

# Kawan®

**KAWAN RENERGY BERHAD**  
(Registration No. 202201039658 (1485355-U))  
(Incorporated in Malaysia)



**2024**  
ANNUAL REPORT

# Kawan®

## 2024 IPO LISTING CEREMONY



# Table of Contents

## Overview of Company

- 2** About Us
- 6** We Are In The News
- 8** Corporate Information
- 9** Corporate Structure
- 10** Financial Highlights

## Our Leadership

- 12** Board of Directors
- 20** Profile of Key Senior Management

## Review and Outlook

- 25** Chairman's Statement
- 27** Management Discussion and Analysis

## Our Commitment to Sustainability

- 34** Sustainability Statement

## Governance

- 63** Corporate Governance Overview Statement
- 71** Audit and Risk Management Committee Report
- 73** Statement on Risk Management and Internal Control
- 77** Statement of Directors' Responsibility
- 78** Additional Compliance Information

## Financial Statements

- 79** Directors' Report
- 85** Statement of Financial Position
- 87** Statement of Comprehensive Income
- 88** Statement of Changes in Equity
- 90** Statement of Cash Flows
- 94** Notes to Financial Statement
- 135** Statement by Directors
- 136** Statutory Declaration
- 137** Independent Auditors' Report

## Additional Information

- 141** List of All Properties Held
- 142** Statement of Shareholdings
- 145** Notice of Annual General Meeting

## Proxy Form

# ABOUT US



We are a comprehensive engineering solutions provider specialising in the design, fabrication, installation, and commissioning of industrial process equipment, industrial process plant, and renewable energy and co-generation plants. Our approach leverages strong technical expertise to assess customer needs and deliver customised design solutions that address specific engineering requirements. Additionally, we offer in-house capabilities to fabricate, install, and commission these solutions, ensuring high quality and integration. Beyond our core services, we are also engaged in power generation activities, supporting a broader range of industrial and energy needs. With a strong global presence, Kawan Renergy Berhad delivers its products and solutions to industries worldwide, reinforcing our commitment to engineering excellence on an international scale.

## GUIDING OUR PURPOSES



### Vision

To provide a wide range of engineering services and products to meet the needs of various industries.



### Mission

Providing high quality and engineering products and services to our customer, continuous extensive research and development to enhance our strength and business foundation.



### Core Value

Committed to Excellence, Integrity, and Collaboration: Kawan Renergy's Dedication to Providing Customised Engineering Solutions and Nurturing Long-Term Relationships with Clients, Partners, and Communities.

## Proudly Certified:

- ISO 9001—Quality Management Systems
- ISO 14001—Environmental Management Systems
- ISO 45001—Occupational Health and Safety Management Systems
- ASME U, U2, S, H
- DOSH Granted Pressure Vessel Fabrication License
- DOSH Granted Gas Piping License
- DOSH Boiler Fabrication & Repair License
- DOSH Clutch Door Manufacturer License
- MyHIJAU Malaysia
- SEDA Listed Manufacturer & Assembler
- Authorized to use R symbol and NB Mark
- EC (Energy Commission) Licence for Generation and Supply of Electricity

SPECIALIST  
FABRICATION

ENERGY EFFICIENT,  
RENEWABLE ENERGY  
POWER

PROCESS  
PLANT

IPP

## PRODUCT APPLICATION

Our product application is applicable to industries like oleochemical and chemical processing, food processing and animal feed, oil and gas, waste recovery, power plant and data centre.

## OUR BUSINESS ACTIVITIES

Design, fabrication , installation and commissioning solutions

### Industrial Process Equipment

- Heat exchangers
- Pressure vessels
- Boilers and heaters



### Industrial Process Plants

- Emulsifier (Food & Ester)
- Oleochemical and Chemical Processing
- Thermal Solutions
- Waste Recovery



### Clean Energy and Renewable Energy and Power Plants

- Co-generation
- Open and Combined Cycle
- Biogas/landfill
- Data Centre Standby Power



## OTHER BUSINESS ACTIVITIES

- Independent Power Producer (“IPP”) involved in power generation and sales of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass feed stock.



# ABOUT US

## HIGHLIGHTS OF OUR ACHIEVEMENTS

### > ESTABLISHMENT

*Laying the groundwork*

### > GROWTH AND EXPANSION

*Scaling operations and expanding capabilities*

#### 1996

- Commenced business operations with the fabrication of non-pressure vessels and tanks
- Registered with DOSH as a competent firm for the fabrication and repair of pressure vessels and thus, began fabrication and repair of pressure vessels offering

#### 2004

- Acquired a vacant land in Kawasan Perusahaan IGB in Ipoh for the construction of Factory 1

#### 2006

- Completion of construction for Factory 1
- Secured one of our earliest turnkey process plant projects for a biodiesel and phytonutrient plant in Malaysia

#### 2008

- Became an authorised user of ASME U stamp for pressure vessels and heat exchangers with design pressure of between 15 PSIG to 3,000 PSIG manufactured by our Group
- Obtained ISO 9001:2005 Quality Management Systems for the design, manufacturing and on-site commissioning of pressure vessel, heat exchange system, water and waste treatment and process equipment
- Registered with DOSH as a competent firm for the fabrication and repair of steam boilers and thus, began our fabrication and repair of steam boilers offering
- Began our design and manufacture of boilers and heaters offering

#### 2009

- Acquired a vacant land for the construction of Factory 2

#### 2010

- Became an authorised user of the NB mark for our pressure vessels manufactured in accordance with ASME U stamp

#### 2011

- Became an authorised user of the ASME S stamp and ASME H stamp for power boilers and heating boilers, respectively

#### 2012

- Completion of construction of Factory 2

# ABOUT US

## HIGHLIGHTS OF OUR ACHIEVEMENTS

### > RECOGNITION AND DIVERSIFICATION

*Achieving industry certifications and diversifying offerings into renewable energy*

### > SUSTAINABILITY AND INNOVATION

*Advancing sustainability and gaining global certifications*

#### 2017

- Became an authorised user of the NB mark for our boilers manufactured in accordance with ASME S and H stamps

#### 2020

- Became an authorised user of the R stamp from The National Board of Boiler & Pressure Vessel Inspectors for repair and alteration of boilers and pressure vessels
- Began offering our design and fabrication of industrial process equipment services for renewable energy and co-generation plants

#### 2022

- Began our power generation and sale of electricity business through the acquisition of Magenko Group, with an installed capacity of 1.2MW and a net export capacity of 1MW through Bercham Plant located in Bercham Landfill
- Acquired Factory 3 in Kawasan Perusahaan IGB in Ipoh
- Began offering our design, fabrication, installation and commissioning of renewable energy and co-generation plants services
- Obtained the MyHIAU Mark from Malaysian Green Technology and Climate Change Corporation for our design, fabrication, installation and commissioning of renewable energy and co-generation plants business
- Recognised as an LMA under SEDA for the fabrication and assembly of boilers in biomass plants

#### 2023

- Became an authorised user of the ASME U2 stamp for pressure vessels and heat exchangers with design pressure between 3,001 PSIG and 10,000 PSIG.
- Obtained ISO 14001:2015 Environmental Management Systems for the design, manufacturing and on-site commissioning of pressure vessel, heat exchange system, water and waste treatment and process equipment.
- Obtained ISO 45001:2018 Occupational Health and Safety Management Systems for the design, manufacturing and on-site commissioning of pressure vessel, heat exchange system, water and waste treatment and process equipment.

#### 2024

- Obtained 2024 Institute Engineering Malaysia (IEM) Awards, Manufacturing & Production, in Recognition for Contribution in the Engineering Industry - Manufacturing & Production Category for Year 2024.
- Obtained 2024 Asia Pacific Enterprise (APEA) Awards, Corporate Excellence Category, for demonstrating Sustainable Growth, Responsible Leadership and Operational Excellence.
- Obtained the DOSH Clutch Door Manufacturer license.

# WE ARE IN THE NEWS



## Kawan Renergy sasar pendapatan RM100 juta tahun ini



KUALA LUMPUR: Penyedia penyelesaian kejuruteraan, Kawan Renergy Bhd menyasarkan pendapatan RM100 juta tahun ini selepas kemunculan sulung yang mantap semalam di Pasaran ACE Bursa Malaysia.

Menandakan prospek positif, Pengarah Urusan Kawan Renergy, Lim Thou Lai, berkata perlumbuhan itu akan dipacu oleh tenaga boleh diperbaharui (RE), salah satu segmen perniagaannya.

"Kami menjangka tenaga boleh diperbaharui dan tenaga bersih secara beransur-ansur akan menjadi penyumbang pendapatan terbesar bagi syarikat. Kami juga menjangka segmen ini akan menyumbang 50 peratus kepada pendapatan syarikat dalam tempoh dua tahun akan datang," katanya pada sidang media selepas majlis pernyataan syarikat itu di sini, hari ini.

Syarikat itu yang membuat penampilan sulungnya di Pasaran ACE hari ini, menyaksikan harga sahamnya dibuka pada 45 sen, memberikannya premium 15 sen berbanding harga tawaran 30 sen.

Pada locheng pembukaan, sejumlah 14.65 juta saham telah diniagakan.

Pembukaan kukuh itu menyusuli lebih lanjutnya sebanyak 94.99 kali semasa tawaran awam permulaan (IPO).



## Kawan Renergy IPO oversubscribed by 94.99 times



KUALA LUMPUR: Kawan Renergy Bhd, slated for a listing on the ACE Market of Bursa Malaysia on May 29, has seen its initial public offering (IPO) oversubscribed by 94.99 times.

The engineering solutions provider has received a total of 23,636 applicants for 2.63 billion shares, worth about RM791.9 mil for the 27.5 million shares allocated to the Malaysian public, representing an overall oversubscription rate of 94.99 times.

For the bumiputra portion, a total of 13,047 applications for 1.15 billion shares were received, representing an oversubscription rate of 83.12 times.

As for the public portion, 10,589 applicants were submitted for approximately 1.48 billion shares, resulting in an oversubscription rate of 106.86 times.

Meanwhile, 19.3 million shares made available for application by the eligible persons have also been fully subscribed.



## 登陆马股迎开门红 佳利运能开盘大涨 50%



(吉隆坡 29 日讯) 佳运利能有限公司 (KENERGY, 0307, 创业板) 首日挂牌上市，开盘价 45 仙，较首次公开募股 (IPO) 发售价 30 仙，溢价 50% 或 15 仙。

上述工程解决方案供应商，首宗交易量录得 1 亿 4653 万 500 股。此前，该公司更斩获 94.99 倍超额认购。

鸣锣上市首个半小时，该股走势稳定在高位，盘中最高企及 47 仙；而截至上午 10 时，股价报在 45 仙。

而今早的鸣锣仪式，董事经理林斗励称：“我们观察到，可再生能源、热电联产厂的需求，是具庞大潜力的——这符合我国 2050 年实现净零排放的能源转型目标。”

“我们在涉及能源效率的项目方面，有着良好的记录，促使我们能够充分利用这些机会持续前进。”

本轮首次公开募股，发行了 1 亿 1000 万新股，共筹措 3300 万令吉，以充盈运营资本，供给旗下热电联产设施，添购涡轮、辅助零件等。

## Kawan Renergy targets RM100mil revenue this year

BY BROOKY ONG  
ongbrook@theastarmalaysia.com

KUALA LUMPUR: Kawan Renergy Bhd, which is listed on the ACE Market of Bursa Malaysia, targets to achieve RM100mil in revenue this year.

Managing director Lim Thou Lai said the group would be diversifying into renewable energy (RE), which is one of the group's business segments.

The group is also optimistic in expanding its business in the region as it grows year-on-year, especially as it is focusing on acquiring highly skilled job contracts to provide better earnings.

Lim said the group is looking to expand its RE and engineering business in the Southeast Asian region, specifically in Indonesia.

“The market for RE in Indonesia is still very small, but he foresees it gradually transferring into its biggest market over time, forecasting revenue contribution from RE to be more than 50% in two years,” he said.

“There is significant potential in the

renewable programme will serve as a benefit rather than a disadvantage for the group business.

“When the government implements the feed-in-tariff scheme, it will open up more business opportunities for us,” Lim shared during a press conference after the listing ceremony yesterday.

Lim added that the wholly-owned RE subsidiary, Mapesso Renewables (MRE) Bhd, had multiple power-purchase agreements (PPAs) in place.

The group is also looking to expand its RE and engineering business in the Southeast Asian region, specifically in Indonesia.

“The market for RE in Indonesia is still very small, but he foresees it gradually transferring into its biggest market over time, forecasting revenue contribution from RE to be more than 50% in two years,” he said.

“There is significant potential in the

demand for RE and co-generation plants, in line with Malaysia's national energy transition ambitions to achieve net-zero emissions by 2050,” he added.

At the end of the first quarter, the company book stood at RM72.9mil as of March 31, 2024.

For the first quarter ended Jan 31, 2024, the company reported a revenue of RM19.9mil and a net profit of RM4.2mil, achieving a net profit margin of 21.1%.

Over half of the revenue came from the engineering division, while the rest came from the construction division.

In the financial year ended Oct 31, 2023, it made a revenue of RM90.4mil with net profit coming in at RM3.3mil.

The share price closed at 45 sen with an all-day average of 43.5 sen. It retains the most active stock with 148.54 million shares changing hands.

## Kawan Renergy links underwriting agreement for ACE Market IPO in 2Q

BY BROOKY ONG  
ongbrook@theastarmalaysia.com

Kuala Lumpur's rising foreign direct investment may boost demand for industrial process equipment, especially for sectors like electronics, food, utilities, energy and minerals fuel, he said.

“The industrial process equipment industry continues to show promising prospects, supported by the improved demands of various sectors that utilize such equipment,” he said.

Proceeds from the IPO have been earmarked for working capital for ongoing and

future co-generation plant projects, to build additional machinery, repair and maintenance, and improve output at its 1.2-megawatt biogas Biobrick plant.

The offering involves a public issue of 110 million new shares, or 20% of its existing share base, as well as an offer for sale of 54.5 million shares by existing shareholders. All in all, the IPO offers up to 25.1% stake in the company.

Under the underwriting agreement, M&A Securities is to underwrite 0.8 million shares under the public portion — 85.5 million shares available to the Malaysian public and 19.3 million shares allocated to eligible persons.

The other 65.2 million shares under the IPO's public offering are reserved for Bumiputra investors approved by the Ministry of Finance, Trade and Industry.

The remaining 1.7 million shares — 8.5 million shares to Bumiputra investors while the rest will go to select investors.

M&A Securities is the IPO's principal advisor, sponsor and placement agent.

## 佳运利能首发股超购 95 倍



(取自佳运利能官网)

新股。共收到公众提交 2 万 3636 份申请，认购数 额达 26 亿 3969 万 8700 股的新股，超 购认购 94.99 倍。

其中，非土著部分 接到 1 万 589 份申 请，认购 14 亿 8311 万 1700 股，超 购认购

106.86 倍。而土著部 分则收到 1 万 3047 份 申请，认购 11 亿 5658 万 7000 股，超 购认购 83.12 倍。

佳运利能向大马公 众公开发售的 2750 万

股合共 925 万新股，也已被 完全认购。

同时，作为本次 IPO 配售经纪的合营证 券证实，私下配售的 6325 万新股，以 及 3450 万现有股权也已 全部配售完毕。

佳运利能通过本次 IPO，共发行 1 亿 1000 万新股，公开发 售价格为每股 30 仙，集资 3300 万令吉以扩 展业务。

# WE ARE IN THE NEWS



佳运利能表现亮丽 第一宗交易溢价50%



(吉隆坡29日讯) 由星洲网 (KENERGY)307, 工业服务(工业产品服务)部门促成马来西亚新晋上市公司佳运利能(4534, 比股新30)首日股价由1仙跳升至1仙5仙或50%, 交易量则1465万5500股。该股最高一度造18.5仙或61.67%, 48.5仙。值得注意, 该股的超额认购倍数为14.5倍, 新股16.5仙或55%。为首次大上场, 共有124854万股5000股, 为第二大股东股。该公司的主要业务是为工业设备、再生能源和热电联产工厂进行设计、制造、安装和调试 (EPC), 热工机械亦被运用予食品加工、精细化和石化加工厂。石油和天然气、炼油厂和石化厂公司亦在进行。佳运利能昨日在上市初期股价仅录得1仙, 目前再生能源和热电联产部门是公司的第三大业务, 在2023财政年占收入约12.2%。但其钢铁业务在去年两年的收入占比有高达逾50%, 虽然下滑, 成为公司最大的收入来源。面对政府实施的补贴, 公司是否占有优势? 他表示, 如果政府取消的补贴, 国家的能源成本就会上升, 对于从事再生资源企业而言会有更大的机遇和发展空间。谈及为何2023财年的营业额下跌? 他称, 营业额下降是因为俄乌战争影响了天然气价格, 影响整体的业务。



## Kawan Renergy gains 55% on maiden trading day on ACE Market



KUALA LUMPUR (May 29): Engineering service company Kawan Renergy Bhd (KL-KENERGY) shares ended their first day of trading on the ACE Market on Wednesday at 46.5 sen each for a 55% gain over the initial public offering (IPO) price of 30 sen.

The counter opened at 45 sen and rose as much as 61.67% to 48.5 sen. At the closing price of 46.5 sen, the company is valued at RM255.75 million.

A total of 148.54 million shares changed hands in the maiden day trading.

Kawan Renergy raised RM33 million from the IPO, which was oversubscribed by 94.99 times.



## Kawan Renergy sees renewable, clean energy biz boosting earnings growth



KUALA LUMPUR (May 29): Kawan Renergy Bhd (KL-KENERGY), an engineering service company, aims to leverage renewable energy and cogeneration plants to boost its earnings growth, supported by its mainstream business segment.

Kawan Renergy's managing director Lim Thou Lai, who spoke at the company's listing ceremony on the ACE Market of Bursa Malaysia on Tuesday, said it is confident that renewable energy and clean energy would gradually become the "biggest income" for the group, while still maintaining strong performance in its engineering segments.

"For this year alone, we look forward to achieve at least [a] double digit growth [or that] above RM100 million," said Lim. Despite the dynamic nature of the business, which makes it challenging to forecast, the group remains confident in reaching its earnings target, he noted.

In FY2023, the renewable energy segment contributed approximately 22% of the group's revenue, while industrial processes and equipment were the primary revenue drivers, accounting for 49% of total revenue.

The group has allocated a total of RM5 million (15.1%) from the initial public offering (IPO) proceeds to construct a new two-megawatt (2MW) biomass power plant, with RM2.5 million (7.6%) earmarked to improve the production output of the Bercham plant, a landfill biogas power plant located in Perak, while RM500,000 will be used for the purchase of additional machinery to upgrade the company's production processes.

## ACE MARKET DEBUT

# 'Buy' call placed on Kawan Renergy

**KUALA LUMPUR:** Kawan Renergy Bhd made its debut on the ACE Market of Bursa Malaysia at 45 sen, a 50 per cent premium over its issue price of 30 sen per share.

The stock ended the day higher at 46.5 sen yesterday.

The engineering services firm raised RM33 million through its initial public offering (IPO).

The IPO was oversubscribed by 94.99 times.

The Bumiputera portion was oversubscribed by 83.12 times, and the other public category saw an oversubscription rate of 106.86 times.

Managing director Lim Thou Lai said the capital raised from the IPO will drive the company's growth strategies and help seize opportunities in the growing industrial process equipment industry.

"Our track record of successfully completing energy efficiency projects positions us strongly to capitalise on these growing opportunities."

"Our expansion is aligned with the growth of the Malaysian economy, which is buoyed by increasing foreign direct investment in the key industries that we serve," he said in a statement.

For the financial year ended Oct 31, 2023, Kawan Renergy recorded a net profit of RM13.3 million — a 6.54 per cent decrease from RM14.23 million in financial year 2022.

Revenue fell 29.31 per cent to

RM98.38 million in financial year 2023, down from RM139.18 million the previous year.

Rakuten Trade issued a "buy" call on the stock with a fair value of 45 sen, based on a 13 times price-to-earnings ratio for financial year 2025 earnings per share.

It said the company plans to expand its renewable energy business by bidding for a new 2MW biomass plant and improving its existing Bercham plant.

"Fuelled by robust growth within the power sector, we expect Kawan Renergy to register core net earnings of RM15.4 million and RM18.9 million for financial years 2024 and 2025, respectively."

Kawan Renergy is in a net cash position up to the first quarter of financial year 2024 and is expected to remain so post-IPO.

Up to Jan 31, the company's cash and short-term deposits stood at RM50.2 million, compared to total borrowings of RM10.5 million.

Rakuten Trade said that although Kawan Renergy does not have a formal dividend policy, it intends to pay dividends based on profitability and capital expenditure needs.

The research firm anticipates a 20 per cent payout ratio, expecting dividends of six sen and seven sen for financial years 2024 and 2025, respectively, translating into yields of 1.9 per cent and 2.3 per cent.

## 本週三挂牌創業板 佳運利能首季淨賺420萬

(吉隆坡29日讯) 将于本周三(29日)挂牌股交创业板的佳运利能 (Kawan Renergy Bhd) 公布2024财年截至1月底首季业绩, 当季净赚420万令吉, 营业额为1895万令吉。

佳运利能在文告指出, 工业加工设备贡献营业额1130万令吉, 占总营业额的38.8%。

此外, 加工厂房及再生能源与热电联产业务分别贡献了580万令吉(占26.9%)和290万令吉(占14.4%)。售电与售电业务的占比则不到1%。

首季税后盈利率为21.1%。由于这是该公司首份中期财报, 所以没有可比数据。

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dr. Chuah Chaw Teo**  
Independent Non-Executive Chairman

**Lim Thou Lai**  
Managing Director (Non-Independent)

**Chong Hon Choong**  
Executive Director (Non-Independent)

**Heng Siew Aun**  
Executive Director (Non-Independent)

**Liew Li Ping**  
Independent Non-Executive Director

**Loh Leng Sem**  
Independent Non-Executive Director

**Ngoi Evon**  
Independent Non-Executive Director

### AUDIT AND RISK MANAGEMENT COMMITTEE

**Liew Li Ping** (Chairperson)

**Loh Leng Sem**

**Ngoi Evon**

### NOMINATING COMMITTEE

**Ngoi Evon** (Chairperson)

**Liew Li Ping**

**Loh Leng Sem**

### REMUNERATION COMMITTEE

**Loh Leng Sem** (Chairperson)

**Liew Li Ping**

**Ngoi Evon**

### COMPANY SECRETARY

**Chan Eoi Leng**

MAICSA 7030866

SSM PC No.: 202008003055

### REGISTERED OFFICE

No. 37B, Jalan Basco Kepayang 1,  
Basco Avenue @ Kepayang,  
31400 Ipoh, Perak  
Tel: +605-5417 618  
Fax: +605-5417 618  
Email address: concierto.hub@conciertoch.com

### HEAD OFFICE

18, Lebuh Perusahaan 1,  
IGB Industrial Park, 31200 Ipoh Perak  
Tel: +605-2913 840  
Fax: +605-2913 842  
Email address: enquiries@kawan-renergy.com.my  
Corporate website: www.kawan-renergy.com.my

### AUDITORS AND REPORTING ACCOUNTANTS

**Baker Tilly Monteiro Heng PLT**

(Registration No. 201906000600)

(LLP0019411-LCA) & AF 0117)

Baker Tilly Tower, Level 10, Tower 1, Avenue 5,  
Bangsar South City, 59200 Kuala Lumpur

Tel: +603-2297 1000

Fax: +603-2282 9980

### SPONSOR

**M & A Securities Sdn. Bhd.**

(Registration No. 197301001503 (15017-H))

45 & 47, Levels 3 and 7, The Boulevard Mid Valley City,  
Lingkaran Syed Putra, 59200 Kuala Lumpur

Tel: +603-2284 2911

### SHARE REGISTRAR

**Tricor Investor & Issuing House Services Sdn. Bhd.**

(Registration No. 197101000970 (11324-H))

Unit 32-01, Level 32, Tower A, Vertical Business Suite,  
Avenue 3, Bangsar South, 8, Jalan Kerinchi,  
59200 Kuala Lumpur

Tel: +603-2783 9299

Fax: +603-2783 9222

Email address: is.enquiry@vistra.com

### STOCK EXCHANGE LISTING

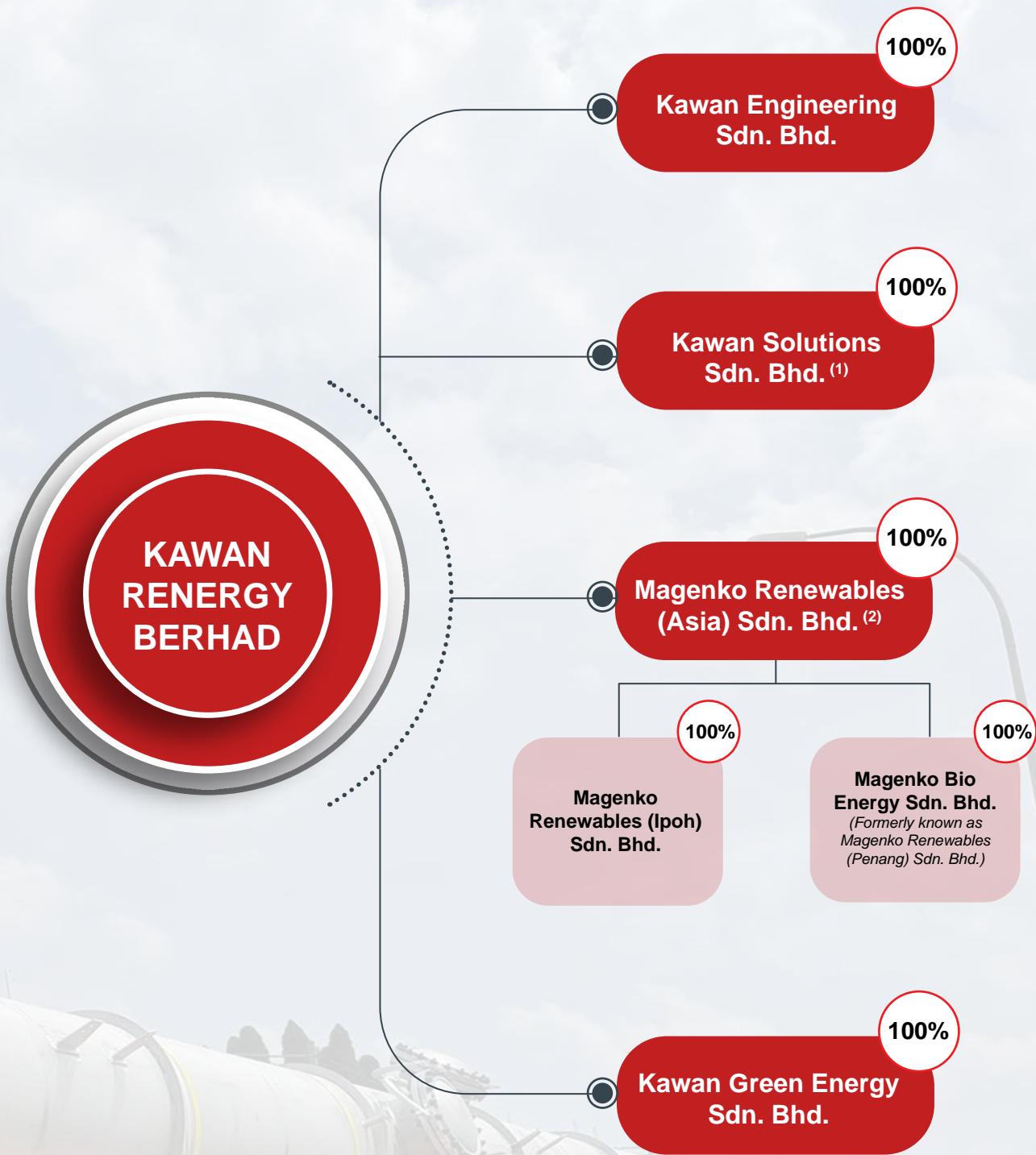
**ACE Market of Bursa Securities**

Listing Date: 29 May 2024

Stock Name: KENERGY

Stock Code: 0307

# CORPORATE STRUCTURE



## Notes:

1. Kawan Solutions Sdn. Bhd. was incorporated on 12 November 2024. Its principal activities include the service, repair, and maintenance of industrial machinery and equipment; installation, piping, electrical, and other plant engineering activities and related technical consultancy; as well as the trading of machinery, equipment, spare parts, and supplies.
2. Magenko Renewable (Asia) Sdn. Bhd. has restructured from Kawan Engineering Sdn. Bhd. to Kawan Renergy Berhad on 12 February 2025.

## FINANCIAL HIGHLIGHTS

**+14.9%**

REVENUE

has increased from RM98.4 million in FYE 2023 to

**RM113.1 million**

in FYE 2024.

**+39.6%**

GROSS PROFIT

has increased from RM24.0 million in FYE 2023 to

**RM33.5 million**

in FYE 2024.

**+40.2%**

PROFIT BEFORE TAX

has increased from RM18.9 million in FYE 2023 to

**RM26.5 million**

in FYE 2024.

**+35.3%**

PROFIT AFTER TAX

has increased from RM13.3 million in FYE 2023 to

**RM18.0 million**

in FYE 2024.

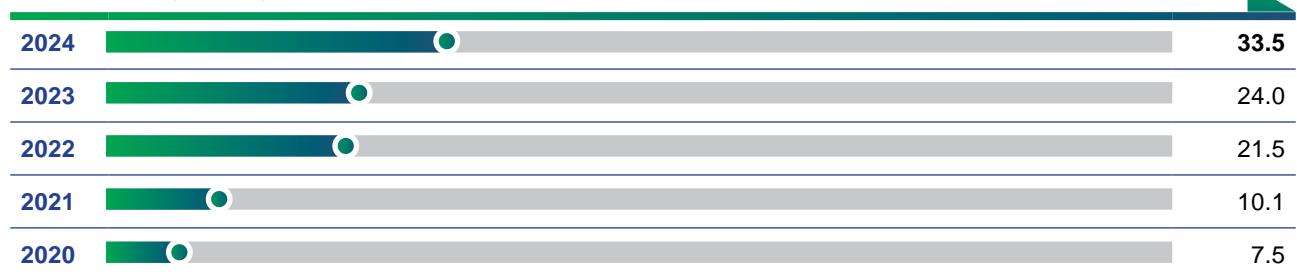
# FINANCIAL HIGHLIGHTS

|                   | 2020<br>RM'MIL | 2021<br>RM'MIL | 2022<br>RM'MIL | 2023<br>RM'MIL | 2024<br>RM'MIL |
|-------------------|----------------|----------------|----------------|----------------|----------------|
| Revenue           | 48.8           | 64.0           | 139.2          | 98.4           | <b>113.1</b>   |
| Gross Profit      | 7.5            | 10.1           | 21.5           | 24.0           | <b>33.5</b>    |
| Profit Before Tax | 5.7            | 8.9            | 18.6           | 18.9           | <b>26.5</b>    |
| Profit After Tax  | 4.4            | 6.9            | 14.2           | 13.3           | <b>18.0</b>    |
| EBIT              | 5.5            | 8.7            | 18.2           | 18.6           | <b>25.6</b>    |
| EBITDA            | 6.6            | 9.9            | 20.0           | 21.5           | <b>28.9</b>    |

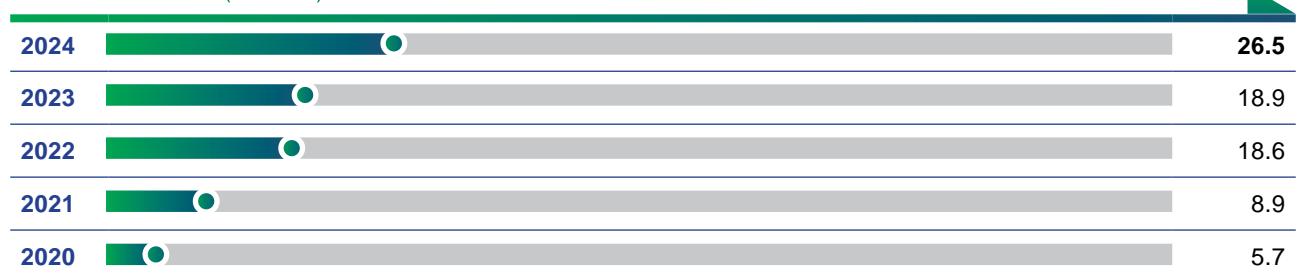
## Revenue (RM'MIL)



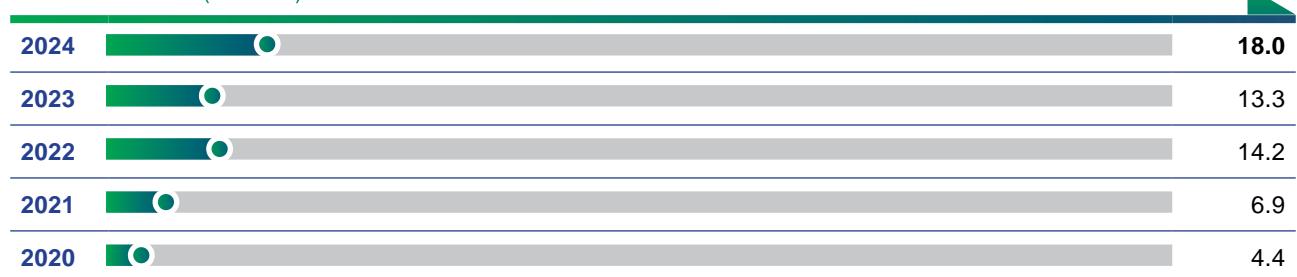
## Gross Profit (RM'MIL)



## Profit Before Tax (RM'MIL)



## Profit After Tax (RM'MIL)



# BOARD OF DIRECTORS



*First row (from left to right):*

**Lim Thou Lai**  
Managing Director  
(Non-Independent)

**Dr. Chuah Chaw Teo**  
Independent  
Non-Executive Chairman

*Second row (from left to right):*

**Chong Hon Choong**  
Executive Director  
(Non-Independent)

**Ngoi Evon**  
Independent  
Non-Executive  
Director

**Liew Li Ping**  
Independent  
Non-Executive  
Director

**Heng Siew Aun**  
Executive Director  
(Non-Independent)

**Loh Leng Sem**  
Independent  
Non-Executive  
Director

# BOARD OF DIRECTORS

## Directors' Profile



**Dr. Chuah Chaw Teo**  
Independent Non-Executive Chairman



Length of service: 1 year and 4 months  
Board meeting attendance: 4/4

Dr. Chuah Chaw Teo is our Independent Non-Executive Chairman. He was appointed to our Board on 26 June 2023.

He obtained a Bachelor of Science (Honours) from the University of Otago, New Zealand in 1975 where he was awarded the University of Otago Science Award for ranking first in class. He later obtained a Doctorate in Applied Organic Chemistry from the same university in 1979. Subsequently, he obtained a Diploma in Management from the Malaysian Institute of Management with Merit in 1988. He was a Member of the Industry Advisory Panel for Applied Chemistry Programme of Universiti Teknologi PETRONAS from 2016 to 2019. He was also a Member of the Committee set up by the Standard and Industrial Research Institute of Malaysia (now known as SIRIM Berhad) to produce a draft for Malaysian Standards Specification on natural mineral water in 1991. He has been a Fellow of Institut Kimia Malaysia since 2014.

He commenced his career as a Teaching Assistant in the Polymer Laboratory at the State University of New York, College of Environmental Science and Forestry at Syracuse, New York in 1980 where he conducted research on natural polymer. He returned to Malaysia upon completing his tenure as a Teaching Assistant in 1982 and became a lecturer at the Institut Pengajian Tinggi, Universiti Malaya where he was involved in the research of conversion of waste materials such as palm oil waste into useful products. He left Universiti Malaya in 1983.

Between 1983 and 1997, he was the Chief Chemist and General Manager of Research & Development of Yee Lee Edible Oils Sdn. Bhd. (a subsidiary of Yee Lee Corporation Berhad which is a major shareholder of Spritzer Bhd (a company listed on the Main Market of Bursa Securities)) where he conducted research and supervised lab operations and ensured the quality of palm oil products. In addition, he was also the Executive Director of Spritzer Bhd where he oversaw the overall management and operations of the group and research department and was involved in strategic decision making between 1994 and 2017. He was later re-designated as the Research & Development Director of Spritzer Bhd after 2017.

Since 1997, he also serves as Director and General Manager of Chuan Sin Sdn. Bhd. (a subsidiary of Spritzer Bhd) where he is responsible for the product development, quality control and improvement of their products.

He also holds directorships and shareholdings in several private limited companies.

He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# BOARD OF DIRECTORS

## Directors' Profile



**Lim Thou Lai**  
Managing Director



Length of service: 2 years 1 month  
Board meeting attendance: 4/4

Lim Thou Lai is our Promoter, substantial shareholder and Managing Director. He was appointed to our Board on 22 October 2022 and has over 32 years of experience in the engineering industry. As our Managing Director, he is responsible for the overall management, business strategies and growth of our Group.

He obtained a Bachelor of Engineering in Mechanical from Universiti Teknologi Malaysia in 1992. He qualified as a Professional Engineer (Mechanical) by the Board of Engineers Malaysia in 2007. He served as a Member of the Federation of Malaysian Manufacturers (Perak Branch) between 2010 and 2011. In 2024, he was made a registered Electrical Energy Manager with the Energy Commission of Malaysia.

He began his career as a Management Trainee at Hemach Sdn. Bhd. in 1992 involved in the design of newsprint machineries. He was later promoted to Senior Engineer in 1993 where he was responsible for supervising the design team, managing factory operations and set up machinery and fabrication production lines. He left Hemach Sdn. Bhd. and join Ikatan Engineering Sdn. Bhd. (formerly known as Ikatan Murni Sdn. Bhd.) in March 1994 as a Mechanical Engineer where he was involved in engineering, design, quality control, production and site works related to pressure vessels, heat exchanger and miscellaneous steel fabrication works. He was later promoted to Engineering Manager of Ikatan Engineering Sdn. Bhd. in September 1994.

