the scope of works as follows:-

- (a) To review and access the veracity of transactions entered into by Reneuco Group with the respective companies
- (b) To ascertain the veracity of the transactions entered into by Reneuco Group with the five (5) companies as highlighted by ASK.

- (c) To ascertain the veracity of the transactions entered by the Group with the companies for offsetting arrangements for amount due to previous director/ shareholder against certain receivables of the Group

- (d) The proposed accounting treatments/ double entries for the rectification of the findings to be made in Reneuco Group's financial statements in respect of all scope of works

- (e) Technical audit by a qualified specialist/professional for the following projects: -

- Proposed Development of Kangsar Integrated HEP, Perak, Malaysia consisting of Mini Hydro Plant in Sg. Singor (27.3MW), Sg. Talang (11.53MW), Sg. Sengoh (7.24MW), Sg. Temenggor (7.4MW), Sg. Sara (3.3MW), Sg. Chenderong (3.0MW).
- Proposed Development of Pahang Barat Integrated Hydroelectric Project (44.6MW) consisting of Mini Hydro Plant in Sg. Telom (13.9 MW), Sg. Jelai (18.7 MW), Sg. Lemoi (12.0MW).
- Proposed Development of Kota Marudu Integrated Mini Hydroelectric Power Plant (MHPP) in the District of Kota Marudu, Sabah, Malaysia consisting of Sg. Bengkoka Upper (10.0MW), Sg Bengkoka Lower (13.5MW) and Sg Togohu (5.6MW) in Kota Marudu, Sabah.

For this purpose, the Audit Committee with the assistance of the Steering Committee has issued out request for proposal ("RFP") to six (6) audit firms that are registered with Audit Oversight Board and subsequently identified Messrs UHY FLVS Sdn Bhd ("UHY") as the Special Independent Reviewer to conduct an independent review of the financial issues as highlighted by ASK.

As requested by the Board, the Audit Committee with the assistance of the Steering Committee has also issued out RFP to four (4) firms undertake technical review on projects as highlighted by ASK and recommended the appointment of KBM Konsult Sdn. Bhd. ("KBM Konsult"), being a qualified independent technical reviewer to review, verify and certify the progress of the projects.

For the avoidance of doubt, the scope of works for both financial and technical review have been shared and endorsed by ASK prior to the commencement of works.

Both UHY and KBM Konsult have completed their report on 17 January 2024 and 19 January 2024 respectively.

AUDIT COMMITTEE REPORT

G. FINDINGS AND RECOMMENDATIONS ON THE SPECIAL INDEPENDENT REVIEW

Findings

UHY Findings was drawn based on the procedures and documentation made available as detailed in the Independent Review Report.

The UHY independent review has been conducted, and the findings are outlined as follows: -

- (i) The sales transactions with the specific customers were sufficiently supported by relevant documentation and received confirmation from the respective parties.
- (ii) The cost of sales transactions with the specific suppliers were sufficiently supported by relevant documentation and received confirmation from the respective parties.
- (iii) Based on the legal opinion obtained from a professional law firm, in conjunction with insights provided by the management with the perusal of contracts, the debt assignment involving the transfer of the RM10 million owed to the former director/shareholder from Reneuco to OHP Ventures Sdn Bhd has been accurately and appropriately accounted for in accordance with Malaysian Financial Reporting Standards (MFRS).

Recommendations

Based on UHY's independent review findings, UHY has provided the following recommendations for the consideration of Reneuco's management: -

- (i) Periodically update the principal business address of debtors and creditors into the Group's database.
- (ii) Maintain proper records and documentation for periodic assessment of existing customers, sub-contractor and supplier evaluations.
- (iii) Ensure that all documentation includes appropriate acknowledgment and signatures to validate the authenticity of the documents.
- (iv) Establish and enforce a policy governing the acceptance of new customers.
- (v) Establish and enforce a policy governing the segregation of duties.
- (vi) Establish and enforce a policy governing the limitations of authorities and signature authentication.

- (vii) Design and implement a detailed budget cost for projects to ensure accurate computation of the percentage of completion and revenue recognition.
- (viii) Engage legal consultants to review significant contracts, mitigating potential negative legal implications for the Group.
- (ix) Issuance of proper credit notes/contra notes to customers and/or sub-contractors and/or suppliers for offsetting outstanding balances.
- (x) Prior to entering into any significant contracts, conduct compliance and/or due diligence review to ascertain all significant risk factors have been thoroughly considered, assessed and effectively managed.
- (xi) Periodically monitor on collection of receivables from customers.
- (xii) Establish and enforce a policy governing the recoverability of customer debts.

H. FINDINGS AND RECOMMENDATIONS ON THE INDEPENDENT TECHNICAL REVIEW

1. **Proposed Development of Kangsar Integrated HEP, Perak, Malaysia consisting of Mini Hydro Plant in Sg. Singor (27.3MW), Sg. Talang (11.53MW), Sg. Sengoh (7.24MW), Sg. Temenggor (7.4MW), Sg. Sara (3.3MW), Sg. Chenderong (3.0MW).**

Findings

Based on KBM Konsult's independent technical review, the findings are outlined as follows: -

(i) Financial Viability

The project demonstrates strong financial viability with a positive Net Present Value (NPV) of RM232,749,522.21 and a favorable Debt Service Coverage Ratio (DSCR) of 1.53. These indicators suggest that the project can generate sufficient income to cover its debt obligations, providing a margin of safety.

(ii) Profitability

The Internal Rate of Return (IRR) metrics, with a Project IRR of 14.0% and Equity IRR of 30.9%, indicate a reasonable annualized rate of return. These metrics are crucial for assessing the overall profitability of the project and providing insights for equity investors.

(iii) Revenue Generation

The project forecasts a total cumulative inflow of RM 2,402 million over the 21-year Renewable Energy Power Purchase Agreement (REPPA) period. The revenue from all Mini-Hydro Power Plants (MHPPs) is estimated to be RM 89,118,360.00 annually.

(iv) Operation Analysis

The Profit and Loss (P&L) analysis over the 21-year operational period, considering factors such as amortization, finance costs, and taxation, indicates that the project can maintain financing repayment for up to 10 years. However, it's noteworthy that the project may face challenges serving a 9-year financing tenure.

Recommendation

KBM Konsult has provided the following recommendations for the consideration of Reneuco's management: -

(i) Optimization Strategies

Explore opportunities for optimization to extend the project's financing repayment capacity beyond 10 years. This may involve negotiating favorable financing terms, exploring additional revenue streams, or optimizing operational efficiency.

(ii) Owner's Investment

Provide detailed information on the owner's investment, especially in Year 0, to balance out the outflow and present a more accurate financial picture.

(iii) Turbine Overhaul Planning

Develop a robust plan for the turbine overhaul expected in Year 15. Ensure that funds are appropriately reserved for this major maintenance activity to avoid disruptions in power generation.

(iv) Continuous Monitoring

Implement a robust monitoring system to track the project's financial performance, adjusting strategies as needed to ensure long-term sustainability.

In summary, while the project exhibits strong financial indicators, careful attention to optimization, detailed financial reporting, and strategic planning for major milestones will contribute to its long-term success.

2. Proposed Development of Pahang Barat Integrated Hydroelectric Project (44.6MW) consisting of Mini Hydro Plant in Sg. Telom (13.9 MW), Sg. Jelai (18.7 MW), Sg. Lemoi (12.0MW).**Findings**

Based on KBM Konsult's independent technical review, the findings are outlined as follows: -

Jelai Kecil Small Hydro Project ("SHP"), Telom SHP, and Lemoi SHP, have completed the required Feasibility Study and Power System Study, which lead to having been listed as the FIAH holder. Subsequently obtaining REPPA. The design recommendations in the feasibility study are the baseline for the project. The Feasibility Study concluded that the project is technically feasible. The design and features proposed are in accordance with the established procedures of engineering and commercial practices. All three schemes meet TNB's requirements as concluded in the Power System Study.

The feasibility study suggested design options that have the potential to increase generating power and/or reduce development cost. The review of the cost figures made available in the project cloud database confirms the costing analysis. It is verified that the analysis on ROI, IRR, and NPV are valid.

The project is progressing in accordance with the overall set milestones.

Recommendation

KBM Konsult has provided the following recommendations for the consideration of Reneuco's management: -

In conclusion, the success of the project hinges on effective execution. It is crucial to choose the most suitable interconnection design/ layout, which should be based on a combination of recommendations from both the Power System Study and Engineering, Procurement, and Construction (EPC)s' Feasibility Study. Additionally, the final designs provided by the EPCs must guarantee reliable performance for each scheme, enabling them to meet the targeted annual net export energy. Moreover, incorporating the SCADA system across all three SHP schemes is highly recommended to optimize operation and maintenance costs. By implementing these measures, the project aims to achieve financial viability while ensuring efficient and cost-effective operations.

AUDIT COMMITTEE REPORT

3. Proposed Development of Kota Marudu Integrated Mini Hydroelectric Power Plant (MHPP) in the District of Kota Marudu, Sabah, Malaysia consisting of Sg. Bengkoka Upper (10.0MW), Sg Bengkoka Lower (13.5MW) and Sg Togohu (5.6MW) in Kota Marudu, Sabah.

Findings

Based on KBM Konsult's independent technical review, the findings are outlined as follows: -

(i) Financial Viability

The project demonstrates strong financial viability with a positive Net Present Value (NPV) of RM 20,752,796.49 and a favorable Debt Service Coverage Ratio (DSCR) of 1.37. These indicators suggest that the project can generate sufficient income to cover its debt obligations, providing a margin of safety.

(ii) Profitability

The Internal Rate of Return (IRR) metrics, with a Project IRR of 9.8% and Equity IRR of 7.2%, indicate a reasonable annualized rate of return. These metrics are crucial for assessing the overall profitability of the project and providing insights for equity investors.

(iii) Revenue Generation

The project forecasts a total cumulative inflow of RM 1,244 million over the 21-year Renewable Energy Power Purchase Agreement (REPPA) period. The revenue from all three Mini Hydro Power Plants (MHPPs) is estimated to be RM 41,838,022.80 annually.

(iv) Operation Analysis

The Profit and Loss (P&L) analysis over the 21-year operational period, considering factors such as amortization, finance costs, and taxation, indicates that the project can maintain financing repayment for up to 10 years. However, it's noteworthy that the project may face challenges serving a 9-year financing tenure.

Recommendation

KBM Konsult has provided the following recommendations for the consideration of Reneuco's management: -

(i) Optimization Strategies

Explore opportunities for optimization to extend the project's financing repayment capacity beyond 10 years. This may involve negotiating favorable financing terms, exploring additional revenue streams, or optimizing operational efficiency.

(ii) Owner's Investment

Provide detailed information on the owner's investment, especially in Year 0, to balance out the outflow and present a more accurate financial picture.

(iii) Turbine Overhaul Planning

Develop a robust plan for the turbine overhaul expected in Year 15. Ensure that funds are appropriately reserved for this major maintenance activity to avoid disruptions in power generation.

(iv) Grace Period Consideration

Evaluate the inclusion of the 3-year grace period in the financing simulation, considering its potential impact on the project's financial dynamics.

(v) Continuous Monitoring

Implement a robust monitoring system to track the project's financial performance, adjusting strategies as needed to ensure long-term sustainability.

In summary, while the project exhibits strong financial indicators, careful attention to optimization, detailed financial reporting, and strategic planning for major milestones will contribute to its long-term success.

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 period ended 30 September 2023.

A. RESPONSIBILITY OF THE BOARD

The Board of Directors 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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 period ended 30 September 2023, 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 period ended 30 September 2023, 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 closeout. 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 Acting Group Chief Financial Officer 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.

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 the 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 Quality Management System (ISO 9001:2015), Environment Management System (ISO 14001:2015), and Occupational Health and Safety Management System (ISO 45001:2018).

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 Acting Group Chief Financial Officer 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 Audit and Assurance Practice Guidance 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the financial period ended 30 September 2023, that due to the matters described in the basis for Disclaimer Opinion section of the Independent auditors' report, the External Auditor have not been able to obtain sufficient appropriate evidence to form a conclusion on the Statement on Risk Management and Internal Control.

AAPG 3 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 External 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.

This Statement of Risk Management and Internal Control has been approved by the Board of Directors on 7 February 2024.

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 September 2023 and of their financial performance and cash flows for the financial period ended. The Board is satisfied that in preparing the financial statements of the Group for the financial period ended 30 September 2023, 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.

This Statement on Directors' Responsibility has been approved by the Board of Directors on 7 February 2024.



FINANCIAL STATEMENTS

- 86 Directors' Report
- 94 Statement by Directors
- 95 Statutory Declaration
- 96 Independent Auditors' Report
- 104 Statements of Financial Position
- 106 Statements of Profit or Loss and Other Comprehensive Income
- 108 Consolidated Statements of Changes in Equity
- 110 Statements of Changes in Equity
- 111 Statements of Cash Flows
- 115 Notes to the Financial Statements

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period from 1 July 2022 to 30 September 2023.

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 period.

CHANGE OF FINANCIAL PERIOD

The company changed its financial period from 30 June 2023 to 30 September 2023. Accordingly, the financial statements of the Company cover a 15 months period from 1 July 2022 to 30 September 2023 compared to the previous 12 months period ended 30 June 2022.

SUBSIDIARIES

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

RESULTS

	Group RM'000	Company RM'000
Profit for the period attributable to:		
Owners of the parent	(117,776)	8,630
Non-controlling interests	(2,145)	-
	<u>(119,921)</u>	<u>8,630</u>

RESERVES AND PROVISIONS

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

DIVIDENDS

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

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

DIRECTORS' REPORT

DIRECTORS

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

Datuk Mustakim Bin Mat Nun *

Dato' Arivalagan A/L Arujunan (Retired on 7 December 2022)

Kok Pauline (Retired on 7 December 2022)

Tan Yee Hou

Sarah Azreen Binti Abdul Samat *

Ahmad Riza Bin Mohd Saian *

Datuk Ir. Ts. Dr. Muhammad Mahadi Bin Mohamad

Dato' Dr. Md Khir Bin Abdul Rahman (Appointed on 18 September 2023)

Tunku Datuk Nooruddin Bin Tunku Dato' Seri Shahabuddin (Appointed on 18 September 2023)

* 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 period 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

Md Daud Bin Abdul Rahman (Ceased on 20 July 2023)

Muhammad Syukri Bin Sulaiman (Retired on 31 December 2022)

Mohd Rashid Bin Mohd Yusof (Retired on 31 January 2023)

Zainal Azwadi Bin Zainal Abidin

Syed Aswad Bin Syed Mokhtar

Khairil Ikhzan Bin Abd Aziz

Mohd Razif Bin Abdul Malek (Appointed on 7 September 2023)

Ts. Ajmain Bin Kasim (Appointed on 31 January 2023)

Dato' Arivalagan A/L Arujunan (Appointed on 8 December 2022)

Kok Pauline (Appointed on 8 December 2022)

Kamalulariffin Bin Ahmad (Appointed on 1 September 2023)

DIRECTORS' REPORT

DIRECTORS' BENEFITS

There were no arrangements during and at the end of the financial period 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 30 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 period, the total cost of indemnity insurance effected for Directors and officers of the Group and the Company is as disclosed in Note 29 to the financial statements.