In May 1996, with three other founding shareholders and directors, he co-founded Kawan Engineering Sdn. Bhd. (then known as Kawan Dynamic Engineering Sdn. Bhd.), a business involved fabrication of boiler, pressure vessel, heat exchanger, process and storage tanks, piping works & installation of process plants, civil & structural, electrical & control works.

Lim Thou Lai left Ikatan Engineering Sdn. Bhd. by the end of August 1996. He assumed the position of Director of Kawan Engineering Sdn. Bhd. in September 1996. Subsequently, in 2011, he was appointed as Managing Director of Kawan Engineering Sdn. Bhd..

In 2021, he set up Kawan Green Energy Sdn. Bhd., a Myhijau company certified by MGTC & SEDA for Engineering, Procurement, Commission and Construction ("EPCC") business in clean & renewable energy power plants.

He does not hold any directorship or shareholding in other companies.

He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# BOARD OF DIRECTORS

## Directors' Profile



**Heng Siew Aun**

Executive Director and General Manager



Length of service: 1 year 4 months

Board meeting attendance: 4/4

Heng Siew Aun is our Promoter, Executive Director and General Manager. She was appointed to our Board on 26 June 2023 and has more than 14 years of experience in the engineering industry.

She obtained Bachelor of Engineering (Chemical) from University Putra Malaysia in June 2009. She was admitted as a Member of the Institution of Engineers, Malaysia since October 2010 and thereafter, as a Graduate Engineer of the Board of Engineers Malaysia since December 2010. She is also a registered Electrical Energy Manager with the EC since 2024.

In March 2009, she began her career as the Design Engineer at Kawan Engineering where she was involved in preparing the process and equipment design for plant and water treatment process plant as well as ensuring construction drawings meet the applicable code and standards. She left to join Unisem (M) Berhad as a Technology Development Engineer in May 2010 for 3 months. In August 2010, she joined KenEp Resources (Asia) Sdn. Bhd. as a Sales and Application Engineer where she was primarily involved in design and sales as well as the execution of projects. She left KenEp Resources (Asia) Sdn. Bhd. in October 2011.

She rejoined Kawan Engineering Sdn. Bhd. as a Sales and Application Engineer in November 2011 where she was responsible for preparing design calculations in fulfilling customers' requirements as well as statutory and regulatory requirements, gathering product and customer requirements, and working closely with our Group's engineering and production department to ensure customer satisfaction.

In 2015, she was promoted to the Assistant Head of Department (Business) where she assisted in the overall management of the on-going business operations including meeting potential customers for the sales of products. She was later promoted to the Head of Department (Business) in 2019 where she is primarily responsible for the overall management of the on-going business operations including meeting customer acquisition and revenue growth targets. In November 2023, she was promoted to General Manager, a role that she assumes presently, where she is responsible for spearheading the growth and operations of Kawan Engineering Sdn. Bhd.

She does not hold any directorship or shareholding in other companies.

She has no family relationship and is not related to any other director and/or substantial shareholder of the Company. She does not have any conflict of interest with the Company.

Within the past 5 years, she has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# BOARD OF DIRECTORS

## Directors' Profile

**Chong Hon Choong**

Executive Director and Head of Unit (Project)



Age 45

Length of service: 1 year 4 months

Board meeting attendance: 4/4

Chong Hon Choong is our Promoter, Executive Director and Head of Unit (Project). He was appointed to our Board on 26 June 2023 and has more than 22 years of experience in the engineering industry. He obtained his Higher National Diploma in Electrical and Electronic Engineering in 2000 and Bachelor of Engineering in June 2001 from Nottingham Trent University, United Kingdom.

In October 2001, he commenced his career as the Electrical and Control Engineer at Kawan Teknik Sdn. Bhd. (company not related to our Group) where he was responsible for ensuring the electrical and control sections of projects are completed within the project timeline. He later joined Kawan Engineering Sdn. Bhd. as the Electrical Engineer in 2002 where he assumed the same responsibilities. In 2004, he was promoted to Assistant Manager (Control & Instrumentation) where he led the company to venture into a new business field in automation. He was subsequently promoted to Project Manager in 2007 where he was responsible for ensuring that projects are completed within the timeline and scope. In 2012, he was promoted to the Head of Department (Project) and later in 2024 to Head of Unit (Project), a role that he assumes presently, where he undertook the same responsibilities.

He does not hold any directorship or shareholding in other companies.

He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# BOARD OF DIRECTORS

## Directors' Profile



**Liew Li Ping**  
Independent Non-Executive Director



Length of service: 1 year 4 months  
Board meeting attendance: 4/4

Chairperson of Audit and Risk Management Committee  
Member of Nomination Committee  
Member of Remuneration Committee

Liew Li Ping was appointed to our Board as an Independent Non-Executive Director on 26 June 2023.

She is a Fellow Member of the Association of Chartered Certified Accountants ("ACCA") and a member of the Malaysian Institute of Accountants ("MIA").

She has more than 23 years of extensive experience in KPMG. In November 2010, she was appointed as the Branch Director of KPMG Ipoh, where she was responsible for the operations of the audit, tax and administration functions. While holding the position as the Branch Director, she was also the Audit Executive Director for audit and special engagements of listed and private companies involved in diverse industries. She held these positions until June 2022.

Throughout the years, she was involved in various industries such as, among others, plantation, education, cement, pharmaceutical and healthcare, industrial and consumer products industries.

She currently also serves on the boards of DKLS Industries Berhad and TMK Chemicals Bhd, both are public companies listed on the Main Market of Bursa Securities.

She has no family relationship and is not related to any other director and/or substantial shareholder of the Company. She does not have any conflict of interest with the Company.

Within the past 5 years, she has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# BOARD OF DIRECTORS

## Directors' Profile



**Loh Leng Sem**  
Independent Non-Executive Director



Length of service: 1 year 4 months  
Board meeting attendance: 4/4

Chairperson of Remuneration Committee  
Member of Nomination Committee  
Member of Audit and Risk Management Committee

Loh Leng Sem is our Independent Non-Executive Director. He was appointed to our Board on 26 June 2023.

In 1992, he obtained a Bachelor of Mechanical Engineering from the Universiti Teknologi Malaysia. He was registered as a Member of the Institution of Engineers, Malaysia from 1998 to 2001.

He commenced his career as an Application Engineer at SKF Malaysia Sdn. Bhd. in 1992 where he supported the company's clients in bearing applications such as conducting fixing and training works at the clients' sites up to his resignation in April 1994. In May 1994, he joined Malaysia Workshop LLP as a Project Engineer where he supervised quality, safety and progress of projects until 1995. Subsequently, he joined Miya Engineering (M) Sdn. Bhd. in 1996 as Project Engineer where he undertook the same responsibilities. In 1998, he was promoted to Project Manager (Mechanical & Electrical Engineering) where he oversaw all departments' project work and progress. He left Miya Engineering (M) Sdn. Bhd. in 2000. In 2000, he co-founded Kawan Teknik Sdn. Bhd. where he was involved in the capacity of a shareholder and a Project Manager in supervising the quality, safety and progress of projects. Due to differing visions for the future directions of Kawan Teknik Sdn. Bhd., he left the company in April 2003.

In May 2003, he joined McQuay International Inc, as a Project Manager where he was involved in the setting up of a factory in Wuhan, China. Upon completion of his contractual tenure, he left McQuay International Inc in March 2005. He joined AECOM Ltd as a Technical Director at the Department of Project Management/Construction Management in April 2005 where he supervised the quality, safety and progress of projects. He left the company in March 2023 and joined Shanghai Fayi Project Management Ltd Company ( 上海法谊工程项目管理有限公司 ) in April 2023 as Technical Director where he is responsible for providing technical guidance and supervising projects.

He does not hold any directorship or shareholding in other companies.

He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# BOARD OF DIRECTORS

## Directors' Profile



**Ngoi Evon**

Independent Non-Executive Director



Age 36

Length of service: 1 year 4 months

Board meeting attendance: 4/4

Chairperson of Nomination Committee

Member of Remuneration Committee

Member of Audit and Risk Management Committee

Ngoi Evon is our Independent Non-Executive Director. She was appointed to our Board on 26 June 2023.

She obtained a Bachelor of Laws from Aberystwyth University, United Kingdom in 2011. She later completed her Bar Professional Training Course from City University, London in 2012. In the same year, she was called to the Bar of the High Court of England and Wales and was admitted as a Barrister-at-Law at Lincoln's Inn, London. She was admitted as an Advocate and Solicitor with the High Court of Malaya and became a Member of the Bar Council Malaysia since 2013.

She commenced her career as a pupil in Skrine in 2013 and continued her career at Skrine as a Legal Assistant between February 2014 and June 2014 where she conducted legal research, drafting works and assisted in hearings at all levels of the Malaysian courts. Upon relocating to Ipoh, she joined Leong & Tan as a Legal Associate in July 2014 where she was involved, mainly in corporate advisory works including providing legal opinions on various legal topics across an array of industries and conducting hearings. She left Leong & Tan in 2021. In 2022, she joined Christopher Yeo & KP Chang as a Legal Associate. She established and continues to run the Ipoh branch, where she is involved in corporate advisory work.

Since 2013, she is also involved in her family business, a skincare and healthcare distribution company known as Eltean Incorporated Sdn. Bhd.. As its shareholder and director, she is actively involved in negotiations and management of importation, marketing and distribution of international dermatological cosmetic brands.

She has no family relationship and is not related to any other director and/or substantial shareholder of the Company. She does not have any conflict of interest with the Company.

Within the past 5 years, she has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# PROFILE OF KEY SENIOR MANAGEMENT



**Doris Tan Chuen Chuen**  
Chief Financial Officer



Doris Tan Chuen Chuen, a Malaysian aged 53 was appointed as our Chief Financial Officer on 15 April 2019. She has more than 20 years of experience in accounting and finance via her involvement in various companies.

She obtained her Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in 1995. She was admitted as Chartered Accountant by ACCA since 1999, Fellow Member of ACCA since 2016 and a Public Accountant by the Malaysian Institute of Accountants since 1999.

She began her career with Azman, Wong, Salleh & Co as an Audit Assistant in 1995 where she carried out audit work and reported to audit seniors and managers. Subsequently, in 1998, she was promoted as the Audit Senior where she led the audit team in conducting audit on various industries which include manufacturing, banking, trading and plantation. In 2000, she joined Malaysia British Assurance Berhad (now known as Allianz Malaysia Berhad, a company listed on Main Market of Bursa Securities) as the Finance Senior Executive where she was involved in financial planning and budget. She left in 2001 to move back to Ipoh to take a career break.

In 2004, she continued her career as an Internal Auditor in Seal Polymer Industries Berhad where she established the internal audit department. In 2007, she left Seal Polymer Industries Berhad to join Uniko Calcium Carbonate Industry Sdn Bhd as an Accountant where she was responsible for its finance and accounts matters.

In 2008, she joined Hovid Berhad as the Accountant where she oversaw the finance department and was involved in financial planning and budgeting for local and overseas subsidiaries of Hovid Berhad. She was promoted to Finance Manager of Carotech Berhad, a former subsidiary of Hovid Berhad in 2011 where she held similar responsibilities and worked with financial institutions to manage the debt restructuring of Carotech Berhad.

In 2015, she left Carotech Berhad and joined ExcelVite Sdn Bhd as Finance Manager where she assumed overall responsibility for the company's finance department. In 2017, she left to join Bekaert Ipoh Sdn Bhd as the Head of Finance where she managed the finance department, overseeing financial planning, budgeting, and treasury activities. Additionally, she was also involved in controlling plant and operational costs as well as managing regional transfer pricing activities and transactions.

In 2019, she left Bekaert Ipoh Sdn Bhd to join Kawan Engineering as the Chief Financial Officer where she is primarily responsible in overseeing finance functions, managing financial planning and budgeting, enhancing monitoring and collection systems, implementing cost-saving initiatives, and driving improved cost awareness.

She does not hold any directorship or shareholding in other companies.

She has no family relationship and is not related to any other director and/or substantial shareholder of the Company. She does not have any conflict of interest with the Company.

Within the past 5 years, she has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# PROFILE OF KEY SENIOR MANAGEMENT



**ChM Chan Yuen Teng**  
Chief Compliance Officer



Chan Yuen Teng was appointed as the Chief Compliance Officer of Kawan Engineering Sdn. Bhd. on 1 June 2024, bringing over 26 years of experience in quality assurance, regulatory compliance, laboratory operations, and Corporate Social Responsibility (“CSR”). She oversees the Company’s Quality Management Systems (ISO 9001, ISO 14001, ISO 45001), human resource and administration, information technology and ESG, and governance functions, ensuring regulatory compliance and operational efficiency.

Prior to her appointment as Chief Compliance Officer in Kawan, she held leadership roles at Carotech Berhad (now ExcelVite Sdn. Bhd.), progressing from QC Chemist to Head of Quality, Application, Research, and Development (“QARD”). She was instrumental in securing ISO/IEC 17025, cGMP, HACCP, RSPO, MSPO, and FSSC 22000 certifications, obtaining USFDA approvals, and coordinating plant expansion projects worth RM120 million. She also contributed to the development of fuel specifications for Standard Malaysia and collaborated on establishing monographs for Palm Carotene and Palm Tocotrienol in the US and TGA.

She holds a Bachelor’s Degree in Pure Science (Honours) from Universiti Sains Malaysia (USM) and was an approved signatory of ISO/IEC 17025. She is a registered chemist (Registration No: A/1814/4161/01) and a member of Institut Kimia Malaysia (IKM).

With a strong commitment to compliance, sustainability, and governance, she continues to drive the Company’s strategic growth and operational excellence.

She does not hold any directorship or shareholding in other companies.

She has no family relationship and is not related to any other director and/or substantial shareholder of the Company. She does not have any conflict of interest with the Company.

Within the past 5 years, she has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# PROFILE OF KEY SENIOR MANAGEMENT



**Sharizan Bin Abd. Bahrin**  
Head of Unit (Fabrication)



Sharizan Bin Abd. Bahrin has 22 years of experience in the engineering industry.

He completed Sijil Pelajaran Malaysia ("SPM") in 1996 at Sekolah Menengah Doktor Megat Khas, Ipoh. Over the years, he has attended and completed the following professional courses:

- 2008: PVElite New User Product Training (Pressure Vessel & Exchanger Analysis) course organised by EDS Asia Sdn. Bhd.;
- 2014: AUTOCAD Plant 3D 2014 Essentials course with Man Sketch Technologies Sdn. Bhd.;
- 2017: Inventor Professional Essentials 2018 by Autodesk; and
- 2022: ASME Section 1 conducted by ABS Consulting (M) Sdn. Bhd..

In 1996, he started his career as a part time employee in Rekabina Alam Enterprise where he learnt AutoCAD software for architecture drawings. He then left to join Lysaght Corrugated Pipe Sdn. Bhd. in February 1997 as a General Worker where he was involved in the cleaning of steel for galvanising processes. In September 1997, he rejoined Rekabina Alam Enterprise as Draughtsman where he was involved in architecture drawings. He left Rekabina Alam Enterprise in September 1999 and joined the Royal Malaysian Navy as a recruit in October 1999 for one month. He returned to Rekabina Alam Enterprise in 2000 as Junior Site Supervisor and Draughtsman where he supervised semi-detached housing projects and was also involved in architecture drawings.

In 2001, he joined IAC Electricals (M) Sdn. Bhd. as the Production Clerk and Production Planner, responsible for planning fabrication and overseeing tower assembly. In 2003, he moved to Kawan Engineering as the Assistant Design Engineer, tasked with creating construction drawings based on order specifications. He was subsequently promoted to Design Executive in 2004, continuing to handle these responsibilities while also supervising the team's drawings. From 2006 to 2008, he advanced from Assistant Design Engineer to Design Executive, assuming similar responsibilities. In 2012, he was promoted to Assistant Head of Department (Engineering) at Kawan Engineering, where he supervised construction drawings, team drawings, engineering calculations (such as automated analysis and design of pressure vessels and heat exchangers to ensure the structural integrity and compliance with industry codes and standards), order monitoring, and delegation of design tasks. On 1 October 2014, he further progressed to become the Head of Department (Engineering), a role that he assumed, maintaining similar responsibilities. In 2024, he was promoted to Head of Unit (Fabrication) overseeing engineering, quality and production department.

He does not hold any directorship or shareholding in other companies.

He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# PROFILE OF KEY SENIOR MANAGEMENT



**Syahirul Hafiz Bin Safuan Wong**  
Head of Department (Quality Control)

**Age** 28

Syahirul Hafiz Bin Safuan Wong obtained a Diploma in Mechanical Engineering from the Universiti Teknologi MARA in December 2017. In 2022, he was awarded the Certificate of Proficiency by TWI Certification Ltd certifying that he has demonstrated proficiency in fusion welding inspection as a Welding Inspector in accordance with the Certification Scheme for Personnel ("CSWIP") requirements.

He commenced his career as the Quality Control Inspector at Kawan Engineering in July 2017 where he was responsible in daily inspection on incoming materials, implementation of correction action on non-conforming materials, daily inspection on work in progress and finished goods, calibration on the measurement and test of equipment and coordinating welder testing facilities and maintaining welder qualification records. In 2020, he was promoted to Quality Control Lead where he primarily led the quality control team to ensure that projects are constructed, tested, inspected, and documented in accordance with the project specifications. He was later promoted to Quality Control Manager in 2022 where he ensured that the project was constructed, tested, inspected, and documented in accordance with the project specifications. He was also responsible for quality control in areas such as materials management, subcontractors, document controls, discrepancy control and system acceptance. On 1 February 2023, he was promoted to the Head of Department (Quality Control), a role that he assumes presently, where he assumed similar responsibilities.

He does not hold any directorship or shareholding in other companies.

He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# PROFILE OF KEY SENIOR MANAGEMENT



**Chuah Theam Choon**  
Head of Department (Production)



Chuah Theam Choon has more than 20 years of experience in the engineering industry.

He obtained a Diploma of Electro-Mechanical Engineering from Linton Institute of Technology Ipoh in November 1995. He also obtained a Certificate of Attendance where he has completed the course on Certificate in Safety and Health Officer in February 2003 issued by the FMM Institute of Manufacturing. Subsequently, he completed a training course for ASME "U" Certificate of Authorisation by the Llyod's Register Technical Services Sdn. Bhd. in May 2003.

He began his career with Ikatan Engineering Sdn. Bhd. in December 1995 as the Coordinator where he was in charge of production fabrication works. He was later promoted to Supervisor in 1998 where he was responsible for the production fabrication workers, supervising workers, monitoring work orders and arranging the delivery of products. In February 2003, he was promoted to Works Manager where he held similar responsibilities.

In 2013, he left to join Kawan Engineering as the Assistant Head of Department (Production) where he was involved in purchasing requisition of raw materials, fabrication and delivery arrangement and maintenance of machinery. He was later promoted as the Head of Department (Production) on 1 June 2014, a role that he assumes presently, where he is primarily responsible for delivery arrangement, maintenance of machinery, supervision of subcontractors and production team.

He does not hold any directorship or shareholding in other companies.

He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# CHAIRMAN'S STATEMENT



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## Dear Valued Shareholders,

On behalf of the Board of Directors, it is my honour to present Kawan Renergy Berhad's ("Kawan" or "the Group") inaugural Annual Report for the financial year ended 31 October 2024 ("FYE 2024"). This report represents a significant milestone for the Group, capturing our achievements following our successful listing on the ACE Market of Bursa Malaysia on 29 May 2024.

**Dr. Chuah Chaw Teo**

Independent Non-Executive Chairman  
As of 31 October 2024

”

The initial public offering ("IPO") was a transformative event in Kawan's growth journey. The overwhelming response from institutional investors, high-net-worth individuals, and retail shareholders is a testament to the market's confidence in our vision and capabilities. We are deeply grateful for your trust and investment in our future.

As an engineering solutions provider, Kawan is committed to embedding sustainability across all aspects of our operations. We aim to seamlessly integrate environmental stewardship into our core operations, ensuring that customer satisfaction aligns with responsible and sustainable operations. Driven by a collaborative team culture, we are dedicated to delivering exceptional product quality and service excellence. Our commitment to maintaining the highest standards is reinforced through a series of internationally recognised certifications. These include ISO 9001 for quality management, ISO 14001 for environmental management, and ISO 45001 for occupational health and safety. Additionally, our specialised industry credentials—such as the Certificate of Authorisation (U, U2, H, S, R), MyHijau certification, NB Mark, and SEDA accreditation—highlight our dedication to operational excellence, safety, and environmental responsibility.

Kawan Renergy is also actively expanding its renewable energy ("RE") segment. The Group plans to look for opportunities in the biomass space. These projects involve utilising the vast amount of biowaste generated by the agricultural sector. These initiatives aim to diversify income streams and increase recurring revenues.

The Group is optimistic about achieving RM100 million in revenue for FYE 2024, driven by growth in the RE segment and strategic expansion into Southeast Asian markets, particularly Indonesia.

Looking ahead, Kawan remains focused on expanding our market presence while driving innovation in engineering solutions. Sustainability remains at the heart of our operations as we pursue opportunities for growth and excellence.

To our valued stakeholders, we reaffirm our commitment to delivering sustained value by upholding the principles of integrity, quality, and sustainability that define Kawan Renergy Berhad. Our journey has only just begun, and we eagerly anticipate achieving new milestones together.

**"We  
Make  
You  
Future-  
Ready"**

# CHAIRMAN'S STATEMENT

## TRANSFORMATIONAL GROWTH

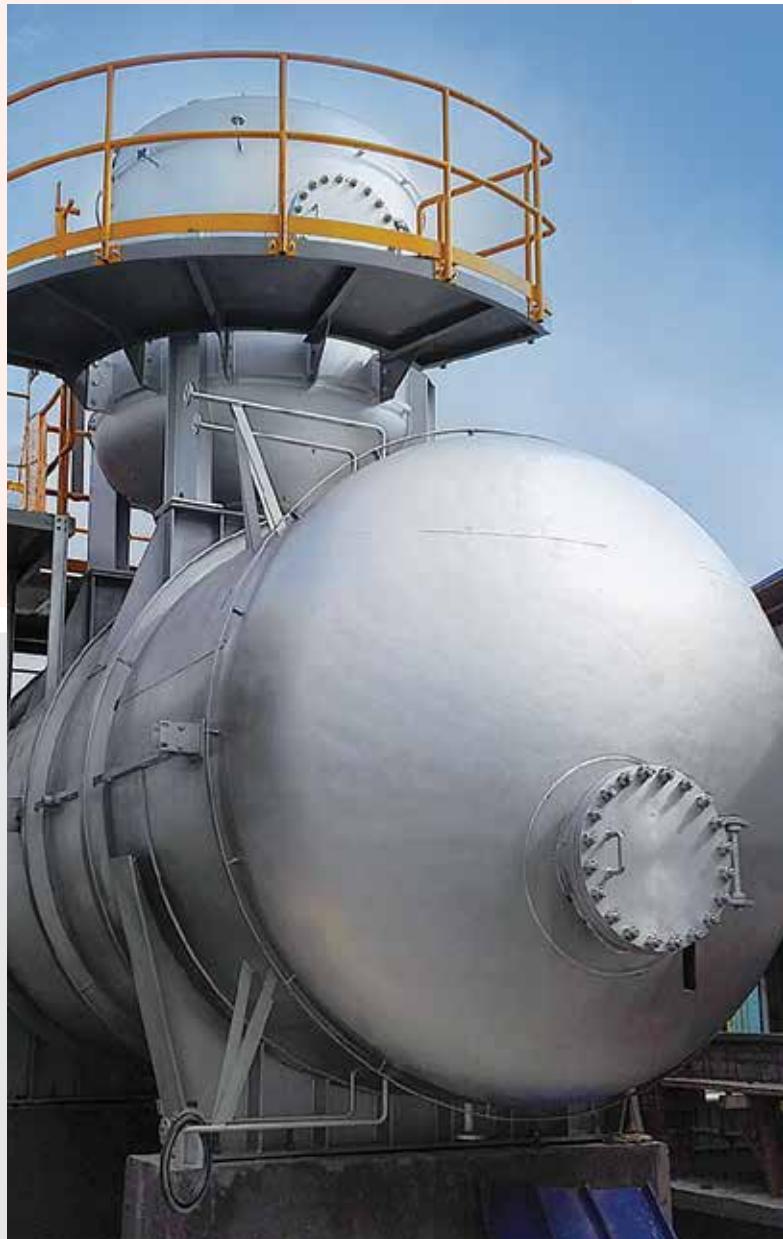
Our successful IPO marks not just a milestone, but the dawn of a transformative chapter in Kawan's evolution. This achievement has reinforced our foundation as we ventured into new horizons. We approach this expansion with the measured confidence that comes from years of proven excellence in engineering solutions.

Our wealth of industry experience, coupled with our demonstrated capabilities, positions us uniquely to capitalise on emerging opportunities while maintaining the agility to navigate market dynamics. Looking ahead, we are embracing innovative approaches and pioneering solutions that will not only drive our growth trajectory but also reshape industry standards. Our vision extends beyond conventional boundaries as we pursue sustainable expansion through strategic initiatives that balance ambitious progress with ensure neatness of both section operational excellence.

## NOTES OF APPRECIATION

As I conclude this statement, I wish to express my profound gratitude, on behalf of the Board, to our cherished stakeholders. To our customers who have chosen us as their trusted partner, our shareholders who believe in our vision, and our business partners who have journeyed alongside us – your continued confidence in Kawan has been instrumental to our success.

Additionally, I am particularly grateful to my fellow Board members, particularly Mr IR Lim, Ms Heng and Mr Chong, whose visionary leadership and unwavering support and effort have been pivotal to our success. I also commend our outstanding management team, and every member of the Kawan family. Your exceptional dedication, tireless efforts, and remarkable contributions have been the driving force behind our achievements, most notably our successful commitment and collective excellence, and I am confident that together, we will continue to scale new heights.



# MANAGEMENT DISCUSSION AND ANALYSIS

**Dear Valued Shareholders,**

**On behalf of the Board of Directors of Kawan, I am pleased to present the Management Discussion and Analysis (“MD&A”) for the Company and its subsidiaries for the financial year ended on 31 October 2024 (“FYE 2024”).**

This MD&A offers an overview of the Group’s operational performance and financial position for FYE 2024. It should be read in conjunction with the Audited Financial Statements for FYE 2024 and the accompanying notes. Unless otherwise stated, the information in this MD&A, including comparisons with the prior year (“FYE 2023”), complies with Malaysian Financial Reporting Standards (“MFRSs”).

## OVERVIEW OF BUSINESS AND OPERATIONS

Kawan Renergy Berhad (“Kawan” or “Group”) is an engineering solutions provider principally involved in the design, fabrication, installation and/or commissioning of industrial process equipment, process plants as well as renewable energy and co-generation plants. Our solutions encompass our Group’s technical capability to analyse our customer’s needs and proactively propose suitable design solutions which are customised to meet our customers’ engineering requirements. In addition to proposing design solutions, our Group’s solutions also include the capability to provide in-house fabrication, installation and/or commissioning of the industrial process equipment, process plants as well as renewable energy and co-generation plants for industrial production and processing, including food processing, oleochemical production, waste recovery, and power generation. We are also involved in power generation and sales of electricity through Magenko Group.



### Industrial Process Equipment

We design and fabricate customised industrial process equipment based on our customer’s specifications and requirements comprise heat exchangers, pressure vessels, as well as boilers and heaters to facilitate and/or support industrial production and processing such as food processing, oleochemicals, oil and gas, and power generation.

We carry out in-house fabrication of industrial process equipment according to our engineering drawings and technical description. The fabrication of heat exchangers, pressure vessels as well as boilers and heaters are carried out at our factories in Kawasan Perusahaan IGB in Ipoh. The duration required for design and fabrication of industrial process equipment typically takes approximately 3 months to 6 months.

The industrial process equipment which we offer are not standard products and are typically customised to our customer’s needs. Our solutions cater to both engineering, procurement, construction and commissioning (“EPCC”) contractors and industrial end-users addressing diverse industrial applications including oil and gas refining, oleochemical and chemical processing, waste recovery, food processing, power generation, waste recovery and utilities as well as power plant.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Industrial Process Plants

We design, fabricate, install, and commission industrial process plants by integrating various industrial equipment to support production and processing activities. Focused on sectors such as food processing, oleochemicals and chemical and waste recovery.

We are involved in the design of the process plant as well as the integration of the industrial process equipment which are fabricated by our Group and auxiliary equipment sourced from third party manufacturers, together with piping and control system to form the process plant. Each of the industrial process equipment in the process plant plays a pivotal role in ensuring that all the processes required for processing can be executed and that the final products meet our customers' desired requirements.

For the process plant, we carry out installation and commissioning for our customer. The duration required for design, fabrication, installation and commissioning of process plants typically take approximately 12 to 18 months, we cater to EPCC contractors and end-users, ensuring optimal performance tailored to customer-specific requirements.

Our customers for industrial process plants are mainly involved in food processing, oleochemical and chemical processing, and waste recovery.

In addition to offering design, fabrication, installation, and commissioning services, we also provide repair and maintenance solutions. These services include spare part replacements and general upkeep for both our own and third-party industrial process equipment. Typically, repair and maintenance are provided under warranty for customers who engage us for the full-service package, but we also offer them on a purchase order basis once the warranty period has expired or for customers who did not opt for our initial services.

## Renewable Energy and Co-generation Plants

We also design, fabricate, install, and commission renewable energy and co-generation plants by integrating industrial process equipment such as boilers, pressure vessels, and condensate tanks, fabricated in-house, with turbines and auxiliary components sourced from third-party manufacturers. These plants utilize renewable resources like biomass and biogas or natural gas for electricity and thermal energy generation.

Projects are customised based on client specifications, with timelines ranging from 12 to 18 months. As a CIDB G7-certified contractor, we are eligible to tender for projects with contract value over RM10 million within our scope of specialisation and we have successfully delivered large-scale projects contributing significantly to our Group's revenue.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Power Generation and Sale of Electricity

We are also involved in the operations of power generation through the Bercham Plant, a biogas facility located at the Bercham landfill. Acquired in 2022 through the acquisition of Magenko Group, the plant captures methane from landfill decomposition to generate electricity. It has an installed capacity of 1.2MW and a net export capacity of 1MW.

Operating under Malaysia's Feed-in Tariff ("FiT") mechanism, the plant sells electricity at RM0.3880/kWh until 2032. It operates under a Turnkey Agreement with IYO Alam Sekitar.

## CORPORATE OBJECTIVES AND STRATEGIES

We are committed to building businesses and generating long-term, recurring revenue streams. By monetising our products and services, we aim to ensure consistent sustainable growth for Kawan. Kawan remains resolute in its dedication to creating sustainable value for its stakeholders. Our strategic focus is on driving long-term growth and enhancing shareholder value. With a clear vision and adaptable strategies, Kawan is poised to navigate market complexities, seize emerging opportunities, and continue delivering impactful results, reinforcing our commitment to sustained success in an ever-changing business landscape.

|   |   |
|---|---|
| <b>Developing a New 2MW Biomass Power Plant to Expand Power Generation Capabilities</b> | Kawan plans to construct a 2MW biomass power plant at Factory 3 to grow its power generation segment and diversify income with recurring revenue. The plant will use locally sourced biomass such as empty fruit bunches ("EFB"), wood chips, or bamboo chips as fuel. Electricity will be generated through a biomass boiler steam turbine system, where biomass combustion produces high-pressure steam to power turbines and activate generators.<br><br>We will construct the biomass power plant in-house, utilising our expertise in the design, fabrication, installation, and commissioning of renewable energy and co-generation plants. This technical capability, developed through customer-driven solutions, equips us with the know-how to develop and operate the new plant. These efforts aim to strengthen our business portfolio and capitalize on our proven technical experience. |
| <b>Investing in New Machinery to Optimise Production Processes</b>                      | Kawan has implemented upgrades by adding new machinery at Factory 1 and Factory 3 to improve production efficiency, with ongoing enhancements to further streamline operations. These improvements have reduced manual processes, enhanced precision, and minimize material waste, leading to increased productivity and optimized workflow.  |
| <b>Building Partnerships &amp; Future Growth</b>  | Kawan recognizes the value of strategic partnership and maintains an open approach to meaningful collaboration as part of the key for success and expansion. With diverse knowledge, resources and perspectives, it enables the Group to deliver with more synergistic and holistic results. This approach has been instrumental in Kawan's progress and positions the company to effectively pursue opportunities in emerging markets.   |

# MANAGEMENT DISCUSSION AND ANALYSIS

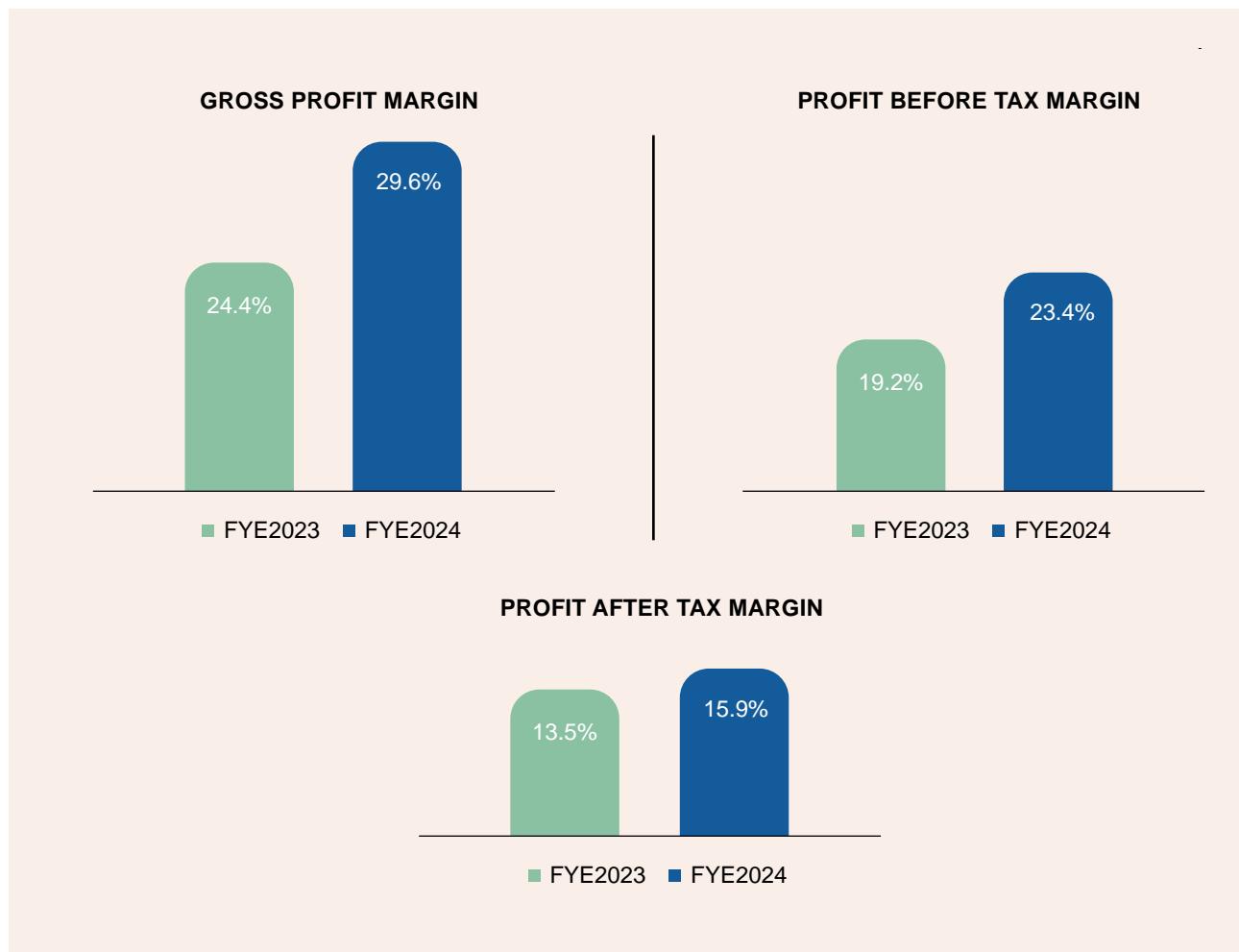
## FINANCIAL PERFORMANCE

### Financial Review

The Group recorded an increase of revenue by RM14.7 million or 14.9% from RM98.4 million in FYE 2023 to RM113.1 million FYE 2024, driven by the design, fabrication, installation and/or commissioning solutions for industrial process equipment, industrial process plants and renewable energy and co-generation plants (“design, fabrication, installation and/or commissioning solutions”).