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 period in shares in the Company and its related corporations during the financial period were as follows:

The Company	Number of ordinary shares			At 30.9.2023
	At 1.7.2022	Bought	Sold	
<i>Direct interests:</i>				
Datuk Mustakim Bin Mat Nun	40,709,600	-	3,634,000	37,075,600
<i>Deemed interests:</i>				
Datuk Mustakim Bin Mat Nun ^	24,120,080	-	22,680,000	1,440,080
Sarah Azreen Binti Abdul Samat #	24,120,080	-	22,680,000	1,440,080

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTINUED)

The Company	Number of warrants			At 30.9.2023
	At 1.7.2022	Bought	Sold	
<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 period had any interest in shares of the Company or its related corporations during the financial period.

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES

On 14 March 2023, the Company issued 28,750,000 new ordinary shares at a price of RM0.23 per ordinary share by way of private placement.

On 19 May 2023, the Company issued 17,400,000 new ordinary shares at a price of RM0.20 per ordinary share by way of private placement.

On 20 June 2023, the Company issued 8,129,600 new ordinary shares at a price of RM0.2125 per ordinary share by way of private placement.

On 30 August 2023, the Company issued 5,858,230 new ordinary shares at a price of RM0.1707 per ordinary share by way of conversion of bond.

On 5 September 2023, the Company issued 8,860,011 new ordinary shares at a price of RM0.1693 per ordinary share by way of conversion of bond.

On 11 September 2023, the Company issued 2,953,337 new ordinary shares at a price of RM0.1693 per ordinary share by way of conversion of bond.

On 21 September 2023, the Company issued 8,998,200 new ordinary shares at a price of RM0.1667 per ordinary share by way of conversion of bond.

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 period.

WARRANTS

The main features of the warrants are disclosed in Note 19 to the financial statements.

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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTINUED)

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 period 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 period.

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 period 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 period ended 30 September 2023 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 period 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 period were not substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS' REPORT

SIGNIFICANT EVENT AND SUBSEQUENT EVENTS

The details of significant event during the financial year and subsequent events are disclosed in Note 40 and Note 41 to the financial statements respectively.

AUDITORS

The auditors' remuneration is disclosed in Note 27 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 period.

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: 7 February 2024

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, 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 September 2023 and of its financial performance and cash flows for the financial period 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: 7 February 2024

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, 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 7 February 2024

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

(Incorporated In Malaysia)

Disclaimer of Opinion

We were engaged to audit the financial statements of Reneuco Berhad, which comprise the statements of financial position as at 30 September 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 1 July 2022 to 30 September 2023, and notes to the financial statements, including a summary of significant accounting policies, as set out in the accompanying pages.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the Basis for Disclaimer Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

a) Veracity of Trade Receivables, Trade Payables, Revenue and Cost of Sales for Reneuco Berhad, Reneuco Development Sdn Bhd, Reneuco RE Sdn Bhd, Reneuco Digital Sdn Bhd, Reneuco International (L) Ltd and Reneuco Engineering Sdn Bhd

i) Circularisation of confirmations of Trade Receivables and Trade Payables

On 30 October 2023, the Group and the Company changed its financial year end from 30 June 2023 to 30 September 2023.

As part of our audit procedures, we circulated external confirmations to certain customers and suppliers of the Group on a sampling basis, for trade receivables and trade payables balances as at 30 June 2023, using the addresses provided by the Group. A number of confirmation requests were not successfully delivered to those addresses and were returned to our office.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RENEUCO BERHAD

(Incorporated In Malaysia)

a) **Veracity of Trade Receivables, Trade Payables, Revenue and Cost of Sales for Reneuco Berhad, Reneuco Development Sdn Bhd, Reneuco RE Sdn Bhd, Reneuco Digital Sdn Bhd, Reneuco International (L) Ltd and Reneuco Engineering Sdn Bhd (Contd.)**

ii) Impairment assessment of Trade Receivables

Assessment of impairment for trade receivables was performed for certain trade receivables that were past due as at the reporting date, according to the Group's aging schedule.

From the procedures performed, we have raised multiple queries and observations on the recoverability of the trade receivable amounted to RM59,877,531, where it includes certain trade receivables included in item (a)(i) above.

The quantum of the matters highlighted above are as follows:

	30 June 2023 RM	30 September 2023 RM	Cumulative revenue recognised from from 1 July 2019 up to 30 June 2023 RM	Cumulative revenue recognised from from 1 July 2019 up to 30 September 2023 RM
Trade receivables balances <i>(before allowance of expected credit losses were made)</i> ^{N1}	100,000,253	98,224,207	321,257,509	321,257,509
Trade receivables balances <i>(after allowance of expected credit losses were made)</i> ^{N1}	100,000,253	37,137,424	321,257,509	321,257,509

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RENEUCO BERHAD

(Incorporated In Malaysia)

a) Veracity of Trade Receivables, Trade Payables, Revenue and Cost of Sales for Reneuco Berhad, Reneuco Development Sdn Bhd, Reneuco RE Sdn Bhd, Reneuco Digital Sdn Bhd, Reneuco International (L) Ltd and Reneuco Engineering Sdn Bhd (Contd.)

ii) Impairment assessment of Trade Receivables (Contd.)

The quantum of the matters highlighted above are as follows: (Contd.)

	30 June 2023 RM	30 September 2023 RM	Cumulative cost of sales recognised from from 1 July 2019 up to 30 June 2023 RM	Cumulative cost of sales recognised from from 1 July 2019 up to 30 September 2023 RM
Trade payables balances ^{N1}	1,187,954	1,437,954	196,313,326	196,313,326

^{N1} Included in the communicated scope of SIR

In response to the above, we undertook additional and extended audit procedures over and beyond the normal audit procedures and engaged with the Audit Committee of the Group, which resulted in our request for the Group to conduct:

1. Special Independent Review ("SIR") and
2. Technical Due Diligence and Cost-Performance Review ("Technical Due Diligence") on three (3) local projects

The communicated scope of the SIR includes ascertaining the veracity of the transactions entered, including the revenue and cost recognised, settlement of these transactions and the remaining outstanding balances as at reporting date. It covers the period from 1 July 2019 to 30 September 2023.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RENEUCO BERHAD

(Incorporated In Malaysia)

a) Veracity of Trade Receivables, Trade Payables, Revenue and Cost of Sales for Reneuco Berhad, Reneuco Development Sdn Bhd, Reneuco RE Sdn Bhd, Reneuco Digital Sdn Bhd, Reneuco International (L) Ltd and Reneuco Engineering Sdn Bhd (Contd.)

As at the date of this report, the status of the SIR and Technical Due Diligence are as follows:

Special Independent Review

1. We have communicated to the Audit Committee Members on the requirement of SIR on 12 and 26 October 2023.
2. The report was provided to us on 24 January 2024.
3. We have initiated the required procedures in accordance with approved standards on auditing in Malaysia and International Standards on Auditing to obtain an understanding of the work of management's expert and evaluate the appropriateness of the work of management's expert as audit evidence for the relevant assertion.
4. The completion of the evaluation of the appropriateness of the management's expert work on the SIR has been impeded by time limitation, considering the fact that we have yet to obtain and complete the assessment on the reply of the queries to the management's expert and have yet to perform other required procedures as at the date of this report.

Technical Due Diligence

1. We have communicated to the Audit Committee Members on the requirement of Technical Due Diligence on 12 and 26 October 2023.
2. We have received one (1) out of three (3) reports on 23 January 2024. The remaining two (2) projects report are still outstanding as of the date of this report.
3. We have initiated the required procedures in accordance with approved standards on auditing in Malaysia and the International Standards on Auditing to obtain an understanding of the work of the management's expert and evaluate the appropriateness of the management expert's work on the report that we have received as audit evidence for the relevant assertion.
4. The completion of the assessment on the reply of the queries from the management's expert, received on 6 February 2024, has been impeded by time limitation.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RENEUCO BERHAD

(Incorporated In Malaysia)

a) Veracity of Trade Receivables, Trade Payables, Revenue and Cost of Sales for Reneuco Berhad, Reneuco Development Sdn Bhd, Reneuco RE Sdn Bhd, Reneuco Digital Sdn Bhd, Reneuco International (L) Ltd and Reneuco Engineering Sdn Bhd (Contd.)

Due to the above, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves on the veracity of transactions and balances of the following:

- i) Trade receivables balances as at 30 September 2023 amounting to RM37,137,424 (after recognition of impairment loss during the financial period from 1 July 2022 to 30 September 2023 amounting to RM61,086,783)
- ii) Trade payables balances as at 30 September 2023 amounting to RM1,437,954
- iii) Revenue recognised for the financial period from 1 July 2022 to 30 September 2023 amounting to RM40,344,803
- iv) Cost of sales recognised for the financial period from 1 July 2022 to 30 September 2023 amounting to RM7,240,143.
- v) Cumulative revenue recognised from 1 July 2019 up to 30 September 2023 amounting to RM321,257,509, included in the accumulated losses
- vi) Cumulative cost of sales recognised from 1 July 2019 up to 30 September 2023 amounting to RM196,313,326 included in the accumulated losses

The balances and the transactions mentioned above, are related to companies which have been requested to be included in the scope of the SIR.

Consequently, we were unable to determine whether any adjustments to the financial statements were necessary.

b) Veracity of Revenue and Cost of Sales of Reneuco Engineering Sdn. Bhd.

During the course of the current year audit, we came across an article published in an established news media pertaining to transactions entered between companies linked to the previous major shareholder of the Group, with certain external parties/companies (referred herein as "the Article").

Based on the above Article, we identified several transactions entered between the Group with five companies stated in the Article, where a total revenue of RM33,617,131 were recognised in the previous financial years from the transactions with these five (5) companies. The corresponding total cost of sales recognised for these transactions were RM30,927,760.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RENEUCO BERHAD

(Incorporated In Malaysia)

b) Veracity of Revenue and Cost of Sales of Reneuco Engineering Sdn. Bhd. (Contd.)

In response to the above, we undertook additional and extended audit procedures over and beyond the normal audit procedures and engaged with the Audit Committee of the Group, which resulted in our request for the Group to include this matter in the SIR to ascertain the veracity of the transactions entered with these companies, including the revenue and cost recognised. As at the date of this report, the status of the SIR is included in item (a) above.

Due to the above, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves on the revenue and cost of sales recognised in prior years amounting to RM33,617,131 and RM30,927,760 respectively, where the net amount included in the accumulated losses as at 30 September 2023 was RM2,689,371.

Consequently, we were unable to determine whether any adjustments to the financial statements were necessary.

c) Recognition of other income - Reneuco International (L) Ltd.

Included in the other income of the Group are amounts recognised from the withdrawal of invoices from foreign suppliers and reversal of contract liabilities from foreign projects amounting to RM10,580,392 and RM11,334,168 respectively.

In response to the above, we undertook additional and extended audit procedures over and beyond the normal audit procedures and engaged with the Audit Committee of the Group. Further, the communicated scope of the SIR covers some of the companies involved in the above transactions. As at the date of this report, the status of the SIR is included in item (a) above.

Therefore, given the above and from the result of the extended procedures performed, we could not obtain sufficient appropriate audit evidence on the other income recognised from the withdrawal of invoices from foreign suppliers and reversal of contract liabilities from foreign projects amounting to RM10,580,392 and RM11,334,168 respectively.

Consequently, we were unable to determine whether any adjustments to the financial statements were necessary.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RENEUCO BERHAD

(Incorporated In Malaysia)

d) Other significant outstanding matters - Reneuco Engineering Sdn Bhd, Reneuco International (L) Ltd, Reneuco Digital Sdn Bhd and Reneuco RE Sdn Bhd

Additionally, there are significant matters which we require that are outstanding at the date of our report and we have not been able to compile sufficient appropriate audit evidence to provide a basis for our audit opinion.

Consequently, we were unable to determine whether any adjustments to the financial statements were necessary.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the 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 the 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 and 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 and 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 responsibility is to conduct an audit of the Group's and of the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RENEUCO BERHAD

(Incorporated In Malaysia)

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that in our opinion:

- (a) the accounting and other records for the matter as described in the Basis for Disclaimer of Opinion section have not been properly kept by the Group and Company in accordance with the provision of the Act;
- (b) we have not obtained all the information and explanations that we required due to the reasons explained in the Basis of Disclaimer Opinion section.