The design, fabrication, installation, and/or commissioning solutions segment continued to be our largest revenue contributor, which recorded RM112.9 or 99.8% of our total revenue for FYE 2024. These revenue streams reflect the company's expertise in providing end-to-end engineering solutions, leveraging its design, fabrication, installation, and commissioning capabilities to address market demand across industries like manufacturing, power generation, and renewable energy.

|                           | FYE 2024<br>RM'million | FYE 2023<br>RM'million | Changes<br>% |
|---------------------------|------------------------|------------------------|--------------|
| Revenue                   | 113.1                  | 98.4                   | 14.9         |
| Gross profit              | 33.5                   | 24.0                   | 39.6         |
| Profit before tax (“PBT”) | 26.5                   | 18.9                   | 40.2         |
| Profit after tax (“PAT”)  | 18.0                   | 13.3                   | 35.3         |
| Gross Profit Margin (%)   | 29.6                   | 24.4                   | 5.2          |
| PBT Margin (%)            | 23.4                   | 19.2                   | 4.2          |
| PAT Margin (%)            | 15.9                   | 13.5                   | 2.4          |



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL PERFORMANCE (CONT'D)

### Segmental Revenue

|  | FYE 2024<br>RM'million | %            | FYE 2023<br>RM'million | %            | Variance<br>RM'million | %            |
|--|------------------------|--------------|------------------------|--------------|------------------------|--------------|
| Design, fabrication, installation and/or commissioning solutions |                        |              |                        |              |                        |              |
| - Industrial process equipment                                   | 60.2                   | 53.2         | 48.4                   | 49.2         | 11.8                   | 24.4         |
| - Industrial process plants                                      | 34.8                   | 30.8         | 27.7                   | 28.1         | 7.1                    | 25.6         |
| - Renewable energy and co-generation plants                      | 17.9                   | 15.8         | 22.1                   | 22.5         | -4.2                   | -19.0        |
| <b>Subtotal</b>  | <b>112.9</b>           | <b>99.8</b>  | <b>98.2</b>            | <b>99.8</b>  | <b>14.7</b>            | <b>15.0</b>  |
| <b>Others<sup>(1)</sup></b>                                      | <b>0.2</b>             | <b>0.2</b>   | <b>0.2</b>             | <b>0.2</b>   | <b>&lt;0.1</b>         | <b>-12.3</b> |
| <b>Total</b>   | <b>113.1</b>           | <b>100.0</b> | <b>98.4</b>            | <b>100.0</b> | <b>14.7</b>            | <b>14.9</b>  |

### Notes:

(1) Comprised revenue of sales of electricity from power generation and sales of biomass

The gross profit for FYE 2024 was RM33.5 million, with a healthy gross profit margin of approximately 29.6%. This robust margin highlights the company's operational efficiency, despite rising raw material costs and supply chain challenges. The Group's profit before tax stood at RM26.5 million, with a profit after tax of RM18.0 million.

In tandem with the growth of revenue, our gross profit increased by 39.6% year-on-year ("YoY") to RM33.5 million in FYE 2024, as compared to RM24.0 million recorded last year mainly due to higher contribution and improve operational efficiency in the design, fabrication, installation, and/or commissioning solutions segment.

Our PBT also recorded a robust growth of 40.2% to RM26.5 million in FYE 2024, as compared to RM18.9 million in FYE 2023. This resulted in a corresponding improvement in PBT margin, rising from 19.2% in FYE 2023 to 23.4% in FYE 2024.

Additionally, PAT improved by 35.3% to RM 18.0 million in FYE 2024 as compared to RM13.3 million in FYE 2023. This marked a new historical high for the Group's financial performance.

### Geographical presence

The Group's business primarily derives from Malaysia although the Group has a customer base from different countries of the world such as Indonesia, Singapore, United States of America, Japan and others.

| Revenue           | FYE 2024<br>RM'million | Contribution<br>% | FYE 2023<br>RM'million | Contribution<br>% |
|-------------------|------------------------|-------------------|------------------------|-------------------|
| Malaysia          | 97.7                   | 86.4              | 80.6                   | 81.9              |
| Oversea countries | 15.4                   | 13.6              | 17.8                   | 18.1              |
| <b>Total</b>      | <b>113.1</b>           | <b>100.0</b>      | <b>98.4</b>            | <b>100.0</b>      |

Malaysia remains the Group's primary revenue base, with its contribution increasing to 86.4%, highlighting the continued significance of our localized operations.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL PERFORMANCE (CONT'D)

### Review of Financial Position

|                     | FYE 2024<br>RM'million | FYE 2023<br>RM'million | Changes<br>% |
|---------------------|------------------------|------------------------|--------------|
| Current assets      | 107.3                  | 85.4                   | 25.6         |
| Current liabilities | 32.9                   | 46.9                   | -29.9        |
| Total assets        | 127.6                  | 107.8                  | 18.4         |
| Total liabilities   | 34.1                   | 54.4                   | -37.3        |
| Total equity        | 93.4                   | 53.4                   | 74.9         |
| Total borrowings    | 2.1                    | 10.7                   | -80.4        |

The Group's financial position remained strong in FYE 2024 with total assets increasing by 18.4% to RM127.6 million, driven by higher current assets and improved liquidity. Total equity surged by 74.9% to RM93.4 million, reflecting the positive impact of the IPO and retained earnings. At the same time, total liabilities dropped by 37.3% to RM34.1 million, while borrowings declined substantially by 80.4% to RM2.1 million, primarily due to settlement of borrowings from IPO proceeds. Notably, the Group continues to maintain a healthy cash holding of RM57.3 million in FYE 2024, compared to RM44.7 million in FYE 2023. These improvements position the Group for sustainable growth and expansion.

### Dividends

In FYE 2024, a total of RM10.0 million in dividends was paid out through Kawan Engineering Sdn. Bhd., a wholly owned subsidiary of Kawan Renergy Berhad, with an increase from RM5.0 million in FYE 2023. The dividend is paid in two interim single-tier payments of RM5.0 million each, at RM0.34 per ordinary share, paid on 18 January 2024 and 2 February 2024 respectively. This reflects the company's strong financial position and its commitment to providing more regular returns to shareholders.

## RISK FACTORS

As a trusted leader in the engineering solutions sector, Kawan recognises the inherent challenges and risks within the industry. We remain steadfast in proactively identifying and mitigating these risks to drive sustainable growth and maintain operational excellence.

### Project progress disruption

*The Group's solution project deliverables are exposed to unforeseen delays or interruptions that are beyond its control. The risk may arise at various stages of project development. These risks include necessary approvals or permits, unforeseen technical challenges, adverse weather conditions which can extend project timelines and impact budgets. Delays in project progress will impact the Group's delivery timing and subsequently affect revenue recognition and payment collection from customers, thereby affecting the Group's financial performance.*

*To mitigate risks, we establish clear project timelines and milestones in collaboration with customers to minimize delays. We also recruit and retain industry experts to support projects requiring specialized technical expertise. Our group continuously implements a robust change management process to handle customer-requested changes, clearly communicating the potential impacts of changes on project timelines, costs and revenue recognition, ensuring that requested changes are evaluated and approved with a thorough understanding of their implications.*

### Fluctuations in raw material prices and foreign exchange rate

*Driven by global supply and demand, as well as global and regional economic conditions, volatility in steel prices may impact the cost of our product as steel is the main raw material. As such, significant increases in material prices and fluctuations in foreign currency exchange rates may impact on our project costs, potentially reducing our margins and affecting our overall financial performance.*

*While we strive to pass on price changes to our clients where possible, projects with long execution periods may expose our margins to fluctuations in both prices and exchange rates.*

*We will maintain diligent oversight of the commodity markets that influence key raw materials. Regular evaluations will be conducted to ensure that adequate and effective mitigation measures are in place and whenever feasible, we will aim to balance our foreign currency-denominated purchases with revenue generated in the corresponding currencies.*

# MANAGEMENT DISCUSSION AND ANALYSIS

## RISK FACTORS (CONT'D)

| Health & Safety   | Dependence on Licenses, Permits, and Accreditations   |
|---|---|
| <p><i>Our operations involve manufacturing and installation at various sites, which exposes us to a range of potential workplace hazards, including both physical and chemical risks. The safety of our employees is our top priority, as we recognize the serious consequences that workplace incidents can have.</i></p> <p><i>We depend on contractors for project execution across multiple locations, and ensuring compliance with health and safety policies is critical. To maintain high safety standards, we conduct regular training and supervision for contractors. Our approach includes hazard identification, risk assessments, and implementing control measures to mitigate health and safety risks. We provide targeted training on specific hazards, hold safety briefings for workers at manufacturing and installation sites, and supply necessary personal protective equipment.</i></p> <p><i>To further improve our safety performance, we thoroughly investigate incidents to determine root causes and take corrective and preventive actions. We also maintain detailed records and monitor our safety performance to ensure a secure work environment. Our commitment to continuously improving health and safety practices reflects our dedication to protecting the well-being of our employees and stakeholders.</i></p> | <p><i>The Group's operations rely on licenses, permits, and quality accreditations from authorities like the Department of Occupational Safety and Health ("DOSH") and international bodies such as the American Society of Mechanical Engineers ("ASME") and the International Organisation for Standardisation ("ISO"). These are critical for regulatory compliance and project eligibility, including the G7 contractor certification, which enables tendering for high-value projects. Failure to renew or comply with these conditions, such as meeting workforce composition requirements, could result in suspensions or revocations, adversely affecting operations. Additionally, changes in regulations or new laws could pose further challenges to the Group's business continuity. To mitigate this, Kawan maintains a rigorous compliance process, ensures timely renewals, and monitors regulatory developments to adapt accordingly.</i></p> |

### Proactive Approach to Risk Management

Our Group remains committed to addressing these risks with a proactive and optimistic approach. The Group focuses on strengthening its risk management strategies to effectively mitigate potential obstacles. By maintaining vigilance and adaptability, our Group is well-positioned to navigate market complexities, safeguard stakeholder interests, and achieve sustainable success.

### FORWARD-LOOKING STATEMENT

Looking ahead, our Group is embarking on an exciting path of growth and innovation. With a clear set of strategic initiatives in place, we remain committed to quality, innovation, and customer satisfaction, positioning ourselves to not only sustain our success but also foster sustainable growth in the years to come. Our confidence is bolstered by the vast experience of our management team and the technical expertise of our skilled professionals. Meanwhile, we continue to see a healthy project pipeline within the design, fabrication, installation and commissioning of solution segments, driven by the growing awareness of sustainability and clean energy with our order book standing at RM141.7 million as of 31 October 2024.

Although we acknowledge potential challenges in the coming financial year, we are focused on the business opportunities we have identified and are dedicated to making prudent decisions to drive ongoing growth. We are strategically building our recurring income streams to ensure long-term growth and financial stability. As such, we intend to bid for 2MW biomass plant via SEDA Fit 2.0 quota application to grow our power generation and sale of electricity business segment. In addition, we will also harness our core strengths to optimize resource allocation, improve operations efficiency, manage risks effectively, accelerate project timelines, and ultimately elevate customer experiences by investing in additional machinery to upgrade and improve our production processes.

With these initiatives, we are confident that our Group will continue to build on its success, promote sustainable growth, create value for our stakeholders, and maintain a leadership position in the industry.

Yours sincerely,

**IR. Lim Thou Lai**  
Managing Director

# SUSTAINABILITY STATEMENT



## ABOUT THE COMPANY

Kawan Renergy Berhad ("Kawan" or "the Group") is a leading engineering solutions provider in Malaysia, committed to driving sustainability across our operations. We continually strive to enhance our sustainability practices, integrating them seamlessly into our business processes to meet and exceed customer expectations. Our unwavering dedication to delivering superior product and service quality is supported by a highly collaborative team, ensuring that customer satisfaction aligns with our core principles of environmental stewardship and responsible innovation.

### Our Core Businesses

We specialise in the design, fabrication, installation, and/or commissioning of industrial process equipment, industrial process plants, and renewable energy and co-generation plants. As a comprehensive engineering solutions provider, our services leverage the Group's technical expertise to thoroughly analyse customer needs and proactively deliver customised design solutions that meet specific engineering requirements. Beyond design, we also offer in-house fabrication, installation, and commissioning of industrial process equipment and plants, ensuring a seamless, end-to-end service for our clients across all sectors we serve. In addition to our core business activities, we are also engaged in power generation and electricity sales, broadening our impact within the energy sector.

|                           | Our principal activities  | Other business activity   |
|---------------------------|---|---|
|                           | Design, fabrication, installation and/or commissioning solutions<br><br>Industrial process equipment <ul style="list-style-type: none"> <li>• Heat exchangers</li> <li>• Pressure vessels</li> <li>• Boilers and heaters</li> </ul> Process plants <ul style="list-style-type: none"> <li>• Emulsifier (Food &amp; Ester)</li> <li>• Oleochemical and Chemical Processing</li> <li>• Thermal Solutions</li> <li>• Waste Recovery</li> </ul> Clean Energy & Renewable Energy and Power Plants <ul style="list-style-type: none"> <li>• Co-generation</li> <li>• Open &amp; Combined Cycle</li> <li>• Biogas/landfill</li> <li>• Data Centre Standby Power</li> </ul> | Power generation and sale of electricity<br><br>Sale of electricity to the grid |
| Our engineering solutions |   |   |
| Our product application   | Examples of applicable industries: <ul style="list-style-type: none"> <li>• Oleochemical and Chemical Processing</li> <li>• Food Processing &amp; Animal Feed</li> <li>• Oil and gas</li> <li>• Waste Recovery</li> <li>• Power plant</li> <li>• Data Centre</li> </ul>   | Not applicable  |

# SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

The financial year 2024 ("FYE 2024") marks the inaugural release of our Sustainability's Statement, a reflection of Kawan's commitment to upholding high standards and values of sustainability in all our business activities. At Kawan, we are dedicated to building a brighter future by prioritising responsible business practices, staying focused on our strategic objectives, and managing our operations efficiently. This statement captures our pledge to positively impact the local economy, society, environment, and governance through the collective efforts of our organisation.

### Scope and Basis of Scope

The reporting period aligns with our financial year, spanning from 1 November 2023 to 31 October 2024. This Statement provides a comprehensive overview of the Group's sustainability performance, detailing the progress and impact of our business operations within Malaysia.

Details of the Group's subsidiaries are shown in the table below.

| Name of Company                     | Principal Activities  |
|-------------------------------------|---|
| Kawan Engineering Sdn. Bhd.         | Design, fabrication, installation and/or commissioning of industrial process equipment and industrial process plants.   |
| Kawan Green Energy Sdn. Bhd.        | Design, fabrication, installation and/or commissioning of renewable energy and co-generation plants.  |
| Magenko Renewables (Asia) Sdn. Bhd. | Independent Power Producer ("IPP") involved in power generation and sales of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass feed stock. |

### Reporting Framework and Standards

This report is prepared in alignment with the National Sustainability Reporting Framework ("NSRF") to ensure compliance with national sustainability reporting requirements and integration of global best practices. It also adheres to Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (3rd Edition) and integrates the IFRS Foundation – IFRS Sustainability Disclosure Standards (S1 and S2 Principles), along with the International Integrated Reporting Framework and Integrated Thinking Principles, to provide consistent, high-quality disclosures on both financial and sustainability performance. Additionally, the Group has adopted the AA1000 Accountability Principles, the AA1000 Stakeholder Engagement Standard, the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, and the United Nations Sustainable Development Goals ("UN SDGs") as part of the report.

### Feedback

We welcome and encourage our stakeholders to provide feedback pertaining to this Statement and the issues covered to our Sustainability Management Team at [sustainability@kawan-renergy.com.my](mailto:sustainability@kawan-renergy.com.my).

## SUSTAINABILITY STRATEGY

### Sustainability Governance

Sustainability is a core aspect of Kawan's operations, anchored by a strong governance structure that drives the systematic achievement of our sustainability objectives. This framework ensures accountability, transparency, and continuous improvement across all levels of our organisation.

At the forefront of this structure, our Board of Directors serves as the ultimate steward of sustainability, providing strategic oversight and championing sustainable practices throughout the organisation. The Board's commitment extends beyond mere supervision to actively fostering a culture of sustainability and ensuring the integration of ESG considerations into our core business strategy.

Supporting the Board are the Audit and Risk Management Committee, Nomination Committee, and Remuneration Committee. Each contributes to overseeing performance and managing risk throughout the organisation while also bringing specialised expertise to advance our sustainability agenda.

# SUSTAINABILITY STATEMENT

To operationalise our sustainability commitment, we have established a dedicated Sustainability Management Team comprising cross-functional experts. This team serves as the driving force behind our sustainability initiatives, responsible for developing sustainability strategies, assessing risks, evaluating performance, and closely monitoring the implementation of sustainability policies and practices. The roles and responsibilities within our governance framework are clearly defined in the table below, demonstrating our dedication to building a resilient governance structure.

| Board of Directors  |  |   |
|---|--|---|
| <ul style="list-style-type: none"> <li>Setting and reviewing sustainability strategies aligned with business objectives</li> <li>Approving sustainability targets and monitoring their achievement</li> <li>Ensuring integration of ESG considerations into risk management frameworks</li> <li>Reviewing and approving sustainability-related disclosures</li> <li>Fostering a culture of sustainability throughout the organisation</li> </ul>                        |  |   |
| <b>Audit and Risk Management Committee</b>  | <b>Nomination Committee</b>  | <b>Remuneration Committee</b>   |
| Ensures the accuracy and integrity of the Group's financial reporting, maintains compliance with legal and regulatory requirements, and evaluates the effectiveness of the Group's enterprise-wide risk management and internal control framework.  | Facilitates the development of a well-structured and skilled leadership team, promotes diversity, and supports continuous professional growth across the organisation. | Oversees the implementation of a fair and effective remuneration structure that aligns with the company's strategic objectives and HR policies. |
| Sustainability Management Team  |  |   |
| <ul style="list-style-type: none"> <li>Developing and implementing comprehensive sustainability strategies aligned with global best practices</li> <li>Conducting regular materiality assessments to identify emerging ESG risks and opportunities</li> <li>Monitoring and evaluating sustainability performance against established key performance indicators ("KPIs")</li> <li>Ensuring compliance with evolving sustainability regulations and standards</li> </ul> |  |   |

## Stakeholder Engagement

As a sustainable business group, Kawan acknowledges the profound impact our operations have on a diverse ecosystem of stakeholders, including customers, employees, suppliers, investors, government agencies, and local communities. These stakeholders are integral to our success, offering invaluable insights that help us identify areas of enhancement, uncover new opportunities, and shape our strategic direction.

To reaffirm our dedication to fostering meaningful stakeholder relationships and advancing sustainable business practices, we maintain proactive and transparent communication channels. Through a strategic combination of formal and informal engagement approaches, we ensure regular, purposeful interactions with each stakeholder group. These carefully structured dialogues serve multiple purposes: gathering critical feedback, understanding evolving needs, addressing concerns promptly, and collaboratively developing solutions that create shared value.

The comprehensive table below details our key stakeholder groups and the diverse engagement channels and methods we employ to maintain effective two-way communication, ensuring that stakeholder perspectives continue to inform and enhance our sustainability journey.

# SUSTAINABILITY STATEMENT

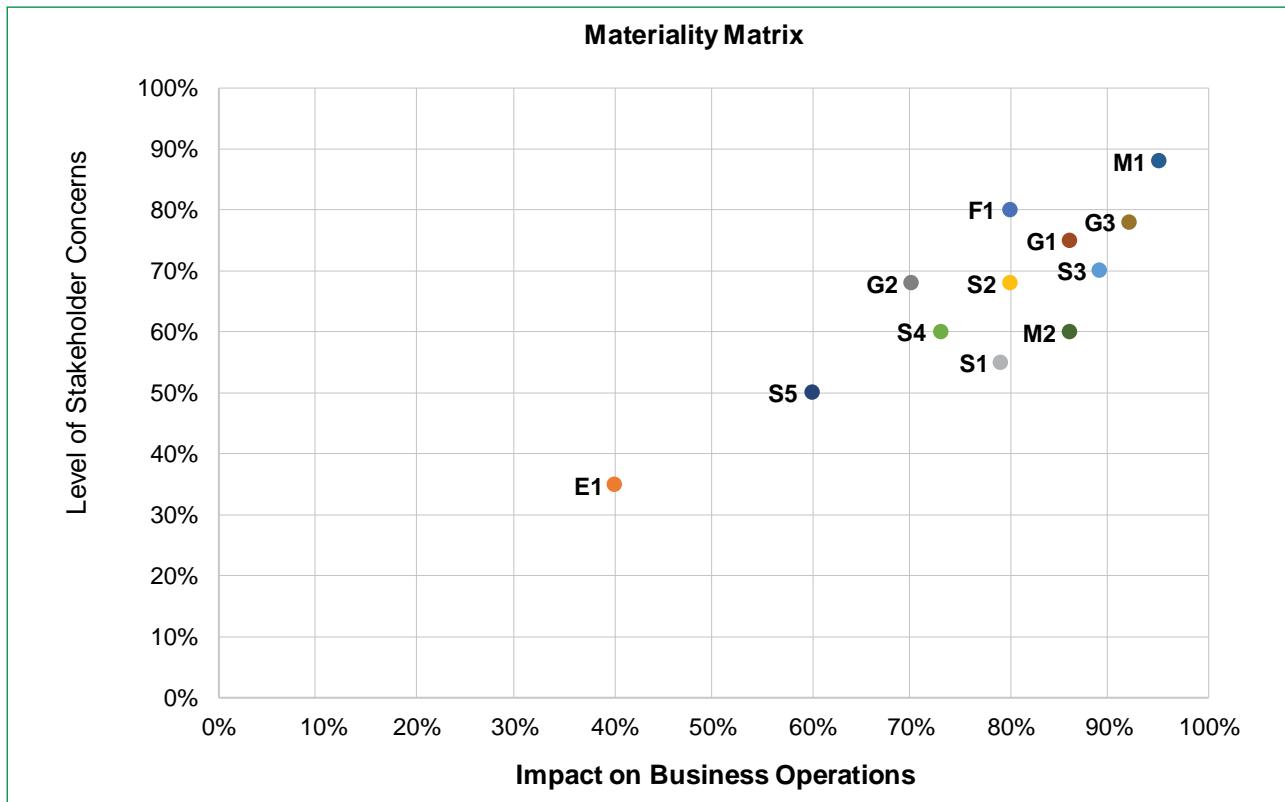
| Stakeholder                | Areas of Concern/Interest   | Engagement Approach  | Our Responses  |
|----------------------------|---|--|--|
| <b>Customers</b>           | <ul style="list-style-type: none"> <li>Product quality and compliance</li> <li>Customer service and experience</li> </ul>   | <ul style="list-style-type: none"> <li>Customer relationship management</li> <li>Reliable service and on-time delivery</li> </ul>  | <ul style="list-style-type: none"> <li>Adhere to quality standards (i.e. ISO 9001, ISO 14001, ISO 45001, MyHIJAU mark, etc.)</li> <li>Customer satisfaction survey</li> </ul>  |
| <b>Employees</b>           | <ul style="list-style-type: none"> <li>Health &amp; safety</li> <li>Welfare and remuneration</li> <li>Workplace diversity</li> <li>Training and career development</li> <li>Value equal opportunities</li> </ul>                  | <ul style="list-style-type: none"> <li>Performance appraisal</li> <li>Management and staff meeting</li> <li>Employee engagement programmes and initiatives</li> <li>Training programmes</li> </ul>                         | <ul style="list-style-type: none"> <li>Encourage transparent communication with employees</li> <li>Ensure equal employment opportunities for all individuals without discrimination</li> <li>Provide reasonable benefits and remuneration package</li> </ul> |
| <b>Suppliers</b>           | <ul style="list-style-type: none"> <li>Transparent procurement practices</li> <li>Payment schedule</li> <li>Anti-bribery</li> </ul>   | <ul style="list-style-type: none"> <li>Evaluation on performance</li> <li>Credential verification</li> </ul>   | <ul style="list-style-type: none"> <li>Prioritise the establishment of transparent procurement processes</li> <li>Require suppliers to undergo a due diligence assessment</li> </ul>   |
| <b>Investors</b>           | <ul style="list-style-type: none"> <li>Financial performance</li> <li>Business strategy</li> <li>Shareholder value</li> </ul>   | <ul style="list-style-type: none"> <li>Annual report</li> <li>Annual general meeting</li> <li>Financial report</li> <li>Corporate website</li> <li>Company announcements</li> <li>Investor relations activities</li> </ul> | <ul style="list-style-type: none"> <li>Provide timely updates on the group's strategy and financial performance through announcements</li> <li>Uphold good governance practices across the group</li> </ul>  |
| <b>Government Agencies</b> | <ul style="list-style-type: none"> <li>Governance compliance</li> <li>Environment management &amp; compliance</li> <li>Fair labour practices</li> <li>Policy matters (public, health and safety)</li> <li>Anti-bribery</li> </ul> | <ul style="list-style-type: none"> <li>Annual report</li> <li>Meeting &amp; seminar</li> <li>Public announcement</li> <li>Inspection/audit by local authority</li> <li>Anti-bribery commitment</li> </ul>                  | <ul style="list-style-type: none"> <li>Full compliance with regulatory requirements</li> <li>Adoption of practices outlined in the Malaysian Code on Corporate Governance &amp; anti-bribery practices</li> </ul>  |
| <b>Local Communities</b>   | <ul style="list-style-type: none"> <li>Impact of business operation</li> <li>Social issue</li> </ul>  | <ul style="list-style-type: none"> <li>Community programmes</li> <li>Customer relationship and engagement</li> </ul>   | <ul style="list-style-type: none"> <li>Enhance the welfare and well-being of the community</li> </ul>  |

## Materiality Matrix

The Group recognises that our key sustainability matters significantly influence our capacity to create lasting value for our stakeholders, both directly and indirectly. As part of our commitment to embedding sustainable practices across our operations, we have implemented an annual materiality assessment process, commencing in FYE 2024. This comprehensive evaluation enables us to identify and prioritise the most critical sustainability issues affecting our business and stakeholders, taking into consideration industry trends, developments, and emerging sustainability challenges at both global and local levels.

# SUSTAINABILITY STATEMENT

The following material topics were identified through our rigorous assessment process in FYE 2024:



| Material Sustainability Matter             | Relevant Stakeholders                                |
|--|--|
| F1 – Financial/Economic Performance        | Investors and Customers                              |
| E1 – Climate Change                        | Employees, Regulatory Agencies and Local Communities |
| S1 – Customer Satisfaction                 | Investors and Customers                              |
| S2 – Labour Standards and Human Right      | Employees and Regulatory Agencies                    |
| S3 – Occupational Health and Safety        | Employees and Regulatory Agencies                    |
| S4 – Training and Development              | Employees and Regulatory Agencies                    |
| S5 – Social Contribution                   | Investors and Public                                 |
| G1 – Business Ethics and Compliance        | Regulatory Agencies and Local Communities            |
| G2 – Governing Purpose                     | Regulatory Agencies and Local Communities            |
| G3 – Risk Management                       | Regulatory Agencies and Local Communities            |
| M1 – Equipment Maintenance                 | Employees and Regulatory Agencies                    |
| M2 – Supply Chain and Responsible Sourcing | Customers, Investors, and Local Communities          |

# SUSTAINABILITY STATEMENT

The table below provides a detailed analysis of the materiality level of sustainability matters:

| High Priority Materiality                  |   |
|--|---|
| F1 – Financial/Economic Performance        | The Group recognises that addressing key sustainability challenges is essential not only for regulatory compliance but also for driving long-term value for our stakeholders. By prioritising these areas, we strive to create lasting benefits and deliver meaningful value. Our commitment to tackling these sustainability issues is fundamental to our operations and to maximising the positive impact we bring to all our stakeholders.       |
| S1 – Customer Satisfaction                 |   |
| S3 – Occupational Health and Safety        |   |
| G1 – Business Ethics and Compliance        |   |
| G3 – Risk Management                       |   |
| M1 – Equipment Maintenance                 |   |
| M2 – Supply Chain and Responsible Sourcing |   |
| Medium Priority Materiality                |   |
| E1 – Climate Change                        | Although these material sustainability issues are currently classified as having medium materiality, they are of significant importance to our Group. We are confident that by prioritising each of these sustainability matters, we can drive positive impacts and enhance the Group's overall performance.  |
| S4 – Training and Development              |   |
| S5 – Social Contribution                   |   |
| G2 – Governing Purpose                     | <p>As a responsible organisation, we believe that obtaining proper licensing and fostering strong governance are essential to our operations. Our governance framework encompasses the following elements:</p> <ul style="list-style-type: none"> <li>• Board Charter and Terms of Reference</li> <li>• Anti-Bribery and Corruption Management</li> <li>• Anti Money Laundering</li> <li>• Conflict of Interest</li> <li>• Executive Pay</li> </ul> |

## Sustainability Framework

At Kawan, we are committed to a balanced approach that integrates economic, environmental, and social responsibilities, with a genuine focus on enhancing the well-being of our stakeholders to secure a brighter future. In response to the evolving business landscape, we have adopted the IFRS Foundation's International Integrated Reporting Framework and Integrated Thinking Principles<sup>1</sup>. By applying the Six Capitals model, we can effectively evaluate and quantify our sustainability performance, creating sustained value for both our business and stakeholders. This model strengthens our sustainability strategy, policies, and practices, while aligning with global standards such as the UN SDGs. The Six Capitals represent essential sources of value that drive the Group's value creation, defined as follows:

| Capitals     | Aspects   |
|--------------|---|
| Financial    | <p> <i>Funds available to firm from operations and financing</i></p> <p><b>Financial Highlight</b><br/>Resources to support the Group's operation and implement other Capitals</p>     |
| Manufactured | <p> <i>Manufactured physical objects used in value creation</i></p> <p><b>Marketplace</b><br/>Implementing sustainability through product quality and compliance</p>                   |
| Governance   | <p> <i>Governance, internal control system and procedures</i></p> <p><b>Governance</b><br/>Board engagement on strategy, internal control to enhance the sustainability initiative</p> |

<sup>1</sup> The Integrated Reporting Framework and Integrated Thinking Principles are maintained under the auspices of the IFRS Foundation, a global not-for-profit, public interest organisation established to develop high-quality, understandable, enforceable and globally accepted accounting and sustainability disclosure standards. (<https://integratedreporting.ifrs.org/the-iirc-2/>)

# SUSTAINABILITY STATEMENT

| Capitals | Aspects   |
|----------|---|
| Human    |  <p><i>Skills, motivation, alignment with organisational goals</i></p> <p><b>Workplace</b><br/>Creating a safe and supportive working environment, training, and self-development</p>  |
| Social   |  <p><i>Relations with key institutions, stakeholder groups, shared norms and values, trust and confidence</i></p> <p><b>Community</b><br/>Contributing to local community development</p>  |
| Natural  |  <p><i>Renewable and non-renewable natural elements, and the eco-system, used as inputs by the firm now or in the past or future, and impact of firm on them</i></p> <p><b>Environment</b><br/>Improving our environment by utilising greener alternatives</p> |

## Management Approach for Material Matters

FYE 2024 marks the beginning of Kawan's journey in data collection and disclosure of sustainability, serving as the foundational year for reporting our sustainability performance. This year's disclosures represent the baseline from which we will build, providing stakeholders with insights into our sustainability performance and practices for the first time. As we move forward, we are committed to enhancing our data collection methods to ensure greater accuracy and comprehensiveness. In future years, we aim to provide more robust data and precise disclosures, allowing stakeholders to better track our sustainability progress and measure the positive impact of our initiatives over time.



## Economic

### Resources to support the Group's operation and implement other Capitals

Kawan recognises that financial resilience forms the bedrock of sustainable value creation and enables the achievement of our broader sustainability objectives. Our commitment to excellence extends beyond financial metrics to encompass the creation of quality employment opportunities and the stimulation of economic vitality in our local communities. Through strategic asset management and equitable wealth distribution among stakeholders, we are building a foundation for long-term organisational resilience, ensuring lasting prosperity for our company, enriching our stakeholders' lives, and contributing meaningfully to community development.

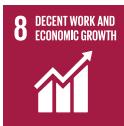
## Our approach and performance

In FYE 2024, Kawan recorded a total revenue of RM 114.8 million, which includes other income and finance income. The Industrial Process Equipment and Industrial Process Plant segments were the key contributors to this performance (for a detailed financial breakdown, please refer to Kawan's Annual Report FYE 2024). The Group's strategy for sustaining and achieving strong economic performance focuses on developing comprehensive business strategy by staying abreast of market trends, maintaining a healthy balance sheet and robust cash flow, and proactively mitigating risks relevant to its business operations. This revenue performance underscores Kawan's commitment to creating value for stakeholders. Moving forward, the Group aims to maintain a solid financial position and pursue sustainable growth opportunities to achieve excellence.

# SUSTAINABILITY STATEMENT

|   | RM'000<br>FYE 2024 |
|---|--------------------|
| Economic value generated (e.g., revenue, other income, etc.)      | 114,760            |
| Economic value distributed:                                       |                    |
| • Cost of sales   | 79,586             |
| • Expenses (e.g., operating expenses and administrative expenses) | 8,312              |
| • Finance costs   | 352                |
| • Payment to government (e.g., tax)                               | 8,501              |
| Economic value retained   | 18,009             |

## Related UNSDGs:



### Marketplace

*Implementing sustainability through product quality and compliance*

## Cybersecurity and Data Protection

In an era where digital infrastructure forms the backbone of modern business operations, the Group recognises both the transformative opportunities and inherent risks of technological advancement. While digital technologies unlock significant potential in remote work, e-commerce, and automation, they also present evolving cybersecurity challenges. At Kawan, we prioritise safeguarding customer data through robust security protocols and continuous enhancement of our cybersecurity framework, maintaining unwavering vigilance in risk mitigation to protect our stakeholders' trust and ensure secure operations.

## Our approach and performance

The Group places a strong emphasis on robust cybersecurity and the protection of customer privacy through a comprehensive framework that exceeds regulatory requirements. Our Privacy Policy, which is fully aligned with the Personal Data Protection Act ("PDPA") 2010, guides our approach to data protection. We implement advanced security measures to safeguard our digital infrastructure, including engaging an external IT vendor to manage key elements such as SLA/anti-virus systems, firewalls, and incident monitoring logs.

By continuously enhancing our security protocols, we aim to stay ahead of emerging threats and ensure the confidentiality, integrity, and availability of sensitive information. This commitment fosters a culture of digital responsibility and provides our customers with peace of mind.

As of 31 October 2024, no substantiated complaints regarding customer privacy breaches or data loss have been reported.

|   | FYE 2024 |
|---|----------|
| Number of substantiated complaints concerning breaches in customer privacy or data loss | 0        |

## Related UNSDGs:



# SUSTAINABILITY STATEMENT

## Sustainable Supply Chain Management

A sustainable and reliable supply chain is central to Kawan's business operations. Our procurement strategy incorporates strong sustainability principles, ensuring responsible practices while fostering lasting partnerships throughout our value chain. In addition to environmental and social considerations, we place a strong emphasis on local economic development by collaborating strategically with local suppliers. This localised approach strengthens regional economic vitality and creates opportunities for mutual growth and community progress. It aligns with Kawan's broader mission to contribute to the economic development of the regions where we operate.

### Our approach and performance

The Group's supply chain is designed to be both efficient and sustainable, ensuring the highest standards are met at every stage. We implement a stringent supplier selection process, evaluating key criteria such as financial stability, company profiles, credit ratings, safety and quality standards, and overall performance. To further ensure operational resilience, we maintain a diverse supplier base, which helps mitigate potential disruptions and ensures the timely sourcing of critical materials and services. Suppliers are carefully assessed based on factors such as quality, cost-effectiveness, reliability, and sustainability practices.

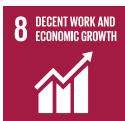
Our supplier relationships are managed through regular assessments, clear contracts, and open communication channels, fostering long-term, mutually beneficial partnerships. To enhance resilience, we deploy risk management strategies that include maintaining multiple suppliers for key materials, geographical diversification, and closely monitoring supply chain performance. This proactive approach helps us identify and address potential disruptions before they impact operations.

Wherever possible, the Group prioritises local sourcing from operational regions to reduce lead times, support local economies, and minimise environmental impact. These efforts not only contribute to cost savings but also ensure business continuity and strengthen our commitment to sustainable practices.

Looking ahead, as part of our long-term strategy to support local businesses, we aim to maintain local supplier spending at over 80% in the coming years. This will further enhance our contribution to local economies while preserving our competitive edge in the market.

|   | FYE 2024 |
|---|----------|
| Proportion of spending on local suppliers (%) | 87       |

### Related UNSDGs:



# SUSTAINABILITY STATEMENT

## Sustainable Operation Management

Excellence and sustainability are the cornerstones of Kawan's operational philosophy. We strive to maintain rigorous quality control standards while actively pursuing sustainable practices that reduce our environmental impact. Our comprehensive approach includes minimising our carbon footprint, optimising energy efficiency, and implementing circular economy principles throughout our operations. Recognising climate change as a critical challenge, we continuously invest in research and innovation to develop forward-thinking sustainability solutions while ensuring strict regulatory compliance. Through this proactive stance, we strengthen our operational resilience while fulfilling our responsibility to both the environment and society.

### Our approach and performance

Our primary goal in sustainable operations is to conduct our activities responsibly, maintaining product quality while minimising environmental and community impact. To achieve this, we continuously monitor and report on our procedures to ensure alignment with our sustainability objectives.

Although the nature of our business involves minimal gas and water emissions, no use of boilers, and no production of biological or chemical waste, we remain fully committed to complying with all relevant environmental regulations. This dedication to environmental standards is demonstrated through the following measures:

| No. | Environmental Compliance  |
|-----|---|
| 1   | <b>Boundary Noise Monitoring</b><br>Regular assessments to ensure noise levels are within permissible limits.         |
| 2   | <b>Chemical Health Risk Assessment (“CHRA”)</b><br>Conducting evaluations and implementing improvements where needed. |
| 3   | <b>Chemical Exposure Monitoring (“CEM”)</b><br>Monitoring workplace chemical exposure to safeguard employee health.   |
| 4   | <b>Gas Emission Compliance</b><br>Ensuring adherence to regulatory requirements for gas emissions.                    |
| 5   | <b>Industrial Effluent Compliance</b><br>Ensuring adherence to regulatory requirements for industrial effluent        |
| 6   | <b>Scheduled Waste Compliance</b><br>Ensuring adherence to regulatory requirements for scheduled waste management.    |

By upholding these practices, we reinforce our commitment to responsible operations and environmental sustainability.

### Related UNSDGs:



## Product Quality and Compliance

The Group is deeply committed to creating value and fostering long-term growth by consistently maintaining and delivering high-quality products that meet industry-leading standards. This dedication yields a range of impactful benefits: heightened customer satisfaction, an elevated market reputation, increased shareholder value, enhanced risk management, and a culture of excellence across our workforce. By prioritising quality, we not only fortify our competitive advantage but also contribute to sustainable growth, reinforcing our commitment to stakeholders and to long-term success.