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) & AF 1522
CHARTERED ACCOUNTANTS

AHMAD ALJAFREE BIN MOHD RAZALLI
NO. 01768/05/2025 J
CHARTERED ACCOUNTANT

Dated: 7 February 2024

Selangor, Malaysia

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Note	Group		Company	
		30.09.2023 RM'000	Restated 30.06.2022 RM'000	30.09.2023 RM'000	30.06.2022 RM'000
Non-current assets					
Property, plant and equipment	4	16,474	12,316	419	329
Construction work-in-progress	5	80,358	25,470	-	-
Right-of-use assets	6	10,630	13,805	667	1,599
Intangible assets	7	9,230	13,552	645	13
Investment in subsidiaries	8	-	-	194,064	141,189
Investment in joint venture	9	200	-	-	-
Investment properties	10	17,250	-	11,500	-
Deferred tax assets	11	-	474	-	-
		<u>134,142</u>	<u>65,617</u>	<u>207,295</u>	<u>143,130</u>
Current assets					
Inventories	12	1,196	1,350	-	-
Contract assets	13	26,426	86,831	-	-
Contract cost assets	14	48,728	735	-	-
Trade and other receivables	15	77,605	146,624	6,871	10,285
Deposits and prepayments	16	9,832	7,906	3,856	606
Tax assets	17	156	1,944	-	-
Cash and bank balances	18	14,503	33,978	5,248	27,016
		<u>178,446</u>	<u>279,368</u>	<u>15,975</u>	<u>37,907</u>
Total assets		<u>312,588</u>	<u>344,985</u>	<u>223,270</u>	<u>181,037</u>
Equity					
Share capital	19	172,699	156,379	172,699	156,379
Reserve	20	84	84	-	-
Accumulated losses /Retained earnings		<u>(67,971)</u>	<u>49,364</u>	<u>(5,111)</u>	<u>10,587</u>
Total equity attributable to:					
Owners of the parent		104,812	205,827	167,588	166,966
Non-controlling interest		<u>(1,547)</u>	<u>399</u>	<u>-</u>	<u>-</u>
Total equity		<u>103,265</u>	<u>206,226</u>	<u>167,588</u>	<u>166,966</u>

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Note	Group		Company	
		30.09.2023 RM'000	30.06.2022 RM'000	30.09.2023 RM'000	30.06.2022 RM'000
Non-current liabilities					
Lease liabilities	21	10,318	12,417	351	1,312
Deferred tax liabilities	11	2,273	415	41	41
Borrowings	22	73,625	10,752	-	-
		<u>86,216</u>	<u>23,584</u>	<u>392</u>	<u>1,353</u>
Current liabilities					
Trade and other payables	23	82,615	81,511	32,370	7,946
Contract liabilities	14	2,158	11,263	2,154	2,154
Lease liabilities	21	1,251	1,548	333	307
Borrowings	22	20,780	14,196	15,000	-
Convertible bond		3,000	-	3,000	-
Tax liabilities	17	13,303	6,657	2,433	2,311
		<u>123,107</u>	<u>115,175</u>	<u>55,290</u>	<u>12,718</u>
Total liabilities		<u>209,323</u>	<u>138,759</u>	<u>55,682</u>	<u>14,071</u>
Total equity and liabilities		<u>312,588</u>	<u>344,985</u>	<u>223,270</u>	<u>181,037</u>

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 30 SEPTEMBER 2023

	Note	Group		Company	
		Period from 1.7.2022 to 30.9.2023 RM'000	Restated Year ended 1.7.2021 to 30.6.2022 RM'000	Period from 1.7.2022 to 30.9.2023 RM'000	Year ended 1.7.2021 to 30.6.2022 RM'000
Revenue	24	64,596	140,376	4,797	16,141
Cost of sales	25	(50,848)	(107,529)	-	-
Gross profit		13,748	32,847	4,797	16,141
Other income	26	52,601	3,077	10,052	853
Selling and distributions expenses		(30)	(34)	-	-
Administrative expenses		(22,379)	(16,216)	(8,691)	(9,367)
Other expenses		(149,604)	(1,954)	(20,579)	-
(Loss)/Profit from operations		(105,664)	17,720	(14,421)	7,627
Finance costs	30	(1,499)	(1,940)	(985)	(909)
(Loss)/Profit before tax	27	(107,163)	15,780	(15,406)	6,718
Income tax expense	17	(11,819)	(10,775)	(292)	(2,999)
(Loss)/Profit net of tax		(118,982)	5,005	(15,698)	3,719
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation		1	(428)	-	-
Total comprehensive income for the financial period		(118,981)	4,577	(15,698)	3,719
(Loss)/Profit attributable to:					
Owners of the parent		(117,036)	6,039	(15,698)	3,719
Non-controlling interests		(1,946)	(1,034)	-	-
		(118,982)	5,005	(15,698)	3,719
Total comprehensive income attributable to:					
Owners of the parent		(117,035)	5,611	(15,698)	3,719
Non-controlling interests		(1,946)	(1,034)	-	-
		(118,981)	4,577	(15,698)	3,719

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 30 SEPTEMBER 2023

	Group		Company	
	Period from 1.7.2022 to 30.9.2023 RM'000	Restated Year ended 1.7.2021 to 30.6.2022 RM'000	Period from 1.7.2022 to 30.9.2023 RM'000	Year ended 1.7.2021 to 30.6.2022 RM'000
(Loss)/Earnings per share attributable to owners of the parent (sen per share)				
Basic	31	(20.56)	1.16	-
Diluted	31	(20.56)	1.16	-

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 30 SEPTEMBER 2023

Group	Note	Non-Distributable		Share capital RM'000	Foreign currency translation reserves		Asset revaluation reserve RM'000	Distributable retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
		Share capital	Foreign currency translation reserves		Asset revaluation reserve	Distributable retained earnings					
At 1 July 2022		156,379	84	-	-	49,364	205,827	399	206,226		
Net loss for the financial period		-	-	-	-	(117,036)	(117,036)	(1,946)	(118,982)		
Foreign currency translation		-	-	-	-	-	-	-	-		
Total comprehensive income for the period		-	-	-	-	(117,035)	(117,035)	(1,946)	(118,981)		
Dividend to non-controlling interest		-	-	-	-	(300)	(300)	-	(300)		
<u>Transaction with owners:</u>											
Issue of share capital	19	16,320	-	-	-	-	16,320	-	16,320		
Share issue expenses	19	-	-	-	-	-	-	-	-		
Reclassification		-	-	-	-	-	-	-	-		
Acquisition of subsidiaries		-	-	-	-	-	-	-	-		
At 30 September 2023		172,699	84	-	-	(67,971)	104,812	(1,547)	103,265		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 30 SEPTEMBER 2023

Company	Note	Share capital RM'000	Retained earnings RM'000	Total RM'000
At 1 July 2022		156,379	10,587	166,966
Total comprehensive income for the period		-	(15,698)	(15,698)
<u>Transaction with owners:</u>				
Issue of share capital	19	16,320	-	16,320
Share issue expenses	19	-	-	-
At 30 September 2023		<u>172,699</u>	<u>(5,111)</u>	<u>167,588</u>
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	19	61,517	-	61,517
Share issue expenses	19	(2,868)	-	(2,868)
At 30 June 2022		<u>156,379</u>	<u>10,587</u>	<u>166,966</u>

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 30 SEPTEMBER 2023

	Group		Company	
	Period from 1.7.2022 to 30.9.2023 RM'000	Year ended 1.7.2021 to 30.06.2022 RM'000	Period from 1.7.2022 to 30.9.2023 RM'000	Year ended 1.7.2021 to 30.06.2022 RM'000
Cash flows from operating activities				
Profit before tax	(107,163)	15,694	(15,406)	6,718
Adjustments for:				
Allowance for impairment loss on:				
- trade and other receivables	132,531	73	33	-
- investment property	2,439	-	-	-
- contract assets	23,157	895	-	-
- Intangible assets	4,858	-	-	-
- Investment in subsidiary	-	-	16,853	-
Trade receivables written off	-	2	-	-
Other receivables written off	-	55	-	-
Amortisation of intangible assets	189	78	83	4
Depreciation of investment property	-	-	-	-
Depreciation of property, plant and equipment	2,356	3,162	66	33
Depreciation of right-of-use assets	2,601	1,404	598	340
Gain on remeasurement right-of-use assets	(13)	(3)	-	(3)
Gain on disposal of property, plant and equipment	(766)	(1,739)	-	-
Gain on disposal of subsidiaries	-	-	-	-
Reversal of impairment loss in a subsidiary	(1,591)	-	-	-
Interest expense	460	1,701	-	881
Interest expense on lease liabilities	103	239	49	28
Interest expense on revolving credit	936	-	936	-
Inventories written off	-	1,282	-	-
Interest income	(527)	(872)	(349)	(750)
Unrealised loss/(gain) on foreign exchange	-	578	-	(100)
Operating profit before changes in working capital	59,570	22,549	2,863	7,151

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 30 SEPTEMBER 2023

	Group		Company	
	Period from 1.7.2022 to 30.9.2023 RM'000	Year ended 1.7.2021 to 30.06.2022 RM'000	Period from 1.7.2022 to 30.9.2023 RM'000	Year ended 1.7.2021 to 30.06.2022 RM'000
Changes in working capital				
Inventories	68	248	-	-
Contract assets	6,194	(81,513)	-	-
Contract cost assets	(24,806)	686	-	98
Contract liabilities	-	(2,240)	-	482
Trade and other receivables	(58,174)	(2,868)	(45,287)	(38,159)
Trade and other payables	9,461	(6,235)	(2,425)	(3,158)
Cash (used in)/generated from operations	(7,687)	(69,373)	(44,849)	(33,586)
Interest received	527	689	349	569
Tax paid	(1,291)	(7,416)	(170)	(1,150)
Tax refund	-	10	-	-
Net cash used in operating activities	(8,451)	(76,090)	(44,670)	(34,167)
Cash flows from investing activities				
Addition of investment properties	(19,367)	-	(11,500)	-
Construction cost incurred on solar plant	(54,888)	(25,470)	-	-
Proceeds from disposal of asset held for sale	-	7,281	-	-
Increase in investment in subsidiaries	7,440	-	2,540	(22,258)
Net cash inflow/(outflow) from acquisition of subsidiaries (Note 38)	-	23	-	(1,000)
Purchase of property, plant and equipment	(6,502)	(5,202)	(156)	(115)
(Addition)/Termination ROU	121			
Purchase of intangible assets	(725)	(17)	(715)	(9)
Proceeds from sale of subsidiaries	-	-	-	10
Proceeds from disposal of property, plant and equipment	-	12,753	-	-
Withdrawal of fixed deposit	11,527	-	11,527	-
Net cash used in investing activities	(62,394)	(10,632)	1,696	(23,372)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 30 SEPTEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from financing activities				
Drawdown of term loan	13,451	-	-	-
Drawdown of trade financing	50,809	10,500	-	-
Drawdown of revolving credits	15,000	-	15,000	-
Proceeds from finance lease	5,215	4,124	-	-
Dividend paid	(300)	-	-	-
Issuance of share capital	19,320	58,649	19,320	58,649
Interest paid	(460)	(1,982)	-	(1,283)
Interest paid on lease liabilities	(103)	(239)	(49)	(28)
Repayment of trade financing	-	(13,454)	-	(13,454)
Repayment of revolving credits	(936)	(35,000)	(936)	(35,000)
Repayment of finance lease	(3,586)	(3,095)	-	-
Repayment of term loans	(10,724)	(1,542)	-	-
Reversal placements in bank restricted for use	28,562	53,180	28,562	53,135
Payments for the principal portion of lease liability	(1,669)	(1,077)	(601)	(132)
Placements in bank restricted for use	(52,397)	(26,135)	(44,461)	(26,085)
Net cash generated from/(used in) financing activities	<u>62,182</u>	<u>43,929</u>	<u>16,835</u>	<u>35,802</u>
Net decrease in cash and cash equivalents	(8,663)	(42,793)	(26,139)	(21,737)
Effect of exchange rate changes	33	(284)	-	-
Cash and cash equivalents at beginning of year	<u>33,978</u>	<u>51,555</u>	<u>27,016</u>	<u>6,172</u>
Cash and cash equivalents at end of year	<u>25,348</u>	<u>8,478</u>	<u>877</u>	<u>(15,565)</u>
Cash and cash equivalents at end of year comprised:				
Cash and bank balances	2,191	6,761	877	66
Deposits with licensed banks	<u>12,312</u>	<u>27,217</u>	<u>4,371</u>	<u>26,950</u>
	14,503	33,978	5,248	27,016
Less: Cash and bank balances restricted for use	<u>(12,312)</u>	<u>(25,500)</u>	<u>(4,371)</u>	<u>(25,450)</u>
	<u>2,191</u>	<u>8,478</u>	<u>877</u>	<u>1,566</u>

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 30 SEPTEMBER 2023

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

Group	At 1.7.2021		Net changes from financing		At 30.6.2022/1.7.2022		Net changes from financing		At 30.9.2023		
	RM'000	RM'000	financing cash flows RM'000	Acquisition of new leases RM'000	Foreign exchange movement RM'000	At 1.7.2022 RM'000	30.6.2022/1.7.2022 RM'000	financing cash flows RM'000	Acquisition of new leases RM'000	Foreign exchange movement RM'000	At 30.9.2023 RM'000
Term loans	2,411	(1,542)	(1,542)	-	3	872	(10,688)	-	-	-	(9,816)
Finance lease	7,357	1,029	1,029	-	-	8,386	-	-	-	-	8,386
Revolving credits	35,000	(35,000)	(35,000)	-	-	-	15,000	-	-	-	15,000
Trade financing	13,454	(2,954)	(2,954)	-	-	10,500	(8,309)	-	-	-	2,191
Lease liabilities	1,593	(1,077)	(1,077)	13,449	-	13,965	(1,669)	(727)	(727)	-	11,569
	59,815	(39,544)	(39,544)	13,449	3	33,723	(5,666)	(727)	(727)	-	27,330

Company	At 1.7.2021		Net changes from financing		At 30.6.2022/1.7.2022		Net changes from financing		At 30.9.2023	
	RM'000	RM'000	financing cash flows RM'000	Acquisition of new leases RM'000	At 1.7.2022 RM'000	30.6.2022/1.7.2022 RM'000	financing cash flows RM'000	Acquisition of new leases RM'000	Foreign exchange movement RM'000	At 30.9.2023 RM'000
Revolving credits	35,000	(35,000)	(35,000)	-	-	-	15,000	-	-	15,000
Trade financing	13,454	(13,454)	(13,454)	-	-	-	-	-	-	-
Lease liabilities	679	(132)	(132)	1,072	1,619	(499)	(436)	(436)	(436)	684
	49,133	(48,586)	(48,586)	1,072	1,619	14,501	(436)	(436)	(436)	15,684

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Reneuco 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 D2-3-1, 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

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 the 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 2022, 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 2022.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (Continued)

MFRS/ Amendment/ Interpretation	Effective date
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - cost Of Fulfilling a Contract)	1 January 2022
Amendments to MFRS 9 Financial Instruments (Annual Improvement to MFRS Standards 2018 - 2020)	1 January 2022

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

2.3 Standards issued but not yet effective

MFRS/ Amendment/ Interpretation	Effective date
Amendments to MFRS 101 Classification of Liabilities as Current or non-current and Disclosures of Accounting Policies	1 January 2023
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
Amendments to MFRS 17 Insurance contract and Initial Application of MFRS 17 and MFRS 9 Comparative Information	1 January 2023
Amendments to MFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 107 and MFRS 7 Supplier Arrangement	1 January 2024
Amendments to MFRS 121 Lack of Exchangeability	1 January 2024

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

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:

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (Continued)

- (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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency (Continued)

(a) Foreign currency transaction (Continued)

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

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 8 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment properties

The Group recognises land, building (including a floor of a building), or both land and building, as an investment property if it is held for capital appreciation, rental income or both. An investment property is recorded at cost on initial recognition. Cost of an investment property comprises the purchase price plus all directly attributable costs incurred to bring the property to its present location and condition intended for uses and investment property.