# SUSTAINABILITY STATEMENT

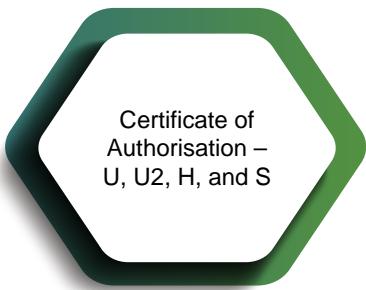
## Our approach and performance

Kawan's foundation rests firmly on robust quality management and regulatory compliance, demonstrating an unwavering commitment to excellence across all operational facets. Our comprehensive approach to quality assurance is validated through multiple internationally recognised certifications, each representing our dedication to maintaining the highest industry standards.

Our dedication to quality, compliance, and environmental responsibility is demonstrated through these key certifications:



In addition, we hold specialised certifications that emphasise our expertise and commitment to sector-specific excellence:



# SUSTAINABILITY STATEMENT

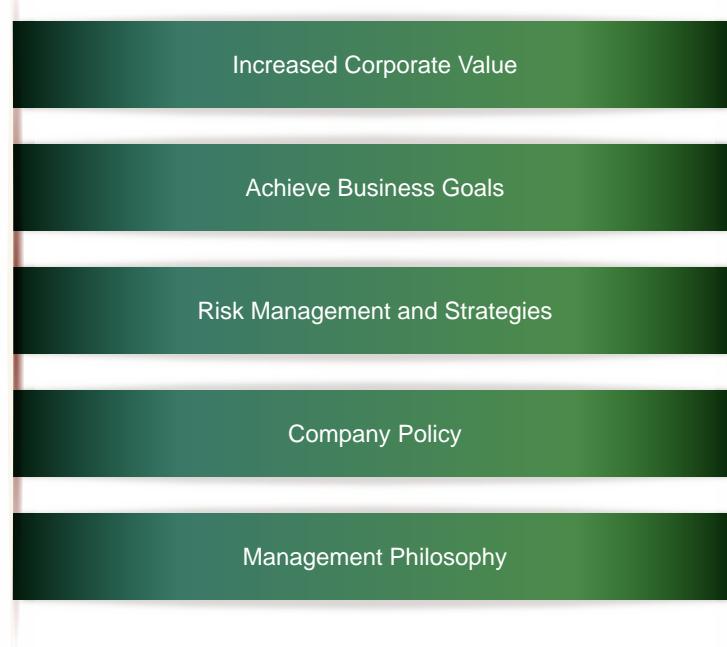
The implementation of these standards and certifications is supported by rigorous quality control measures, regular assessments, and optimisation initiatives. We maintain a culture of continuous improvement, regularly reviewing and enhancing our processes to exceed customer expectations and industry standards. Through this comprehensive approach to quality management and compliance, Kawan continues to strengthen its position as an industry leader, delivering exceptional products and services while maintaining the highest standards of safety, environmental responsibility, and operational excellence. Our certifications serve not just as achievements but as ongoing commitments to our customers, employees, and stakeholders, ensuring sustained value creation and industry leadership.

## Related UNSDGs:



## Governance

### *Board engagement on strategy, internal control to enhance the sustainability initiative*



## Anti-corruption

Transparency is central to our approach, particularly in sustainability-related disclosures, which we believe are crucial for enhancing the clarity of our management processes. By openly sharing our commitment to sustainability and governance, we aim to build lasting trust and confidence among our valued stakeholders.

Kawan remains steadfast in upholding the highest standards of corporate governance, guided by a commitment to ethical business practices and comprehensive compliance across the organisation. Our Board recognises the critical importance of a robust risk management framework and a well-structured internal control system in fostering a culture of strong governance, fully aligned with the Malaysian Code on Corporate Governance ("MCCG") 2021.

# SUSTAINABILITY STATEMENT

## Our approach and performance

Kawan's unwavering commitment to integrity is at the heart of our business practices, as evidenced by our Code of Conduct Policy, which sets forth clear principles and guidelines for ethical behaviour across all facets of our organisation. We uphold a zero-tolerance on fraud, bribery, corruption, money laundering, and insider trading.

To foster a culture of transparency and uphold strong governance, we have implemented Anti-Bribery and Corruption ("ABC") Policy, alongside Whistleblowing Policy. We ensure a straightforward reporting process, allowing Whistleblowers to report concerns confidentially through email or a physical mailbox, using a dedicated whistleblower form. Every report is treated with the utmost confidentiality, reinforcing our commitment to an ethical and safe reporting environment.

|  | FYE 2024 |
|--|----------|
| Number of confirmed corruption incidents | 0        |

In line with our dedication to ethical conduct, compliance, and stakeholder trust, we are pleased to report zero incidents of corruption as of 31 October 2024. To support this standard, all employees are required to undergo anti-bribery and corruption training. New employees participate in mandatory onboarding sessions, while existing employees complete refresher training. These training sessions equip our workforce with comprehensive knowledge of our ABC practices, empowering them to uphold Kawan's standards of integrity and compliance.

The table below details the completion rate of employees trained at Kawan.

| Employee Category             | Completion Rate (%)<br>FYE 2024 |
|-------------------------------|---------------------------------|
| Management                    | 100                             |
| Executive                     | 100                             |
| Non-Executive/Technical Staff | 100                             |
| General Workers               | 100                             |

At Kawan, we maintain vigilant oversight to identify and address unethical behaviour or corruption within our organisation. This commitment to vigilance is a core element of our sustainable operational management processes. By proactively enhancing our capacity to mitigate corruption risks, we are reinforcing our dedication to ethical conduct and sustainability across all levels of our business.

|  | FYE 2024 |
|--|----------|
| Percentage of operations assessed for corruption-related risks (%) | 0        |

Through these continuous efforts, we are establishing a strong ethical foundation that supports our growth, builds stakeholder trust, and ensures that our business practices align with the highest standards of corporate responsibility and transparency. This proactive stance not only protects our organisation but also contributes to the long-term sustainability and resilience of our operations.

The Group is also a proud member of the following associations:

- Heat Transfer Research Inc
- Federal of Malaysia Manufacturers
- Perak Chinese Chamber of Commerce and Industry
- Malaysia Association of Energy Services Companies
- Energy Commission

## Related UNSDGs:



# SUSTAINABILITY STATEMENT



## Workplace

*Creating a safe and supportive working environment, training, and self-development*

### Health and Safety

The health and safety of our workforce is a core value and fundamental responsibility at Kawan. We are unwavering in our dedication to preventing workplace injuries and illnesses, ensuring that the well-being of our employees remains our highest priority. Our mission is to foster a work environment that is not only safe and healthy but also supportive of holistic employee wellness. We believe that prioritising health and safety not only protects our team but also drives efficiency and productivity throughout the organisation. By nurturing a culture of care and protection, we enable our employees to excel, ultimately contributing to the long-term growth and success of Kawan.

#### Our approach and performance

As part of our unwavering commitment to workplace health and safety, the Group has established a dedicated Safety and Health Committee. This committee, comprised of carefully selected members, is responsible for overseeing and implementing comprehensive safety protocols across the organisation. To enhance safety awareness among employees, we have introduced the following key initiatives:

- **Weekly Toolbox Talks** to reinforce safety practices and updates
- **Training Programmes**, both in-house and external, to build safety awareness
- **Seminars by Authorities**, such as DOSH and DOE, for expert insights and regulatory updates
- Regular **HSE Committee Meetings** to review and address safety matters
- **Townhall Sessions**, where relevant, to engage employees on safety topics
- **Signboards** displayed prominently to serve as constant reminders
- **Memos** to communicate detailed safety information
- **WhatsApp communication** for immediate safety alerts and notifications

Additionally, to ensure all employees understand and comply with health and safety requirements, we facilitated targeted training sessions, including courses on lifts, oil and gas safety, and the Authorised Entrant and Standby Person for Confined Spaces. In FYE 2024, 47 employees participated in these programmes, collectively completing 664 training hours. These efforts reflect our proactive commitment to fostering a safe, compliant work environment and prioritising the well-being of our workforce.

| FYE 2024   |    |
|--|----|
| Number of employees trained on health and safety standards | 47 |

Our top priority is to ensure that every employee returns home safely and injury-free at the end of each workday. While we achieved a Lost Time Incident Rate ("LTIR") of 0.3 in FYE 2024, underscoring our efforts to maintain a low level of workplace injuries, we remain committed to further enhancing our safety measures. This reflects our unwavering dedication to prioritising employee well-being and fostering a conducive, secure work environment where everyone can perform with confidence and peace of mind.

| FYE 2024                          |         |
|-----------------------------------|---------|
| Total hours worked                | 691,776 |
| Number of work-related fatalities | 0       |
| Number of lost time injuries      | 1       |
| Lost time incident rate           | 0.3     |

#### Related UNSDGs:



# SUSTAINABILITY STATEMENT

## Employee Management

At Kawan, we deeply value our employees and recognise their pivotal role in driving our organisation's success. Our management approach focuses on ensuring their well-being and satisfaction through initiatives designed to attract, develop, and retain top talent within a supportive and empowering work environment. We are dedicated to investing in development programmes that equip our employees with the skills to stay competitive and forward-thinking in an ever-changing landscape. By fostering a culture that prioritises personal and professional growth, we aim to cultivate a motivated and skilled workforce, essential for driving innovation, achieving operational excellence, and ensuring sustainable growth.

### Our approach and performance

Our Human Resources department is guided by three key pillars that underscore our commitment to excellence in employment practices: Training and Development, Remuneration Packages and Performance Management, and Employee Engagement and Initiatives. These pillars form the foundation of our employee management strategy, reflecting our belief that prioritising these areas is crucial for boosting productivity and driving continuous performance improvement across the workplace.

- Training and Development***

Kawan strongly believes that investing in workforce development is essential to attracting and retaining top talent, which, in turn, drives superior financial performance. We are committed to cultivating a highly skilled and adaptable workforce capable of thriving in today's fast-paced, technology-driven market. Our approach emphasises fostering personal and professional growth by addressing skill gaps and supporting employees in achieving their career goals. Through a comprehensive range of training programmes, we empower our employees to unlock their full potential, enhance their capabilities, and excel in their roles.

Our training and development programmes for FYE 2024 include the following:

| No. | Training and Development Programmes  |
|-----|--|
| 1   | Listing Requirement  |
| 2   | ESG Workshop in Industry   |
| 3   | Risk Management ISO31000   |
| 4   | ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018<br>Integrated Internal Auditor Training |
| 5   | Lifting Supervisor   |
| 6   | ASME B31.3, 31.8, 31.1   |
| 7   | Palm Oil Cost Saving with Process Optimisation   |
| 8   | iPayroll HRMS  |
| 9   | Basic NDT for Managers and Engineers   |
| 10  | Protective Coating Technician (Level 1)  |
| 11  | Coating Inspector (Level 1)  |
| 12  | Authorised Gas Tester & Entry Supervisor for Confined Space                            |
| 13  | Authorised Entrant and Standby Person for Confined Space                               |
| 14  | Oil & Gas Safety Passport  |
| 15  | OSHA (Amendment) 2022 & FMA (Repeal) 2022  |
| 16  | Key Change to New OSH  |
| 17  | <i>Pengurusan Project And Kos Yang Berkesan</i>  |
| 18  | Seminar Keselamatan dan Kesihatan Pekerjaan Kebangsaan 2024                            |
| 19  | Smart Building Conference 4.0  |
| 20  | Project Cost Management  |
| 21  | Project Planning & Control using Microsoft Project                                     |
| 22  | Webinar Latest Guide on Service Tax 2024   |
| 23  | HS Code & Tax Treatment  |

# SUSTAINABILITY STATEMENT

As we prioritise the development of our employees by organising diverse training programmes, we also ensure their relevance and effectiveness through a regular Training Needs Analysis (“TNA”). Collaborating with HR, we analyse compliance requirements and consolidate feedback to create a comprehensive training plan. This plan focuses on balancing technical and soft skills development, implementing structured and targeted training initiatives, and ensuring that new hires align with role-specific skill requirements. Additionally, we emphasise on-the-job and ongoing training to keep employees updated with industry advancements and evolving business needs.

In FYE 2024, we invested RM158,970.80 in comprehensive training programmes, with employees completing a total of 2,413 training hours. This investment reflects our dedication to equipping our team with the knowledge and skills essential for excelling in their current roles and addressing future challenges. By fostering a culture of continuous learning, we enhance individual capabilities and strengthen organisational resilience, positioning Kawan for sustained success in an increasingly competitive landscape.

The table below presents the total training hours completed by our employees in FYE 2024.

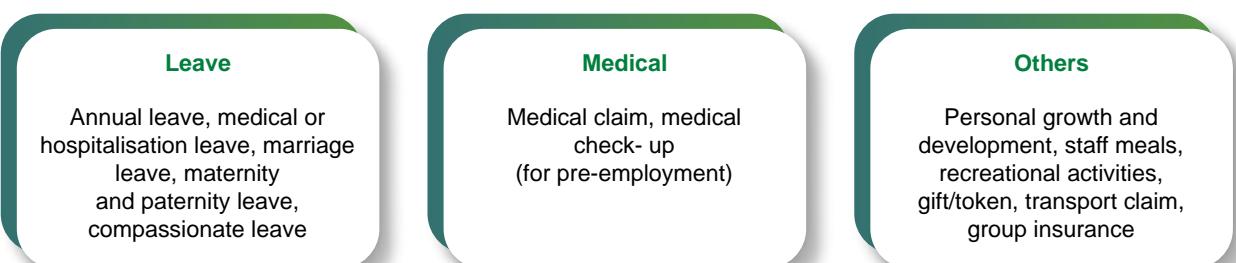
| Employee Category             | Total Training Hours<br>FYE 2024 |
|-------------------------------|----------------------------------|
| Management                    | 495                              |
| Executive                     | 1234                             |
| Non-Executive/Technical Staff | 670                              |
| General Workers               | 14                               |

- Remuneration Packages and Performance Management**

Our employees are highly valued and recognised as the cornerstone of the Group's enduring growth and success. Guided by principles of being result-driven, accountable, collaborative, and embracing shared success, we are committed to driving individual and team performance. To cultivate a high-performance culture, we conduct annual performance and career development reviews, enabling employees to engage in self-assessment, receive constructive feedback, and access coaching and support.

Employee remuneration is determined through a balanced approach that considers several key factors: experience and qualifications to establish a competitive base salary; performance and contributions to reward excellence with incentives; market benchmarks to maintain competitiveness; and the company's financial health and long-term goals to ensure alignment with sustainable success. Recognising and celebrating exceptional performance, high-quality results, and exemplary behaviour are integral to our remuneration and reward system.

Our aim is to foster a motivating and supportive environment by offering competitive compensation and benefits packages that attract and retain top talent. In line with our commitment to employee well-being, the Group's employment terms adhere to industry standards and include a range of benefits designed to support our employees' professional and personal needs. Our employment benefits include the following:



In addition to achieving a 100% rate of employees undergoing performance reviews, we are proud to maintain a highly engaged workforce. This reflects our commitment to fostering a supportive and motivating workplace environment. The charts below provide an overview of our workforce dynamics, highlighting the total number of new hires, employee turnover, and turnover rate in FYE 2024.

# SUSTAINABILITY STATEMENT

Rates of new hires and turnover (%)



| FYE 2024                          |    |
|-----------------------------------|----|
| Total number of new hires         | 31 |
| Total number of employee turnover | 18 |

## Breakdown of employee turnover

|                               | FYE 2024 |
|-------------------------------|----------|
| Management                    | 3        |
| Executive                     | 4        |
| Non-Executive/Technical Staff | 10       |
| General Workers               | 1        |

- Employee Engagement and Initiatives**

At Kawan, we prioritise not only the health and safety of our employees but also their mental well-being. We believe that promoting an active lifestyle is key to improving overall health and cultivating a positive, dynamic workplace culture. As advocates of a healthy work-life balance, we regularly organise a variety of engagement initiatives designed to strengthen team camaraderie and enhance productivity. Highlights of our employee engagement activities in FYE 2024 include festive celebrations, employee appreciation programmes, and fun get-together events such as the Durian Party, Women's Day celebration, Bowling Day in conjunction with Merdeka, Kurma-giving, and more. These initiatives help foster a sense of community and contribute to a thriving workplace environment.



A Jolly Celebration (Christmas Celebration)



Chinese New Year Celebration



Buka-Puasa Dinner



Deepavali Celebration

# SUSTAINABILITY STATEMENT



Kurma-Giving



Women's Day



Merdeka Bowling Fun Event

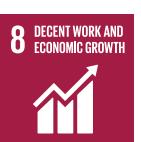


Best Employee



Durian Feast

## Related UNSDGs:



# SUSTAINABILITY STATEMENT

## Diversity, Equity & Inclusion

The Group is committed to fostering a vibrant, dynamic, and inclusive workplace free from all forms of discrimination. We embrace diversity and actively promote equal opportunities for all employees, regardless of race, gender, religion, age, disability, or other protected characteristics. By creating an inclusive culture that values diversity, we empower individuals to reach their full potential, contribute to the company's success, and drive innovation and excellence. This commitment goes beyond legal compliance, harnessing the strength of diversity to enhance our organisational performance.

### Our approach and performance

Kawan is dedicated to fairness and equity in all its interactions with employees, shareholders, customers, suppliers, and competitors. We foster an inclusive environment that celebrates diversity, ensuring that individuals from all backgrounds are respected, valued, and empowered to contribute their unique perspectives and talents. Our commitment to human rights and ethical practices is reflected in FYE 2024, where we achieved zero complaints related to human rights violations. This accomplishment highlights our dedication to maintaining the highest standards of human rights and safeguarding the dignity and well-being of all those involved with our operations. By prioritising these values, we strengthen our workplace culture and build sustainable, responsible relationships with all stakeholders.

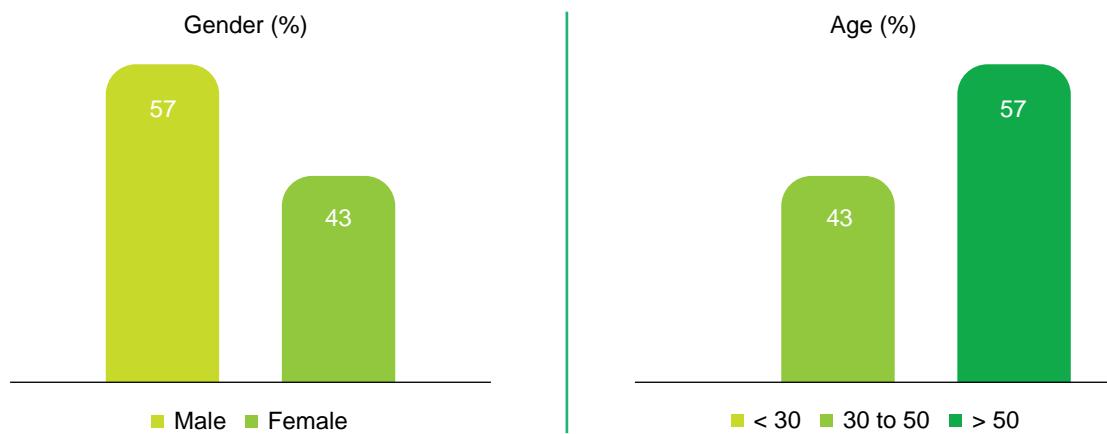
| FY 2024  |   |
|--|---|
| Number of substantiated complaints concerning human rights violation | 0 |

Understanding that fairness, respect, and inclusivity are essential to our success and societal impact, we are dedicated to creating a welcoming workplace culture. We prioritise offering equal access to career advancement and leadership opportunities for all employees, regardless of their individual characteristics, ensuring that everyone has the chance to thrive and succeed.

The charts below showcase the Group's board diversity performance and workforce profile in FYE 2024.

## Board Diversity

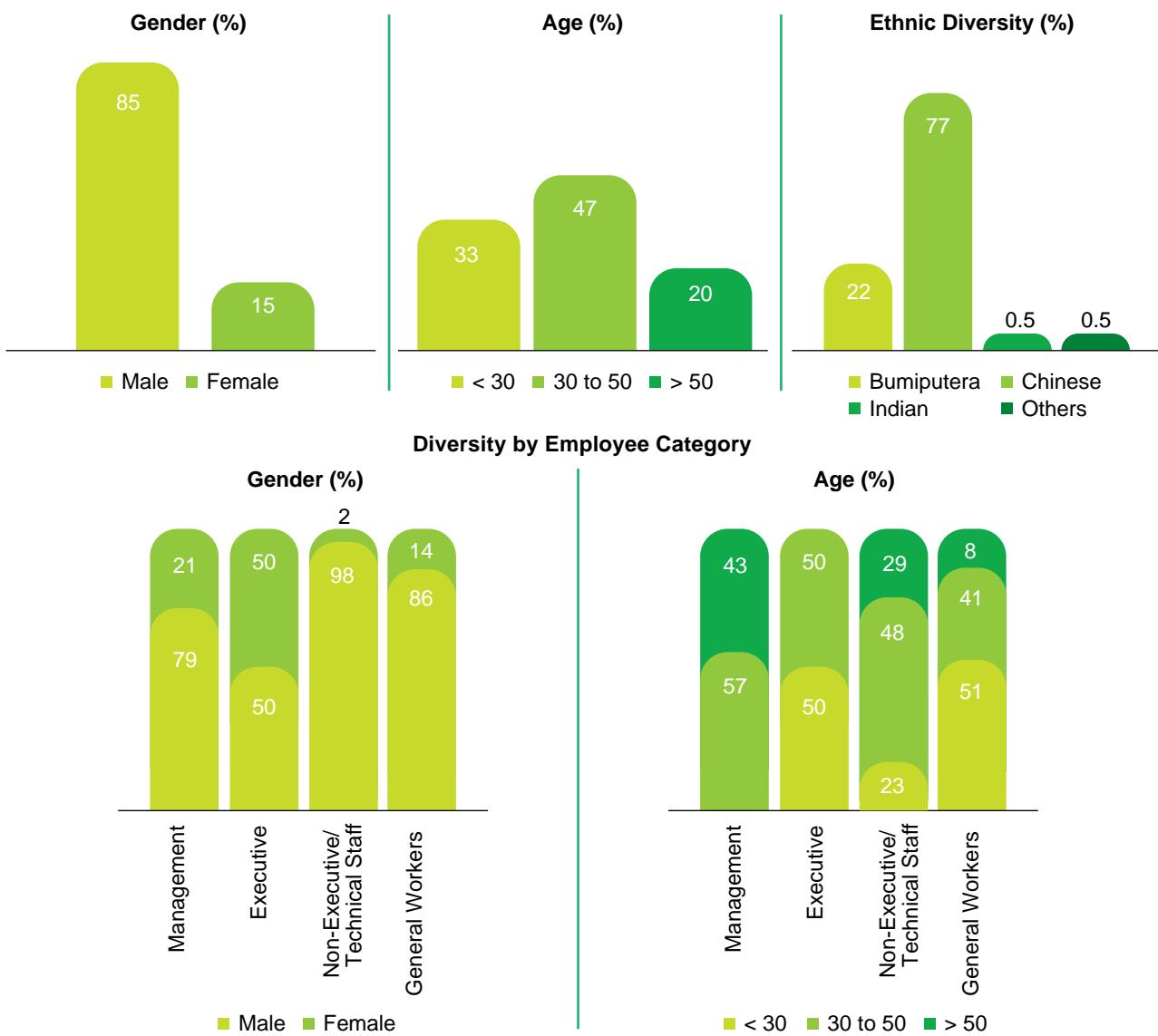
Total Employees of 7 in FYE 2024



# SUSTAINABILITY STATEMENT

## Workforce Profile

Total Employees of 210 in FYE 2024



| 2024  |    |
|---|----|
| Employees that are contractors or temporary staff (%) | 28 |

## Related UNSDGs:



# SUSTAINABILITY STATEMENT



## Community

### *Contributing to local community development*

#### Contributing to Local Communities/CSR

At Kawan, we believe that meaningful community partnerships are fundamental to creating lasting social impact. Through proactive engagement with our stakeholders, we strive to understand and address community needs while maintaining transparent business practices. Our commitment goes beyond delivering excellence in products and services – we actively participate in local welfare initiatives that create measurable value for the communities we serve. By fostering these authentic connections, we build trust and drive positive change together.

#### Our approach and performance

In FYE 2024, Kawan demonstrated its deep commitment to community development by investing RM 85,960 across a diverse range of impactful initiatives. Our community engagements spanned multiple sectors, including health and wellness through corporate blood donation drives, education support via schooling assistance for employees' children, cultural enrichment by supporting the Kinta Valley Symphonic Society's "Single Reed Night" and local musicians, environmental conservation through bamboo planting initiatives, and broader community support through various charitable events and monetary contributions to schools and sports programmes. Building on these meaningful contributions, we remain dedicated to expanding our community impact and fostering increased employee participation in the years ahead.

The table below depicts the Group's contribution to the community in FYE 2024.

|  | FYE 2024 |
|--|----------|
| Total amount invested in the community where the target beneficiaries are external to Kawan (RM) | 85,960   |
| Total number of beneficiaries of the investment in the communities                               | 300      |

Below are some photos highlighting Kawan's CSR activities of the year:



Blood Donation



Kinta Valley Symphonic Society on "Single Reed Night"



Bamboo Planting at Bercham



# SUSTAINABILITY STATEMENT



520 Charity Ride



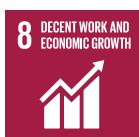
Sponsorship to Perak Table Tennis



Sponsorship on 孙子兵法论坛

Kawan ESG Coronation Cup

Related UNSDGs:



# SUSTAINABILITY STATEMENT

## Customer Satisfaction

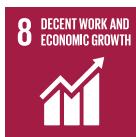
Satisfied customers are fundamental to the long-term success and sustainability of the Group. With this understanding, we are committed to not only meeting but exceeding customer expectations by actively seeking their feedback and incorporating it into our continuous improvement processes. By maintaining stringent adherence to high-quality standards across all our products and services, we aim to deliver exceptional value and build lasting relationships. This customer-centric approach ensures that we remain responsive to their evolving needs, solidifying their trust and loyalty over time.

## Our approach and performance

Kawan is dedicated to enhancing the customer experience by actively seeking and valuing their feedback. Through initiatives such as our Customer Satisfaction Survey, we gain essential insights into our customers' needs and expectations, allowing us to refine and improve our products and services. The survey evaluates key aspects, including conformity to technical specifications, product and service quality, timely delivery, responsiveness, and overall performance.

We place great importance on the feedback received, as it enables us to maintain high-quality standards while staying attuned to our customers' evolving needs and perspectives. Additionally, we are committed to aligning our offerings with sustainability principles, ensuring that we not only meet customer expectations but also contribute positively to environmental and social outcomes. This approach reflects our dedication to responsible business practices and reinforces our commitment to meeting the needs of a sustainability-conscious world.

## Related UNSDGs:



### Environment

*Improving our environment by utilising greener alternatives*

## Water Management

We recognise that excessive water use can pose significant risks to vital water resources that could potentially lead to wastewater contamination and diminished water quality, which can harm ecosystems and local communities alike. Therefore, we are committed to closely monitoring and minimising our water consumption to address these challenges. By actively conserving water and raising awareness, we aim to protect water resources and support the ongoing health of the ecosystems and communities that depend on them.

## Our approach and performance

Our water consumption averaged 0.01 megalitres in FYE 2024, and while this represents a moderate usage level, we recognise that every step toward conserving this essential resource is vital. We demonstrate this commitment through practical initiatives such as rainwater harvesting and recycled water usage for instrument testing purposes, ensuring we make meaningful contributions to water preservation while safeguarding local ecosystems and communities.

|   | FYE 2024 |
|---|----------|
| Total volume of water used (megalitres) | 0.01     |

## Related UN SDGs:



# SUSTAINABILITY STATEMENT

## Energy Management

Kawan is committed to seizing opportunities that advance our transition to a low-carbon economy and reduce our carbon footprint through the implementation of sustainable practices. Recognising the role of our energy consumption in contributing to climate change, we are focused on reinforcing our position as advocates for sustainability and integrating these principles into all aspects of our operations.

### Our approach and performance

Our commitment to environmental sustainability drives us to continuously explore ways to minimise our business impact through sustainable operational practices that benefit all stakeholders. Through initiatives such as energy-saving awareness campaigns, we demonstrate our ongoing commitment to sustainability. Looking ahead, we aim to implement even more efficient strategies to further reduce our energy consumption and make a positive contribution to environmental sustainability.

| Total energy consumption (GJ and MWh) | FYE 2024 |
|---------------------------------------|----------|
| Gigajoules                            | 2,542.09 |
| Megawatt-hour                         | 706.14   |

### Related UNSDGs:



## Transition Plan (Disclosure of Waste Management and Emissions)

As we embark on our sustainability reporting journey, we are strengthening our data collection, monitoring, and tracking systems to ensure accurate and transparent disclosures for FYE 2025. Recognising the serious implications of climate change and the environmental impact of our operations, we are diligently refining our waste and emissions data. This effort underscores our commitment to accountability, sustainability, and providing stakeholders with reliable information.

Key steps in our transition plan include:

- 1. Enhanced Data Monitoring Systems:**  
Upgrading existing systems and adopting advanced technologies to ensure real-time, accurate tracking of waste generation, disposal methods, and emissions.
- 2. Alignment with Reporting Standards:**  
Adhering to TCFD to ensure comprehensive and consistent reporting.
- 3. Stakeholder Engagement:**  
Collaborating with stakeholders, including regulators, customers, and environmental experts, to align our waste and emissions management strategies with evolving expectations.
- 4. Capacity Building:**  
Providing training to employees and relevant personnel to ensure proper implementation of waste management and emissions tracking protocols.

By prioritising these initiatives, Kawan aims to provide stakeholders with transparent and reliable disclosures, reinforcing our accountability and long-term commitment to sustainable practices. This proactive approach underscores our resolve to align operational excellence with environmental stewardship, setting a solid foundation for continuous improvement in sustainability reporting.

# SUSTAINABILITY STATEMENT

Performance Data Table

| Indicator   | Unit       | 2024   | Target |
|---|------------|--------|--------|
| <b>Bursa (Anti-Corruption)</b>  |            |        |        |
| Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category              |            |        |        |
| Management  | Percentage | 100    |        |
| Executive   | Percentage | 100    |        |
| Non-executive/Technical Staff   | Percentage | 100    |        |
| General Workers   | Percentage | 100    |        |
| Bursa C1(b) Percentage of operations assessed for corruption-related risks  | Percentage | 0      |        |
| Bursa C1(c) Confirmed incidents of corruption and action taken  | Number     | 0      |        |
| <b>Bursa (Community/Society)</b>  |            |        |        |
| Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer | MYR        | 85,960 |        |
| Bursa C2(b) Total number of beneficiaries of the investment in communities  | Number     | 300    |        |
| <b>Bursa (Diversity)</b>  |            |        |        |
| Bursa C3(a) Percentage of employees by gender and age group, for each employee category                             |            |        |        |
| Age Group by Employee Category  |            |        |        |
| Management Under 30   | Percentage | 0      |        |
| Management Between 30-50  | Percentage | 57     |        |
| Management Above 50   | Percentage | 43     |        |
| Executive Under 30  | Percentage | 50     |        |
| Executive Between 30-50   | Percentage | 50     |        |
| Executive Above 50  | Percentage | 0      |        |
| Non-executive/Technical Staff Under 30  | Percentage | 23     |        |
| Non-executive/Technical Staff Between 30-50   | Percentage | 48     |        |
| Non-executive/Technical Staff Above 50  | Percentage | 29     |        |
| General Workers Under 30  | Percentage | 51     |        |
| General Workers Between 30-50   | Percentage | 41     |        |
| General Workers Above 50  | Percentage | 8      |        |
| Gender Group by Employee Category   |            |        |        |
| Management Male   | Percentage | 79     |        |
| Management Female   | Percentage | 21     |        |
| Executive Male  | Percentage | 50     |        |
| Executive Female  | Percentage | 50     |        |
| Non-executive/Technical Staff Male  | Percentage | 98     |        |
| Non-executive/Technical Staff Female  | Percentage | 2      |        |
| General Workers Male  | Percentage | 86     |        |
| General Workers Female  | Percentage | 14     |        |
| Bursa C3(b) Percentage of directors by gender and age group   |            |        |        |
| Male  | Percentage | 57     |        |
| Female  | Percentage | 43     |        |
| Under 30  | Percentage | 0      |        |
| Between 30-50   | Percentage | 43     |        |

# SUSTAINABILITY STATEMENT

| Indicator  | Unit               | 2024         | Target       |
|--|--------------------|--------------|--------------|
| Above 50   | Percentage         | 57           |              |
| <b>Bursa (Energy management)</b>   |                    |              |              |
| Bursa C4(a) Total energy consumption   | Megawatt           | 706.14       |              |
| <b>Bursa (Health and safety)</b>   |                    |              |              |
| Bursa C5(a) Number of work-related fatalities  | Number             | 0            |              |
| Bursa C5(b) Lost time incident rate ("LTIR")   | Rate               | 0.3          |              |
| Bursa C5(c) Number of employees trained on health and safety standards   | Number             | 47           |              |
| <b>Bursa (Labour practices and standards)</b>  |                    |              |              |
| Bursa C6(a) Total hours of training by employee category   |                    |              |              |
| Management   | Hours              | 495          |              |
| Executive  | Hours              | 1,234        |              |
| Non-executive/Technical Staff  | Hours              | 670          |              |
| General Workers  | Hours              | 14           |              |
| Bursa C6(b) Percentage of employees that are contractors or temporary staff  | Percentage         | 28           |              |
| Bursa C6(c) Total number of employee turnover by employee category   |                    |              |              |
| Management   | Number             | 3            |              |
| Executive  | Number             | 4            |              |
| Non-executive/Technical Staff  | Number             | 10           |              |
| General Workers  | Number             | 1            |              |
| Bursa C6(d) Number of substantiated complaints concerning human rights violations                                  | Number             | 0            |              |
| <b>Bursa (Supply chain management)</b>   |                    |              |              |
| Bursa C7(a) Proportion of spending on local suppliers  | Percentage         | 87           |              |
| <b>Bursa (Data privacy and security)</b>   |                    |              |              |
| Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Number             | 0            |              |
| <b>Bursa (Water)</b>   |                    |              |              |
| Bursa C9(a) Total volume of water used   | Megalitres         | 0.01         |              |
| Internal assurance   | External assurance | No assurance | (*) Restated |

## LOOKING FORWARD

As a trusted leader in the industry, Kawan is committed to innovation and delivering exceptional products that exceed customer expectations. As we continue to grow, we pledge to leverage advanced technologies, embrace sustainable practices, and cultivate strategic partnerships to drive progress, create value, and shape the future of our sector. Our dedication to excellence enables us to stay ahead of market trends and adapt to evolving customer needs with unmatched agility and precision.

Integrity and transparency remain core to our operations. Our Sustainability Statement underscores this commitment, providing insight into our sustainability initiatives and engagement with stakeholders. We have implemented robust policies, including the Anti-Bribery and Corruption Policy and the Whistleblowing Policy, to combat unethical practices such as fraud, bribery, corruption, money laundering, and insider trading.

Looking ahead, Kawan's management is focused on enhancing our capabilities to better serve customers and embed sustainability throughout our operations. Building on our efforts to minimise environmental impact and address critical social and ethical issues, we aim to lead with purpose. Together, we strive to create lasting value for our stakeholders, redefine industry standards, and contribute positively to society and the environment.