For the purpose of subsequent measurement, items of equipment that are irremovable and items that are physically attached to a building, such as lifts, elevators, electrical system and air-conditioning system, are treated as an integral part of the property. The Group uses the fair value model to measure an investment property after initial recognition if the fair value can be measured reliably without undue cost or effort. Fair value is determined by reference to a quoted market price, if observable. Changes in fair value of an investment property are recognised in profit or loss for the periods in which they arise. All other investment property is measured at cost less accumulated depreciation and impairment loss.

2.8 Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives to the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows :

- A joint arrangements is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangements is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Joint arrangements (Continued)

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the Joint venture using the equity method.

2.9 Investment in associates and joint ventures

Associate companies are companies in which the Company has significant influence, but no control, over their financial and operating policies.

The Group's investment in its associate companies is accounted for using the equity method. Under the equity method, investment in an associate company is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate company since the acquisition date.

The share of the results of an associate company is reflected in profit or loss. In addition, any change in other comprehensive income of those investee is presented as part of the Group's other comprehensive income. Where there has been change recognised directly in the equity of an associate company, the Group recognises and discloses its share of this change, when applicable, in the statements of changes in equity. Unrealised gains or losses resulting from transactions between the Group and the associate companies are eliminated to the extent of the interest in the associate company. When the Group's share of losses exceeds its interest in an associate company, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate company.

The financial statements of the associate company are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the associate company in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate companies. The Group determined at the end of the reporting date whether there is any objective evidence, the Group calculate the amount of impairment as the difference between the recoverable amount of the investment in associate companies and their carrying amount and recognise the amount in the "share of profit of associate companies" in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investment in associates and joint ventures (Continued)

Upon loss of significant influence over an associate company, the Group measures and recognise any retaining investment at its fair value. Any difference between the carrying amount of the associate company upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss. In the Company's separate financial statements, investment in associate company is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

2.10 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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Service concession arrangements (Continued)

(b) Concession intangible assets (Continued)

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.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (Continued)

(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.

(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.

2.12 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")).

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets (Continued)

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.

2.13 Financial instruments

(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 Company 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").

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(i) Financial assets (Continued)

Initial recognition and measurement (Continued)

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(i) Financial assets (Continued)

Subsequent measurement (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(i) Financial assets (Continued)

Subsequent measurement (Continued)

Financial assets 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 Company 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 has 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(i) Financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss (Continued)

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 has not designated any financial assets at fair value through profit or loss.

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 and the Company'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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(i) Financial assets (Continued)

Derecognition (Continued)

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 Company 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).

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

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.

(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 initially measures 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:

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(ii) Financial liabilities (Continued)

Subsequent measurement (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(ii) Financial liabilities (Continued)

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.

(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.

2.14 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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Inventories (Continued)

(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.

2.16 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Provision (Continued)

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.

2.19 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.

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases (Continued)

As a lessee (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases (Continued)

As a lessee (Continued)

(ii) Lease liabilities (Continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases (Continued)

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.

2.21 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue (Continued)

(iv) Interest income

Interest income is recognised using the effective interest method.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue (Continued)

(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.

2.22 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.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial period, 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Income tax (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 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.

2.24 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 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.

2.26 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.

2.27 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

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 13, 14, 15 and 16.

(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 September 2023 was RM 16,474,000 (2022: RM12,316,000) as disclosed in Note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(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 2.21.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(e) Deferred tax assets (Continued)

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 September 2023 are disclosed in Note 11.

(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 13.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(g) Fair value of investment properties

Fair value of the investment properties and certain property, plant and equipment of the Group were based on valuations carried out by independent professional valuers. The valuation applies estimates, judgements and assumptions in the determination of fair values.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land RM'000	Factory and buildings RM'000	Furniture and fittings RM'000	Office equipment		Motor vehicles RM'000	Trucks RM'000	Electrical installation, air conditioner and renovation equipment RM'000		Plant and machinery and lab engineering equipment RM'000	Yard and engineering equipment RM'000	Total RM'000
					Furniture and computers RM'000	and equipment RM'000			air conditioner and renovation equipment RM'000	Plant and machinery and lab engineering equipment RM'000			
2023													
Cost/valuation													
At 1 July 2022		-	-	155	762	1,169	27,112	879	219	406		30,702	
Reclass/Transfer		-	-	10	1,054	-	(150)	1,902	2,606	-		5,422	
Additions		-	-	-	135	1,690	4,116	151	396	14		6,502	
Disposals		-	-	-	(37)	-	(1,277)	(74)	-	(17)		(1,405)	
Impairment		-	-	-	-	-	-	-	(144)	-		(144)	
At 30 September 2023		-	-	165	1,914	2,859	29,801	2,858	3,077	403		41,077	
Accumulated depreciation and impairment loss													
At 1 July 2022		-	-	92	413	403	16,924	172	39	343		18,386	
Reclass/Transfer		-	-	11	1,049	-	(151)	1,905	2,606	-		5,420	
Depreciation for the financial period	26	-	-	9	88	592	1,407	133	58	69		2,356	
Disposals		-	-	-	(38)	-	(1,441)	(63)	-	(17)		(1,559)	
At 30 September 2023		-	-	112	1,512	995	16,739	2,147	2,703	395		24,603	
Carrying amounts at 30 September 2023		-	-	53	402	1,864	13,062	711	374	8		16,474	

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	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 equipment RM'000		Plant and machinery and lab equipment RM'000	Yard and engineering equipment RM'000	Total RM'000
								RM'000	RM'000			
2022												
Cost/valuation												
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
Accumulated depreciation and impairment loss												
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
Carrying amounts at 30 June 2022		-	-	63	349	766	10,188	707	180	63		12,316

(i) At 30 September 2023, the net carrying amount of motor vehicles and trucks is RM13,585,782 (2022: RM10,954,460) have been pledged to financial institution as security for banking facilities granted to the Group as disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company		Furniture and fittings RM'000	Office equipment and computers RM'000	Renovation RM'000	Total RM'000
	Note				
Cost					
At 1 July 2021		125	432	44	601
Additions		9	48	58	115
At 30 June 2022/ 1 July 2022		134	480	102	716
Additions		-	51	105	156
At 30 September 2023		134	531	207	872
Accumulated depreciation					
At 1 July 2021		85	262	7	354
Depreciation for the financial year	26	5	21	7	33
At 30 June 2022/ 1 July 2022		90	283	14	387
Depreciation for the financial period	26	6	40	20	66
At 30 September 2023		96	323	34	453
Carrying amounts:					
At 30 September 2023		38	208	173	419
At 30 June 2022		44	197	88	329

5. CONSTRUCTION WORK-IN-PROGRESS

	Group	
	30.9.2023 RM'000	30.6.2022 RM'000
Construction work-in-progress	80,358	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 31 December 2023).

NOTES TO THE FINANCIAL STATEMENTS

5. CONSTRUCTION WORK-IN-PROGRESS (CONTINUED)

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 50MWac 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 (“PKNP Suria”) for the purpose of development of the LSS4 project.

6. RIGHT-OF-USE ASSETS

Group	Note	Land RM'000	Buildings RM'000	Office RM'000	Total RM'000
At 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/ 1 July 2022		10,454	1,124	2,227	13,805
Reclassification		-	(147)	147	-
Additions		-	50	1,161	1,211
Remeasurement		250	-	(1,273)	(1,023)
Disposal		-	-	(416)	(416)
Depreciation for the financial period	28	(1,101)	(527)	(973)	(2,601)
Impairment		-	(346)	-	(346)
At 30 September 2023		9,603	154	873	10,630

NOTES TO THE FINANCIAL STATEMENTS

6. RIGHT-OF-USE ASSETS (CONTINUED)

Company	Office RM'000	Total RM'000
At 1 July 2021	661	661
Additions	107	107
Remeasurement	1,274	1,274
Disposal	(103)	(103)
Depreciation for the financial year (Note 27)	(340)	(340)
At 30 June 2022/1 July 2022	1,599	1,599
Additions	1,001	1,001
Remeasurement	(1,273)	(1,273)
Disposal	(62)	(62)
Depreciation for the financial period (Note 27)	(598)	(598)
At 30 September 2023	667	667

The following are the amounts recognised in profit or loss:

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Depreciation expense of right-of-use assets (Note 27)	2,601	1,404	598	340
Interest expense on lease liabilities (Note 30)	103	239	49	28
Total amount recognised in profit or loss	2,704	1,643	647	368

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 RM11,569,000. The Group lease rate is ranging from 5.00% to 5.25% (2022: 5.00% to 5.25%).

NOTES TO THE FINANCIAL STATEMENTS

7. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Software RM'000	Patents and trademarks RM'000	Total RM'000
Cost					
At 1 July 2021, as disclosed		12,956	21	-	12,977
Effect of measurement period adjustment		(723)	-	1,360	637
At 1 July 2021, as restated		12,233	21	1,360	13,614
Acquisition through business combination		3	-	-	3
Additions		-	17	-	17
At 30 June 2022/ 1 July 2022		12,236	38	1,360	13,634
Acquisition through business combination		-	-	-	-
Additions		-	10	715	725
Impairment		(3,956)	-	(902)	(4,858)
At 30 September 2023		8,280	48	1,173	9,501
Accumulated amortisation					
At 1 July 2021		-	4	-	4
Amortisation for the year	27	-	4	74	78
At 30 June 2022/ 1 July 2022		-	8	74	82
Amortisation for the period	27	-	12	177	189
At 30 September 2023		-	20	251	271
Carrying amounts:					
At 30 September 2023		8,280	28	922	9,230
At 30 June 2022		12,236	30	1,286	13,552

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.

NOTES TO THE FINANCIAL STATEMENTS

7. INTANGIBLE ASSETS (CONTINUED)

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	Patents and trademarks RM'000	Total RM'000
Cost				
At 1 July 2021/30 June 2022		21	-	21
Additions		-	715	715
At 30 September 2023		<u>21</u>	<u>715</u>	<u>736</u>
Accumulated amortisation				
At 1 July 2021		4		4
Charge during the year	27	4		4
At 30 June 2022/1 July 2022		8	-	8
Charge during the period	27	5	78	83
At 30 September 2023		<u>13</u>	<u>78</u>	<u>91</u>
Carrying amounts:				
At 30 September 2023		<u>8</u>	<u>637</u>	<u>645</u>
At 30 June 2022		<u>13</u>	<u>-</u>	<u>13</u>

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES

	Note	Company	
		30.9.2023 RM'000	30.6.2022 RM'000
Unquoted shares, at cost		74,527	69,427
Less: Allowance for impairment		(39,940)	(39,940)
		<u>34,587</u>	<u>29,487</u>
Quasi equity (Reclassified from amount due from subsidiaries)	(a)	179,232	113,014
Less: Allowance for impairment		(19,755)	(1,312)
Add: Reversal of impairment		-	-
		<u>159,477</u>	<u>111,702</u>
		<u>194,064</u>	<u>141,189</u>

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Group's effective equity interest/voting rights		Principal activities
		2023	2022	
		%	%	
Powernet Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing of warp-knitted fabrics
Reneuco Development Sdn. Bhd.	Malaysia	100	100	Property development
Reneuco Ventures Ltd.*	British Virgin Islands	100	100	Investment holding
Reneuco Engineering Sdn. Bhd.	Malaysia	100	100	Real estate, investment holding, construction business and construction related activities, general trading and services
Reneuco International (L) Ltd.	Malaysia	100	100	Construction related activities
Reneuco Healthcare Technologies Sdn. Bhd.	Malaysia	100	100	Investment holding and trading of healthcare related products
Reneuco Logistics Sdn. Bhd.#	Malaysia	100	100	Investment holding and logistics
PKNP Reneuco 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

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Group's effective equity interest/voting rights		Principal activities
		2023	2022	
		%	%	
Reneuco RE Sdn. Bhd. [#]	Malaysia	100	100	Activities of holding companies, installation of non-electric solar energy collectors and operation of the energy industry
Reneuco Digital Sdn. Bhd.	Malaysia	100	100	Other information technology service activities and research and development on information communication technology
Reneuco Energy FZCO [#]	United Arab Emirates	100	100	Investment in energy enterprises and management
Subsidiary company of Reneuco Logistics Sdn. Bhd.				
Chemtrax Sdn. Bhd.	Malaysia	51	51	Providing chemical and gas transportation and forwarding services
Subsidiary company of Chemtrax Sdn. Bhd.				
Sabaka Logistik (M) Sdn. Bhd.	Malaysia	100	100	Chemical logistic services
Subsidiary company of Reneuco RE Sdn. Bhd.				
Mikrogrid Lestari Sdn. Bhd. [#]	Malaysia	55	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.

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(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) Non-controlling interests in subsidiaries

	Carrying amount of non-controlling interests		(Loss)/profit attributable to non-controlling interests	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Chemtrax Sdn. Bhd.	2,567	3,101	(541)	171
Granulab (M) Sdn. Bhd.	(3,747)	(2,646)	(1,095)	(1,129)
PKNP Suria	-	(74)	(13)	(74)
Mikrogrid Lestari Sdn. Bhd.	(87)	18	(297)	(2)
	<u>(1,547)</u>	<u>399</u>	<u>(1,946)</u>	<u>(1,034)</u>

(c) 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%
As at 30 September 2023				
Non-current assets	96,909	-	13,707	362
Current assets	30,171	12,361	6,609	1,371
Non-current liabilities	(9,781)	-	(7,684)	(4,898)
Current liabilities	(118,044)	(12,982)	(7,656)	(9,296)
Net (liabilities)/assets	<u>(745)</u>	<u>(621)</u>	<u>4,976</u>	<u>(12,461)</u>

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Summarised financial information before intra-group elimination (Continued)

	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%
Period ended				
30 September 2023				
Revenue	-		19,170	224
(Loss)/profit for the period, representing total comprehensive (loss)/ income for the period	<u>(254)</u>	<u>(659)</u>	<u>(1,103)</u>	<u>(3,726)</u>
Net cash flows generated from/(used in) operating activities	(55,434)	-	4,187	352
Net cash flows used in investing activities	(19)	-	(5,302)	(18)
Net cash flows used in financing activities	<u>55,366</u>	<u>-</u>	<u>690</u>	<u>(388)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(87)</u>	<u>-</u>	<u>(425)</u>	<u>(54)</u>
As at 30 June 2022				
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	<u>(15,318)</u>	<u>(1,885)</u>	<u>(5,792)</u>	<u>(7,371)</u>
Net (liabilities)/assets	<u>(481)</u>	<u>40</u>	<u>6,329</u>	<u>(4,252)</u>
Year ended 30 June 2022				
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>

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Summarised financial information before intra-group elimination (Continued)

	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%
Year ended 30 June 2022				
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	(156)	-	(615)	(353)
Net increase/(decrease) in cash and cash equivalents	<u>90</u>	<u>(51)</u>	<u>52</u>	<u>(68)</u>

9. INVESTMENT IN JOINT VENTURE

	Group/Company	
	30.9.2023	30.6.2022
	RM'000	RM'000
Unquoted shares at cost	200	-
Share of post acquisition profit	-	-
Less: Allowance for diminution in value	-	-
	<u>200</u>	<u>-</u>

Details of the joint venture company, which are incorporated in Malaysia as follows:

Name	Principal activities	Effective equity interest (%)	
		30.9.2023	30.6.2022
Citaglobal Reneuco ECRL Energy Solution Sdn Bhd ("CRESS")*	Dormant	40	40

On 25 June 2023 Reneuco Berhad has acquired 200,000 units of shares in Citaglobal Reneuco ECRL Energy Solution Sdn Bhd ("CRESS") with consideration of RM200,000.