# SUSTAINABILITY STATEMENT

## RELATIONSHIP WITH UNSDGs

| Sustainable Development Goals  | Main Activity   | Detailed Information   |
|--|---|--|
|  1 NO POVERTY                                 | No Poverty <ul style="list-style-type: none"> <li>• Providing equal work opportunities</li> <li>• Implementation of ISO 9001 and 14001</li> </ul>                                     | <ul style="list-style-type: none"> <li>• Marketplace</li> <li>• Workplace</li> </ul>                     |
|  2 ZERO HUNGER                                | Zero Hunger <ul style="list-style-type: none"> <li>• Implementation of ISO 14001</li> </ul>   | <ul style="list-style-type: none"> <li>• Marketplace</li> </ul>  |
|  3 GOOD HEALTH AND WELL-BEING                 | Good Health and Well-being <ul style="list-style-type: none"> <li>• Safe working environment</li> <li>• Implementation of ISO 14001 and 45001</li> </ul>                              | <ul style="list-style-type: none"> <li>• Marketplace</li> <li>• Workplace</li> </ul>                     |
|  4 QUALITY EDUCATION                          | Quality Education <ul style="list-style-type: none"> <li>• Training and development for employees</li> <li>• Implementation of ISO 14001</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Marketplace</li> <li>• Workplace</li> </ul>                     |
|  5 GENDER EQUALITY                            | Gender Equality <ul style="list-style-type: none"> <li>• Employment policy of no discrimination</li> <li>• Implementation of ISO 45001</li> </ul>                                     | <ul style="list-style-type: none"> <li>• Marketplace</li> <li>• Environment</li> </ul>                   |
|  6 CLEAN WATER AND SANITATION                 | Clean Water and Sanitation <ul style="list-style-type: none"> <li>• Promoting water conservation</li> <li>• Implementation of ISO 14001</li> </ul>                                    | <ul style="list-style-type: none"> <li>• Marketplace</li> </ul>  |
|  7 AFFORDABLE AND CLEAN ENERGY              | Affordable and Clean Energy <ul style="list-style-type: none"> <li>• Implementation of ISO 14001</li> </ul>   | <ul style="list-style-type: none"> <li>• Economic</li> <li>• Marketplace</li> <li>• Workplace</li> </ul> |
|  8 DECENT WORK AND ECONOMIC GROWTH          | Industry, Innovation, and Infrastructure <ul style="list-style-type: none"> <li>• Implementation of ISO 9001, 14001, and 45001</li> </ul>   | <ul style="list-style-type: none"> <li>• Marketplace</li> </ul>  |
|  9 REDUCED INEQUALITIES                     | Reducing Inequality <ul style="list-style-type: none"> <li>• Employment policy of no discrimination</li> <li>• Implementation of ISO 45001</li> </ul>                                 | <ul style="list-style-type: none"> <li>• Marketplace</li> <li>• Workplace</li> </ul>                     |
|  10 SUSTAINABLE CITIES AND COMMUNITIES      | Sustainable Cities and Communities <ul style="list-style-type: none"> <li>• Plans to implement sustainable operational practices</li> <li>• Implementation of ISO 45001</li> </ul>    | <ul style="list-style-type: none"> <li>• Marketplace</li> <li>• Environment</li> </ul>                   |
|  11 RESPONSIBLE CONSUMPTION AND PRODUCTION  | Responsible Consumption and Production <ul style="list-style-type: none"> <li>• Sustainable management and practices</li> <li>• Implementation of ISO 9001 and 14001</li> </ul>       | <ul style="list-style-type: none"> <li>• Marketplace</li> <li>• Environment</li> </ul>                   |
|  13 CLIMATE ACTION                          | Climate Action <ul style="list-style-type: none"> <li>• Reduce CO2 emission</li> <li>• Implementation of ISO 14001</li> </ul>   | <ul style="list-style-type: none"> <li>• Marketplace</li> <li>• Environment</li> </ul>                   |
|  14 LIFE BELOW WATER                        | Life Below Water <ul style="list-style-type: none"> <li>• Implementation of ISO 9001 and 14001</li> </ul>   | <ul style="list-style-type: none"> <li>• Marketplace</li> </ul>  |
|  15 LIFE ON LAND                            | Life On Land <ul style="list-style-type: none"> <li>• Implementation of ISO 14001</li> </ul>  | <ul style="list-style-type: none"> <li>• Marketplace</li> </ul>  |
|  16 PEACE, JUSTICE, AND STRONG INSTITUTIONS | Peace, Justice, and Strong Institutions <ul style="list-style-type: none"> <li>• Anti-corruption, cybersecurity and data protection</li> <li>• Implementation of ISO 45001</li> </ul> | <ul style="list-style-type: none"> <li>• Marketplace</li> <li>• Governance</li> </ul>                    |
|  17 PARTNERSHIPS FOR THE GOALS              | Partnerships for the Goals <ul style="list-style-type: none"> <li>• Sustainability report initiative</li> </ul>   | <ul style="list-style-type: none"> <li>• Looking Forward</li> </ul>                                      |

# SUSTAINABILITY STATEMENT

## TCFD-ALIGNED DISCLOSURES

(As recommended by IFRS1 and IFRS2, we can continue using the TCFD recommendations)

| TCFD Recommendation   | Kawan Disclosure   | Reference  |
|---|--|--|
| Governance – Disclose the organisation's governance around climate-related risks and opportunities  |  |  |
| a) Describe the Board's oversight of climate-related risks and opportunities  | <ul style="list-style-type: none"> <li>Risk management Board skills and experience – climate change</li> <li>Sustainability Committee – role and focus</li> </ul>  | <ul style="list-style-type: none"> <li>Governance</li> </ul>   |
| b) Describe management's role in assessing and managing climate-related risks and opportunities.  | <ul style="list-style-type: none"> <li>Risk management Climate change – managing risk and opportunity</li> <li>Sustainability Committee – role and focus FYE 2024</li> </ul>                             | <ul style="list-style-type: none"> <li>Governance</li> <li>Supply Chain Management</li> <li>Environment</li> </ul> |
| Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material |  |  |
| a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.  | <ul style="list-style-type: none"> <li>Risk management – Risk factors (climate change, greenhouse gas emissions and energy)</li> <li>Climate change – managing risk and opportunity</li> </ul>           | <ul style="list-style-type: none"> <li>Materiality Matrix</li> </ul>   |
| b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.   | <ul style="list-style-type: none"> <li>Risk management – Risk factors (climate change, greenhouse gas emissions and energy)</li> <li>Climate change – managing risk and opportunity</li> </ul>           | <ul style="list-style-type: none"> <li>Materiality Matrix</li> </ul>   |
| c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario   | Climate change – evaluating the resilience of our portfolio  | <ul style="list-style-type: none"> <li>Transition Plan</li> </ul>  |
| Risk management – Disclose how the organisation identifies, assesses, and manages climate-related risks   |  |  |
| a) Describe the organisation's processes for identifying and assessing climate-related risks.   | <ul style="list-style-type: none"> <li>Risk management</li> </ul>  | <ul style="list-style-type: none"> <li>Materiality Matrix</li> </ul>   |
| b) Describe the organisation's processes for managing climate-related risks.  | <ul style="list-style-type: none"> <li>Risk management – Risk factors (climate change, greenhouse gas emissions and energy)</li> </ul>   | <ul style="list-style-type: none"> <li>Materiality Matrix</li> <li>Transition Plan</li> </ul>                      |
| c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation's overall risk management.  | <ul style="list-style-type: none"> <li>Risk management non-financial KPIs – sustainability KPIs</li> <li>Risk management – Risk factors (climate change, greenhouse gas emissions and energy)</li> </ul> | <ul style="list-style-type: none"> <li>Materiality Matrix</li> <li>Transition Plan</li> </ul>                      |
| Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material                                  |  |  |

# SUSTAINABILITY STATEMENT

| TCFD Recommendation   | Kawan Disclosure   | Reference   |
|---|--|---|
| a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | <ul style="list-style-type: none"> <li>• Non-financial KPIs – sustainability KPIs</li> <li>• KPIs Climate change – Operational emissions</li> <li>• Climate change – Scope 3 emissions</li> </ul>  | <ul style="list-style-type: none"> <li>• Transition Plan</li> </ul> |
| b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.   | <ul style="list-style-type: none"> <li>• Non-financial KPIs – sustainability KPIs</li> <li>• Climate change – operational emissions performance</li> <li>• Climate change – Scope 3 emissions performance Climate change data</li> </ul> | <ul style="list-style-type: none"> <li>• Transition Plan</li> </ul> |
| c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.                       | <ul style="list-style-type: none"> <li>• Non-financial KPIs – sustainability KPIs</li> <li>• Climate change – operational emissions performance FYE 2024 performance outcomes</li> </ul>   | <ul style="list-style-type: none"> <li>• Transition Plan</li> </ul> |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Kawan Renergy Berhad (“Kawan” or “the Company”) is pleased to present the Corporate Governance (“CG”) Overview Statement for the financial year ended 31 October 2024 (“FYE 2024”), which has been prepared in compliance with Paragraph 15.25 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and has set out an overview on the application of the Principles of corporate governance as promulgated by the Malaysian Code on Corporate Governance issued in April 2021 (“MCCG”). This CG Overview Statement should be read in conjunction with the Company’s CG Report, which has set out details on how the Company has applied the Practices as set out in MCCG and the said documents are available on our website [www.kawan-renergy.com.my](http://www.kawan-renergy.com.my) as well as via announcement on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Company and its subsidiaries (“the Group”) firmly believe that good corporate governance is key towards the enhancement of shareholders’ value, the promotion of the Group’s long-term value as well as the building of a sustainable business. To this end, the Board is steadfast towards maintaining good corporate governance within the Group and to uphold the Principles of MCCG towards achieving the Intended Outcome as set out in MCCG.

This CG Overview Statement provides a summary of the corporate governance practices implemented by the Group during the financial year with reference to the three Principles of MCCG whilst explanations on how the Group has applied the Practices promoted by MCCG are disclosed in the CG Report. Where there is a departure from a Practice, explanations for the departure are provided in the CG Report with disclosure on the applicable alternative practice which the Group has adopted.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The Group acknowledges the vital role played by the Board in the stewardship of governance and the direction of the Group and ultimately the enhancement of long-term shareholders’ value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals, consideration of significant financial matters, review of the financial and operating performance of the Group and undertaking of major investments and capital expenditures.

### I. BOARD RESPONSIBILITIES

The Company has an experienced Board that is primarily responsible for charting and reviewing the strategic direction of the Group and delegates the implementation of these directions to the management.

The Board also ensures the implementation of appropriate risk management and internal control systems, including financial, operational and compliance to safeguard the shareholders’ interest and the Group’s assets.

#### Board Charter

The Board has adopted certain responsibilities for effective discharge of its functions through formalising its Board Charter on 3 April 2024 (available at the Company’s website: [www.kawan-re-energy.com.my](http://www.kawan-renergy.com.my)).

The Board Charter sets out the function, authority, roles and responsibilities of the Board and its Board Committees, the role of the Chairman, Managing Director, Executive Director and Independent Non-Executive Directors, the requirements of Directors in carrying out their roles and discharging their duties towards the Company as well as the Board’s operating practices.

The Board has established Board Committees namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee, which are entrusted with specific oversight responsibilities for Kawan Group’s affairs. The Board Committees are granted the authorities to act on each Board’s behalf in accordance with their respective Terms of Reference (“TOR”) and to report to the Board with the necessary recommendation.

The TOR of the Board Committees are available at the Company’s website: [www.kawan-re-energy.com.my](http://www.kawan-re-energy.com.my).

#### Role of Chairman and Managing Director

The Group aims to ensure a balance of power and authority between the Chairman and Managing Director with a clear division of responsibility between the running of the Board and the Company’s business respectively. The Group also emphasises and practices a division of responsibility between the Executive and Non-Executive Directors. The distinct and separate roles of the Chairman and Managing Director, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as facilitator at the meetings and ensure that Board proceedings is in compliance with good conduct and best practices. Whilst the Managing Director holds the primary executive responsibility for the Group's business performance and manages the Group in accordance with the strategies and policies approved by the Board. The Managing Director leads the Executive Directors in making and implementing day-to-day operational business decisions, managing resources and risks in pursuing the corporate objectives of the Group. The Managing Director also brings material and other relevant matters to the Board, motivates employees, and drives change/innovation and growth within the Group. The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process.

## **Access to Information and Advice**

All Directors have unrestricted access to all information pertaining to the Group's business and affair and has full access to management, Company Secretary, Internal Auditors and External Auditors for information needed to carry out their duties and responsibilities.

The agenda and reports encompassing qualitative and quantitative information are furnished to the Board members prior to meetings to allow the Directors to have sufficient time to peruse the papers for effective discussion and decision-making during meetings.

## **Governing Sustainability**

The Board places great emphasis on corporate sustainability and undertakes full responsibility to embed Economic, Environment and Social factors into the Group's core strategy to deliver sustainable value and goods.

The Board keeps themselves abreast with and understand the sustainability issues relevant to the Group and takes into account the sustainability issues when reviewing the Group's strategies and business plans.

A report on the sustainability activities covering the sustainability strategies and priorities is set out in the Sustainability Statement in this Annual Report.

## **Anti-Bribery and Corruption Policy**

In line with the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Board has reviewed and adopted the Anti-Bribery and Corruption Policy on 15 April 2024 to provide guidance to the Group, all its personnel and business associates in order to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices. The Management will carry out regular assessment on the policy to ensure that it continues to remain relevant, appropriate and effective. The Anti-Bribery and Corruption Policy is available on our website: [www.kawan-renergy.com.my](http://www.kawan-renergy.com.my).

## **Code of Conduct Policy**

The Company has reviewed and revised the Code of Conduct Policy ("the Code") on 15 April 2024 to reflects the objective of management to reinforce Group-wide ethical standards and to sustain a work environment that fosters integrity, caring, respect and professionalism. It is to serve the long-term interest of the Group by following the policy strictly to be lawful, highly principled and socially responsible in all business activities.

The Code is published on the Company's website: [www.kawan-renergy.com.my](http://www.kawan-renergy.com.my).

## **Whistleblowing Policy**

The Group has reviewed and revised the Whistleblowing Policy on 15 April 2024. This policy set out various channels for employees or stakeholders to report or disclose any genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements ("reportable misconduct"). The Whistleblowing Policy also provides protection for the party who reported allegations of such malpractices / misconducts / wrongdoings.

The Whistleblowing Policy is available on the Company's website: [www.kawan-renergy.com.my](http://www.kawan-renergy.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Directors' Fit and Proper Policy

The Board adopted a Directors' Fit and Proper Policy on 15 April 2024 to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Group and its stakeholders. The Nomination Committee shall conduct the fit and proper assessment prior to the appointment of any candidates as a Director or making a recommendation for the re-election of an existing Director of the Group. The Directors' Fit and Proper Policy is available on the Company's website: [www.kawan-renergy.com.my](http://www.kawan-renergy.com.my).

## Conflict of Interest Policy

The Company has adopted a Conflict of Interest Policy on 15 April 2024 to provide guidance in identifying and manage any actual, potential and perceived conflict of interest situations as they arise. This policy applies to all Directors and employees of Kawan (including staff on contract terms, temporary staff, and those on internship).

The Directors are aware that they have to declare their interests in transactions with the Group and abstain from deliberation and voting in respect of such transactions at Board or general meetings convened to consider the matter. The Audit and Risk Management Committee reviews all related party transactions and conflict of interest situation that arose, persist or may arise within the Group that may challenge the Group's integrity.

The Conflict of Interest Policy is available on the Company's website: [www.kawan-re-energy.com.my](http://www.kawan-re-energy.com.my).

## II. BOARD COMPOSITION

As at the date of this report, the Board comprises seven (7) Directors, comprising of one (1) Managing Director, two (2) Executive Directors, one (1) Independent Non-Executive Chairman and three (3) Independent Non-Executive Directors. The Independent Non-Executive Directors fulfilled the criteria of "Independence" as prescribed under the AMLR. This is in compliance with Paragraph 15.02(1) of the AMLR which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. All Independent Non-Executive Directors are independent of management and have no family or business relationships with the Executive Directors and major shareholders which would interfere with the exercise of their independent judgment.

## Gender Diversity Policy

The Board are committed to maintaining a diverse workplace to recognise the benefits arising from board and employee diversity. Diversity includes, but not limited to age, gender, experience, education, background, expertise, origin, disability, race, nationality, and culture. Inclusion is a sense of belonging and behaviours to respond to the people in order to ensure that individual feel included, engaged and connected in the workplace. The Gender Diversity Policy has established on 15 April 2024 and is available on the Company's website: [www.kawan-re-energy.com.my](http://www.kawan-re-energy.com.my)

As the date of this Annual Report, the Board comprised of seven (7) Directors, of whom three (3) are female, providing a representation rate of 42.86% which complies with the new requirement of ACE Market Listing Requirements of Bursa Securities to have at least one (1) woman Director on the Board.

## Meeting and Time Commitment

During the financial year ended 31 October 2024, a total of four (4) Board meetings were held and the details of each Director's attendance at the Board meetings are as follows:-

| Name of Directors  | Attendance | Percentage of Attendance (%) |
|--------------------|------------|------------------------------|
| Dr. Chuah Chaw Teo | 4/4        | 100                          |
| Lim Thou Lai       | 4/4        | 100                          |
| Chong Hon Choong   | 4/4        | 100                          |
| Heng Siew Aun      | 4/4        | 100                          |
| Liew Li Ping       | 4/4        | 100                          |
| Loh Leng Sem       | 4/4        | 100                          |
| Ngoi Evon          | 4/4        | 100                          |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Directors' Training

All Directors are encouraged to participate in relevant training programmes for continuous professional development and to further enhance their skills and knowledge. All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors are aware that they shall receive appropriate training which may be required from time to time to keep them abreast with the current developments in the industry as well as new statutory and regulatory developments including changes in accounting standards.

Training programmes and seminars attended by the Directors of the Company during the financial year ended 31 October 2024 ("FYE 2024") are as follows:-

| Name of directors | Training Programmes/Seminars/Workshops-Conferences Attended   |
|-------------------|---|
| Chuah Chaw Teo    | <i>Mandatory Accreditation Programme (MAP)</i><br><i>Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</i>  |
| Liew Li Ping      | <i>Mandatory Accreditation Programme (MAP)</i><br><i>MIA Townhall 2023/2024 (Session I)</i><br><i>Board of Directors: Navigating Resilience via ESG Strategy</i><br><i>MIA Townhall (Session III)</i><br><i>An Overview of Listing Requirement</i><br><i>Implications of significant Public Rulings issued in 2022, 2023 and 2024</i><br><i>Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</i> |
| Loh Leng Sem      | <i>Mandatory Accreditation Programme (MAP)</i>  |
| Ngoi Evon         | <i>Mandatory Accreditation Programme (MAP)</i>  |
| Chong Hon Choong  | <i>Mandatory Accreditation Programme (MAP)</i><br><i>ASME B31.3, B31.3 &amp; B31.8</i><br><i>An Overview of Listing Requirement</i><br><i>ASEPR (NIOSH)</i><br><i>Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</i>   |
| Lim Thou Lai      | <i>Mandatory Accreditation Programme (MAP)</i><br><i>ASME B31.3, B31.3 &amp; B31.8</i><br><i>An Overview of Listing Requirement</i><br><i>Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</i><br><i>Smart Building Conference 4.0</i><br><i>Palm Oil Cost Saving with Process Optimization</i><br><i>Understanding of GHG Management</i>  |
| Heng Siew Aun     | <i>Mandatory Accreditation Programme (MAP)</i><br><i>An Overview of Listing Requirement</i><br><i>Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</i><br><i>An Overview of Listing Requirement</i><br><i>Palm Oil Cost Saving with Process Optimization</i>   |

During FYE 2024, all Directors were updated on the recent developments in the areas of statutory and regulatory requirements from the briefing by the external auditors, the internal auditors and the Company Secretary during the Board and Board Committees' meetings. The Directors will continue to undergo relevant training programmes to enhance their skills and knowledge.

# **CORPORATE GOVERNANCE OVERVIEW STATEMENT**

## **Board Independence**

Independent Directors play a leading role in Board Committees. The four (4) Independent Directors namely, Dr. Chuah Chaw Teo, Liew Li Ping, Loh Leng Sem, and Ngoi Evon were appointed to the Board on 26 June 2023. The legal adviser had conducted an in-depth assessment and due diligence such as interview session, solvency and company searches and etc. before they were appointed to the Board.

As the Company was newly listed, none of the Independent Directors had served the Company for a cumulative term of 9 years. Notwithstanding that, the Board acknowledges the recommendation of the MCGC that the tenure of an Independent Director should not exceed a cumulative term of 9 years. In the event the Independent Director continues to serve the Board after serving for 9 years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process or the said Independent Director will be re-designated as Non-Independent Director.

## **Company Secretary**

The Board is supported by a qualified secretary who is the Associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as Company Secretary under the Companies Act, 2016. As a practicing Company Secretary, she has also attended continuous professional development programmes as required by MAICSA and Companies Commission of Malaysia.

She is also responsible for ensuring that the Company's Constitution, procedures, policies and regulations are complied with. Also ensuring that, all obligations required by the regulatory and under the AMLR are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretary on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Company Secretary also attend all Board and Board Committees meetings and ensure the meetings are properly convened and all deliberations and decisions made by the Board and Board Committees are accurately minuted, recorded and kept.

The Board recognises that the Company Secretary suitably qualified and capable of carrying out the duties as required. The Board is satisfied with the service and support rendered by the Company Secretary in discharging her functions.

## **Nomination Committee**

The Board has established a Nomination Committee ("NC") to assist the Board in their responsibilities in nomination new nominees to the Board and to assess the performance of the Board, the Board Committees and the Directors of the Company on an on-going basis. Full details of the NC duties and responsibilities are stated in its TOR which is available on the Company's website: [www.kawan-renergy.com.my](http://www.kawan-renergy.com.my).

The NC comprises solely Independent Non-Executive Directors as follows:-

1. Ngoi Evon (Chairperson)
2. Liew Li Ping (Member)
3. Loh Leng Sem (Member)

The NC is responsible for the Board evaluation process covering the Board, the Board Committees and individual Director, on an annual basis.

The Terms of Reference of the NC is available on the Company's website: [www.kawan-renergy.com.my](http://www.kawan-renergy.com.my). The Company's Constitution provides that one-third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all the Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

All the retiring Directors will abstain from deliberations and decisions on their own eligibility to stand for re-election at the Board Meeting. In considering whether to recommend a Director who is eligible to stand for re-election, the NC would consider a variety of factors, including: the Director's contributions to the Board and ability to continue to contribute productively; the Director's attendance at Board and committee meetings; the Director's compliance with the Code; the Director's skills, knowledge, expertise and experience, professionalism, reputation and competencies; whether the Director continues to possess the attributes, capabilities and qualifications considered necessary or desirable for Board service; and the independence of the Director.

There was no committee meeting held during FYE 2024 as the Company was only listed on the ACE Market of Bursa Securities on 29 May 2024. There has yet to have a full year of activity for annual and performance evaluation on the Board, Board Committees and individual director.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Remuneration Committee

The Remuneration Committee ("RC") comprises solely Independent Non-Executive Directors. The members of the RC are as follows:-

1. Loh Leng Sem (Chairperson)
2. Ngori Evon (Member)
3. Liew Li Ping (Member)

The RC is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices for the business the company is in. The RC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Director and performance of the Group. Individual Director does not participate in the discussion and decision making of his own remuneration to avoid conflict of interest.

The Terms of Reference of the RC is available on the Company's website: [www.kawan-renergy.com.my](http://www.kawan-renergy.com.my).

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors and Key Senior Management needed to run the Company successfully, taking into consideration all relevant factors including the skill function, workload and responsibilities involved, and after giving due consideration to the Group's performance.

Pursuant to Section 230(1) of the Companies Act, 2016, fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The remuneration of Directors of the Company, including the remuneration for services rendered to the Group and the Company for the financial year ended 31 October 2024 are as follows:-

| Category                     | Fees<br>RM'000 | Meeting<br>Allowance<br>RM'000 | Salaries &<br>Bonuses<br>RM'000 | Statutory<br>Contributions<br>(EPF, SOCSO<br>& EIS)<br>RM'000 | Benefit-<br>in-kind<br>RM'000 | Total<br>RM'000 |
|------------------------------|----------------|--------------------------------|---------------------------------|---|-------------------------------|-----------------|
| <b>Executive Directors</b>   |                |                                |                                 |   |                               |                 |
| Lim Thou Lai                 | -              | -                              | 499.5                           | 53.8  | 8.8                           | 562.1           |
| Chong Hon Choong             | -              | -                              | 181.8                           | 20.5  | 15.1                          | 217.4           |
| Heng Siew Aun                | -              | -                              | 226.6                           | 25.6  | 13.3                          | 265.5           |
| <b>Independent Directors</b> |                |                                |                                 |   |                               |                 |
| Dr. Chuah Chaw Teo           | 40.0           | 4.5                            | -                               | -   | -                             | 44.5            |
| Liew Li Ping                 | 40.0           | 4.5                            | -                               | -   | -                             | 44.5            |
| Loh Leng Sem                 | 40.0           | 4.5                            | -                               | -   | -                             | 44.5            |
| Ngori Evon                   | 40.0           | 4.5                            | -                               | -   | -                             | 44.5            |

The remuneration of the Key Senior Management (including salary, bonus, benefit-in-kind and other emoluments) are disclosed in each successive bands of RM50,000.00 during the FYE 31 October 2024 as follows:-

| Range of Remuneration (RM) | Number of Key Senior Management |
|----------------------------|---------------------------------|
| 50,001 – 100,000           | 1                               |
| 100,001 – 150,000          | 2                               |
| 150,001 – 200,000          | 1                               |
| 200,001 – 250,000          | 0                               |
| 250,001 – 300,000          | 1                               |

There was no committee meeting held during FYE 2024 as the Company was only listed on the ACE Market of Bursa Securities on 29 May 2024.

# **CORPORATE GOVERNANCE OVERVIEW STATEMENT**

## **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

### **I. Audit and Risk Management Committee**

The Board is assisted by the Audit and Risk Management Committee (“ARMC”) which comprises solely Independent Non-Executive Directors, to oversee the integrity of the financial statements, compliance with relevant accounting standards and the Group’s risk management and internal controls.

The members of ARMC are as follows:

1. Liew Li Ping (Chairperson)
2. Loh Leng Sem (Member)
3. Ngoi Evon (Member)

The position of the ARMC Chairman is distinct and separate from that of the Board Chairman to enhance the objectivity of the Board's review of the ARMC's findings and recommendations. The Company has not appointed any former partner of its external audit firm to be a member of the ARMC.

The composition of the ARMC is reviewed annually with the view to maintain an independent and effective ARMC, and in line with the principles of the MCCG. The ARMC members are expected to continuously update their knowledge and enhance their skills.

For further information on the ARMC with regards to its composition and activities, please refer to the ARMC Report in this Annual Report.

### **II. Suitability and Independence of External Auditors**

The External Auditors report to the ARMC in respect of their audit on each year's statutory financial statements on matters that require the attention of the ARMC. At least once a year, the ARMC will have a separate session with the External Auditors without the presence of the Executive Directors and Management. The External Auditors are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors had provided the declaration in their annual audit plan presented to the ARMC. The ARMC reviews the appointment, performance and fees of the External Auditors before recommending the reappointment of the External Auditors of the Company to the Board and shareholders for approval. The factors considered by the ARMC in its assessment include, adequacy of professionalism and experience of the staff, the resources, the fees and the independence of and the level of non-audit services rendered to the Group.

### **III. Risk Management and Internal Control Framework**

The Board affirms its responsibilities over the Group's system of risk management and internal control and acknowledges that such system is an integral part of effective management practice. To this end, the Board confirms that the Group has implemented an ongoing process of identifying, evaluating, monitoring and managing the significant risks faced by the Company and the Group under its risk management and internal control framework. Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Annual Report.

The Board has delegated the review on the adequacy and effectiveness of the Group's risk management and internal control framework to the ARMC.

### **IV. Internal Audit Function**

The Group has outsourced the internal audit function to Talent League Sdn. Bhd., an independent professional consulting firm to assist the ARMC in managing risk and establishing the internal control system and processes of the Group. The outsourced Internal Auditors report independently and directly to the ARMC in respect of the internal audit function of the Group.

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. Engagement with Stakeholders

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance, and other material information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities and the Company's website at [www.kawan-renergy.com.my](http://www.kawan-renergy.com.my).

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders or stakeholders. The Board is accountable to shareholders as well as other stakeholders of the Company for the performances and operations of the Company. As such, the Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors.

### II. Conduct of General Meetings

The Annual General Meeting (“AGM”) represents the principal forum for dialogue and interaction with shareholders. At the AGM, the Board presents the performance and progress of the Company and provides ample opportunity for shareholders to raise questions pertaining to the business activities of the Company. All the Directors and key management personnel are available to provide responses to questions raised by the shareholders during the AGM.

As recommended by the MCCG, the notice of AGM will be sent to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper.

The Board will ensure that each item of special business included in the notices of the AGM or Extraordinary General Meeting is accompanied by a full explanation of the effects of any proposed resolution. In line with Rule 8.31A of the AMLR of Bursa Securities, all resolutions set out in the notice of general meeting will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the general meeting. The outcome of the general meeting will then be announced to Bursa Securities on the same meeting day while the minutes of the general meeting will be uploaded on the Company's website within thirty (30) business days from the date of the general meeting.

As the Company was only listed on 29 May 2024, the upcoming AGM will be the Company's first AGM as a public listed company. Barring unforeseen circumstances, all Directors will present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns directly to the Board.

### COMPLIANCE STATEMENT

The Board is satisfied that the Company, though listed on 29 May 2024, the Group has complied with the Principles of Corporate Governance as contained in the MCCG save for the exception that disclosed in the Corporate Governance Report as departures in the opinion of the Directors, adequately suit the circumstances.

This Corporate Governance Overview Statement was approved by the Board on 21 February 2025.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“The Board”) of Kawan Renergy Berhad (“Kawan” or “the Company”) is pleased to present the Audit and Risk Management Committee (“ARMC”) Report for the financial year ended 31 October 2024 (“FYE 2024”) in compliance with Paragraph 15.15 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The ARMC assists the Board in its oversight of the Group’s financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial reporting practices, risk management framework and policies.

## COMPOSITION AND DESIGNATION OF ARMC MEMBERS

The ARMC was established by the Board on 24 July 2023 as part of its preparation for listing of the Company on the ACE Market of Bursa Securities. The ARMC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The ARMC members are as below: -

1. Liew Li Ping (Chairperson)
2. Loh Leng Sem (Member)
3. Ngoi Evon (Member)

All members of the ARMC are financially literate. None of the members were former key audit partners of the Company’s existing External Auditors, Messrs Baker Tilly Monteiro Heng PLT. The ARMC Chairperson is not the Chairman of the Board of Directors of the Company.

The Chairperson of the ARMC, Liew Li Ping is a Fellow Member of ACCA and member of Malaysian Institute of Accountants. Profiles of the ARMC members are set out in the Directors’ Profile Section of this Annual Report.

## TERMS OF REFERENCE

The duties and responsibilities of the ARMC are set out in the Terms of Reference of the ARMC which was adopted by the Board on 3 April 2024, a copy of which is available for viewing on our website at [www.kawan-renergy.com.my](http://www.kawan-renergy.com.my).

## MEETINGS AND ATTENDANCE

The Company was listed on the ACE Market of Bursa Securities on 29 May 2024. During FYE 2024, the ARMC held a total of two (2) meetings. The members of the ARMC and their attendance at the meetings are set out below:

| Members      | Attendance | Percentage of Attendance (%) |
|--------------|------------|------------------------------|
| Liew Li Ping | 2/2        | 100                          |
| Loh Leng Sem | 2/2        | 100                          |
| Ngoi Evon    | 2/2        | 100                          |

During FYE 2024, the representatives of our Sponsors (M&A Securities Sdn. Bhd.), the External Auditors and Internal Auditors, Executive Directors, Chief Financial Officer, Chief Compliance Officer, and the representative of a consulting advisory firm were invited to attend the ARMC meetings for clarification and input on matters for the deliberation of the ARMC. These representatives were also invited to facilitate direct communication on matters, which would be brought to the attention of the ARMC.

For the Group’s financial reporting matters, such as the quarterly results and annual results, as required by Malaysian Financial Reporting Standard (MFRS 134) - Interim Financial Reporting Standards, provision of the Companies Act 2016 and provisions of the ACE Market Listing requirements of Bursa Malaysia Sdn. Bhd., and other legal and regulatory requirements, to safeguard the integrity of information, the Chief Financial Officer had also given the assurance to the ARMC that:

- a. Appropriate accounting policies had been adopted and applied consistently in accordance to MFRS.
- b. Prudent judgements and reasonable estimates had been made in accordance to the requirements of the MFRS.
- c. The Audited Financial Statements and Quarterly Financial Statements of the Group did not contain material misstatements and gave a true and fair view of the financial positions of the Group and its subsidiaries for the financial year ended 31 October 2024.

The Chairman of the ARMC reported on key issues and matters discussed at the ARMC meeting as well as the ARMC’s recommendations, to the Board for consideration after the ARMC meetings. All deliberations during the ARMC meetings were minuted by the Company Secretary.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## SUMMARY OF ACTIVITIES OF THE ARMC DURING THE FINANCIAL YEAR

The following activities were carried out during FYE 2024:-

- Recommended the re-appointment of External Auditor, Baker Tilly Monteiro Heng PLT based on their performance, audit independency, and technical competent to the Board for approval.
- Reviewed and recommended Audit Planning Memorandum for FYE 31 October 2024 from the External Auditors to address on key areas including policies and procedures, fraud considerations in the audit of the financial statements, statutory timelines, audit activities, risk assessment and audit approach, and areas of audit focus.
- Reviewed the quarterly unaudited financial reports for FYE 2024 and the audited financial statements for FYE 2023 before submission to the Board of Directors for consideration and approval.
- Proposed appointment of Internal Auditors having considered the scope of work and proposed fees, recommended the appointment of Talent League Sdn. Bhd. to the Board.
- Reviewed and recommended Internal Audit Plan for FYE 31 October 2024 to the Board. The plan comprises internal audit scope and objectives, key areas to assess on internal control system and risk management practices.
- Reviewed the Internal Audit Report, including audit findings and recommendations for improvement prepared by the Internal Auditors and the corresponding actions taken by the Management, including follow-up reviews carried out by the Internal Auditors.
- Reviewed the Group's Risk Matrix and principal risks identified by Management and the Management's plan to manage these risks. The review covers the Group's Risk Management Framework, Guidelines and Policies.
- Reviewed if there is any related party transactions and conflict of interest/potential conflict of interest situation of the Group, including the policies and procedures set out to ensure the transactions made are fair, reasonable and were in the best interest of the Group.

### **Internal Audit Function**

The Group's internal audit function, which reports directly to the ARMC, is outsourced to Talent League Sdn. Bhd., to assist the ARMC in undertaking systematic and independent assessment on the adequacy, efficiency and effectiveness of the Group's system of risk management and internal control. They were free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The internal audit team reports the audit findings and recommendations, with Management Action Plan to the ARMC. It performs follow-up on the status of implementation by Management of the Group on the observations raised in preceding cycles of internal audit and reports the status of corrective actions undertaken to the ARMC. During this financial year, the costs incurred for the internal audit function was RM24,000.00 (exclude out of pocket expenses and service tax).

Further details on the risk management, internal controls and internal audit functions, please refer to the Statement on Risk Management and Internal Control in this Annual Report.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) of Kawan Renergy Berhad (“Kawan”) is pleased to present the Statement on Risk Management and Internal Control for the Group. This statement has been prepared in accordance with the Malaysian Code on Corporate Governance (“MCCG”), the Corporate Governance Guide, and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Internal Control Guidelines”).

## BOARD RESPONSIBILITIES

The Board acknowledges its responsibility in overseeing the Group’s risk management and internal control systems by implementing three Lines of Defense model which clearly define and communicate the roles of each line – Operational Management (1st line), Risk Management/Compliance (2nd line), and Internal Audit (3rd line). These systems are fundamental to safeguarding shareholders’ investments, protecting customer interests, and securing the Group’s assets. The Board’s oversight spans all subsidiaries and encompassing financial, operational, and compliance controls.

To ensure proper risk management, the Group has established a process for identifying, analysing, evaluating, and managing significant risks that could potentially impact strategic, tactic and operation objectives. This approach involves regular updates to the risk register and internal control documentation, ensuring alignment with evolving business conditions and regulatory landscapes.

The Group has implemented a business continuity plan to enhance the organisation’s resilience and ensure uninterrupted operations during and after disruptive events such as pandemics, natural disasters, or other unforeseen circumstances. This plan safeguards the Group’s key assets, including its personnel, financial resources, intellectual property, data, and infrastructure.

In support of these oversight responsibilities, the Board has instituted an Audit and Risk Management Committee (“ARMC”). The ARMC plays a crucial role in overseeing the risk management framework, providing and fostering a proactive risk culture.

An internal audit function further strengthens this framework by periodically assessing the efficiency and effectiveness of the Group’s internal control systems. This multi-layered approach demonstrates the Board’s commitment to comprehensive risk management, ensuring that the organisation remains resilient and adaptable in an increasingly complex business environment.

## RISK MANAGEMENT FRAMEWORK

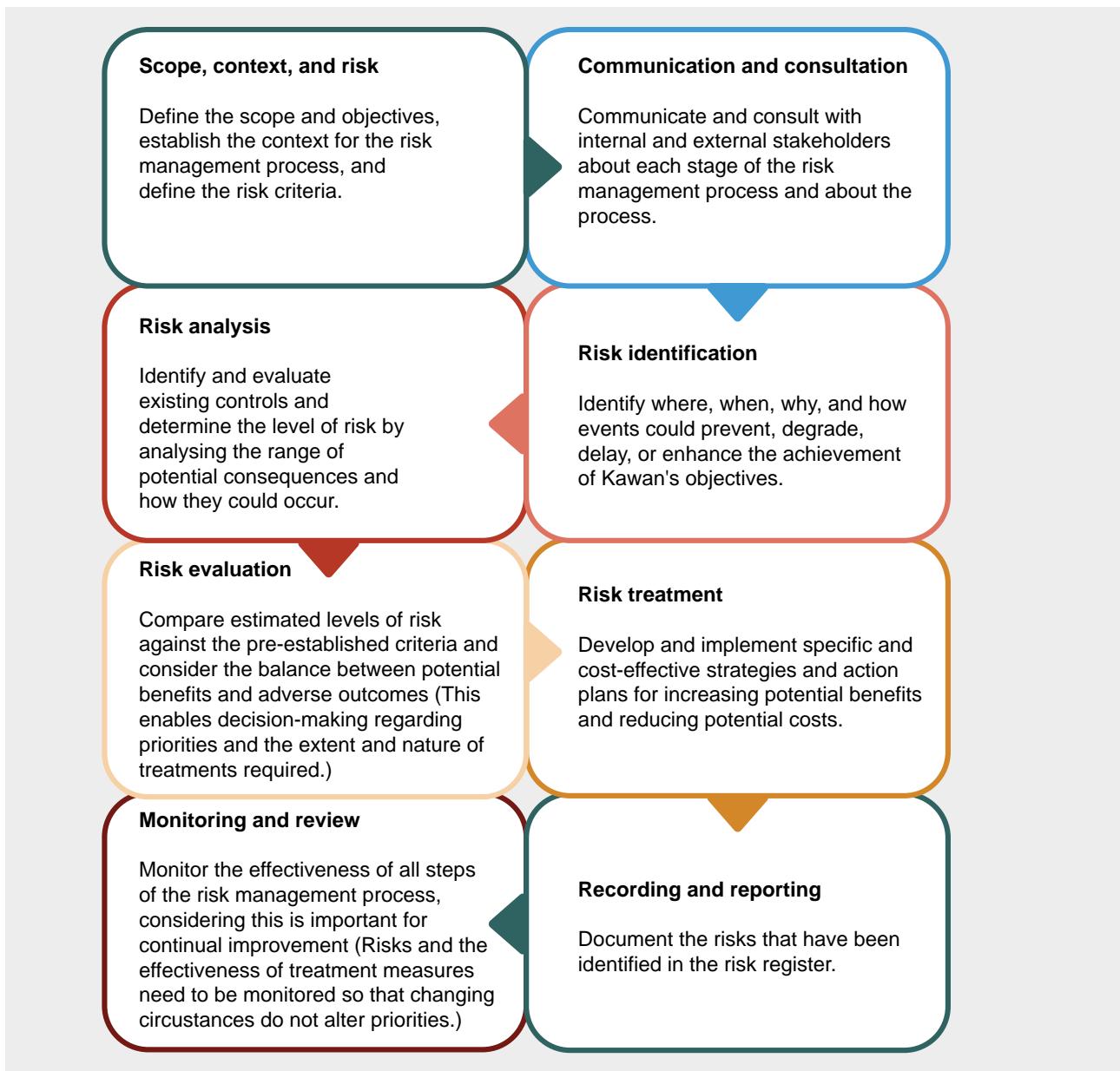
Kawan adheres to the ISO 31000 Risk Management Guideline, which promotes the development and implementation of modern management strategies while driving innovation across the Group’s operations and business ventures. This approach is aimed at safeguarding and enhancing the Group’s objectives and value.