NOTES TO THE FINANCIAL STATEMENTS

9. INVESTMENT IN JOINT VENTURE (CONTINUED)

Details of the joint venture company, which are incorporated in Malaysia as follows:

* These financial statements are not audited by Al Jafree Salihin Kuzaimi PLT.

10. INVESTMENT PROPERTIES

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
At Fair Value				
As at 1 July	-	-	-	-
Addition	17,250	-	11,500	-
Fair value gain	-	-	-	-
As at 30 September/June	<u>17,250</u>	<u>-</u>	<u>11,500</u>	<u>-</u>

The investment properties are stated at fair value, that are determined based on valuations performed by an independent professional valuer. There are no material events that affect the valuation between the valuation date and financial period end.

The description of valuation techniques used and key inputs to the valuation on investment properties are as follows:

Types of investment properties	Valuation technique	Significant unobservable inputs
Buildings and land	Comparison method of Valuation	This method of valuation seeks to determine the value of the property by comparing and adopting as a yardstick of the recent transactions and sales evidence involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, improvement made if any, surrounding developments, facilities and amenities available.

The fair value was arrived at after taking into consideration the valuation performed by external professional firms. The fair value is categorised as Level 3 in the fair value hierarchy. The most significant input in the approach adopted by the valuer is price per square foot.

NOTES TO THE FINANCIAL STATEMENTS

11. 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:

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
At 1 July	59	(278)	(41)	(18)
Acquisition of a subsidiary company	-	-	-	-
Recognised in profit or loss (Note 17)				
- current period/year	(2,356)	342	-	(18)
- (under)/over provision of deferred tax liabilities in prior period/	24	(5)	-	(5)
At 30 September/June	<u>(2,273)</u>	<u>59</u>	<u>(41)</u>	<u>(41)</u>

- (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	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Disclosed as:				
- Deferred tax assets	-	474	-	-
- Deferred tax liabilities	(2,273)	(415)	(41)	(41)
	<u>(2,273)</u>	<u>59</u>	<u>(41)</u>	<u>(41)</u>

NOTES TO THE FINANCIAL STATEMENTS

11. DEFERRED TAXATION (CONTINUED)

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
Group				
At 1 July 2022	(326)	373	12	59
Recognised in profit or loss	-	(2,095)	(237)	(2,332)
At 30 September 2023	(326)	(1,722)	(225)	(2,273)
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
Company				
At 1 July 2022	-	(42)	1	(41)
Recognised in profit or loss	-	-	-	-
At 30 September 2023	-	(42)	1	(41)
At 1 July 2021	-	(22)	4	(18)
Recognised in profit or loss	-	(20)	(3)	(23)
At 30 June 2022	-	(42)	1	(41)

(b) Deferred tax assets have not been recognised for the following items:

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Tax effects of unutilised tax losses	22,205	61,592	-	-
Tax effects of unabsorbed capital allowance	2,886	12,597	-	-
At 30 September/June	25,091	74,189	-	-

NOTES TO THE FINANCIAL STATEMENTS

12. INVENTORIES

	Group	
	30.9.2023	Restated 30.6.2022
	RM'000	RM'000
At lower of cost and net realisable value:		
Raw material	1	6
Work-in-progress	266	147
Manufactured inventories	734	1,001
Consumables	195	196
	<u>1,196</u>	<u>1,350</u>
Recognised in profit or loss:		
- Inventories recognised as cost of sales	1,044	554
- Inventories written off (Note 27)	-	1,282
	<u>-</u>	<u>1,282</u>

13. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	30.9.2023	30.6.2022	30.9.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Contract assets				
Contract assets relating to construction contracts	70,109	86,831	-	-
Less: Allowance for impairment	(43,683)	-	-	-
	<u>26,426</u>	<u>86,831</u>	<u>-</u>	<u>-</u>
Contract liabilities				
Contract liabilities relating to construction contracts	<u>(2,158)</u>	<u>(11,263)</u>	<u>(2,154)</u>	<u>(2,154)</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

14. CONTRACT COST ASSETS

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
At 1 July	735	1,421	-	98
Cost to obtain a contract	-	-	-	-
Reclassification/transfer	22,945	-	-	-
Costs to fulfil contract with customers:				
- Incurred during the year	122,426	-	-	-
- Recognised in profit or loss during the period/year	(74,221)	(686)	-	(98)
- Impairment	(23,157)	-	-	-
At 30 September/June	<u>48,728</u>	<u>735</u>	<u>-</u>	<u>-</u>

The contract cost assets primarily relate to the construction of property development.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Trade receivables	111,890	96,263	6,854	10,218
Other receivables	53,520	51,297	50	67
	<u>165,410</u>	<u>147,560</u>	<u>6,904</u>	<u>10,285</u>
Less: Allowance for impairment				
- Trade receivables	(66,853)	(871)	(33)	-
- Other receivables	(20,952)	(65)	-	-
	<u>77,605</u>	<u>146,624</u>	<u>6,871</u>	<u>10,285</u>

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (i) Included in trade receivables of the Group and the Company is a balance with a related party amounting to RM65,431,251 (2022: RM15,123,208) and RM6,797,433 (2022: RM6,797,433) respectively.
- (ii) Trade receivables are non-interest bearing and are generally on 30 days to 60 days (2022: 30 days to 60 days) credit terms. They recognised on their original invoice amount which represents their fair value on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Neither past due nor impaired	1,389	14,637	-	-
1 to 30 days past due not impaired	3,717	1,972	-	-
31 to 120 days past due not impaired	3,901	8,122	-	-
More than 120 days past due not impaired	36,030	70,661	6,821	10,218
	<u>43,648</u>	<u>80,755</u>	<u>6,821</u>	<u>10,218</u>
	45,037	95,392	6,821	10,218
Impaired	66,853	871	33	-
	<u>111,890</u>	<u>96,263</u>	<u>6,854</u>	<u>10,218</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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	
	30.9.2023	30.6.2022
	RM'000	RM'000
Individually impaired		
Trade receivables	66,853	913
Other receivables	20,952	65
Less: Allowance for impairment	(87,805)	(978)
	<u>-</u>	<u>-</u>
Movements in allowances accounts:		
At 1 July	871	798
Additions (Note 27)	66,853	73
At 30 September/June	<u>67,724</u>	<u>871</u>

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	
	30.9.2023	30.6.2022	30.9.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
United States Dollar	-	1,298	-	1,298
Malaysian ringgit	77,605	145,326	6,871	8,987
	<u>77,605</u>	<u>146,624</u>	<u>6,871</u>	<u>10,285</u>

16. DEPOSITS AND PREPAYMENTS

	Group		Company	
	30.9.2023	30.6.2022	30.9.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Deposits	8,729	5,255	3,251	434
Prepayments	1,103	2,651	605	172
	<u>9,832</u>	<u>7,906</u>	<u>3,856</u>	<u>606</u>

NOTES TO THE FINANCIAL STATEMENTS

17. INCOME TAX BALANCE AND EXPENSE

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Net tax (liabilities)/assets as at 1 July	(4,713)	(1,007)	(2,311)	2,023
Acquisition through business combination	-	-	-	-
Taxation charge for the financial period/year	(8,985)	(11,112)	(292)	(2,976)
Payment made	558	7,416	170	1,150
Tax set off within the Group	-	-	-	(2,508)
Tax refunded	(6)	(10)	-	-
Net tax (liabilities)/assets as at 30 September/June	<u>(13,146)</u>	<u>(4,713)</u>	<u>(2,433)</u>	<u>(2,311)</u>
Disclosed as:				
Tax assets	156	1,944	-	-
Tax liabilities	<u>(13,302)</u>	<u>(6,657)</u>	<u>(2,433)</u>	<u>(2,311)</u>
	<u>(13,146)</u>	<u>(4,713)</u>	<u>(2,433)</u>	<u>(2,311)</u>

Income tax expenses comprise:

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Malaysian income tax:				
- Current period/year	10,040	10,958	1,151	2,843
- Under provision in prior year	<u>(553)</u>	<u>154</u>	<u>(859)</u>	<u>133</u>
	9,487	11,112	292	2,976
Deferred tax (Note 11):				
- Current period/year	499	(342)	-	18
- Under/(over) provision in prior period/year	<u>1,833</u>	<u>5</u>	<u>-</u>	<u>5</u>
	<u>11,819</u>	<u>10,775</u>	<u>292</u>	<u>2,999</u>

The income tax is calculated at the statutory rate of 24% (2022: 24%) of the estimated assessable profit for the period.

NOTES TO THE FINANCIAL STATEMENTS

17. INCOME TAX BALANCE AND EXPENSE (CONTINUED)

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	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Profit before tax	(107,163)	15,694	(15,406)	6,718
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	(25,719)	3,767	(3,697)	1,612
Tax effects arising from				
- non-deductible expenses	35,815	1,569	4,848	1,273
- non-taxable income	(243)	(463)	-	(24)
- deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	986	5,743	-	-
- utilisation of previously unrecognised tax losses	(300)		-	
- under/(over) provision of deferred tax liability in prior years	1,833	5	-	5
- under/(over) provision of income tax in prior years	(553)	154	(859)	133
	<u>11,819</u>	<u>10,775</u>	<u>292</u>	<u>2,999</u>

18. CASH AND BANK BALANCES

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Cash at banks	2,084	6,717	874	65
Cash in hands	107	44	3	1
Deposits with licensed banks	12,312	27,217	4,371	26,950
	<u>14,503</u>	<u>33,978</u>	<u>5,248</u>	<u>27,016</u>
Cash and bank balances restricted for use	(12,312)	(25,500)	(4,371)	(25,450)
Cash and cash equivalents	<u>2,191</u>	<u>8,478</u>	<u>877</u>	<u>1,566</u>

The fixed deposits of the Group and the Company bear effective interest rate at 1.85% to 1.90% (2022: 1.85% to 1.90%) and 1.90% (2022: 1.90%) per annum respectively and with maturity periods of 2 months (2022: 2 months).

NOTES TO THE FINANCIAL STATEMENTS

18. CASH AND BANK BALANCES (CONTINUED)

Included in cash and bank balances restricted for use of the Group and the Company are amount of RM15,599,280 (2022: RM25,500,000) and RM7,916,347 (2022: RM25,450,000) respectively pertaining to payment to bank guarantees issued in favour of third parties as disclosed in Note 22.

The currency exposure profile of cash and cash equivalents is as follows:

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
United States Dollar	99	821	-	-
British Sterling Pound	53	236	-	-
United Arab Emirates Dirham	23	686	-	-
Malaysian ringgit	1,948	6,735	877	1,566
Indonesian Rupiah	68	-	-	-
	<u>2,191</u>	<u>8,478</u>	<u>877</u>	<u>1,566</u>

NOTES TO THE FINANCIAL STATEMENTS

19. SHARE CAPITAL

	Note	Group and Company			
		Number of ordinary shares		Amount	
		30.9.2023	30.6.2022	30.9.2023	30.6.2022
		'000	'000	RM'000	RM'000
Issued and fully paid:					
At 1 July		542,797	452,331	156,379	97,730
Issued during the period/year:					
- Cash	(i)	80,949	90,466	16,320	61,517
- Share split		-	-	-	-
Share issue expenses		-	-	-	(2,868)
At 30 September/June		<u>623,746</u>	<u>542,797</u>	<u>172,699</u>	<u>156,379</u>

The new ordinary shares issued during the financial period 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.

- (i) During the financial period, the Company issued new ordinary shares by way of private placement and conversion of bond as disclosed in Directors Report section for issuance of new shares and debentures.

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 September 2023.

The salient terms of the Warrants are as follows:

- The Warrants are constituted by a Deed Poll executed on 11 December 2020.
- The Warrants are traded separately.
- 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.
- Each Warrant entitled the registered holder to subscribe for one new ordinary share in the Company.

NOTES TO THE FINANCIAL STATEMENTS

19. SHARE CAPITAL (CONTINUED)

Warrants (Continued)

- (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.

20. RESERVES

	Note	Group	
		30.9.2023 RM'000	30.6.2022 RM'000
Foreign currency translation reserves	(a)	84	84
		84	84

(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.

21. LEASE LIABILITIES

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Current	1,251	1,548	333	307
Non-current	10,318	12,417	351	1,312
	11,569	13,965	684	1,619

NOTES TO THE FINANCIAL STATEMENTS

21. LEASE LIABILITIES (CONTINUED)

The lease liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Group			
30 September 2023			
Less than one year	1,807	(556)	1,251
Between one and two years	17,089	(6,771)	10,318
	<u>18,896</u>	<u>(7,327)</u>	<u>11,569</u>
30 June 2022			
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>
Company			
30 September 2023			
Less than one year	360	(27)	333
Between one and two years	360	(9)	351
	<u>720</u>	<u>(36)</u>	<u>684</u>
30 June 2022			
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>

22. BORROWINGS

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Non-current				
Secured				
Term loans	63,586	688	-	-
Finance lease	6,541	5,874	-	-
Loan from subsidiary shareholder	3,498	4,190	-	-
	<u>73,625</u>	<u>10,752</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

22. BORROWINGS (CONTINUED)

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Current				
Secured				
Term loans	187	184	-	-
Finance lease	3,459	2,512	-	-
Trade financing	1,134	10,500	-	-
Revolving credits	15,000	-	15,000	-
Loan from subsidiary shareholder	1,000	1,000	-	-
	<u>20,780</u>	<u>14,196</u>	<u>15,000</u>	<u>-</u>
Total borrowings	<u>94,405</u>	<u>24,948</u>	<u>15,000</u>	<u>-</u>

(a) Security

The borrowings are secured by way of:

- (i) Fixed deposit of the Group as disclosed in Note 18; and
- (ii) Corporate guarantees from the Company.