The Group’s risk management processes and procedures are integrated into its operational and business environments, encompassing the identification, analysis, evaluation, and treatment of significant risks. Management conducts regular monitoring and reviews to ensure the suitability, adequacy, and effectiveness of these risk management efforts.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## RISK MANAGEMENT FRAMEWORK (CONT'D)

The key steps in the risk management process are outlined on the following page. These steps provide a structured approach to identifying, assessing, and addressing risks to ensure effective management and mitigation.



The Board ensures that the Group's risk management and internal control practices are adequately implemented and executed through the outsourced internal audit function. The Board ensures that the policies and frameworks established are sufficient to address the risks faced by the Group, with the ARMC providing oversight on high-risk areas. All decisions regarding risk management and internal control are made collaboratively, with the Board and ARMC working together to safeguard the Group's key objectives.

The likelihood of occurrence and potential impact of these risks are systematically assessed using an established risk matrix, developed from the outcomes of the risk assessment process. It includes assigning responsibilities to appropriate personnel for managing these risks and conducting objective assessments of key controls to mitigate them. Risks are classified into key domains such as Financial, Information Technology, Operational, Regulatory, Reputation, Strategic, and Human Capital.

Identified significant risks are consolidated into a centralised Risk Register, which is periodically reviewed and updated by the Chief Compliance Officer to reflect newly identified risks and reassess existing ones based on their likelihood and potential impact, particularly those critical to the Group. Recent updates to the risk profile have incorporated new risks associated with operational activities, which have been integrated into the Risk Register.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## RISK MANAGEMENT FRAMEWORK (CONT'D)

Generally, the Board is accountable for the Group's overall risk profile and has delegated the oversight of the risk management function to the ARMC. For more details on the ARMC's role and responsibilities, please refer to its Terms of Reference, available on the Group's website. Since the Group's listing on 29 May 2024, the ARMC has convened quarterly meetings to fulfil its responsibilities during FYE 2024. The attendance details are as follows:

| Members                    | Attendance |
|----------------------------|------------|
| Liew Li Ping (Chairperson) | 2/2        |
| Loh Leng Sem               | 2/2        |
| Ngoi Evon                  | 2/2        |

## INTERNAL CONTROL SYSTEM

The Board recognises the vital importance of establishing a strong internal control system to ensure the effective and efficient management of the Group's business operations. This system is embedded in a top-down approach, with internal control principles cascading from strategic management to operational levels. By embedding these principles throughout the organisational structure, the Board aims to create a comprehensive framework that promotes accountability, mitigates risks, and supports the Group's strategic objectives.

The top-down implementation of internal controls ensures that strategic intent is consistently translated into practical operational guidelines. This methodology allows for a unified approach to risk management, where overarching governance principles are methodically integrated into daily business processes. Such an approach not only strengthens the organisation's ability to identify and address potential vulnerabilities but also fosters a culture of proactive risk awareness and management across all levels of the Group.

## INTERNAL AUDIT FUNCTION

The Board demonstrates its commitment to the Internal Auditor function by engaging an independent professional consulting firm, Talent League Sdn. Bhd., to conduct a comprehensive and impartial assessment of the Group's internal control system. This strategic approach ensures an objective and thorough evaluation of the system's adequacy, efficiency, and effectiveness, providing an independent perspective on the Group's risk management practices.

The ARMC has approved the risk-based internal audit plan, which has been recommended to and approved by the Board. This ensures that internal audit activities are strategically aligned with identified significant risks, allowing for effective mitigation of potential threats to the Group.

During the financial year under review, the Internal Auditors conducted audits in accordance with the internal audit plan approved by the ARMC. The audit scope encompassed critical areas including Procurement and Engineering. The findings from these comprehensive audits were discussed and collaboratively resolved in partnership with the Management, demonstrating a proactive and transparent approach to addressing potential control weaknesses.

The ARMC, representing the Board's oversight function, periodically examines internal control matters identified in both internal and external audit reports. This continuous monitoring and assessment process underscores the Board's commitment to maintaining a proper, and effective internal control framework that protects the Group's interests and supports its strategic objectives.

## REVIEW OF EFFECTIVENESS

The Board, with the support of ARMC, is confident that the Group's current risk management and internal control systems have been effective, throughout the financial year, to safeguard shareholders' investments, protect customer interests, ensure regulatory compliance, uphold employee welfare, and secure the Group's assets.

Acknowledging the dynamic and ever-changing nature of the business environment, the Board remains vigilant and is committed to the ongoing evaluation of these systems' adequacy and effectiveness. The Board stands ready to implement necessary action plans to further strengthen the Group's internal control systems and risk management practices. This proactive approach ensures the Group's resilience and adaptability in navigating an increasingly complex and challenging operational landscape.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## REVIEW OF EFFECTIVENESS (CONT'D)

In parallel, the Group's technology and infrastructure solution projects face risks of unforeseen delays or interruptions that are beyond its control. Customer-induced disruptions may adversely impact project timelines, revenue recognition, and payment collection, ultimately affecting the Group's financial performance. To mitigate these risks, the Group has implemented several measures.

- **Robust Project Planning and Execution:** Implementing comprehensive project scheduling with clearly defined milestones and deliverables, backed by contract with customers. This includes resource allocation plans, critical path analysis, and regular progress monitoring to proactively identify and address potential delays.
- **Strategic Change Control Framework:** Establishing a structured approach to managing scope modifications through a change control process. This encompasses impact assessments covering schedule implications, cost variations, and revenue recognition effects, ensuring all stakeholders make informed decisions based on comprehensive analysis of proposed changes.
- **Enhanced Contractual Risk Management:** Developing contractual structures that incorporate both incentive mechanisms and remedy provisions to drive project success. These agreements detail specific performance metrics, establish clear accountability frameworks, and define equitable risk-sharing arrangements between all parties, including explicit provisions for customer-induced delays or disruptions.
- **Collaborative Stakeholder Management:** Creating transparent communication channels and escalation protocols to facilitate timely decision-making and issue resolution. This includes regular steering committee meetings, documented approval workflows, and clear governance structures to maintain project momentum while managing stakeholder expectations effectively.

These measures aim to enhance project delivery efficiency while safeguarding the Group's financial stability and performance.

## REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements by Bursa Malaysia, the external auditors, Messrs Baker Tilly Monteiro Heng PLT, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 October 2024 and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement on Risk Management and Internal Control factually inaccurate.

AAPG 3 does not mandate that external auditors evaluate whether the Directors' Statement on Risk Management and Internal Control comprehensively addresses all risks and controls, nor does it necessitate them to formulate an opinion on the sufficiency and efficacy of the Group's risk management and internal control systems, including the Board of Directors' and management's assessment and views on the matter. Additionally, the auditors are not obligated to assess the likelihood that the procedures outlined for addressing substantial internal control issues related to any significant problems reported in the annual report will effectively resolve those issues.

# **STATEMENT OF DIRECTORS' RESPONSIBILITY**

The Board is required by the Companies Act, 2016 to present the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs, the results and cash flows of the Group and the Company.

The Board is satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 October 2024, the appropriate accounting policies were used and applied consistently, adopted to include new and revised Malaysian Financial Reporting Standards ("MFRS") where applicable. The Board is also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors are responsible for ensuring that the Company keeps proper accounting records which enable the financial position of the Group and the Company to be disclosed with reasonable accuracy and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and irregularities.

# ADDITIONAL COMPLIANCE INFORMATION

## Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 October 2024.

In conjunction with the listing exercise, the Company undertook a public issue of 110,000,000 new ordinary shares at an issue price of RM0.30 per share, raising a gross proceeds of RM33.0 million which was utilised in the following manner:

| Details of utilisation of proceed     | Proposed utilisation<br>RM'000 | Actual utilisation<br>RM'000 | Re-allocation<br>RM'000 | Balance to be utilised<br>RM'000 | Estimated timeline for utilisation <sup>(1)</sup><br>RM'000 |
|---------------------------------------|--------------------------------|------------------------------|-------------------------|----------------------------------|---|
| Investment into a new 2MW power plant | 5,000                          | -                            | -                       | 5,000                            | Within 36 months  |
| Improvement of Bercham Plant output   | 2,500                          | -                            | -                       | 2,500                            | Within 15 months  |
| Purchase of additional machinery      | 500                            | (120)                        | -                       | 380                              | Within 12 months  |
| Repayment of bank borrowings          | 6,000                          | (5,748)                      | (252) <sup>(2)</sup>    | -                                | Within 3 months   |
| Working capital                       | 15,000                         | -                            | 252 <sup>(2)</sup>      | 15,252                           | Within 24 months  |
| Estimated listing expenses            | 4,000                          | (4,000)                      | -                       | -                                | Within 1 months   |
|                                       | <b>33,000</b>                  | <b>(9,868)</b>               | <b>-</b>                | <b>23,132</b>                    |   |

### Note:

- (1) From the date of listing of the Company
- (2) Surplus of RM0.3 million (of the RM6.0 million allocated for the repayment of bank borrowings) was re-allocated to the general working capital requirements of the Group, in accordance with the Company's prospectus dated 29 April 2024

## Audit and Non-Audit fees

The auditors' remuneration including non-audit fees for the Company and the Group for the financial year ended 31 October 2024 is as follows:-

| Details of Audit Fees         | Group (RM) | Company (RM) |
|-------------------------------|------------|--------------|
| Statutory Audit Fees          | 122,000    | 25,000       |
| Non-Audit Fees <sup>(a)</sup> | 150,700    | 22,800       |

### Note:

- (a) The non-audit fees of the Group and the Company were incurred mainly for the advisory services in connection with the proposed listing on the ACE Market of Bursa Securities and rendering of limited assurance and non-assurance services.

## Material Contracts Involving Directors and Major Shareholders

There are no material contracts (not being contracts entered into in the ordinary course of business) entered into the Company and its subsidiaries, involving directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 October 2024 or entered into since the end of the previous financial year.

## Recurrent Related Party Transaction of a Revenue or Trading Nature

During the financial year under review, the Group has not entered into any recurrent related party transactions of a revenue or trading nature.

# DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2024.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is involved in activities of holding companies. The principal activities of its subsidiaries include design, fabrication, installation and/or commissioning of industrial process equipment and industrial process plants as well as renewable energy and co-generation plants and Independent Power Producer ("IPP") involved in power generation and sales of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass feed stock.

There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

|  | Group<br>RM | Company<br>RM |
|--|-------------|---------------|
| Profit/(loss) for the financial year, net of tax | 18,008,690  | (3,646,238)   |

## DIVIDENDS

On 28 November 2024, the Directors declared a single tier interim dividend of RM0.0125 per ordinary share amounting to RM6,875,000 in respect of the financial year ending 31 October 2025.

The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 October 2025.

The directors do not recommend the payment of any final dividend for the financial year ended 31 October 2024.

## RESERVES OR PROVISIONS

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

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts has been written off and that adequate allowance had been made for doubtful debts.

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

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

# **DIRECTORS' REPORT**

## **(CONT'D)**

### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances 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.

### **CONTINGENT AND OTHER LIABILITIES**

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

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

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

### **CHANGE OF CIRCUMSTANCES**

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

### **ITEMS OF MATERIAL AND UNUSUAL NATURE**

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### **AUDITORS' REMUNERATION**

The auditors' remuneration of the Group and of the Company during the financial year were RM122,000 and RM25,000 respectively.

### **ISSUE OF SHARES AND DEBENTURES**

During the financial year, the Company:

- (i) Issued 439,999,999 new ordinary shares at a price of RM0.1026 per ordinary share for a total consideration of RM45,144,000 pursuant to the internal restructuring for the acquisition of Kawan Engineering Sdn. Bhd. on 13 March 2024.
- (ii) Issued 110,000,000 new ordinary shares at a price of RM0.3000 per ordinary share for a total consideration of RM33,000,000 pursuant to the Initial Public Offering ("IPO") of the Company on the ACE Market of Bursa Malaysia Securities Berhad on 27 May 2024.

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

During the financial year, no new issue of debenture was made by the Company.

# **DIRECTORS' REPORT**

## **(CONT'D)**

### **OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up the unissued shares of the Company during the financial year.

### **DIRECTORS**

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

Lim Thou Lai\*  
Heng Siew Aun\*  
Chong Hon Choong\*  
Dr. Chuah Chaw Teo  
Ngoi Ewon  
Loh Leng Sem  
Liew Li Ping

\* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report is:

Rosman Bin Tahir

### **DIRECTORS' INTERESTS**

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

|                    | Interests in the Company |              |             |
|--------------------|--------------------------|--------------|-------------|
|                    | At 1<br>November<br>2023 | Bought       | Sold        |
| Direct interests:  |                          |              |             |
| Lim Thou Lai       | 1 422,399,999            | (34,500,000) | 387,900,000 |
| Heng Siew Aun      | - 11,000,000             | -            | 11,000,000  |
| Chong Hon Choong   | - 6,435,000              | -            | 6,435,000   |
| Dr. Chuah Chaw Teo | - 75,000                 | -            | 75,000      |
| Ngoi Ewon          | - 75,000                 | -            | 75,000      |
| Loh Leng Sem       | - 75,000                 | -            | 75,000      |
| Liew Li Ping       | - 75,000                 | -            | 75,000      |

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016, Lim Thou Lai is also deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

# DIRECTORS' REPORT

## (CONT'D)

### DIRECTORS' BENEFITS

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

The directors' benefits of the Group and the Company were as follows:

|                                 | Group<br>RM     | Company<br>RM |
|---------------------------------|-----------------|---------------|
| <b>Directors of the Company</b> |                 |               |
| Executive director              |                 |               |
| - Salaries and bonuses          | 907,860         | -             |
| - Defined contribution plans    | 94,716          | -             |
| - Other staff related expenses  | 5,169           | -             |
|                                 | <hr/> 1,007,745 | <hr/> -       |
| Non-executive director          |                 |               |
| - Fees                          | 160,000         | 160,000       |
| - Allowances                    | 18,000          | 18,000        |
|                                 | <hr/> 178,000   | <hr/> 178,000 |
|                                 | <hr/> 1,185,745 | <hr/> 178,000 |

The estimated value of benefits-in-kind provided to the directors of the Company during the financial year amounted to RM37,221.

Neither during, nor at the end of the financial year, was the Company a party to any arrangement where the object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

### INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity was given to or insurance effected for, any director or officer of the Company.

### SUBSIDIARIES

| <b>Name of company</b>                  | <b>Principal place of business/<br/>Country of incorporation</b> | <b>Ownership interest</b> |             | <b>Principal activities</b>  |
|---|--|---------------------------|-------------|--|
|   |  | <b>2024</b>               | <b>2023</b> |  |
| Kawan Engineering Sdn. Bhd.<br>("KESB") | Malaysia   | 100%                      | 100%        | Engaged in design, fabrication, installation and/or commissioning of industrial process equipment and industrial process plants. |
| Kawan Green Energy Sdn. Bhd.            | Malaysia   | 100%                      | -           | Engaged in design, fabrication, installation and/or commissioning of renewable energy and co-generation plants.                  |
| <b>Subsidiaries of KESB</b>             |  |                           |             |  |
| Kawan Green Energy Sdn. Bhd.            | Malaysia   | -                         | 100%        | Engaged in design, fabrication, installation and/or commissioning of renewable energy and co-generation plants.                  |

# DIRECTORS' REPORT

## (CONT'D)

### SUBSIDIARIES (CONT'D)

| Name of company  | Principal place of business/<br>Country of incorporation | Ownership interest<br>2024 | 2023 | Principal activities   |
|--|--|----------------------------|------|--|
| <b>Subsidiaries of KESB (Cont'd)</b>   |  |                            |      |  |
| Magenko Renewables (Asia) Sdn. Bhd.  | Malaysia   | 100%                       | 100% | Dormant. Engaged as an Independent Power Producer ("IPP") involved in power generation and sales of electricity, steam thermal energy, biofuels, biomass, plantation of biomass feed stock |
| <b>Subsidiaries of Magenko Renewables (Asia) Sdn. Bhd.</b>                             |  |                            |      |  |
| Magenko Renewables (Ipoh) Sdn. Bhd.  | Malaysia   | 100%                       | 100% | Engaged as an IPP involved in power generation and sales of electricity.   |
| Magenko Bio Energy Sdn. Bhd. (formerly known as Magenko Renewables (Penang) Sdn. Bhd.) | Malaysia   | 100%                       | 100% | Engaged as an IPP involved in power generation and sales of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass feed stock  |

The available auditors' report on the accounts of the subsidiaries did not contain any qualification.

### SIGNIFICANT EVENT DURING/SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

#### (a) Initial Public Offering

On 29 April 2024, the Company issued its prospectus for its Initial Public Offering entailing the public issue of 110,000,000 new ordinary shares, representing approximately 20% of the following manner:

- (i) 27,500,000 new shares available for application by the Malaysian Public;
- (ii) 19,250,000 new shares available for application by the eligible directors, employees and persons who have contributed to the success of the Group under the Pink Form Allocations; and
- (iii) 63,250,000 new shares available for application by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry.

On 29 May 2024, the Company was listed on the ACE Market of Bursa Securities.

#### (b) Acquisition of I Precision Sdn. Bhd.

On 24 September 2024, KESB, a subsidiary, entered into a Share Subscription Agreement ("SSA") with I Precision Sdn. Bhd. to acquire a 51% equity interest for a total purchase consideration of RM2,400,000. This consideration is to be fully satisfied through the issuance of 210,216,200 new ordinary shares at an issue price of RM0.0114 per share.

On 22 November 2024, KESB, through the written confirmation of the other shareholders of I Precision Sdn. Bhd. solicitors, mutually agreed to extend the SSA for an additional one-month period beyond the initial 60-day timeframe, which expired on 23 November 2024. Consequently, the last day of the extended conditional period was extended to 23 December 2024 to allow for the fulfilment of all conditions precedent. For the avoidance of doubt, all other terms and conditions of the SSA remain unchanged.

On 23 December 2024, all conditions precedent were fulfilled, pending the registration of the shares in the Company's name in the Register of Members of I Precision Sdn. Bhd.

Upon completion of the registration, I Precision Sdn. Bhd. will become a 51% owned subsidiary of the Company through KESB.

## **DIRECTORS' REPORT (CONT'D)**

### **AUDITORS**

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

.....  
**LIM THOU LAI**  
Director

.....  
**HENG SIEW AUN**  
Director

Date: 21 February 2025

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2024

|   | Note | 2024<br>RM         | Group<br>Unaudited<br>2023<br>RM<br>(Note 31) | Company<br>2024<br>RM | 2023<br>RM       |
|---|------|--------------------|---|-----------------------|------------------|
| <b>ASSETS</b>                                       |      |                    |   |                       |                  |
| <b>Non-current assets</b>                           |      |                    |   |                       |                  |
| Property, plant and equipment                       | 5    | 20,209,313         | 22,344,288                                    | -                     | -                |
| Investment in subsidiaries                          | 6    | -                  | -   | 49,696,206            | -                |
| <b>Total non-current assets</b>                     |      | <b>20,209,313</b>  | <b>22,344,288</b>                             | <b>49,696,206</b>     | -                |
| <b>Current assets</b>                               |      |                    |   |                       |                  |
| Inventories   | 7    | 1,751,210          | 2,450,657                                     | -                     | -                |
| Current tax assets                                  |      | 100,000            | -   | -                     | -                |
| Trade and other receivables                         | 8    | 25,326,730         | 22,803,858                                    | 4,170                 | 500              |
| Contract assets                                     | 9    | 22,832,466         | 15,446,623                                    | -                     | -                |
| Cash and short-term deposits                        | 10   | 57,338,024         | 44,746,286                                    | 23,850,098            | 239,380          |
| <b>Total current assets</b>                         |      | <b>107,348,430</b> | <b>85,447,424</b>                             | <b>23,854,268</b>     | <b>239,880</b>   |
| <b>TOTAL ASSETS</b>                                 |      | <b>127,557,743</b> | <b>107,791,712</b>                            | <b>73,550,474</b>     | <b>239,880</b>   |
| <b>EQUITY AND LIABILITIES</b>                       |      |                    |   |                       |                  |
| <b>Equity attributable to owners of the Company</b> |      |                    |   |                       |                  |
| Share capital/Invested equity                       | 11   | 77,144,001         | 10,200,001                                    | 77,144,001            | 1                |
| Merger deficit                                      | 12   | (35,144,000)       | (200,000)                                     | -                     | -                |
| Retained earnings/(Accumulated losses)              |      | 51,440,906         | 43,432,216                                    | (3,962,804)           | (316,566)        |
| <b>TOTAL EQUITY</b>                                 |      | <b>93,440,907</b>  | <b>53,432,217</b>                             | <b>73,181,197</b>     | <b>(316,565)</b> |

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 OCTOBER 2024 (CONT'D)

|                                      | Note | 2024<br>RM         | Group<br>Unaudited<br>2023<br>RM<br>(Note 31) | Company<br>2024<br>RM | 2023<br>RM     |
|--------------------------------------|------|--------------------|---|-----------------------|----------------|
| <b>Non-current liabilities</b>       |      |                    |   |                       |                |
| Loans and borrowings                 | 13   | 527,889            | 6,324,236                                     | -                     | -              |
| Deferred income                      | 14   | 215,119            | 66,864  | -                     | -              |
| Deferred tax liabilities             | 15   | 461,353            | 1,103,099                                     | -                     | -              |
| <b>Total non-current liabilities</b> |      | <b>1,204,361</b>   | <b>7,494,199</b>                              | -                     | -              |
| <b>Current liabilities</b>           |      |                    |   |                       |                |
| Loans and borrowings                 | 13   | 1,572,366          | 4,411,447                                     | -                     | -              |
| Deferred income                      | 14   | 25,970             | 7,790   | -                     | -              |
| Current tax liabilities              |      | 2,490,960          | 1,022,830                                     | 63,382                | -              |
| Trade and other payables             | 16   | 14,715,464         | 12,525,478                                    | 305,895               | 556,445        |
| Contract liabilities                 | 9    | 14,107,715         | 28,897,751                                    | -                     | -              |
| <b>Total current liabilities</b>     |      | <b>32,912,475</b>  | <b>46,865,296</b>                             | <b>369,277</b>        | <b>556,445</b> |
| <b>TOTAL LIABILITIES</b>             |      | <b>34,116,836</b>  | <b>54,359,495</b>                             | <b>369,277</b>        | <b>556,445</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>127,557,743</b> | <b>107,791,712</b>                            | <b>73,550,474</b>     | <b>239,880</b> |

# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

|  | Note | 2024<br>RM        | Group<br>Unaudited<br>2023<br>RM<br>(Note 31) | Company<br>2024<br>RM | 2023<br>RM       |
|--|------|-------------------|---|-----------------------|------------------|
| Revenue  | 17   | 113,117,788       | 98,378,448                                    | 52,206                | -                |
| Cost of sales  |      | (79,585,727)      | (74,382,394)                                  | -                     | -                |
| <b>Gross profit</b>  |      | <b>33,532,061</b> | <b>23,996,054</b>                             | <b>52,206</b>         | -                |
| Other income   | 18   | 409,341           | 2,114,653                                     | -                     | -                |
| Administrative expenses  |      | (7,368,825)       | (5,733,899)                                   | (3,880,140)           | (308,108)        |
| Other operating expenses   |      | (943,494)         | (1,785,380)                                   | (19,015)              | -                |
| <b>Operating profit/(loss)</b>   |      | <b>25,629,083</b> | <b>18,591,428</b>                             | <b>(3,846,949)</b>    | <b>(308,108)</b> |
| Finance income   | 19   | 1,232,964         | 777,311                                       | 264,093               | -                |
| Finance costs  | 20   | (352,212)         | (448,987)                                     | -                     | -                |
| <b>Profit/(loss) before tax</b>  | 21   | <b>26,509,835</b> | <b>18,919,752</b>                             | <b>(3,582,856)</b>    | <b>(308,108)</b> |
| Income tax expense   | 23   | (8,501,145)       | (5,617,565)                                   | (63,382)              | -                |
| <b>Profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year</b> |      | <b>18,008,690</b> | <b>13,302,187</b>                             | <b>(3,646,238)</b>    | <b>(308,108)</b> |
| <b>Earnings per share (RM)</b>   |      |                   |   |                       |                  |
| - Basic and diluted  | 24   |                   | 0.05  | 1.30                  |                  |

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

|   | Note | Share capital/<br>Invested equity<br>RM   | Merger deficit<br>RM            | Attributable to owners of<br>the Group<br>Retained earnings<br>RM | Total equity<br>RM |
|---|------|---|---------------------------------|---|--------------------|
| <b>Group</b>  |      |   |                                 |   |                    |
| At 1 November 2022 (Unaudited)  |      | 10,200,001                                | (200,000)                       | 35,130,029  | 45,130,030         |
| <b>Total comprehensive income<br/>for the financial year</b>  |      |   |                                 |   |                    |
| Profit for the financial year, representing<br>total comprehensive income for the<br>financial year |      | -   | -                               | 13,302,187  | 13,302,187         |
| <b>Transactions with owner</b>  |      |   |                                 |   |                    |
| Dividends paid on shares  | 25   | -   | -                               | (5,000,000)   | (5,000,000)        |
| <b>At 31 October 2023 (Unaudited)</b>   |      | 10,200,001                                | (200,000)                       | 43,432,216  | 53,432,217         |
| <b>Total comprehensive income<br/>for the financial year</b>  |      |   |                                 |   |                    |
| Profit for the financial year, representing<br>total comprehensive income for the<br>financial year |      | -   | -                               | 18,008,690  | 18,008,690         |
| <b>Transactions with owners</b>   |      |   |                                 |   |                    |
| Issuance of ordinary shares   | 11   | 33,000,000                                | -                               | -   | 33,000,000         |
| Shares issued for acquisition<br>of a subsidiary  | 12   | 45,144,000<br>(10,200,000)<br>(1,000,000) | (45,144,000)<br>10,200,000<br>- | -   | -                  |
| Merger deficit  |      |   |                                 |   |                    |
| Transaction costs on shares issued  |      |   |                                 |   |                    |
| Dividends paid on shares  | 25   | -   | -                               | (10,000,000)  | (10,000,000)       |
| <b>At 31 October 2024</b>   |      | 77,144,001                                | (35,144,000)                    | 51,440,906  | 93,440,907         |

# **STATEMENTS OF CHANGES IN EQUITY**

## FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024 (CONT'D)

|   | Share<br>capital<br>RM | Accumulated<br>losses<br>RM | Attributable to owners of<br>the Company<br>RM | Total<br>equity<br>RM     |
|---|------------------------|-----------------------------|--|---------------------------|
| <b>Company</b>  |                        |                             |  |                           |
| <b>At 1 November 2022</b>   | 1                      | (8,458)                     | (8,457)  |                           |
| <b>Total comprehensive loss for the financial year</b>                                    |                        |                             |  |                           |
| Loss for the financial year, representing total comprehensive loss for the financial year | -                      | (308,108)                   | (308,108)                                      |                           |
| <b>At 31 October 2023</b>   | 1                      | (316,566)                   | (316,565)                                      |                           |
| <b>Total comprehensive loss for the financial year</b>                                    |                        |                             |  |                           |
| Loss for the financial year, representing total comprehensive loss for the financial year | -                      | (3,646,238)                 | (3,646,238)                                    |                           |
| <b>Transaction with owners</b>  |                        |                             |  |                           |
| Issuance of ordinary shares   | 11                     | 33,000,000                  | -  | 33,000,000                |
| Shares issued for acquisition of a subsidiary   | 12                     | 45,144,000<br>(1,000,000)   | -  | 45,144,000<br>(1,000,000) |
| <b>At 31 October 2024</b>   | <b>77,144,001</b>      | <b>(3,962,804)</b>          | <b>73,181,197</b>                              |                           |

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

|  | Note | 2024<br>RM        | Group<br>Unaudited<br>2023<br>RM<br>(Note 31) | Company<br>2024<br>RM | 2023<br>RM       |
|--|------|-------------------|---|-----------------------|------------------|
| <b>Cash flows from operating activities</b>                      |      |                   |   |                       |                  |
| Profit/(loss) before tax   |      | 26,509,835        | 18,919,752                                    | (3,582,856)           | (308,108)        |
| Adjustments for:   |      |                   |   |                       |                  |
| Depreciation of property, plant and equipment                    |      | 3,285,215         | 2,915,936                                     | -                     | -                |
| Loss/(gain) on disposal of property, plant and equipment         |      | 107,296           | (135,188)                                     | -                     | -                |
| Gain on termination of lease                                     |      | (425)             | (718)   | -                     | -                |
| Impairment loss on trade receivables                             |      | 122,581           | -   | -                     | -                |
| Bad debts written off  |      | -                 | 350,436                                       | -                     | -                |
| Reversal of impairment loss on trade receivables                 |      | -                 | (127,203)                                     | -                     | -                |
| Bad debts recovered  |      | (174,053)         | -   | -                     | -                |
| Dividend-in-specie   |      | -                 | -   | -                     | (52,206)         |
| Amortisation of government grant income                          |      | (15,365)          | (3,246)                                       | -                     | -                |
| Finance costs  |      | 352,212           | 448,987                                       | -                     | -                |
| Finance income   |      | (1,232,964)       | (777,311)                                     | (264,093)             | -                |
| Net unrealised foreign exchange loss/(gain)                      |      | 118,118           | (1,773,517)                                   | -                     | -                |
| <b>Operating profit/(loss) before changes in working capital</b> |      | <b>29,072,450</b> | <b>19,817,928</b>                             | <b>(3,899,155)</b>    | <b>(308,108)</b> |
| <u>Changes in working capital:</u>                               |      |                   |   |                       |                  |
| Inventories  |      | 699,447           | (112,988)                                     | -                     | -                |
| Trade and other receivables                                      |      | (2,535,205)       | 20,816,134                                    | (3,670)               | (500)            |
| Contract assets  |      | (7,385,843)       | (2,879,560)                                   | -                     | -                |
| Trade and other payables   |      | 2,740,986         | (26,168,031)                                  | 299,450               | (2,013)          |
| Contract liabilities   |      | (14,790,036)      | 13,621,785                                    | -                     | -                |
| <b>Net cash generated from/(used in) operations</b>              |      | <b>7,801,799</b>  | <b>25,095,268</b>                             | <b>(3,603,375)</b>    | <b>(310,621)</b> |
| Income tax paid  |      | (7,774,761)       | (5,935,584)                                   | -                     | -                |
| Interest received  |      | 1,232,964         | 777,311                                       | 264,093               | -                |
| <b>Net cash from/(used in) operating activities</b>              |      | <b>1,260,002</b>  | <b>19,936,995</b>                             | <b>(3,339,282)</b>    | <b>(310,621)</b> |

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024 (CONT'D)

|   | Note | Group<br>Unaudited |                         | Company           |                |
|---|------|--------------------|-------------------------|-------------------|----------------|
|   |      | 2024<br>RM         | 2023<br>RM<br>(Note 31) | 2024<br>RM        | 2023<br>RM     |
| <b>Cash flows from investing activities</b>                             |      |                    |                         |                   |                |
| Purchase of property, plant and equipment                               | (a)  | (1,464,469)        | (3,566,844)             | -                 | -              |
| Proceeds from disposal of property, plant and equipment                 |      | 546,100            | 838,499                 | -                 | -              |
| Proceeds from government grants related to assets                       |      | 181,800            | 77,900                  | -                 | -              |
| Change in pledged deposits  |      | (175,345)          | (4,048,190)             | -                 | -              |
| <b>Net cash used in investing activities</b>                            |      | <b>(911,914)</b>   | <b>(6,698,635)</b>      | -                 | -              |
| <b>Cash flows from financing activities</b>                             |      |                    |                         |                   |                |
| Proceeds from issuance of ordinary shares                               | (b)  | 33,000,000         | -                       | 33,000,000        | -              |
| Shares issuance expenses  |      | (1,000,000)        | -                       | (1,000,000)       | -              |
| Repayment of term loans   |      | (6,345,198)        | (804,485)               | -                 | -              |
| Payment of lease liabilities  |      | (43,597)           | (52,923)                | -                 | -              |
| Repayment of hire purchase  |      | (635,375)          | (501,063)               | -                 | -              |
| Proceeds from bankers' acceptance                                       |      | 5,700,000          | 8,950,000               | -                 | -              |
| Repayment of bankers' acceptance  |      | (7,650,000)        | (10,200,000)            | -                 | -              |
| Net changes in amount owing by a fellow subsidiary                      |      | -                  | -                       | (4,500,000)       | -              |
| Net changes in amount owing to a director                               |      | (1,000)            | (17,272)                | -                 | -              |
| Net changes in amount owing to shareholder                              |      | (550,000)          | 550,000                 | (550,000)         | 550,000        |
| Dividends paid  |      | (10,000,000)       | (13,000,000)            | -                 | -              |
| Interest paid   |      | (352,212)          | (448,987)               | -                 | -              |
| <b>Net cash from/(used in) financing activities</b>                     |      | <b>12,122,618</b>  | <b>(15,524,730)</b>     | <b>26,950,000</b> | <b>550,000</b> |
| Net increase/(decrease) in cash and cash equivalents                    |      | 12,470,706         | (2,286,370)             | 23,610,718        | 239,379        |
| <b>Cash and cash equivalents at the beginning of the financial year</b> |      | <b>39,147,948</b>  | <b>39,780,159</b>       | <b>239,380</b>    | <b>1</b>       |
| Effect of exchange rate changes on cash and cash equivalents            |      | (54,313)           | 1,654,159               | -                 | -              |
| <b>Cash and cash equivalents at the end of the financial year</b>       | 10   | <b>51,564,341</b>  | <b>39,147,948</b>       | <b>23,850,098</b> | <b>239,380</b> |

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024 (CONT'D)

(a) Purchase of property, plant and equipment:

|  | Note | 2024<br>RM | Group<br>Unaudited<br>2023<br>RM |
|--|------|------------|----------------------------------|
| Purchase of property, plant and equipment                  | 5    | 1,824,469  | 4,215,896                        |
| Financed by way of lease arrangements                      |      | (360,000)  | (649,052)                        |
| Cash payments on purchase of property, plant and equipment |      | 1,464,469  | 3,566,844                        |

(b) Reconciliation of changes in liabilities arising from financing activities are as follows:

|                             | 1.11.2023<br>RM | Cash flows<br>RM | Non-cash          |                | 31.10.2024<br>RM |
|-----------------------------|-----------------|------------------|-------------------|----------------|------------------|
|                             |                 |                  | Acquisition<br>RM | Non-cash<br>RM |                  |
| <b>Group</b>                |                 |                  |                   |                |                  |
| Term loans                  | 6,345,198       | (6,345,198)      | -                 | -              | -                |
| Lease liabilities           | 96,084          | (43,597)         | -                 | (21,258)       | 31,229           |
| Hire purchase payables      | 1,344,401       | (635,375)        | 360,000           | -              | 1,069,026        |
| Bankers' acceptance         | 2,950,000       | (1,950,000)      | -                 | -              | 1,000,000        |
| Amount owing to a director  | 1,000           | (1,000)          | -                 | -              | -                |
| Amount owing to shareholder | 550,000         | (550,000)        | -                 | -              | -                |
|                             | 11,286,683      | (9,525,170)      | 360,000           | (21,258)       | 2,100,255        |

|                             | 1.11.2022<br>RM | Cash flows<br>RM | Non-cash          |                | 31.10.2023<br>RM |
|-----------------------------|-----------------|------------------|-------------------|----------------|------------------|
|                             |                 |                  | Acquisition<br>RM | Non-cash<br>RM |                  |
| <b>Unaudited</b>            |                 |                  |                   |                |                  |
| <b>Group</b>                |                 |                  |                   |                |                  |
| Term loans                  | 7,149,683       | (804,485)        | -                 | -              | 6,345,198        |
| Lease liabilities           | 108,033         | (52,923)         | 128,953           | (87,979)       | 96,084           |
| Hire purchase payables      | 1,325,364       | (501,063)        | 520,100           | -              | 1,344,401        |
| Bankers' acceptance         | 4,200,000       | (1,250,000)      | -                 | -              | 2,950,000        |
| Amount owing to a director  | 18,272          | (17,272)         | -                 | -              | 1,000            |
| Amount owing to shareholder | -               | 550,000          | -                 | -              | 550,000          |
|                             | 12,801,352      | (2,075,743)      | 649,053           | (87,979)       | 11,286,683       |

# **STATEMENTS OF CASH FLOWS**

## **FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024 (CONT'D)**

- (b) Reconciliation of changes in liabilities arising from financing activities are as follows: (continued)

| <b>Company</b>                      | <b>1.11.2023<br/>RM</b> | <b>Cash flows<br/>RM</b> | <b>Non-cash<br/>RM</b> | <b>31.10.2024<br/>RM</b> |
|-------------------------------------|-------------------------|--------------------------|------------------------|--------------------------|
| Amount owing by a fellow subsidiary | -                       | (4,500,000)              | 4,500,000              | -                        |
| Amount owing to shareholder         | 550,000                 | (550,000)                | -                      | -                        |
|                                     | <hr/>                   | <hr/>                    | <hr/>                  | <hr/>                    |
|                                     | 550,000                 | (5,050,000)              | 4,500,000              | -                        |
| <b>Company</b>                      | <b>1.11.2022<br/>RM</b> | <b>Cash flows<br/>RM</b> | <b>Non-cash<br/>RM</b> | <b>31.10.2023<br/>RM</b> |
| Amount owing to shareholder         | -                       | 550,000                  | -                      | 550,000                  |
|                                     | <hr/>                   | <hr/>                    | <hr/>                  | <hr/>                    |

- (c) Total cash outflows for leases

During the financial year, the Group had total cash outflow for leases of RM982,987 (2023: RM993,288).