(b) Interests charged are as follows:

- term loans - 3.52% (2022: 3.52%) per annum.
- finance lease obligations - 2.80% to 4.35% (2022: 2.80% to 4.35%) per annum.
- trade financing - Nil% (2022: Nil) per annum.
- revolving credits - 5.85% (2022: Nil) per annum.
- loan from subsidiary shareholder - 2.33% (2022: 2.33%) per annum.

(c) The outstanding term loans as at the end of the financial year are repayable as follows:

	Group	
	30.9.2023 RM'000	30.6.2022 RM'000
Term loan	<u>63,773</u>	<u>872</u>
Represented by:		
Current		
- Not later than one year	187	184
Non-current		
- Later than one year but not later than five years	<u>63,586</u>	<u>688</u>
	<u>63,773</u>	<u>872</u>

NOTES TO THE FINANCIAL STATEMENTS

22. BORROWINGS (CONTINUED)

(d) Finance lease obligations:

	Group	
	30.9.2023	30.6.2022
	RM'000	RM'000
Minimum lease payments:		
- Not later than one year	4,015	2,921
- Later than one year but not later than five years	7,450	6,778
	<u>11,465</u>	<u>9,699</u>
Less: Unexpired term charges	<u>(1,465)</u>	<u>(1,313)</u>
	<u>10,000</u>	<u>8,386</u>
Present value of finance lease obligations:		
- Current portion	3,459	2,512
- Non-current portion	6,541	5,874
	<u>10,000</u>	<u>8,386</u>

The finance lease is secured by a lien over the motor vehicles and trucks as disclosed in Note 4.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	30.9.2023	30.6.2022	30.9.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Trade payables	32,127	27,213	344	-
Other payables	42,882	8,201	29,955	820
Accruals	7,203	34,845	1,668	459
Amount due to Directors	403	11,252	403	6,667
	<u>82,615</u>	<u>81,511</u>	<u>32,370</u>	<u>7,946</u>

The normal trade credit terms granted to the Group range from 30 days to 90 days (2022: 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 RM15,806,718 (2022: RM33,682,255).

NOTES TO THE FINANCIAL STATEMENTS

24. REVENUE

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Construction related activities	34,296	118,317	-	-
Property development	2,046	3,274	-	-
Sale of goods	8,836	587	-	-
Rental income	-	-	-	-
Sale of medical kit and health products	248	359	-	-
Rendering of services	19,170	17,839	-	-
Management fees	-	-	4,797	16,141
	64,596	140,376	4,797	16,141
Timing of revenue recognition:				
- Goods transferred at a point in time	9,084	946	4,797	16,141
- Goods and services transferred over time	55,512	139,430	-	-
	64,596	140,376	4,797	16,141
<u>Type of revenue:</u>				
Construction related activities	25,288	118,317	-	-
Logistics	19,170	17,839	-	-
Property and investment	19,737	3,274	-	-
Healthcare	401	946	-	-
Management fees	-	-	4,797	16,141
	64,596	140,376	4,797	16,141

25. COST OF SALES

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Construction costs	23,695	86,317	-	-
Property development costs	2,619	1,996	-	-
Service costs	23,393	14,763	-	-
Cost of goods sold	1,141	3,435	-	-
	50,848	106,511	-	-

NOTES TO THE FINANCIAL STATEMENTS

26. OTHER INCOME

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Foreign exchange:				
- unrealised	11	117	-	100
- realised	1,344	182	-	-
Interest income	527	872	349	750
Sale of scrap	-	15	-	-
Gain on remeasurement of right-of-use assets	13	3	-	3
Gain on disposal of property, plant and equipment	766	1,739	-	-
Insurance claim	-	4	-	-
Perkeso wage subsidy	-	83	-	-
Miscellaneous income	-	62	-	-
Rental Income	15	-	7	-
Others	49,925	-	9,696	-
	<u>52,601</u>	<u>3,077</u>	<u>10,052</u>	<u>853</u>

27. (LOSS)/PROFIT BEFORE TAX

Note	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):				
Auditors' remuneration:				
- statutory audit	448	178	102	45
- under/(over) provision in prior year	-	44	-	27
- other services	261	27	153	27
Allowance for impairment on:				
- trade receivables and other receivables	15 66,853	73	33	-
- investment property	-	-	-	-
- contract assets	23,157	895	-	-
Trade receivables written off	-	2	-	-
Other receivables written off	-	55	-	-
	<u>-</u>	<u>55</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

27. (LOSS)/PROFIT BEFORE TAX (CONTINUED)

	Note	Group		Company	
		30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2023 RM'000
Amortisation of intangible assets	7	189	78	83	4
Indemnity insurance of Directors and officers		-	31	-	31
Unrealised loss/(gain) on foreign exchange		-	695	-	-
Depreciation of:					
- property, plant and equipment	4	2,356	3,162	66	33
- right-of-use assets	6	2,601	1,404	598	340
- investment property		-	-	-	-
Employee benefits expenses	28	-	14,891	-	4,446
Inventories written off	12	-	1,282	-	-

28. EMPLOYEE BENEFITS EXPENSES (INCLUDING KEY MANAGEMENT PERSONNEL)

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Salaries, wages, allowances and bonuses	11,631	13,219	2,362	3,967
Contributions to defined contribution plans	1,595	1,672	329	479
	<u>13,226</u>	<u>14,891</u>	<u>2,691</u>	<u>4,446</u>

29. COMPENSATION TO KEY MANAGEMENT PERSONNEL

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Directors of the Group and the Company:				
- fees	1,053	903	501	485
- remuneration	954	814	714	390
- other employee benefits	374	387	374	343
	<u>2,381</u>	<u>2,104</u>	<u>1,589</u>	<u>1,218</u>

NOTES TO THE FINANCIAL STATEMENTS

29. COMPENSATION TO KEY MANAGEMENT PERSONNEL (CONTINUED)

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Other key management personnel:				
- remuneration	2,199	1,046	1,250	810
- other employee benefits	1,602	728	616	564
	<u>3,801</u>	<u>1,774</u>	<u>1,866</u>	<u>1,374</u>

30. FINANCE COSTS

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Interest expense on:				
- hire purchase	199	470	-	-
- term loan	75	184	-	-
- revolving credits	936	882	936	881
- trade financing	-	44	-	-
- others	186	121	-	-
	<u>1,396</u>	<u>1,701</u>	<u>936</u>	<u>881</u>
- lease liabilities (Note 6)	103	239	49	28
	<u>1,499</u>	<u>1,940</u>	<u>985</u>	<u>909</u>

31. (LOSS)/EARNINGS PER SHARE

Basic and diluted (loss)/earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 30 September 2023 was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	30.9.2023 RM'000	30.6.2022 RM'000
(Loss)/Profit attributable to ordinary shareholders	<u>(117,036)</u>	<u>6,039</u>

NOTES TO THE FINANCIAL STATEMENTS

31. (LOSS)/EARNINGS PER SHARE (CONTINUED)

Basic and diluted (loss)/earnings per ordinary share (Continued)

	Group	
	30.9.2023	30.6.2022
	'000	'000
Weighted average number of ordinary shares at the beginning of period/year	518,755	452,331
Effect of ordinary shares on issue	50,351	66,424
Weighted average number of ordinary shares at the end of period/year	<u>569,106</u>	<u>518,755</u>
	Group	
	30.9.2023	30.6.2022
Basic and diluted (loss)/earnings per ordinary share (sen)	<u>(20.56)</u>	<u>1.16</u>

32. DIVIDENDS

	Company	
	30.9.2023	30.6.2022
	RM'000	RM'000
In respect of the financial year ended 30 June 2020		
First and final single tier dividend of 2.26 sen per share, declared on 7 October 2020 and paid on 23 December 2020	<u>-</u>	<u>-</u>

The Directors did not recommend any dividend in respect of the current financial period.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel comprise persons having authority and responsibility for planning, directing and controlling the activities of the group entities either directly or indirectly.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group, the Company and related parties took place at terms agreed between the parties during the financial period/year:

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Revenue	27,707	47,282	-	-
Professional fees	<u>4,250</u>	<u>1,065</u>	<u>4,250</u>	<u>1,065</u>

(c) Significant balances

	Group		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Related party	<u>48,588</u>	<u>15,123</u>	<u>6,797</u>	<u>6,797</u>

34. CAPITAL COMMITMENTS

Capital commitment as at the end of the financial period/year is as follows:

	Group	
	30.9.2023 RM'000	30.6.2022 RM'000
Authorised capital expenditure for property, plant and equipment not provided for in the financial statements		
- Approved and contracted for	<u>-</u>	<u>-</u>

Other than the above, the Group has no other capital commitment as at the end of the financial period.

35. 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.

NOTES TO THE FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONTINUED)

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

35. 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
30 September 2023							
Revenue:							
External customers	25,288	19,737	401	19,170	-		64,596
Inter-segment	55,788	4,797	712	-	-	(a)	61,297
Results:							
Interest income	355	171	1	-	-		527
Finance costs	1,079	4	211	205	-		1,499
Depreciation	409	45	39	1,863	-		2,356
Segment results	(89,296)	(14,208)	(8,187)	116	4,412		(107,163)
Assets:							
Property, plant and equipment	1,865	471	45	14,093	-		16,474
Segment assets	394,450	191,777	8,669	32,595	(314,903)	(b)	312,588
Segment liabilities							
	242,447	193,469	30,199	28,492	(285,284)	(c)	209,323

* Healthcare segment constitutes manufacturing and healthcare related activities.

NOTES TO THE FINANCIAL STATEMENTS

35. 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
30 June 2022							
Revenue:							
External customers	118,318	3,551	946	17,561	-		140,376
Inter-segment	4,707	16,141	-	-	(20,848)	(a)	-
Results:							
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
Assets:							
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
Segment liabilities	253,703	28,807	25,208	22,678	(191,637)	(c)	138,759

* Healthcare segment constitutes manufacturing and healthcare related activities.

NOTES TO THE FINANCIAL STATEMENTS

35. 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
30 September 2023				
Revenue from external customers	64,596	-	-	64,596
Non-current assets	134,142	-	-	134,142
30 June 2022				
Revenue from external customers	137,196	3,180	-	140,376
Non-current assets	65,617	-	-	65,617

Information about major customers

Major customers' revenues are from transactions with external customers amounting to 42% (2022: 10%) or more of the Group revenue.

The following are the major customers individually accounting for 42% (2022: 10%) or more of group revenue:

	Revenue		Segment
	30.9.2023 RM'000	30.6.2022 RM'000	
Customer A	23,739	-	Construction related activities
Customer B	3,530	-	Construction related activities
Customer C	-	31,003	Construction related activities
Customer D	-	23,544	Construction related activities

NOTES TO THE FINANCIAL STATEMENTS

36. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as amortised cost.

Group	Carrying amount	Amortised cost
	RM'000	RM'000
30 September 2023		
Financial assets		
Trade and other receivables	77,605	169,489
Deposits	8,729	4,862
Cash and bank balances	14,503	18,384
Total financial assets	100,837	192,735
Financial liabilities		
Trade and other payables	(82,615)	(113,204)
Lease liabilities	11,569	(12,120)
Borrowings	(94,405)	(88,274)
Total financial liabilities	(165,451)	(213,598)
30 June 2022		
Financial assets		
Trade and other receivables	146,624	146,624
Deposits	5,255	5,255
Cash and bank balances	33,978	33,978
Total financial assets	185,857	185,857
Financial liabilities		
Trade and other payables	(81,511)	(81,511)
Lease liabilities	(13,965)	(13,965)
Borrowings	(24,948)	(24,948)
Total financial liabilities	(120,424)	(120,424)
Company		
30 September 2023		
Financial assets		
Trade and other receivables	6,912	6,912
Deposits	1,588	1,588
Cash and bank balances	9,022	9,022
Total financial assets	17,522	17,522
Financial liabilities		
Trade and other payables	(4,795)	(4,795)
Lease liabilities	(785)	(785)
Total financial liabilities	(5,580)	(5,580)

NOTES TO THE FINANCIAL STATEMENTS

36. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying amount RM'000	Amortised cost RM'000
Company		
30 June 2022		
Financial assets		
Trade and other receivables	10,285	10,285
Deposits	434	434
Cash and bank balances	27,016	27,016
Total financial assets	<u>37,735</u>	<u>37,735</u>
Financial liabilities		
Trade and other payables	(7,946)	(7,946)
Lease liabilities	(1,619)	(1,619)
Total financial liabilities	<u>(9,565)</u>	<u>(9,565)</u>

37. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value information (Continued)

Fair value hierarchy (Continued)

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Note	Fair value of financial instrument not carried at fair value			Total RM'000	Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Group 2023						
Financial liabilities						
Borrowings	22	-	-	94,405	94,405	94,405
2022						
Financial liabilities						
Borrowings	22	-	-	24,948	24,948	24,948

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 period and last financial year.

38. 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.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

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 15 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			
	30.9.2023		30.6.2022	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	111,890	100	95,007	99
ASEAN	-	-	1,298	1

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 15 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.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Receivables (Continued)

Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 15 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.

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 period.

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.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

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:

Financial liabilities Group	Carrying amount RM'000	Contractual interest rate %	On demand or within 1 RM'000	1 to 5 years RM'000	Total RM'000
30 September 2023					
Lease liabilities	11,569	5.00 - 5.25	1,251	10,318	11,569
Trade payables	32,127	-	32,127	-	32,127
Other payables and accruals	50,085	-	50,085	-	50,085
Contract liabilities	2,158	-	2,158	-	2,158
Amount due to Directors	403	-	403	-	403
Borrowings	94,405	2.80 - 5.85	20,780	73,625	94,405
30 June 2022					
Lease liabilities	13,965	5.00 - 5.25	1,546	12,417	13,963
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

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

Maturity analysis (Continued)

Financial liabilities Company	Carrying amount RM'000	Contractual interest rate %	On demand or within 1 RM'000	1 to 5 years RM'000	Total RM'000
30 September 2023					
Lease liabilities	684	5.00 - 5.25	333	351	684
Other payables and accruals	31,623	-	31,623	-	31,623
Contract liabilities	2,154	-	-	2,154	2,154
Amount due to Directors	403	-	-	403	403
30 June 2022					
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

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

	Effective interest rate %	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group					
2023					
Financial assets					
Deposits placed					
with licensed banks	1.85 - 3.05	12,312	-	-	12,312
Financial liabilities					
Lease liabilities	5.00 - 5.25	1,251	10,318	-	11,569
Borrowings	2.80 - 5.85	20,780	73,625	-	94,405
2022					
Financial assets					
Deposits placed					
with licensed banks	1.85 - 1.90	27,217	-	-	27,217
Financial liabilities					
Lease liabilities	5.00 - 5.25	1,548	12,417	-	13,965
Borrowings	2.33 - 4.35	14,196	10,752	-	24,948

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest and profit 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
Company					
2023					
Financial assets					
Deposits placed with licensed banks	2.55	4,371	-	-	4,371
Financial liabilities					
Lease liabilities	5.00 - 5.25	333	351	-	684
2022					
Financial assets					
Deposits placed with licensed banks	1.90	26,950	-	-	26,950
Financial liabilities					
Lease liabilities	5.00 - 5.25	307	1,312	-	1,619

Financial instruments subject to floating interest rates are repriced regularly. Financial instruments at fixed rates are fixed until the maturity of the instruments.

Sensitivity analysis for interest rate risk

An increase in market interest rates by 1% (2022: 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 RM898,000 (2022: RM404,000).

A decrease in market interest rates by 1% (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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		Company	
	30.9.2023 RM'000	30.6.2022 RM'000	30.9.2023 RM'000	30.6.2022 RM'000
Financial assets and liabilities not held in functional currency:				
Trade receivables				
USD	-	44,211	-	1,298
Cash and bank balances				
USD	99	821	-	-
British Sterling Pound	53	236	-	-
Indonesian Rupiah	68		-	
United Arab Emirates Dirham	23	686	-	-

NOTES TO THE FINANCIAL STATEMENTS

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 22 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	
	30.9.2023	30.6.2022
	RM'000	RM'000
Total borrowings (Note 22)	94,405	24,948
Less: Cash and cash equivalents	(2,191)	(8,478)
	<u>92,214</u>	<u>16,470</u>
Total equity	<u>103,265</u>	<u>206,226</u>
Net debt-to-equity ratios	<u>0.89</u>	<u>0.08</u>

There were no changes in the Group's approach to capital management during period.

The Company is required to comply with the disclosure and necessary capital requirements as prescribed.

40. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

- (i) On 10 August 2022, Reneuco 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.

NOTES TO THE FINANCIAL STATEMENTS

40. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD (CONTINUED)

- (ii) On 2 March 2023, Reneuco Logistics Sdn Bhd (“Reneuco Logistics”) had entered into a Shares Sale Agreement (“SSA”) with Yang Chie Yun, Yeow Chee Hui and Tung Siew Hun (collectively referred as the “Vendors”) for the acquisition of 475,000 ordinary shares in Pengangkutan Sri Tanjung Sepat Sdn Bhd, (“PSTS”), representing the entire equity interest in PSTS (“Sale Shares”) for a purchase consideration of RM700,000 (“Purchase Consideration”), to be satisfied via cash.
- (iii) On 19 October 2022, Reneuco RE, a wholly-owned subsidiary of the Company entered into a conditional SSA with OHP Ventures Sdn Bhd (“OVSB”) for the acquisition by Reneuco RE of 10,000 ordinary shares in Adat Sanjung Sdn Bhd (“ASSB”), representing the entire equity interest in ASSB for a purchase consideration of RM90.00 million to be satisfied via a combination of RM20.00 million cash consideration and the allotment and issuance of 318,181,819 new ordinary shares in the Company (“Consideration Shares”) at an issue price of RM0.22 per Consideration Share (“Proposed Acquisition”).

41. SUBSEQUENT EVENTS

- (i) The acquisition of PSTS has been completed on 9 November 2023, resulting in PSTS becoming a wholly-owned subsidiary company of Reneuco Logistics.
- (ii) The acquisition of ASSB has been completed on 15 December 2023, resulting in ASSB becoming a wholly-owned subsidiary company of Reneuco RE.

42. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the period ended 30 September 2023 were authorised for issue in accordance with a resolution of the Directors on 7 February 2024

ANALYSIS OF SHAREHOLDINGS

AS AT 16 JANUARY 2024

DISTRIBUTION OF SHAREHOLDINGS (BASED ON THE RECORD OF DEPOSITORS)

Number of Issued Shares : 1,100,954,435
 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	134	0.678	2,296	0.000*
100 – 1,000	3,478	17.604	2,289,669	0.208
1,001 – 10,000	9,479	47.978	46,751,458	4.246
10,001 – 100,000	5,719	28.947	195,427,929	17.751
100,001 - Less than 5% of issued capital	944	4.778	455,609,089	41.383
5% and above of issued capital	3	0.015	400,873,994	36.411
Total	19,757	100.000	1,100,954,435	100.000

Note:

* less than 0.001%

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Mustakim bin Mat Nun	37,075,600	3.368	231,959,561 ⁽¹⁾⁽²⁾	21.069
Sarah Azreen binti Abdul Samat	-	-	1,440,080 ⁽¹⁾	0.131
Dato' Dr. Md Khir bin Abdul Rahman	-	-	-	-
Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Seri Shahabuddin	-	-	-	-
Tan Yee Hou	-	-	-	-
Ahmad Riza bin Mohd Saian	-	-	-	-
Datuk Ir. Ts. Dr. Muhammad Mahadi bin Mohamad	-	-	-	-

Note:

⁽¹⁾ Deemed interested pursuant to his/her shareholdings in Grand Deal Vision Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

⁽²⁾ Deemed interested by virtue of his shareholdings in OHP Capital Sdn. Bhd., a 100% holding company of OHP Ventures Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 16 JANUARY 2024

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Mustakim bin Mat Nun	37,075,600	3.368	231,959,561 ⁽¹⁾⁽²⁾	21.069
OHP Ventures Sdn. Bhd.	230,519,481	20.938	-	-
OHP Capital Sdn Bhd	-	-	230,519,481 ⁽³⁾	20.938
Amirul Afif bin Abd Aziz	20	0.000*	230,519,481 ⁽²⁾	20.938
E&E Catalyst Sdn. Bhd.	83,800,038	7.612	-	-

Note:

* Negligible

⁽¹⁾ Deemed interested pursuant to his shareholdings in Grand Deal Vision Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

⁽²⁾ Deemed interested by virtue of his shareholdings in OHP Capital Sdn. Bhd., a 100% holding company of OHP Ventures pursuant to Section 8 of the Companies Act 2016.

⁽³⁾ Deemed interested by virtue of its shareholdings in OHP Ventures Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

TOP 30 LARGEST SHAREHOLDERS (BASED ON THE RECORD OF DEPOSITORS)

No.	Name	No. of Shares	% of Shares
1	OHP VENTURES SDN BHD	230,519,481	20.938
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD	86,554,475	7.862
3	E&E CATALYST SDN BHD	83,800,038	7.612
4	BIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - SENTOSA JAYA CAPITAL SDN BHD FOR MUSTAKIM BIN MAT NUN (MGNM83401)	33,523,800	3.045
5	SALMA BINTI SEMAN	9,614,400	0.873
6	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KOK YEW (MY3041)	8,706,400	0.791
7	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	7,700,000	0.699
8	HUANG TIONG SII	6,409,800	0.582
9	BUMI NIAGA ENGINEERING (M) SDN BHD	5,000,000	0.454
10	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TWE FOOK CHUAN	4,900,000	0.445
11	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LEE KOK SIONG	4,778,100	0.434
12	TAN LOON TOW	4,650,000	0.422

No.	Name	No. of Shares	% of Shares
13	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR TRITON CAPITAL FUND VCC	4,636,639	0.421
14	WONG AH WAH	4,000,000	0.363
15	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YUU SPEED SDN BHD	3,500,000	0.318
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD ADAM SHAH BIN ABDUL MAJID	3,500,000	0.318
17	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM YEE HUEY	3,400,000	0.309
18	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH KIM SOON	3,251,000	0.295
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUSTAKIM BIN MAT NUN	3,165,800	0.288
20	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE YEN YEN	3,124,300	0.284
21	DATO' SRI WONG ING SOON	3,004,000	0.273
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KIAN KAH	3,000,000	0.272
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW KOK THYE	3,000,000	0.272
24	YUU SPEED SDN BHD	3,000,000	0.272
25	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH YONG HAU	2,637,000	0.240
26	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIU CHEE HAW (MF00283)	2,530,000	0.230
27	NG AH BAH @ NG SEE KAI	2,500,000	0.227
28	SENTOSA JAYA CAPITAL SDN. BHD.	2,380,000	0.216
29	LEE KIM TECK	2,350,000	0.213
30	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA ISLAMIC FUND	2,292,800	0.208

ANALYSIS OF WARRANT HOLDINGS

AS AT 16 JANUARY 2024

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	1,724	25.327	78,288	0.052
100 – 1,000	1,114	16.366	494,938	0.328
1,001 – 10,000	2,182	32.055	10,270,312	6.812
10,001 – 100,000	1,516	22.271	53,538,833	35.509
100,001 - less than 5% of issued warrants	271	3.981	86,392,158	57.299
5% and above of issued warrants	0	0.000	0	0.000
Total	6,807	100.000	150,774,529	100.000

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' Dr. Md Khir bin Abdul Rahman	-	-	-	-
Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Seri Shahabuddin	-	-	-	-
Tan Yee Hou	-	-	-	-
Ahmad Riza bin Mohd Saian	-	-	-	-
Datuk 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

TOP 30 LARGEST SHAREHOLDERS (BASED ON THE RECORD OF DEPOSITORS)

No.	Name	No. of Shares	% of Shares
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD ADAM SHAH BIN ABDUL MAJID	4,275,000	2.835
2	LOW KOK YEW	3,338,100	2.214
3	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR CHIK ABDUL HAFEZ BIN HAIDAR	3,000,000	1.990
4	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR AZRIL BIN JAAFAR	2,145,100	1.423
5	LEE MING HA	2,000,000	1.326
6	CHIK ABDUL HAFEZ BIN HAIDAR	1,875,000	1.244
7	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD RASHDI BIN AB HAMID @ AZIZ (E-KLC)	1,574,666	1.044
8	LEE CHONG CHAT	1,230,000	0.816
9	GRAND DEAL VISION SDN BHD	1,226,666	0.814
10	AGNES CHAN WAI CHING	1,200,000	0.796
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD ALI BIN YAHYA	1,164,000	0.772
12	ZURAINAH BINTI MOHAMED YUSUF @ ALI	1,034,000	0.686
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAZALI BIN MOHAMMAD	1,000,000	0.663
14	OOI LEE SUAN	1,000,000	0.663
15	MOHD FAIRUZ BIN MOHD AZRUL	981,466	0.651
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD NAZRUL IZAM BIN MANSOR	896,000	0.594
17	CHUNG SHAN HUI	850,000	0.564
18	AHMAD RAZALI BIN NORDIN	836,200	0.555
19	LEONG KIT YING	801,200	0.531
20	AZAHAR BIN YAAKUB @ ARIFFIN	764,800	0.507
21	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR MUHAMMAD ISSYAM BIN ITAM @ ISMAIL	723,000	0.480
22	CHAI SIEW KEAN	700,000	0.464
23	MOHD JIMMY KONG BIN ABDULLAH	700,000	0.464

ANALYSIS OF WARRANT HOLDINGS

AS AT 16 JANUARY 2024

No.	Name	No. of Shares	% of Shares
24	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUSTAKIM BIN MAT NUN	678,000	0.450
25	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR KOH HUI JIE	656,200	0.435
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD NGU DIEN HUAT	600,000	0.398
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI EE FONG (E-TSA)	600,000	0.398
28	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAZLAN BIN AHMAD (REM 871)	581,000	0.385
29	TEOH OOI SEONG	580,000	0.385
30	KOAY HUN POH	530,000	0.352

ADDITIONAL DISCLOSURE

UTILISATION OF PROCEEDS

Proposed Private Placement

The Company has completed the Private Placement with the issuance of 54,279,600 Placement Shares, representing 10% of the existing total number of issued shares which raised total proceeds of RM11.82 million from the Private Placement on 20 June 2023. The proceeds raised from the Private Placement have been fully utilised as follows: -

Details of utilisation of proceeds	Proposed Utilisation of Proceeds (RM'000)	Actual Utilisation of Proceeds as of 16 October 2023 (RM'000)	Balance Unutilised as of 16 October 2023 (RM'000)
a) East Coast Rail Link ("ECRL") Independent Power Producer Project ("ECRL Project")	4,942	3,587	-
b) Development of affordable and mixed housing development at Kuala Nerus, Terengganu ("Kuala Nerus Project")	4,942	3,587	-
• Working capital requirements for existing operations	5,000	3,656	-
• Business expansion through the future investments and/or acquisitions	1,000	700	-
• Estimated expenses for the 10% Private Placement	400	290	-
Total	16,284	11,820	-

The utilisation of the proceeds as disclosed above should be read in conjunction with the announcement made by the Company dated 30 May 2023, circular dated 28 June 2023, announcement dated 30 August 2023, and announcement dated 30 November 2023.

Proposed Issuance of Redeemable Convertible Bonds

On 12 April 2023, the Company announced that the Company proposes to undertake an issuance of redeemable convertible bonds ("RCB") with an aggregate nominal value of up to RM350.00 million, which will mature on the date falling 36 months from the closing date of the first sub-tranche of Main Tranche 1 of the RCB.