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

Kawan Renergy Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on ACE Market of Bursa Malaysia Securities on 29 May 2024. The registered office of the Company is located at No. 37B, Jalan Basco Kepayang 1, Basco Avenue @ Kepayang, 31400, Ipoh, Perak, Malaysia. The principal place of business of the Company is located at No. 18, Lebuh Perusahaan 1, Kawasan Perindustrian IGB, 31200 Ipoh, Perak.

The principal activity of the Company is involved in activities of holding companies. The principal activities of its subsidiaries are disclosed in Note 6.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 February 2025.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Adoption of new MFRS and amendments to MFRSs

The Group and the Company have adopted the following applicable new MFRS and amendments to MFRSs for the current financial year:

#### New MFRS

MFRS 17 Insurance Contracts

#### Amendment to MFRSs

MFRS 101 Presentation of Financial Statements

MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

MFRS 112 Income Taxes

The adoption of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Group and the Company and did not result in significant changes to the Group's and the Company's existing accounting policies, except as discussed below:

#### ***Amendments to MFRS 101 Presentation of Financial Statements***

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective

- (a) The Group and the Company have not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective:

|                            |   | Effective<br>for financial<br>periods<br>beginning on or<br>after |
|----------------------------|---|---|
| <b>New MFRS</b>            |   |   |
| MFRS 18                    | Presentation and Disclosure in Financial Statements | 1 January 2027  |
| <b>Amendments to MFRSs</b> |   |   |
| MFRS 1                     | First-time Adoption of MFRSs                        | 1 January 2026  |
| MFRS 7                     | Financial Instruments: Disclosures                  | 1 January 2024/<br>1 January 2026                                 |
| MFRS 9                     | Financial Instruments                               | 1 January 2026  |
| MFRS 10                    | Consolidated Financial Statements                   | 1 January 2026/<br>Deferred                                       |
| MFRS 16                    | Leases  | 1 January 2024  |
| MFRS 101                   | Presentation of Financial Statements                | 1 January 2024  |
| MFRS 107                   | Statements of Cash Flows                            | 1 January 2024/<br>1 January 2026                                 |
| MFRS 121                   | The Effects of Change in Foreign Exchange Rates     | 1 January 2025  |
| MFRS 128                   | Investment in Associate and Joint Ventures          | Deferred  |

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below:

#### ***MFRS 18 Presentation and Disclosure in Financial Statements***

MFRS 18 replaces MFRS 101 Presentation of Financial Statements. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity’s financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the “operating” category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as “other” to be labelled and/or described in as faithfully representative and precise a way as possible.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below: (continued)

##### ***Amendments to MFRS 16 Leases***

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

##### ***Amendments to MFRS 101 Presentation of Financial Statements***

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

##### ***Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures***

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangements – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

##### ***Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates***

Amendments to MFRS 121 respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.

Applying the Amendments, entities will be applying a consistent approach in determining if a currency can be exchanged into another currency. These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

# **NOTES TO THE FINANCIAL STATEMENTS**

## **(CONT'D)**

### **2. BASIS OF PREPARATION (CONT'D)**

#### **2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below: (continued)

##### ***Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures***

These narrow scope amendments to MFRS 9 clarify the classification and measurement requirements, including:

- clarify how the contractual cash flows on financial assets with environmental, social and corporate governance and similar features should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.
- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The Amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

- (c) The initial application of the above new MFRS and amendments to MFRSs are not expected to have any material impact on the financial statements.

#### **2.4 Functional and presentation currency**

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

#### **2.5 Basis of measurement**

The financial statements of the Group and the Company have been prepared on the historical cost basis.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and the Company.

#### 3.1 Basis of consolidation

##### **Subsidiaries and business combination**

The Group applies the acquisition method of accounting except for those business combinations which were accounted for using the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

#### 3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses.

#### 3.3 Financial instruments

##### **Financial assets - subsequent measurement and gains and losses**

###### Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

###### **Financial liabilities – subsequent measurement and gains and losses**

The Group and the Company classifies the financial liabilities at amortised cost. The Group and the Company subsequently measures the financial liabilities at amortised cost under the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 3.4 Property, plant and equipment

Property, plant and equipment other than right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

|                        | Useful lives<br>(years) |
|------------------------|-------------------------|
| Buildings              | 33                      |
| Plant and machinery    | 7 – 10                  |
| Motor vehicles         | 5                       |
| Furniture and fittings | 10                      |
| Office equipment       | 5 – 10                  |
| Computers and software | 2.5 – 5                 |
| Renovation             | 10                      |
| Right-of-use assets    | 2 – 99                  |

#### 3.5 Leases

##### (a) Lessee accounting

The Group presents right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 13.

###### Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

###### Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

###### Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

#### 3.6 Inventories

Inventories are measured 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:

- raw materials: purchase costs on a first-in first-out basis
- work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 3.7 Revenue

##### Financing components

The Group and the Company has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components as the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

##### **(a) Design fabrication, installation and/or commissioning solution**

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with credit term, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group and the Company recognise a contract liability for the difference.

##### **(b) Power generation and sale of electricity**

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

##### **(c) Dividend income**

Dividend income is recognised when the right to receive payment is established.

# **NOTES TO THE FINANCIAL STATEMENTS**

## **(CONT'D)**

### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

#### **(a) Impairment of trade receivables**

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history and existing market conditions at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the trade receivables. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's trade receivables are disclosed in Note 26(b)(i).

#### **(b) Construction revenue**

The Group recognised construction revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligations determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgment is required in determining the progress towards complete satisfaction of performance obligation, the extent of construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgment, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of the Group's contract assets and contract liabilities are disclosed in Note 9.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT

|   | Note | Buildings<br>RM                   | Plant and<br>machinery<br>RM | Motor<br>vehicles<br>RM          | Furniture<br>and<br>fittings<br>RM | Office<br>equipment<br>RM    | Computers<br>and<br>software<br>RM | Renovation<br>RM     | Right-of-<br>use assets<br>RM | Total<br>RM                                      |
|---|------|-----------------------------------|------------------------------|----------------------------------|------------------------------------|------------------------------|------------------------------------|----------------------|-------------------------------|--|
| <b>Group</b>                                  |      |                                   |                              |                                  |                                    |                              |                                    |                      |                               |  |
| <b>Cost</b>                                   |      |                                   |                              |                                  |                                    |                              |                                    |                      |                               |  |
| At 1 November 2023<br>(Unaudited)             |      | 11,810,427<br>39,647<br>(650,000) | 22,177,891<br>934,648        | 2,815,267<br>640,552<br>(45,800) | 1,669,168<br>43,438<br>(2,420)     | 402,896<br>39,590<br>(4,360) | 1,222,380<br>126,594<br>(122,816)  | 41,025               | 5,012,952                     | 45,152,006<br>1,824,469<br>(825,396)<br>(45,138) |
| Additions                                     |      |                                   |                              |                                  |                                    |                              |                                    |                      |                               |  |
| Disposals                                     |      |                                   |                              |                                  |                                    |                              |                                    |                      |                               |  |
| Termination                                   |      |                                   |                              |                                  |                                    |                              |                                    |                      |                               |  |
| At 31 October 2024                            |      | 11,200,074                        | 23,112,539                   | 3,410,019                        | 1,710,186                          | 438,126                      | 1,226,158                          | 41,025               | 4,967,814                     | 46,105,941                                       |
| <b>Accumulated depreciation</b>               |      |                                   |                              |                                  |                                    |                              |                                    |                      |                               |  |
| At 1 November 2023<br>(Unaudited)             |      | 2,177,365                         | 16,664,509                   | 1,491,374                        | 942,670                            | 227,972                      | 646,410                            | 7,252                | 650,166                       | 22,807,718                                       |
| Depreciation charge for the<br>financial year |      | 21                                | 340,288<br>(33,583)          | 1,902,564<br>-                   | 488,182<br>(12,213)                | 111,060<br>(414)             | 29,645<br>(3,002)                  | 288,020<br>(122,788) | 4,102                         | 121,354<br>-                                     |
| Disposals                                     |      |                                   |                              |                                  |                                    |                              |                                    |                      |                               |  |
| Termination                                   |      |                                   |                              |                                  |                                    |                              |                                    |                      |                               |  |
| At 31 October 2024                            |      | 2,484,070                         | 18,567,073                   | 1,967,343                        | 1,053,316                          | 254,615                      | 811,642                            | 11,354               | 747,215                       | 25,896,628                                       |
| <b>Carrying amount</b>                        |      |                                   |                              |                                  |                                    |                              |                                    |                      |                               |  |
| At 1 November 2023<br>(Unaudited)             |      | 9,633,062                         | 5,513,382                    | 1,323,893                        | 726,498                            | 174,924                      | 575,970                            | 33,773               | 4,362,786                     | 22,344,288                                       |
| At 31 October 2024                            |      | 8,716,004                         | 4,545,466                    | 1,442,676                        | 656,870                            | 183,511                      | 414,516                            | 29,671               | 4,220,599                     | 20,209,313                                       |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|  | Note | Buildings<br>RM | Plant and<br>machinery<br>RM | Motor<br>vehicles<br>RM | Furniture<br>and<br>fittings<br>RM | Office<br>equipment<br>RM | Computers<br>and<br>software<br>RM | Renovation<br>RM | Right-of-<br>use assets<br>RM | Total<br>RM |
|--|------|-----------------|------------------------------|-------------------------|------------------------------------|---------------------------|------------------------------------|------------------|-------------------------------|-------------|
| <b>Group (Unaudited)</b>                   |      |                 |                              |                         |                                    |                           |                                    |                  |                               |             |
| <b>Cost</b>                                |      |                 |                              |                         |                                    |                           |                                    |                  |                               |             |
| At 1 November 2022                         |      | 11,702,041      | 20,570,981                   | 2,243,305               | 1,545,181                          | 371,791                   | 602,306                            | 41,025           | 5,015,588                     | 42,092,218  |
| Additions                                  |      | 838,386         | 1,606,910                    | 864,962                 | 125,507                            | 31,105                    | 620,074                            | -                | 128,952                       | 4,215,896   |
| Disposals                                  |      | (730,000)       | -                            | (293,000)               | (1,520)                            | -                         | -                                  | -                | -                             | (1,024,520) |
| Termination                                |      | -               | -                            | -                       | -                                  | -                         | -                                  | -                | -                             | (131,588)   |
| At 31 October 2023                         |      | 11,810,427      | 22,177,891                   | 2,815,267               | 1,669,168                          | 402,896                   | 1,222,380                          | 41,025           | 5,012,952                     | 45,152,006  |
| <b>Accumulated depreciation</b>            |      |                 |                              |                         |                                    |                           |                                    |                  |                               |             |
| At 1 November 2022                         |      | 1,861,935       | 14,747,526                   | 1,475,497               | 840,078                            | 202,724                   | 561,673                            | 3,149            | 564,735                       | 20,257,317  |
| Depreciation charge for the financial year | 21   | 343,413         | 1,916,983                    | 308,874                 | 102,820                            | 25,248                    | 84,737                             | 4,103            | 129,758                       | 2,915,936   |
| Disposals                                  |      | (27,983)        | -                            | (292,997)               | (228)                              | -                         | -                                  | -                | -                             | (321,208)   |
| Termination                                |      | -               | -                            | -                       | -                                  | -                         | -                                  | -                | -                             | (44,327)    |
| At 31 October 2023                         |      | 2,177,365       | 16,664,509                   | 1,491,374               | 942,670                            | 227,972                   | 646,410                            | 7,252            | 650,166                       | 22,807,718  |
| <b>Carrying amount</b>                     |      |                 |                              |                         |                                    |                           |                                    |                  |                               |             |
| At 1 November 2022                         |      | 9,840,106       | 5,823,455                    | 767,808                 | 705,103                            | 169,067                   | 40,633                             | 37,876           | 4,450,853                     | 21,834,901  |
| At 31 October 2023                         |      | 9,633,062       | 5,513,382                    | 1,323,893               | 726,498                            | 174,924                   | 575,970                            | 33,773           | 4,362,786                     | 22,344,288  |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### (a) Assets pledged as security

Leasehold land and buildings with a carrying amount of RM12,814,476 (2023: RM13,177,790) has been pledged as security to secure loans and borrowings of the Group as disclosed in Note 13.

Plant and machinery with carrying amount of RM761,936 (2023: RM933,856) have been pledged as security for the hire purchase arrangement as disclosed in Note 13(c).

Motor vehicles with carrying amount of RM802,197 (2023: RM811,434) have been pledged as security for the hire purchase arrangement as disclosed in Note 13(c).

Furniture and fittings with carrying amount of RM149,308 (2023: RM169,808) have been pledged as security for the hire purchase arrangement as disclosed in Note 13(c).

Leased assets are pledged as security for the related lease liabilities as disclosed in Note 13(b).

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

The Group leases several assets including leasehold land and buildings.

Information about leases for which the Group is lessee is presented below:

|  | <b>Leasehold<br/>land<br/>RM</b> | <b>Buildings<br/>RM</b> | <b>Total<br/>RM</b> |
|--|----------------------------------|-------------------------|---------------------|
| <b>Group</b>                               |                                  |                         |                     |
| <b>Carrying amount</b>                     |                                  |                         |                     |
| At 1 November 2022 (Unaudited)             | 4,345,315                        | 105,538                 | 4,450,853           |
| Additions                                  | -                                | 128,952                 | 128,952             |
| Depreciation charge for the financial year | (77,492)                         | (52,266)                | (129,758)           |
| Termination                                | -                                | (87,261)                | (87,261)            |
| At 31 October 2023 (Unaudited)             | 4,267,823                        | 94,963                  | 4,362,786           |
| Depreciation charge for the financial year | (77,490)                         | (43,864)                | (121,354)           |
| Termination                                | -                                | (20,833)                | (20,833)            |
| At 31 October 2024                         | 4,190,333                        | 30,266                  | 4,220,599           |

The Group leases land and buildings for its operation and office space. The leases for the leasehold land and buildings generally have lease term of two (2) to ninety nine (99) years.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 6. INVESTMENT IN SUBSIDIARIES

|                 | Company    |            |
|-----------------|------------|------------|
|                 | 2024<br>RM | 2023<br>RM |
| <b>At costs</b> |            |            |
| Unquoted shares | 49,696,206 | -          |

Details of the subsidiaries are as follows:

| Name of company  | Principal place of business/<br>Country of incorporation | Ownership interest |      | Principal activities   |
|--|--|--------------------|------|--|
|  |  | 2024               | 2023 |  |
| Kawan Engineering Sdn. Bhd. ("KESB")   | Malaysia   | 100%               | 100% | Engaged in design, fabrication, installation and/or commissioning of industrial process equipment and industrial process plants.   |
| Kawan Green Energy Sdn. Bhd.   | Malaysia   | 100%               | -    | Engaged in design, fabrication, installation and/or commissioning of renewable energy and co-generation plants.  |
| <b>Subsidiaries of KESB</b>  |  |                    |      |  |
| Kawan Green Energy Sdn. Bhd.   | Malaysia   | -                  | 100% | Engaged in design, fabrication, installation and/or commissioning of renewable energy and co-generation plants.  |
| Magenko Renewables (Asia) Sdn. Bhd.  | Malaysia   | 100%               | 100% | Dormant. Engaged as an Independent Power Producer ("IPP") involved in power generation and sales of electricity, steam thermal energy, biofuels, biomass, plantation of biomass feed stock |
| <b>Subsidiaries of Magenko Renewables (Asia) Sdn. Bhd.</b>                             |  |                    |      |  |
| Magenko Renewables (Ipoh) Sdn. Bhd.  | Malaysia   | 100%               | 100% | Engaged as an IPP involved in power generation and sales of electricity.   |
| Magenko Bio Energy Sdn. Bhd. (formerly known as Magenko Renewables (Penang) Sdn. Bhd.) | Malaysia   | 100%               | 100% | Engaged as an IPP involved in power generation and sales of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass feed stock  |

### 7. INVENTORIES

|                  | Group<br>Unaudited |            |
|------------------|--------------------|------------|
|                  | 2024<br>RM         | 2023<br>RM |
| Raw materials    |                    |            |
| Work-in-progress | 1,638,710          | 2,338,157  |
|                  | 112,500            | 112,500    |
|                  | <hr/>              | <hr/>      |
|                  | 1,751,210          | 2,450,657  |

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM32,338,909 (2023: RM34,776,567).

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 8. TRADE AND OTHER RECEIVABLES

|   | Note | Group<br>Unaudited |            | Company    |            |
|---|------|--------------------|------------|------------|------------|
|   |      | 2024<br>RM         | 2023<br>RM | 2024<br>RM | 2023<br>RM |
| <b>Trade</b>                                    |      |                    |            |            |            |
| Trade receivables                               | (a)  | 22,599,424         | 20,620,886 | -          | -          |
| Less: Impairments loss<br>for trade receivables |      | (274,068)          | (151,487)  | -          | -          |
|   |      | 22,325,356         | 20,469,399 | -          | -          |
| <b>Non-trade</b>                                |      |                    |            |            |            |
| Other receivables                               |      | 1,313,139          | 767,142    | -          | -          |
| Deposits  |      | 199,778            | 301,547    | 1,800      | 500        |
| Prepayments                                     | (b)  | 1,488,457          | 1,265,770  | 2,370      | -          |
|   |      | 3,001,374          | 2,334,459  | 4,170      | 500        |
| Total trade and other receivables               |      | 25,326,730         | 22,803,858 | 4,170      | 500        |

#### (a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group range from 7 to 120 days (2023: 7 to 120 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

##### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of the movement in the impairment of trade receivables are as follows:

|                               | Note | Group<br>Unaudited |             |
|-------------------------------|------|--------------------|-------------|
|                               |      | 2024<br>RM         | 2023<br>RM  |
| At 1 January                  |      | 151,487            | 2,652,980   |
| Charge for the financial year |      |                    |             |
| - Collectively assessed       | 21   | 122,581            | -           |
| Reversal of impairment loss   | 18   | -                  | (127,203)   |
| Written off                   |      | -                  | (2,374,290) |
| At 31 October                 |      | 274,068            | 151,487     |

The information about the credit risk exposure are disclosed in Note 26(b)(i).

#### (b) Prepayment

Prepayment of the Group was in relation to the advance payment for the purchase of raw materials.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 9. CONTRACT ASSETS/(LIABILITIES)

|   | Group        |              |
|---|--------------|--------------|
|   | Unaudited    |              |
|   | 2024         | 2023         |
|   | RM           | RM           |
| Contract assets relating to construction service contracts      | 22,832,466   | 15,446,623   |
| Contract liabilities relating to construction service contracts | (14,107,715) | (28,897,751) |

#### (a) Contract assets

The contract asset represents the Group's right to consideration for the work performed for the construction contracts but yet to be billed. Contract assets are transferred to receivables when the Group issue progress billings to the customers. Typically, the payments are expected within 7 to 120 days (2023: 7 to 120 days).

#### (b) Contract liabilities

The contract liabilities represent invoice billed for the construction service contracts for which performance milestones have not yet been met and/or satisfied. The contract liabilities are expected to be recognised as revenue over a period of 1 to 2 years.

#### (c) Significant changes in contract balances

|   | Group   |  |   |  |
|---|---|--|---|--|
|   | 2024  |  | 2023  |  |
|   | Contract<br>assets<br>Increase/<br>(decrease)<br>RM | Contract<br>liabilities<br>Decrease/<br>(increase)<br>RM | Contract<br>assets<br>Increase/<br>(decrease)<br>RM | Contract<br>liabilities<br>Decrease/<br>(increase)<br>RM |
| Revenue recognised that was included in contract liabilities at the beginning of the financial year | -   | 27,500,311   | -   | 13,825,741   |
| Increase due to invoice issued to customer, but revenue not recognised                              | -   | (12,971,693)   | -   | (27,245,434)   |
| Movement as a result of change in the measure of progress   | (265,089)   | 261,418  | (189,896)   | (202,092)  |
| Increase due to revenue recognised for unbilled goods or services transferred to customers          | 21,914,001  | -  | 14,873,843  | -  |
| Transfers from contract assets recognised at the beginning of the financial year to receivables     | (14,263,069)  | -  | (11,804,387)  | -  |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 9. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

#### (d) Revenue recognised in relation to contract balances

|  | Group<br>Unaudited |            |
|--|--------------------|------------|
|  | 2024<br>RM         | 2023<br>RM |
| Revenue recognised that was included in contract liability at the beginning of the financial year  | 27,500,311         | 13,825,741 |
| Revenue recognised that was included in the contract liability balance at the beginning of the financial year represented primarily revenue from the construction service contracts. |                    |            |

### 10. CASH AND SHORT-TERM DEPOSITS

|                        | Group<br>Unaudited |            | Company    |            |
|------------------------|--------------------|------------|------------|------------|
|                        | 2024<br>RM         | 2023<br>RM | 2024<br>RM | 2023<br>RM |
| Cash and bank balances | 11,782,630         | 13,584,050 | 850,098    | 239,380    |
| Short-term deposits    | 45,555,394         | 31,162,236 | 23,000,000 | -          |
|                        | 57,338,024         | 44,746,286 | 23,850,098 | 239,380    |

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

|                        | Group<br>Unaudited |             | Company    |            |
|------------------------|--------------------|-------------|------------|------------|
|                        | 2024<br>RM         | 2023<br>RM  | 2024<br>RM | 2023<br>RM |
| Short-term deposits    | 45,555,394         | 31,162,236  | 23,000,000 | -          |
| Less: Pledged deposits | (5,773,683)        | (5,598,338) | -          | -          |
|                        | 39,781,711         | 25,563,898  | 23,000,000 | -          |
| Cash and bank balances | 11,782,630         | 13,584,050  | 850,098    | 239,380    |
|                        | 51,564,341         | 39,147,948  | 23,850,098 | 239,380    |

Short-term deposits placed with licensed banks of the Group RM5,773,683 (2023: RM5,598,338) have been pledged to the licensed banks to secure credit facilities granted to the Group as disclosed in Note 13.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 11. SHARE CAPITAL/INVESTED EQUITY

#### (a) Share capital

|   | Company                   |              |                   |            |
|---|---------------------------|--------------|-------------------|------------|
|   | Number of ordinary shares |              | Amounts           |            |
|   | 2024<br>Unit              | 2023<br>Unit | 2024<br>RM        | 2023<br>RM |
| <b>Issued and fully paid-up (no par value):</b> |                           |              |                   |            |
| At 1 January                                    | 1                         | 1            | 1                 | 1          |
| Issuance of shares                              | 110,000,000               | -            | 33,000,000        | -          |
| Shares issued for acquisition of a subsidiary   | 439,999,999               | -            | 45,144,000        | -          |
| Transaction costs on shares issued              | -                         | -            | (1,000,000)       | -          |
| At 31 December                                  | <b>550,000,000</b>        | <b>1</b>     | <b>77,144,001</b> | <b>1</b>   |

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.

On 13 March 2024, the Company issued 439,999,999 new ordinary shares at a price of RM0.1026 per ordinary share for a total consideration of RM45,144,000 pursuant to the internal restructuring for the acquisition of Kawan Engineering Sdn. Bhd..

On 27 May 2024, the Company issued 110,000,000 new ordinary shares at a price of RM0.3000 per ordinary share for a total consideration of RM33,000,000 pursuant to the Initial Public Offering ("IPO") of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

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

#### (b) Invested equity

|   | Company                   |                           |                         |                         |
|---|---------------------------|---------------------------|-------------------------|-------------------------|
|   | Number of ordinary shares |                           | Amounts                 |                         |
|   | Unaudited<br>2024<br>Unit | Unaudited<br>2023<br>Unit | Unaudited<br>2024<br>RM | Unaudited<br>2023<br>RM |
| <b>Issued and fully paid-up (no par value):</b> |                           |                           |                         |                         |
| At 1 November                                   | 10,200,001                | 10,200,001                | 10,200,001              | 10,200,001              |
| Issuance of shares                              | 110,000,000               | -                         | 33,000,000              | -                       |
| Shares issued for acquisition of a subsidiary   | 429,799,999               | -                         | 45,144,000              | -                       |
| Merger deficit                                  | -                         | -                         | (10,200,000)            | -                       |
| Transaction costs on shares issued              | -                         | -                         | (1,000,000)             | -                       |
| At 31 October                                   | <b>550,000,000</b>        | <b>10,200,001</b>         | <b>77,144,001</b>       | <b>10,200,001</b>       |

For the purpose of this report, the invested equity represents the aggregate number of issued shares of Kawan Renergy Berhad, Kawan Engineering Sdn. Bhd. and Kawan Green Energy Sdn. Bhd..

### 12. MERGER DEFICIT

The merger deficit were resulted from the difference between the cost of investment in subsidiaries and the nominal value of the share capital of the Company's subsidiary upon consolidation under the merger method of accounting.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 13. LOANS AND BORROWINGS

|                                    | Note | 2024<br>RM | Group<br>Unaudited<br>2023<br>RM |
|------------------------------------|------|------------|----------------------------------|
| <b>Non-current:</b>                |      |            |                                  |
| Term loans                         | (a)  | -          | 5,517,383                        |
| Lease liabilities                  | (b)  | 8,941      | 43,720                           |
| Hire purchase payables             | (c)  | 518,948    | 763,133                          |
|                                    |      | 527,889    | 6,324,236                        |
| <b>Current:</b>                    |      |            |                                  |
| Term loans                         | (a)  | -          | 827,815                          |
| Lease liabilities                  | (b)  | 22,288     | 52,364                           |
| Hire purchase payables             | (c)  | 550,078    | 581,268                          |
| Bankers' acceptance                | (d)  | 1,000,000  | 2,950,000                        |
|                                    |      | 1,572,366  | 4,411,447                        |
| <b>Total loans and borrowings:</b> |      |            |                                  |
| Term loans                         | (a)  | -          | 6,345,198                        |
| Lease liabilities                  | (b)  | 31,229     | 96,084                           |
| Hire purchase payables             | (c)  | 1,069,026  | 1,344,401                        |
| Bankers' acceptance                | (d)  | 1,000,000  | 2,950,000                        |
|                                    |      | 2,100,255  | 10,735,683                       |

#### (a) Term loans

Term loan 1 of the Group of RMNIL (2023: RM339,778) bears interest at NIL% (2023: 3.50%) per annum and is repayable by monthly instalments over sixty (60) months commencing from the day of first drawdown and is secured and supported as follows:

- (i) Secure against corporate guarantee; and
- (ii) Secure against government guarantee provided by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") issued by SJPP.

Term loan 1 has been fully repaid during the financial year.

Term loan 2 of the Group of RMNIL (2023: RM6,005,420) bears interest at NIL% (2023: 4.25%) per annum and is repayable by monthly instalments over ninety six (96) months commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over leasehold land and buildings of the Group as disclosed in Note 5; and
- (ii) Secure against corporate guarantee.

Term loan 2 has been fully repaid and the pledged leasehold land and building were discharged during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 13. LOANS AND BORROWINGS (CONT'D)

#### (b) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

|   | Group<br>Unaudited |            |
|---|--------------------|------------|
|   | 2024<br>RM         | 2023<br>RM |
| Minimum lease payments:                             |                    |            |
| - Not later than one year                           | 23,030             | 54,960     |
| - Later than one year and not later than five years | 9,000              | 44,630     |
|   |                    |            |
| Less: Future finance charges                        | 32,030             | 99,590     |
|   | (801)              | (3,507)    |
|   |                    |            |
| Present value of minimum lease payments             | 31,229             | 96,083     |
|   |                    |            |
| Present value of minimum lease payments:            |                    |            |
| - Not later than one year                           | 22,288             | 52,363     |
| - Later than one year and not later than five years | 8,941              | 43,720     |
|   |                    |            |
| Less: Amount due within twelve months               | 31,229             | 96,083     |
|   | (22,288)           | (52,363)   |
|   |                    |            |
| Amount due after twelve months                      | 8,941              | 43,720     |
|   |                    |            |

#### (c) Hire purchase payables

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

|   | Group<br>Unaudited |            |
|---|--------------------|------------|
|   | 2024<br>RM         | 2023<br>RM |
| Minimum lease payments:                             |                    |            |
| - Not later than one year                           | 586,174            | 633,382    |
| - Later than one year and not later than five years | 549,253            | 801,820    |
|   |                    |            |
| Less: Future finance charges                        | 1,135,427          | 1,435,202  |
|   | (66,401)           | (90,801)   |
|   |                    |            |
| Present value of minimum lease payments             | 1,069,026          | 1,344,401  |
|   |                    |            |
| Present value of minimum lease payments:            |                    |            |
| - Not later than one year                           | 550,078            | 581,268    |
| - Later than one year and not later than five years | 518,948            | 763,133    |
|   |                    |            |
| Less: Amount due within twelve months               | 1,069,026          | 1,344,401  |
|   | (550,078)          | (581,268)  |
|   |                    |            |
| Amount due after twelve months                      | 518,948            | 763,133    |
|   |                    |            |

Hire purchase payables of the Group of RM1,069,026 (2023: RM1,344,401) bear interest ranging from 4.22% to 6.70% (2023: 4.22% to 6.70%) per annum and are secured by the Group plant and machinery, motor vehicles and furniture and fittings.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 13. LOANS AND BORROWINGS (CONT'D)

#### (d) Bankers' acceptances

Bankers' acceptances bear interest of 4.54% (2023: 4.54% to 4.63%) per annum and is secured and supported as follows:

- (i) Legal charge over the leasehold land and building of the Group as disclosed in Note 5;
- (ii) Legal charge over fixed deposits together with all interest as disclosed in Note 10; and
- (iii) Secure against corporate guarantee.

### 14. DEFERRED INCOME

|  | Group     |         |
|--|-----------|---------|
|  | Unaudited |         |
|  | 2024      | 2023    |
|  | RM        | RM      |
| <b>Non-current</b>                               |           |         |
| Government grants:                               |           |         |
| At 1 November                                    | 74,654    | -       |
| Received during the financial year               | 181,800   | 77,900  |
| Released to profit or loss                       | (15,365)  | (3,246) |
| Less: Amount to be released within twelve months | (25,970)  | (7,790) |
| At 31 October                                    | 215,119   | 66,864  |
| <b>Current</b>                                   |           |         |
| Government grants                                | 25,970    | 7,790   |
| At 31 October                                    | 241,089   | 74,654  |

#### Government grants relates to assets

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

### 15. DEFERRED TAX LIABILITIES

| Group                            | Unaudited                      |  | Unaudited                      |  | At 31<br>October<br>2024<br>RM |  |  |  |  |  |  |
|----------------------------------|--------------------------------|--|--------------------------------|--|--------------------------------|--|--|--|--|--|--|
|                                  | At 1<br>November<br>2022<br>RM | Recognised in<br>profit or loss<br>(Note 23)<br>RM | At 31<br>October<br>2023<br>RM | Recognised in<br>profit or loss<br>(Note 23)<br>RM |                                |  |  |  |  |  |  |
|                                  |                                |  |                                |  |                                |  |  |  |  |  |  |
| <b>Deferred tax liabilities:</b> |                                |  |                                |  |                                |  |  |  |  |  |  |
| Property, plant and equipment    |                                |  |                                |  |                                |  |  |  |  |  |  |
| Unrealised foreign exchange      | (689,120)                      | (24,692)   | (713,812)                      | 157,904  | (555,908)                      |  |  |  |  |  |  |
|                                  | -                              | (425,644)  | (425,644)                      | 454,423  | 28,779                         |  |  |  |  |  |  |
|                                  | (689,120)                      | (450,336)  | (1,139,456)                    | 612,327  | (527,129)                      |  |  |  |  |  |  |
| <b>Deferred tax assets:</b>      |                                |  |                                |  |                                |  |  |  |  |  |  |
| Impairment loss on receivables   | 636,715                        | (600,358)  | 36,357                         | 29,419   | 65,776                         |  |  |  |  |  |  |
|                                  | (52,405)                       | (1,050,694)  | (1,103,099)                    | 641,746  | (461,353)                      |  |  |  |  |  |  |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 15 DEFERRED TAX LIABILITIES (CONT'D)

#### Unrecognised deferred tax assets

|                                       | Group<br>Unaudited |             |
|---------------------------------------|--------------------|-------------|
|                                       | 2024<br>RM         | 2023<br>RM  |
| Property, plant and equipment         | (1,750,169)        | (2,808,620) |
| Unused tax losses                     | 2,567,079          | 1,495,785   |
| Unabsorbed capital allowance          | 7,898,972          | 7,858,016   |
|                                       | <hr/>              | <hr/>       |
|                                       | 8,715,882          | 6,545,181   |
| Potential deferred tax benefit at 24% | <hr/>              | <hr/>       |
|                                       | 2,091,812          | 1,570,843   |

The availability of unused tax losses for offsetting against future taxable profits of the Group are subject to requirements under the Income Tax, 1967 and guidelines issued by the tax authority.

The unused tax losses are available for offset against future taxable profits of the Group up to the following years:

|      | Group<br>Unaudited |            |
|------|--------------------|------------|
|      | 2024<br>RM         | 2023<br>RM |
| 2028 | 814,168            | 814,168    |
| 2030 | 232,917            | 232,917    |
| 2031 | 160,849            | 160,849    |
| 2032 | 134,297            | 134,297    |
| 2033 | 153,554            | 153,554    |
| 2034 | 1,071,294          | -          |
|      | <hr/>              | <hr/>      |
|      | 2,567,079          | 1,495,785  |

### 16. TRADE AND OTHER PAYABLES

| Note                           | Group<br>Unaudited |            | Company    |            |
|--------------------------------|--------------------|------------|------------|------------|
|                                | 2024<br>RM         | 2023<br>RM | 2024<br>RM | 2023<br>RM |
| <b>Trade</b>                   |                    |            |            |            |
| Trade payables                 | (a)                |            |            |            |
| - Third parties                |                    | 9,792,885  | 10,282,116 | -          |
| Retention sums                 |                    | 664,816    | 259,741    | -          |
|                                |                    | <hr/>      | <hr/>      | <hr/>      |
|                                |                    | 10,457,701 | 10,541,857 | -          |
| <b>Non-trade</b>               |                    |            |            |            |
| Other payables                 | (b)                | 421,878    | 453,205    | 38,359     |
| Accruals                       |                    | 3,835,885  | 979,416    | 297        |
| Amount owing to a shareholder  |                    | -          | 550,000    | 6,148      |
| Amount owing to a director     | (b)                | -          | 1,000      | 550,000    |
|                                |                    | <hr/>      | <hr/>      | <hr/>      |
|                                |                    | 4,257,763  | 1,983,621  | 305,895    |
| Total trade and other payables |                    | 14,715,464 | 12,525,478 | 556,445    |
|                                |                    | <hr/>      | <hr/>      | <hr/>      |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 16. TRADE AND OTHER PAYABLES (CONT'D)

#### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 7 to 90 days (2023: 7 to 90 days).

#### (b) Amount owing to a shareholder and a director

Amount owing to a shareholder and a director were unsecured, non-interest bearing, repayable on demand and were fully settled.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 26(b)(ii).

### 17. REVENUE

|   | Group<br>Unaudited |            | Company    |            |
|---|--------------------|------------|------------|------------|
|   | 2024<br>RM         | 2023<br>RM | 2024<br>RM | 2023<br>RM |
| <b>Revenue from contract with customers:</b>  |                    |            |            |            |
| Design, fabrication, installation and/or commissioning solution                     | 112,958,380        | 98,196,674 | -          | -          |
| Power generation and sales of electricity   | 156,048            | 181,774    | -          | -          |
| Sales of steam, thermal energy, biofuels, biomass, plantation of biomass fuel stock | 3,360              | -          | -          | -          |
| Dividend income   | -                  | -          | 52,206     |            |
|   | 113,117,788        | 98,378,448 | 52,206     | -          |
| <b>Timing of revenue recognition:</b>   |                    |            |            |            |
| At a point in time  | 3,360              | -          | 52,206     |            |
| Over time   | 113,114,428        | 98,378,448 | -          | -          |
|   | 113,117,788        | 98,378,448 | 52,206     | -          |

On 7 March 2024, a subsidiary, namely, KESB declared a distribution of its equity interest of 100% in Kawan Green Energy Sdn. Bhd. at a consideration of RM52,206 to Kawan Renergy Berhad by way of dividend-in-species.