As at 16 January 2024, the Company has issued RCB with an aggregate nominal value of RM32.0 million. The proceeds raised from the Proposed Issuance of Redeemable Convertible Bonds have been partially utilised as follows: -

Details of utilisation of proceeds	Proposed Utilisation of Proceeds (RM'000)	Actual Utilisation of Proceeds as of 16 October 2023 (RM'000)	Balance Unutilised as of 16 October 2023 (RM'000)
a) Hydro projects located at Kota Marudu, Sabah ("Hydro Project")	21,000	1,524	19,476
b) To partly fund the Proposed ASSB Acquisition	20,000	-	20,000*
c) Small hydro power plants located at Gua Musang, Kelantan ("Nenggiri Project")	100,000	399	99,601
d) 50-MW solar photovoltaic plant located at Pekan, Pahang ("LSS4")	40,000	1,294	39,706

ADDITIONAL DISCLOSURE

Details of utilisation of proceeds	Proposed Utilisation of Proceeds (RM'000)	Actual Utilisation of Proceeds as of 16 October 2023 (RM'000)	Balance Unutilised as of 16 October 2023 (RM'000)
e) Development of affordable and mixed housing development at Kuala Nerus, Terengganu (" Kuala Nerus Project ")	100,000	1,166	98,834
• Working capital for other up-coming projects and/or investment opportunities	49,850	17,997	31,853
• Estimated expenses for the 10% Private Placement	19,150	3,294	15,856
Total	350,000	25,675	324,325

* The payment of the purchase consideration for the Proposed ASSB Acquisition was satisfied via setting off OHP Ventures Sdn Bhd ("OVSB") Group's debt amounting to RM20 million. The proceeds allocated for the Proposed ASSB allocation will be utilised for working capital for other up-coming projects of the Group and/or any investment opportunities.

The utilisation of the proceeds as disclosed above should be read in conjunction with the announcement made by the Company dated 30 August 2023, and announcement dated 30 November 2023.

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 2023 were as follows:-

	Group (RM'000)	Company (RM'000)
Audit fees	363	81
Non-audit fees	51	45
Total	414	126

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There is a material contract involving a director and major shareholder during the financial year ended 30 September 2023, as follows:

- Conditional share sale agreement ("**SSA**") dated 19 October 2022 with OHP Ventures Sdn Bhd ("**OHPV**") for the acquisition by Reneuco 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 RM90.00 million.

Datuk Mustakim ("**Interested Director**") is the Executive Chairman and substantial shareholder of Reneuco. He currently holds 3.37% direct interest in Reneuco, 0.13% indirect interest in Reneuco via Grand Deal Vision Sdn. Bhd., and 20.94% indirect interest in Reneuco via OHPV. 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.

Encik Amirul is the Group Chief Executive Officer of Reneuco. He currently holds below 0.01% direct interest in Reneuco and 20.94% indirect interest in Reneuco via OHPV. 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.

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 September 2023 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"> Datuk Mustakim bin Mat Nun Amirul Afif bin Abd Aziz 	Provision of construction and project management services by Reneuco for projects owned by OHP Group under the infrastructure, utility, energy and logistic sectors	27,192
		Provision of operating and maintenance services by OHP Group for the assets owned by the Reneuco Group under the infrastructure, utility and energy sectors	515
3P Capital Advisers Sdn. Bhd.	<ul style="list-style-type: none"> Datuk Mustakim bin Mat Nun Sarah Azreen binti Abdul Samat 	Provision of advisory services related to corporate finance by 3P Capital to Reneuco Group.	2,229

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting ("**26th AGM**") of Reneuco Berhad ("**Reneuco**" or "**the Company**") will be conducted on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("**RPV**") facilities provided by Digerati Technologies Sdn. Bhd. in Malaysia at <https://reneuco-agm.digerati.com.my> (Domain registration numbers with MYNIC: D1A119533) on **Wednesday, 27 March 2024 at 10.30 a.m.** to transact the following businesses:-

AGENDA

Ordinary Business	
1. To receive the Audited Financial Statements for the financial period ended 30 September 2023 together with the Reports of the Directors and Auditors thereon.	<i>[Please refer to Explanatory Note 1 on Ordinary Business]</i>
2. To approve the payment of Directors' fees of up to RM894,600.00 commencing from the conclusion of the 26 th AGM until the next Annual General Meeting of the Company.	Ordinary Resolution 1 <i>[Please refer to Explanatory Note 2 on Ordinary Business]</i>
3. To approve the payment of Directors' benefits of up to RM330,600.00 commencing from the conclusion of the 26 th AGM until the next Annual General Meeting of the Company.	Ordinary Resolution 2 <i>[Please refer to Explanatory Note 2 on Ordinary Business]</i>
4. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Constitution of the Company: (a) Sarah Azreen binti Abdul Samat (b) Tan Yee Hou	<i>[Please refer to Explanatory Note 3 on Ordinary Business]</i> Ordinary Resolution 3 Ordinary Resolution 4
5. To re-elect the following Directors who retire pursuant to Clause 78 of the Constitution of the Company: (a) Dato' Dr. Md Khir bin Abdul Rahman (b) Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Seri Shahabuddin	<i>[Please refer to Explanatory Note 3 on Ordinary Business]</i> Ordinary Resolution 5 Ordinary Resolution 6
6. Retirement of Messrs Al Jafree Salihin Kuzaimi PLT as Auditors of the Company, whom has expressed their intention not to seek for reappointment at the 26 th AGM of the Company.	
Special Business	
To consider and, if thought fit, to pass, with or without modifications, 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 may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (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 (" General Mandate ").	Ordinary Resolution 7

Special Business	
<p>AND THAT in connection with the General Mandate mentioned above, pursuant to Section 85 of the Act to be read together with Clause 12(3)(a) of the Constitution of the Company, the shareholders of Reneuco hereby agree and granted approval to waive their pre-emptive rights whereby the Directors are exempted from the obligation to firstly offer any new Reneuco shares to the shareholders of the Company in proportion to their shareholdings, in the event and arising from any issuance of new Reneuco shares ranking pari passu with the existing issued shares of the Company."</p>	
<p>8. Ordinary Resolution</p> <p>Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature</p> <p>"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 8 February 2024 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").</p> <p>THAT the Proposed Renewal of RRPT Mandate shall only continue to be in full force until: -</p> <ul style="list-style-type: none"> (i) the conclusion of the next 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, <p>whichever is earlier.</p> <p>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."</p>	<p style="text-align: center;">Ordinary Resolution 8</p>
<p>9. Ordinary Resolution</p> <p>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</p> <p>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:</p>	<p style="text-align: center;">Ordinary Resolution 9</p>

NOTICE OF ANNUAL GENERAL MEETING

Special Business

- (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 amount of 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 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.

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 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.

Special Business	
<p>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.</p>	
<p>10. To transact any other business of which due notice shall have been given in accordance with the Act.</p>	

BY ORDER OF THE BOARD

NG LAI YEE

SSM PC No. 202008000977

(MAICSA 7031768)

Company Secretary

Petaling Jaya, Selangor

8 February 2024

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 26th 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 26th AGM using the RPV provided by Digerati Technologies Sdn. Bhd. in Malaysia at <https://renewco-agm.digerati.com.my> (Domain registration number with MYNIC: D1A119533).

Please read these Notes carefully and follow the procedures in the Administrative Guide for the 26th AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this 26th 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 19 March 2024**. Only a member whose name appears in this Record of Depositors as at 19 March 2024 shall be entitled to participate in this 26th AGM via RPV.
3. A member who is entitled to participate in this 26th 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 26th 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.

NOTICE OF ANNUAL GENERAL MEETING

8. Members who appoint proxies to participate via RPV in the 26th AGM must ensure that the duly executed proxy forms are deposited in hard copies with the Company's Registered Office at G-3AF-3, Level 3AF, Block G, Garden Office @ Encorp Strand, No. 12, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia or email to admin@aldpro.com.my not less than forty-eight (48) hours before the time appointed for holding the 26th 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, 25 March 2024 at 10.30 a.m.**
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Registered Office at G-3AF-3, Level 3AF, Block G, Garden Office @ Encorp Strand, No. 12, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia or email to admin@aldpro.com.my not less than forty-eight (48) hours before the time appointed for holding the 26th AGM or adjourned general meeting in 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 must be deposited with the Company's Registered Office at G-3AF-3, Level 3AF, Block G, Garden Office @ Encorp Strand, No. 12, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia or email to admin@aldpro.com.my. 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.
13. The 2023 Annual Report and other relevant documents in relation to the 26th AGM can be accessible at the Company's website at <https://reneuco.com/general-meeting/26th-annual-general-meeting>.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements for the financial period ended 30 September 2023

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 commencing from the conclusion of the 26th 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.

The proposed Ordinary Resolution 2 for the payment of Directors' benefits such as meeting allowances is calculated based on the current board size and the number of scheduled meetings from the conclusion of the 26th AGM until the next AGM of the Company. It also includes Directors' and Officers' Liability Insurance, Group Hospitalisation, Group Term Takaful and Outpatient coverage.

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, 4, 5 and 6: Re-election of Directors

Sarah Azreen binti Abdul Samat, Tan Yee Hou, Dato' Dr. Md Khir bin Abdul Rahman and Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Seri Shahabuddin are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 26th 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 Tan Yee Hou, Dato' Dr. Md Khir bin Abdul Rahman and Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Seri Shahabuddin and satisfied that they have 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 2023.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Ordinary Resolution 7: 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 7 which is proposed pursuant to Sections 75 and 76 of the Companies Act 2016, is a renewal of previous general mandate obtained at the preceding 25th AGM of the Company held on 7 December 2022. This resolution if passed, will give the Directors of the Company, the 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 and 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.

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, proposed funding for future investment, working capital and/or acquisitions and to avoid delay and additional cost in convening general meeting to approve the same.

As at the date of this Notice, an amount of 54,279,600 new shares of the Company were issued and allotted pursuant to Private Placement corporate exercise under the last general mandate granted to the Directors at the 25th AGM held on 7 December 2022.

Subsequent to the financial period, the Company has issued and allotted of 318,181,819 new shares at an issue price of RM0.22 per share in consideration of the Acquisition of 10,000 ordinary shares by Reneuco RE Sdn Bhd, a wholly owned subsidiary of the Company, in Adat Sanjung where by the total purchase consideration of RM90,000,000 million was satisfied via a combination of cash payment of RM20,000,000 and allotment of 318,181,819 new shares in the Company ("Acquisition"). The Acquisition has been completed by the Company on 15 December 2023.

The Company has obtained a specific approval on the issuance of redeemable convertible bonds which are convertible into up to 1,143,093,554 new ordinary shares of the Company with an aggregate nominal value of up to RM350,000,000 ("RCB Issue"). As at the date of this notice, an amount of 206,719,364 new shares of the Company were issued and allotted pursuant to the RCB Issue under the specific approval.

2. Ordinary Resolution 8: Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature

The proposed Ordinary Resolution 8, 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 8 February 2024 for further information.

3. Ordinary Resolution 9: 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 9, 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 8 February 2024 for further details.

STATEMENT ACCOMPANYING NOTICE OF THE 26TH AGM

(i) Details of persons who are standing for election as Directors (excluding Directors standing for reelection)

Pursuant to Chapter 8.27(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), no individual is standing for election as Director of the Company at the 26th AGM of the Company.

(ii) General mandate for issue of securities

Details of the General Mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in Note 1 of the Explanatory Note on Special Business of the Notice of 26th AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, "the Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) the members has obtain the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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RENEUCO BERHAD

[REGISTRATION NO. 199701003731 (419227-X)]
(INCORPORATED IN MALAYSIA)

PROXY FORM

No. of shares held	
CDS Account No.	

*I/We _____ NRIC/Passport/Registration No. _____
(Full name in Capital Letters)

of _____
(Full Address)

with email address _____ mobile phone no. _____

being a member/members* of **RENEUCO BERHAD**, hereby appoint(s):

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

And / or*

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her*, the Chairman of the Meeting as *my/our proxy/proxies to attend, speak and vote for *me/us and on my/our behalf at the Twenty-Sixth Annual General Meeting ("26th AGM") of the Company to be conducted on fully virtual basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities provided by Digerati Technologies Sdn. Bhd. in Malaysia at <https://reneuco-agm.digerati.com.my> (Domain registration numbers with MYNIC: D1A119533) on **Wednesday, 27 March 2024 at 10.30 a.m.** and any adjournment thereof.

Ordinary Resolution	Description of Resolutions	First Proxy		Second Proxy	
		For	Against	For	Against
1	Payment of Directors' fees of up to RM894,600.00 commencing from the conclusion of the 26 th AGM until the next Annual General Meeting of the Company.				
2	Payment of Directors' benefits of up to RM330,600.00 commencing from the conclusion of the 26 th AGM until the next Annual General Meeting of the Company.				
3	Re-election of Sarah Azreen binti Abdul Samat as Director.				
4	Re-election of Tan Yee Hou as Director.				
5	Re-election of Dato' Dr. Md Khir bin Abdul Rahman as Director.				
6	Re-election of Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Seri Shahabuddin as Director.				
7	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of the pre-emptive rights.				
8	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature.				
9	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.				

* Delete whichever is inapplicable

Please indicate with a "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the proxy will vote or abstain from voting at his/her discretion.

Signature/Common Seal of Shareholder

Signed this _____ day of _____ 2024

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 26th 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 26th AGM RPV provided by Digerati Technologies Sdn. Bhd. in Malaysia at <https://reneuco-agm.digerati.com.my> (Domain registration number with MYNIC: D1A119533).

Please read these Notes carefully and follow the procedures in the Administrative Guide for the 26th AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this 26th 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 19 March 2024**. Only a member whose name appears in this Record of Depositors as at 19 March 2024 shall be entitled to participate in this 26th AGM via RPV.
3. A member who is entitled to participate in this 26th 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 26th 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.

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8. Members who appoint proxies to participate via RPV in the 26th AGM must ensure that the duly executed proxy forms are deposited in hard copies with the Company's Registered Office at G-3AF-3, Level 3AF, Block G, Garden Office @ Encorp Strand, No. 12, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia or email to admin@aldpro.com.my not less than forty-eight (48) hours before the time appointed for holding the 26th 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, 25 March 2024 at 10.30 a.m.**
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Registered Office at G-3AF-3, Level 3AF, Block G, Garden Office @ Encorp Strand, No. 12, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia or email to admin@aldpro.com.my not less than forty-eight (48) hours before the time appointed for holding the 26th AGM or adjourned general meeting in 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 must be deposited with the Company's Registered Office at G-3AF-3, Level 3AF, Block G, Garden Office @ Encorp Strand, No. 12, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia or email to admin@aldpro.com.my. 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.
13. The 2023 Annual Report and other relevant documents in relation to the 26th AGM can be accessible at the Company's website at <https://reneuco.com/general-meeting/26th-annual-general-meeting>



RENEUCO BERHAD

Registration No. 199701003731 (419227-X)

G-3AF-3, Level 3AF, Block G
Garden Office @ Encorp Strand
No. 12, Jalan PJU 5/1, Kota Damansara
47810 Petaling Jaya, Selangor,
Malaysia

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RENEUCO BERHAD

Registration No. 199701003731 (419227-X)

A Public Listed Company on Bursa Malaysia (Code: 7130)

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