### 18 OTHER INCOME

|   | Group<br>Unaudited |            |
|---|--------------------|------------|
|   | 2024<br>RM         | 2023<br>RM |
| Insurance claimed                                 | 14,795             | 4,860      |
| Net unrealised foreign exchange gain              | -                  | 1,773,517  |
| Reversal of impairment loss on trade receivables  | -                  | 127,203    |
| Bad debts recovered                               | 174,053            | -          |
| Gain on disposal of property, plant and equipment | -                  | 135,188    |
| Gain on termination of lease                      | 425                | 718        |
| Amortisation of government grant income           | 15,365             | 3,246      |
| Miscellaneous                                     | 204,703            | 69,921     |
|   | 409,341            | 2,114,653  |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 19. FINANCE INCOME

|  | Group      |            | Company    |            |
|--|------------|------------|------------|------------|
|  | Unaudited  |            | 2024<br>RM | 2023<br>RM |
|  | 2024<br>RM | 2023<br>RM |            |            |
| Interest income on short-term deposits | 1,232,964  | 777,311    | 264,093    | -          |

### 20. FINANCE COSTS

|                          | Group      |            | Company    |            |
|--------------------------|------------|------------|------------|------------|
|                          | Unaudited  |            | 2024<br>RM | 2023<br>RM |
|                          | 2024<br>RM | 2023<br>RM |            |            |
| Interest expense on:     |            |            |            |            |
| - Term loans             | 220,659    | 274,832    |            |            |
| - Lease liabilities      | 2,364      | 3,708      |            |            |
| - Hire purchase payables | 64,619     | 78,914     |            |            |
| - Bankers' acceptance    | 64,570     | 91,533     |            |            |
|                          | 352,212    | 448,987    |            |            |

### 21. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit/(loss) before tax:

|   | Note | Group      |            | Company    |            |
|---|------|------------|------------|------------|------------|
|   |      | 2024<br>RM | 2023<br>RM | 2024<br>RM | 2023<br>RM |
| Auditors' remuneration - statutory audit:         |      |            |            |            |            |
| - Baker Tilly Monteiro Heng PLT                   |      | 122,000    | 57,000     | 25,000     | 3,000      |
| - Other auditors                                  |      | -          | 8,900      | -          | -          |
| Other services:                                   |      |            |            |            |            |
| - Baker Tilly Monteiro Heng PLT                   |      | 131,000    | 276,000    | 21,000     | -          |
| Tax compliance fee                                |      | 19,700     | 19,250     | 1,800      | 1,200      |
| Depreciation of property, plant and equipment     | 5    | 3,285,215  | 2,915,936  | -          | -          |
| Loss on disposal of property, plant and equipment |      | 107,296    | -          | -          | -          |
| Bad debts written off                             |      | -          | 350,436    | -          | -          |
| Impairment loss on trade receivables              | 8    | 122,581    | -          | -          | -          |
| Expenses relating to short-term lease:            |      |            |            |            |            |
| - Premises  |      | 67,700     | 144,480    | -          | -          |
| Expenses relating to lease of low value assets:   |      |            |            |            |            |
| - Office equipment                                |      | 13,320     | 19,440     | -          | -          |
| Expenses relating to variable lease payment:      |      |            |            |            |            |
| - Office equipment                                |      | 20,500     | 23,400     | -          | -          |
| - Motor vehicles                                  |      | 3,556      | 2,249      | -          | -          |
| - Tools and machinery                             |      | 131,956    | 167,111    | -          | -          |
| Net realised foreign exchange loss                |      | -          | 1,434,944  | -          | -          |
| Net unrealised foreign exchange loss              |      | 118,118    | -          | -          | -          |
| Employee benefits expense                         | 22   | 14,520,468 | 10,911,121 | 178,000    | 2,000      |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 22. EMPLOYEE BENEFITS EXPENSE

|   | Group      |            | Company    |            |
|---|------------|------------|------------|------------|
|   | Unaudited  |            | 2024<br>RM | 2023<br>RM |
|   | 2024       | 2023       |            |            |
|   | RM         | RM         | RM         | RM         |
| Directors' fees                         | 160,000    | 12,000     | 160,000    | -          |
| Salaries, wages, bonuses and allowances | 12,933,534 | 9,748,770  | 18,000     | 2,000      |
| Defined contribution plans              | 1,049,623  | 852,391    | -          | -          |
| Other staff related expenses            | 377,311    | 297,960    | -          | -          |
|   | 14,520,468 | 10,911,121 | 178,000    | 2,000      |

Included in employee benefits expense are:

|                                |           |         |   |   |
|--------------------------------|-----------|---------|---|---|
| Directors of the Company       |           |         |   |   |
| Executive directors            |           |         |   |   |
| - Fees                         | -         | 12,000  | - | - |
| - Salaries and bonuses         | 907,860   | 240,500 | - | - |
| - Defined contribution plans   | 94,716    | 30,024  | - | - |
| - Other staff related expenses | 5,169     | 1,328   | - | - |
|                                | 1,007,745 | 283,852 | - | - |

|                         |           |         |         |       |
|-------------------------|-----------|---------|---------|-------|
| Non-executive directors |           |         |         |       |
| - Fees                  | 160,000   | -       | 160,000 | -     |
| - Allowances            | 18,000    | 2,000   | 18,000  | 2,000 |
|                         | 178,000   | 2,000   | 178,000 | 2,000 |
|                         | 1,185,745 | 285,852 | 178,000 | 2,000 |

### 23. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 October 2024 and 31 October 2023 are as follows:

|  | Group     |           | Company    |            |
|--|-----------|-----------|------------|------------|
|  | Unaudited |           | 2024<br>RM | 2023<br>RM |
|  | 2024      | 2023      |            |            |
|  | RM        | RM        | RM         | RM         |
| <b>Statements of comprehensive income</b>      |           |           |            |            |
| <b>Current income tax:</b>                     |           |           |            |            |
| - Current income tax charge                    | 8,782,626 | 4,716,830 | 63,382     | -          |
| - Adjustment in respect of prior year          | 360,265   | (149,959) | -          | -          |
|  | 9,142,891 | 4,566,871 | 63,382     | -          |
| <b>Deferred tax (Note 15):</b>                 |           |           |            |            |
| - Origination of temporary differences         | (497,075) | 947,231   | -          | -          |
| - Adjustment in respect of prior year          | (144,671) | 103,463   | -          | -          |
|  | (641,746) | 1,050,694 | -          | -          |
| Income tax expense recognise in profit or loss | 8,501,145 | 5,617,565 | 63,382     | -          |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 23. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated taxable profit/(loss) for the financial years.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expenses are as follows:

|   | Group      |                         | Company     |            |
|---|------------|-------------------------|-------------|------------|
|   | 2024<br>RM | Unaudited<br>2023<br>RM | 2024<br>RM  | 2023<br>RM |
| Profit/(loss) before tax  | 26,509,835 | 18,919,752              | (3,582,856) | (308,108)  |
| Tax at Malaysian statutory income tax rate of 24%                     | 6,362,360  | 4,540,740               | (859,885)   | (73,946)   |
| Adjustments:  |            |                         |             |            |
| - Income not subject to tax   | (95,019)   | (20,955)                | (12,529)    | -          |
| - Non-deductible expenses   | 1,497,241  | 855,015                 | 935,796     | 73,946     |
| - Deferred tax not recognised on tax losses and temporary differences | 520,969    | 289,261                 | -           | -          |
| - Adjustment in respect of current income tax of prior year           | 360,265    | (149,959)               | -           | -          |
| - Adjustment in respect of deferred tax of prior year                 | (144,671)  | 103,463                 | -           | -          |
| Income tax expense  | 8,501,145  | 5,617,565               | 63,382      | -          |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 24. EARNING PER SHARE

#### (a) Basic earning per ordinary share

The basic earning per ordinary share are based on the profit for the financial year attributable to ordinary equity holders of the Group and weighted average number of ordinary shares outstanding during the financial year.

The basic earning per ordinary share are computed as follows:

|  | Group<br>Unaudited | 2024<br>RM | 2023<br>RM |
|--|--------------------|------------|------------|
| Profit attributable to owners of the Group         | 18,008,690         | 13,302,187 |            |
| Weighted average number of ordinary shares:        |                    |            |            |
| Number of ordinary shares in issue as of 1 January | 10,200,001         | 10,200,001 |            |
| Effect of issuance of number of ordinary shares    | 330,730,959        | -          |            |
|  | <hr/>              | <hr/>      | <hr/>      |
|  | 340,930,960        | 10,200,001 |            |
| Basic earning per share (RM)                       | 0.05               | 1.30       |            |
|  | <hr/>              | <hr/>      | <hr/>      |

#### (b) Diluted earning per ordinary share

The diluted earning per share of the Company for the financial year ended 31 October 2024 and 31 October 2023 is equal to the basic earning per share of the Group as there are no potential dilutive ordinary shares in issue.

### 25. DIVIDENDS

|  | Group<br>Unaudited | 2024<br>RM | 2023<br>RM |
|--|--------------------|------------|------------|
| <b>Recognised during the financial year:</b>   |                    |            |            |
| Dividends on ordinary shares:  |                    |            |            |
| - Single-tier interim dividend for the financial year ended 31 October 2023: RM0.50 per ordinary share, paid on 28 August 2023*  |                    | -          | 5,000,000  |
| - Single-tier interim dividend for the financial year ended 31 October 2024: RM0.34 per ordinary share, paid on 18 January 2024* |                    | 5,000,000  | -          |
| - Single-tier interim dividend for the financial year ended 31 October 2024: RM0.34 per ordinary share, paid on 2 February 2024* |                    | 5,000,000  | -          |
|  | <hr/>              | <hr/>      | <hr/>      |
|  | 10,000,000         | 5,000,000  |            |
|  | <hr/>              | <hr/>      | <hr/>      |

\* It represents the dividend declared by a subsidiary, KESB to its shareholders prior to the acquisition by the Company.

On 28 November 2024, the directors declared a single tier interim dividend of 1.25 sen per ordinary share which will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 October 2025.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 26. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned at amortised cost:

|   | Carrying<br>amount<br>RM | Amortised<br>cost<br>RM |
|---|--------------------------|-------------------------|
| <b>Group</b>                                  |                          |                         |
| <b>At 31 October 2024</b>                     |                          |                         |
| <b>Financial assets</b>                       |                          |                         |
| Trade and other receivables, less prepayments | 23,838,273               | 23,838,273              |
| Cash and short-term deposits                  | 57,338,024               | 57,338,024              |
|   | <hr/>                    | <hr/>                   |
|   | 81,176,297               | 81,176,297              |
| <b>Financial liabilities</b>                  |                          |                         |
| Loans and borrowings, less lease liabilities  | (2,069,026)              | (2,069,026)             |
| Trade and other payables                      | (14,715,464)             | (14,715,464)            |
|   | <hr/>                    | <hr/>                   |
|   | (16,784,490)             | (16,784,490)            |
| <b>Company</b>                                |                          |                         |
| <b>At 31 October 2024</b>                     |                          |                         |
| <b>Financial assets</b>                       |                          |                         |
| Other receivables, less prepayments           | 1,800                    | 1,800                   |
| Cash and short-term deposits                  | 23,850,098               | 23,850,098              |
|   | <hr/>                    | <hr/>                   |
|   | 23,851,898               | 23,851,898              |
| <b>Financial liability</b>                    |                          |                         |
| Other payables                                | (305,895)                | (305,895)               |
|   | <hr/>                    | <hr/>                   |
| <b>Group</b>                                  |                          |                         |
| <b>Unaudited</b>                              |                          |                         |
| <b>At 31 October 2023</b>                     |                          |                         |
| <b>Financial assets</b>                       |                          |                         |
| Trade and other receivables, less prepayments | 21,538,088               | 21,538,088              |
| Cash and short-term deposits                  | 44,746,286               | 44,746,286              |
|   | <hr/>                    | <hr/>                   |
|   | 66,284,374               | 66,284,374              |
| <b>Financial liabilities</b>                  |                          |                         |
| Loans and borrowings, less lease liabilities  | (10,639,599)             | (10,639,599)            |
| Trade and other payables                      | (12,525,478)             | (12,525,478)            |
|   | <hr/>                    | <hr/>                   |
|   | (23,165,077)             | (23,165,077)            |
| <b>Company</b>                                |                          |                         |
| <b>At 31 October 2023</b>                     |                          |                         |
| <b>Financial assets</b>                       |                          |                         |
| Other receivables, less prepayments           | 500                      | 500                     |
| Cash and bank balances                        | 239,380                  | 239,380                 |
|   | <hr/>                    | <hr/>                   |
|   | 239,880                  | 239,880                 |
| <b>Financial liability</b>                    |                          |                         |
| Other payables                                | (556,445)                | (556,445)               |
|   | <hr/>                    | <hr/>                   |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 26. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

##### (i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their investing activities, including deposits with banks and financial institution, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit worthiness of a customer is assessed based on a set of evaluation criteria and individual credit limits are defined in accordance with this assessment.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than credit term unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

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

#### Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group uses ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group also takes appropriate actions (including but not limited to legal actions) to recover long past due balances.

# **NOTES TO THE FINANCIAL STATEMENTS**

## **(CONT'D)**

### **26. FINANCIAL INSTRUMENTS (CONT'D)**

#### **(b) Financial risk management (cont'd)**

##### **(i) Credit risk (cont'd)**

###### **Trade receivables and contract assets (cont'd)**

###### Credit risk concentration profile

At the end of the reporting periods, the Group has a significant concentration of credit risk in the form of three (3) (2023: three (3)) major trade receivables, representing approximately 41% (2023: 45%) of the Group's total trade receivables.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. The Group uses a provision matrix to measure expected credit losses for trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information. Forward-looking information considered includes consideration of various external sources of actual and forecast economic information that relate to the Company's core operations. The Company believe that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 26. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (cont'd)

##### (i) Credit risk (cont'd)

###### Trade receivables and contract assets (cont'd)

The information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix are as follows:

|                                       | Contract assets | Current    | 1 to 30 days past due | Trade receivables      |                        |                         | >120 days past due | Total      |
|---------------------------------------|-----------------|------------|-----------------------|------------------------|------------------------|-------------------------|--------------------|------------|
|                                       |                 |            |                       | 31 to 60 days past due | 61 to 90 days past due | 91 to 120 days past due |                    |            |
| <b>Group</b>                          |                 |            |                       |                        |                        |                         |                    |            |
| <b>31 October 2024</b>                |                 |            |                       |                        |                        |                         |                    |            |
| Expected credit loss rate             | 0.0%            | 1.2%       | 0.9%                  | 3.1%                   | 0.1%                   | 1.5%                    | 1.7%               | 1.2%       |
| Gross carrying amount at default (RM) | 22,832,466      | 10,123,371 | 3,563,026             | 655,119                | 1,918,140              | 1,342,913               | 4,996,855          | 22,599,424 |
| Impairment losses (RM)                | -               | 118,393    | 30,884                | 20,368                 | 1,215                  | 20,070                  | 83,138             | 274,068    |
| <b>Group (Unaudited)</b>              |                 |            |                       |                        |                        |                         |                    |            |
| <b>31 October 2023</b>                |                 |            |                       |                        |                        |                         |                    |            |
| Expected credit loss rate             | 0.0%            | 0.7%       | 0.1%                  | 0.7%                   | 1.5%                   | 1.0%                    | 3.7%               | 0.7%       |
| Gross carrying amount at default (RM) | 15,446,623      | 3,376,109  | 13,540,463            | 609,293                | 321,644                | 119,887                 | 2,653,490          | 20,620,886 |
| Impairment losses (RM)                | -               | 23,590     | 14,966                | 4,091                  | 4,820                  | 5,035                   | 98,985             | 151,487    |

# **NOTES TO THE FINANCIAL STATEMENTS**

## **(CONT'D)**

### **26. FINANCIAL INSTRUMENTS (CONT'D)**

#### **(b) Financial risk management (cont'd)**

##### **(i) Credit risk (cont'd)**

###### **Other receivables and other financial assets**

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant increases in credit risk on other financial instruments of the same counterparty;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparties in the group and changes in the operating results of the counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than credit terms in making a contractual payment.

Some intercompany balances between entities within the Group comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

At the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

###### **Financial guarantee contracts**

The Group is exposed to credit risk in relation to financial guarantee given to banks in respect of loans granted to certain subsidiaries customers. The Group monitors the results of the subsidiaries and their repayments on a on-going basis. The maximum exposure to credit risk amounts to RM7,712,958 (2023: RM1,512,527) representing the maximum amount the Group could pay if the guarantee is called on as disclosed in Note 26(b)(ii). As at the reporting date, there was no loss allowance for impairment as determined by the Group for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' to secured borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 26. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (cont'd)

##### (ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables and loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

##### Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

|                               | Carrying amount<br>RM | Contractual cash flows           |                             |                         | Total<br>RM |  |  |
|-------------------------------|-----------------------|----------------------------------|-----------------------------|-------------------------|-------------|--|--|
|                               |                       | On demand or within 1 year<br>RM | Between 1 and 5 years<br>RM | More than 5 years<br>RM |             |  |  |
| <b>Group</b>                  |                       |                                  |                             |                         |             |  |  |
| <b>31 October 2024</b>        |                       |                                  |                             |                         |             |  |  |
| Trade and other payables      | 14,715,464            | 14,715,464                       | -                           | -                       | 14,715,464  |  |  |
| Lease liabilities             | 31,229                | 23,030                           | 9,000                       | -                       | 32,030      |  |  |
| Hire purchase payables        | 1,069,026             | 586,174                          | 549,253                     | -                       | 1,135,427   |  |  |
| Bankers' acceptance           | 1,000,000             | 1,000,000                        | -                           | -                       | 1,000,000   |  |  |
| Financial guarantee contracts | -                     | 4,251,609                        | 3,461,349                   | -                       | 7,712,958   |  |  |
|                               | 16,815,719            | 20,576,277                       | 4,019,602                   | -                       | 24,595,879  |  |  |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 26. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (cont'd)

##### (ii) Liquidity risk (cont'd)

###### Maturity analysis (cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (continued)

|                               | Carrying amount<br>RM | Contractual cash flows                 |                                   |                            | Total<br>RM |  |  |
|-------------------------------|-----------------------|--|-----------------------------------|----------------------------|-------------|--|--|
|                               |                       | On demand<br>or within<br>1 year<br>RM | Between<br>1 and 5<br>years<br>RM | More than<br>5 years<br>RM |             |  |  |
| <b>Group (Unaudited)</b>      |                       |  |                                   |                            |             |  |  |
| <b>31 October 2023</b>        |                       |  |                                   |                            |             |  |  |
| Trade and other payables      | 12,525,478            | 12,525,478                             | -                                 | -                          | 12,525,478  |  |  |
| Term loans                    | 6,345,198             | 1,079,316                              | 4,064,501                         | 2,212,253                  | 7,356,070   |  |  |
| Lease liabilities             | 96,084                | 54,960                                 | 44,630                            | -                          | 99,590      |  |  |
| Hire purchase payables        | 1,344,401             | 633,382                                | 801,820                           | -                          | 1,435,202   |  |  |
| Bankers' acceptance           | 2,950,000             | 2,950,000                              | -                                 | -                          | 2,950,000   |  |  |
| Financial guarantee contracts | -                     | 1,209,646                              | 302,881                           | -                          | 1,512,527   |  |  |
|                               | 23,261,161            | 18,452,782                             | 5,213,832                         | 2,212,253                  | 25,878,867  |  |  |
| <br><b>Company</b>            |                       |  |                                   |                            |             |  |  |
| <b>31 October 2024</b>        |                       |  |                                   |                            |             |  |  |
| Other payables                | 305,895               | 305,895                                | -                                 | -                          | 305,895     |  |  |
| <br><b>31 October 2023</b>    |                       |  |                                   |                            |             |  |  |
| Other payables                | 556,445               | 556,445                                | -                                 | -                          | 556,445     |  |  |

##### (iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales and purchases that are denominated in a foreign currency). Management has set up a policy that requires all companies within the Group to manage its treasury activities and exposures. The Group also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The foreign currencies in which these transactions are denominated are United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR") and Great British Pound ("GBP").

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 26. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (cont'd)

##### (iii) Foreign currency risk (cont'd)

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

|  | Group<br>Unaudited | 2024<br>RM | 2023<br>RM |
|--|--------------------|------------|------------|
| <b>At 31 October</b>   |                    |            |            |
| <b>Financial assets and liabilities not held in functional currencies:</b> |                    |            |            |
| <b><u>Trade receivables</u></b>  |                    |            |            |
| USD  | 4,512,784          | 2,368,675  |            |
| SGD  | 501,059            | 1,887,655  |            |
|  | <hr/>              | <hr/>      |            |
|  | 5,013,843          | 4,256,330  |            |
| <b><u>Cash and short-term deposits</u></b>                                 |                    |            |            |
| USD  | 5,001,216          | 6,578,527  |            |
| SGD  | 2,083,696          | 1,129,112  |            |
| EUR  | 134,579            | 122,863    |            |
| GBP  | -                  | 8,773      |            |
|  | <hr/>              | <hr/>      |            |
|  | 7,219,491          | 7,839,275  |            |
| <b><u>Trade payables</u></b>   |                    |            |            |
| USD  | 85,833             | 85,833     |            |
|  | <hr/>              | <hr/>      |            |

#### Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure mainly relates to USD, SGD, EUR and GBP.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, SGD, EUR and GBP with all other variables held constant on the Group's total equity and profit for the financial years:

|                           | Change in rate | Effect on profit for the financial year/<br>equity % | RM    |
|---------------------------|----------------|--|-------|
| <b>At 31 October 2024</b> |                |  |       |
| USD                       |                |  |       |
|                           | +5             | 358,270  |       |
|                           | -5             | (358,270)  |       |
| SGD                       |                |  |       |
|                           | +5             | 98,221   |       |
|                           | -5             | (98,221)   |       |
| EUR                       |                |  |       |
|                           | +5             | 5,114  |       |
|                           | -5             | (5,114)  |       |
|                           |                |  | <hr/> |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 26. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (cont'd)

##### (iii) Foreign currency risk (cont'd)

###### Sensitivity analysis for foreign currency risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the USD, SGD, EUR and GBP with all other variables held constant on the Group's total equity and profit for the financial years:

(cont'd)

|                                       | Change in rate | Effect on profit for the financial year/equity % | RM    |
|---------------------------------------|----------------|--|-------|
| <b>At 31 October 2023 (Unaudited)</b> |                |  |       |
| USD                                   | +5<br>-5       | 336,732<br>(336,732)                             |       |
| SGD                                   | +5<br>-5       | 114,637<br>(114,637)                             |       |
| EUR                                   | +5<br>-5       | 4,669<br>(4,669)                                 |       |
| GBP                                   | +5<br>-5       | 333<br>(333)                                     |       |
|                                       |                |  | <hr/> |

##### (iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings with floating interest rates.

###### Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial years:

|                           | Carrying amount | Change in basis points | Effect on profit for the financial year/equity % |
|---------------------------|-----------------|------------------------|--|
|                           | RM              |                        | RM   |
| <b>Group</b>              |                 |                        |  |
| <b>Unaudited</b>          |                 |                        |  |
| <b>At 31 October 2023</b> |                 |                        |  |
| Term loans                | 6,345,198       | +50<br>-50             | (24,112)<br>24,112                               |
|                           |                 |                        | <hr/>  |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 26. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Fair value measurement

The carrying amount of cash and cash equivalents, short-term receivables and payables and short-term loans and borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no material transfers between Level 1 and Level 2 during the financial year (2023: no transfer in either direction).

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

|                            | Carrying<br>amount<br>RM | Fair value of financial instruments |  |               | Total<br>RM |
|----------------------------|--------------------------|-------------------------------------|--|---------------|-------------|
|                            |                          | Level 1<br>RM                       | not carried at fair value<br>Level 2<br>RM | Level 3<br>RM |             |
| <b>Group</b>               |                          |                                     |  |               |             |
| <b>Unaudited</b>           |                          |                                     |  |               |             |
| <b>At 31 October 2023</b>  |                          |                                     |  |               |             |
| <b>Financial liability</b> |                          |                                     |  |               |             |
| <b>Non-current</b>         |                          |                                     |  |               |             |
| Term loans                 | 5,517,383                | -                                   | -  | 4,706,698     | 4,706,698   |

#### Level 3 fair value

##### Fair value of financial instruments not carried at fair value

The fair value of liability component of term loans are calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of similar liabilities.

### 27. RELATED PARTIES

#### (a) Identity of related parties

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

Related parties of the Group and of the Company include:

- (i) Fellow subsidiaries;
- (ii) Entity in which a person connected to a director that has a substantial financial interests;
- (iii) Entity in which a director has a substantial financial interests;
- (iv) Shareholders;
- (v) A director; and
- (vi) Key management personnel of the Group and of the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 27. RELATED PARTIES (CONT'D)

#### (b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

|  | Group<br>Unaudited |            | Company    |            |
|--|--------------------|------------|------------|------------|
|  | 2024<br>RM         | 2023<br>RM | 2024<br>RM | 2023<br>RM |
| <b>Sales of goods/services</b>   |                    |            |            |            |
| - Entity in which a person connected to a director that has a substantial financial interest | -                  | 88,678     | -          | -          |
| - Entity in which a director that has a substantial financial interest                       | -                  | 378,881    | -          | -          |
| <b>Purchase of goods/services</b>  |                    |            |            |            |
| - Entity in which a director that has a substantial financial interest                       | -                  | 770,945    | -          | -          |
| <b>Settlement of liabilities by the entity on behalf of another party</b>                    |                    |            |            |            |
| - Fellow subsidiary  | -                  | -          | 1,903,853  | -          |
| - Entity in which a director has a substantial financial interest                            | -                  | 31,487     | -          | 30,500     |
| <b>Dividend received</b>   |                    |            |            |            |
| - Subsidiary   | -                  | -          | 52,206     | -          |
| - Shareholders   | 10,000,000         | 5,000,000  | -          | -          |
| <b>Advances to</b>   |                    |            |            |            |
| - Fellow subsidiary  | -                  | -          | 5,748,515  | -          |
| <b>Advances from</b>   |                    |            |            |            |
| - Fellow subsidiary  | -                  | -          | 700,000    | -          |
| - Shareholder  | -                  | 550,000    | -          | 550,000    |
| <b>Repayment from</b>  |                    |            |            |            |
| - Fellow subsidiaries  | -                  | -          | 485,846    | -          |

Significant outstanding balances with related parties at the end of the reporting periods are disclosed in Note 16.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 27. RELATED PARTIES (CONT'D)

#### (c) Compensation of key management personnel

|                                    | Group<br>Unaudited |            | Company    |            |
|------------------------------------|--------------------|------------|------------|------------|
|                                    | 2024<br>RM         | 2023<br>RM | 2024<br>RM | 2023<br>RM |
| - Fees                             | 160,000            | 12,000     | 160,000    | -          |
| - Salaries, bonuses and allowances | 1,727,040          | 1,011,300  | 18,000     | 2,000      |
| - Defined contribution plans       | 174,099            | 124,220    | -          | -          |
| - Other staff related expenses     | 11,752             | 8,273      | -          | -          |
|                                    | 2,072,891          | 1,155,793  | 178,000    | 2,000      |

The estimated value of benefits-in-kind provided to the key management personnel of the Group during the financial year amounted to RM60,462 (2023: RM59,304)

### 28. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during financial years ended 31 October 2024 and 31 October 2023.

The Group and the Company monitor capital using net gearing ratio. The net gearing ratio is calculated as net debts divided by total equity. The net gearing ratio as at 31 October 2024 and 31 October 2023 are as follows:

|                                    | Note | Group<br>Unaudited |              | Company      |            |
|------------------------------------|------|--------------------|--------------|--------------|------------|
|                                    |      | 2024<br>RM         | 2023<br>RM   | 2024<br>RM   | 2023<br>RM |
| Loans and borrowings               | 13   | 2,100,255          | 10,735,683   | -            | -          |
| Less: Cash and short-term deposits |      | (57,338,024)       | (44,746,286) | (23,850,098) | (239,380)  |
| Net debts                          |      | (55,237,769)       | (34,010,603) | (23,850,098) | (239,380)  |
| Total equity                       |      | 93,440,907         | 53,432,217   | 73,181,197   | (316,565)  |
| Net gearing ratio (times)          |      | N/A                | N/A          | N/A          | N/A        |

There were no changes in the Group's and the Company's approach to capital management during the financial years under review.

The Group is required to maintain a gearing ratio of 2.5 times to comply with a bank covenant. The Group has not breached the covenant.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 29. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by directors for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follows:

| Segments   | Products and services  |
|--|--|
| Design, fabrication, installation and/or commissioning solutions | Design, fabrication, installation and/or commissioning for industrial process equipment, industrial process plants and renewable energy and co-generation plants |
| Others   | Provision of IPP involved in power generation and sale of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass fuel stock                |

Other non-reportable segments involved in business of investment holding which are below the quantitative thresholds for determining reportable segments.

Inter-segment pricing is determined on negotiated basis.

#### Factors used to identify reportable segments

The design, fabrication, installation and/or commissioning solution business is the reportable contract segment due to long-term profit margins. This operating segment is evaluated internally as a single business unit.

The power generation and sale of electricity segment are identified as separate reportable segments due to the regulatory environments in which the business operates.

#### Segment profit

Segment performance is used to measure performance as Group's Managing Director believes that such information is the most relevant in evaluating the results of certain segment relative to other entities that operate within these industries.

#### Segment assets and liabilities

Segments assets and liabilities information are neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence, no disclosure is made on segments assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 29. SEGMENT INFORMATION (CONT'D)

|  | Design, fabrication, installation and/<br>or commissioning solutions |                                       |            | Renewable<br>energy and<br>co-generation<br>plants | Others      | Total<br>RM |
|--|--|---------------------------------------|------------|--|-------------|-------------|
|  | Industrial<br>process<br>equipment<br>RM                             | Industrial<br>process<br>plants<br>RM |            |  |             |             |
| <b>31 October 2024</b>                               |  |                                       |            |  |             |             |
| <b>Revenue:</b>                                      |  |                                       |            |  |             |             |
| Revenue from external customer                       | 60,201,917   | 34,833,807                            | 17,922,656 | 159,408  | 113,117,788 |             |
| <b>Segment profit</b>                                | 16,478,614   | 9,024,175                             | 9,383,227  | (1,353,955)  | 33,532,061  |             |
| Other income   |  |                                       |            |  | 409,341     |             |
| Unallocated expenses                                 |  |                                       |            |  | (8,312,319) |             |
| Finance income                                       |  |                                       |            |  | 1,232,964   |             |
| Finance costs  |  |                                       |            |  | (352,212)   |             |
| Income tax expense                                   |  |                                       |            |  | (8,501,145) |             |
| Profit for the financial year                        |  |                                       |            |  | 18,008,690  |             |
| <b>Results:</b>                                      |  |                                       |            |  |             |             |
| <i>Included in the measure of segment profit is:</i> |  |                                       |            |  |             |             |
| Depreciation of property, plant and equipment        |  |                                       |            |  | 3,285,215   |             |
| Employee benefits expense                            |  |                                       |            |  | 14,520,468  |             |
| <b>Unaudited</b>                                     |  |                                       |            |  |             |             |
| <b>31 October 2023</b>                               |  |                                       |            |  |             |             |
| <b>Revenue:</b>                                      |  |                                       |            |  |             |             |
| Revenue from external customer                       | 48,438,861   | 27,707,412                            | 22,050,401 | 181,774  | 98,378,448  |             |
| <b>Segment profit</b>                                | 11,582,875   | 5,411,134                             | 8,114,287  | (1,112,242)  | 23,996,054  |             |
| Other income   |  |                                       |            |  | 2,114,653   |             |
| Unallocated expenses                                 |  |                                       |            |  | (7,519,279) |             |
| Finance income                                       |  |                                       |            |  | 777,311     |             |
| Finance costs  |  |                                       |            |  | (448,987)   |             |
| Income tax expense                                   |  |                                       |            |  | (5,617,565) |             |
| Profit for the financial year                        |  |                                       |            |  | 13,302,187  |             |
| <b>Results:</b>                                      |  |                                       |            |  |             |             |
| <i>Included in the measure of segment profit is:</i> |  |                                       |            |  |             |             |
| Depreciation of property, plant and equipment        |  |                                       |            |  | 2,915,936   |             |
| Employee benefits expense                            |  |                                       |            |  | 10,911,121  |             |

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 29. SEGMENT INFORMATION (CONT'D)

#### Geographical information

Revenue and non-current assets information based on the geographical location and customers are as follows:

|                                    | Revenue<br>RM | Non-current<br>assets<br>RM |
|------------------------------------|---------------|-----------------------------|
| <b>31 October 2024</b>             |               |                             |
| Malaysia                           | 97,689,464    | 20,209,313                  |
| Indonesia                          | 1,963,178     | -                           |
| Singapore                          | 1,933,534     | -                           |
| United States                      | 9,624,741     | -                           |
| Others                             | 1,906,871     | -                           |
|                                    | <hr/>         | <hr/>                       |
|                                    | 113,117,788   | 20,209,313                  |
| <b>31 October 2023 (Unaudited)</b> |               |                             |
| Malaysia                           | 80,597,158    | 22,344,288                  |
| Japan                              | 33,812        | -                           |
| Indonesia                          | 1,425,704     | -                           |
| Singapore                          | 1,037,583     | -                           |
| United States                      | 13,311,839    | -                           |
| Others                             | 1,972,352     | -                           |
|                                    | <hr/>         | <hr/>                       |
|                                    | 98,378,448    | 22,344,288                  |

#### Information about major customer

For design, fabrication, installation and/or commissioning solution, revenue from one (1) (2023: four (4)) customers represented approximately RM16,220,801 (2023: RM55,341,041) of the Group's total revenue.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 30. SIGNIFICANT EVENT DURING/SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

#### (a) Initial Public Offering

On 29 April 2024, the Company issued its prospectus for its Initial Public Offering entailing the public issue of 110,000,000 new ordinary shares, representing approximately 20% of the Company's enlarged number of shares, at an issue price of RM0.30 each to be allocated in the following manner:

- (i) 27,500,000 new shares available for application by the Malaysian Public;
- (ii) 19,250,000 new shares available for application by the eligible directors, employees and persons who have contributed to the success of the Group under the Pink Form Allocations; and
- (iii) 63,250,000 new shares available for application by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry.

On 29 May 2024, the Company was listed on the ACE Market of Bursa Securities.

#### (b) Acquisition of I Precision Sdn. Bhd.

On 24 September 2024, KESB, a subsidiary, entered into a Share Subscription Agreement ("SSA") with I Precision Sdn. Bhd. to acquire a 51% equity interest for a total purchase consideration of RM2,400,000. This consideration is to be fully satisfied through the issuance of 210,216,200 new ordinary shares at an issue price of RM0.0114 per share.

On 22 November 2024, KESB, through the written confirmation of the other shareholders of I Precision Sdn. Bhd. solicitors, mutually agreed to extend the SSA for an additional one-month period beyond the initial 60-day timeframe, which expired on 23 November 2024. Consequently, the last day of the extended conditional period was extended to 23 December 2024 to allow for the fulfilment of all conditions precedent. For the avoidance of doubt, all other terms and conditions of the SSA remain unchanged.

On 23 December 2024, all conditions precedent were fulfilled, pending the registration of the shares in the Company's name in the Register of Members of I Precision Sdn. Bhd.

Upon completion of the registration, I Precision Sdn. Bhd. will become a 51% owned subsidiary of the Company through KESB.

### 31. COMPARATIVE FIGURES

The acquisition of the entire issued and paid-up share capital of Kawan Engineering Sdn. Bhd. by the Company was a business combination involving entity under common control and did not result in any change in economic substance. Accordingly, the Group is a continuation of the acquired entity and accounted for as follows:

- (a) the assets and liabilities of the acquired entity are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- (b) the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- (c) the equity structure, however, reflects the equity structure of the Company and the difference arising from the change in equity structure of the Group will be accounted for in merger deficit.

The comparative figures were not audited as the Group was not in existence in the previous financial year.

# **STATEMENT BY DIRECTORS**

## **(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)**

We, **LIM THOU LAI** and **HENG SIEW AUN**, being two of the directors of KAWAN RENERGY BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2024 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**LIM THOU LAI**  
Director

.....  
**HENG SIEW AUN**  
Director

Kuala Lumpur

Date: 21 February 2025

# **STATUTORY DECLARATION**

## **(PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)**

I, **DORIS TAN CHUEN CHUEN**, being the officer primarily responsible for the financial management of KAWAN RENERGY BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying 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.

.....  
**DORIS TAN CHUEN CHUEN**  
(MIA Membership No: 14633)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 21 February 2025.

Before me,

.....  
Commissioner for Oaths

# **INDEPENDENT AUDITORS' REPORT**

## **TO THE MEMBERS OF KAWAN RENERGY BERHAD (INCORPORATED IN MALAYSIA)**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Kawan Renergy Berhad, which comprise the statements of financial position as at 31 October 2024 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 year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 85 to 134.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31 October 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### **Basis for Opinion**

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

#### *Independence and Other Ethical Responsibilities*

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

#### **Key Audit Matters**

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

#### **Group**

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#### **Trade receivables (Note 8 to the financial statements)**

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The Group has significant trade receivables as at 31 October 2024.

We focused on this area because the Group's expected credit losses assessment requires the exercise of significant judgement to be made by the directors, especially in determining the risk of default and expected credit loss rate, which are based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period. These judgements and assumptions by directors inherently uncertain.

#### **Our audit response:**

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and expected credit losses calculation;
- understanding the significant credit exposures which were significantly overdue or deemed to be in default, through reading of ageing reports and other collection or legal reports prepared by the Group;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and the directors' explanation on recoverability with significantly past due balances; and
- testing the mathematical computation of expected credit losses as at the end of the reporting period.

# **INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF KAWAN RENERGY BERHAD  
(INCORPORATED IN MALAYSIA) (CONT'D)

## **Key Audit Matters (Cont'd)**

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### **Revenue recognition for contract accounting (Note 17 to the financial statements)**

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The Group's accounting policy is to recognise the revenue from contract accounting over the period of contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of performance obligation is to be determined by reference to proportion of costs incurred for works performed to date bear to the estimated total costs for each project.

We focused on this area because the Group's revenue recognition requires the exercise of significant judgement to be made by the directors, particularly in determining the progress towards satisfaction of a performance obligation, the extent of the costs incurred, the estimated total contracts revenue and costs, as well as the recoverability of the contracts projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

**Our audit response:**

- reading the terms and conditions of the order confirmation with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing the Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project manager;
- comparing the Group's computed progress towards complete satisfaction of performance obligation for identified projects against progress report;
- checking the mathematical computation of recognised revenue for the projects during the financial year; and
- inquire the Group's assessment on the potential deduction to revenue arising from liquidated and ascertained damages against the contractual delivery dates and estimated delivery dates, progress reports, interview of relevant project personnel.

**Company**

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

# **INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF KAWAN RENERGY BERHAD  
(INCORPORATED IN MALAYSIA) (CONT'D)**

## **Responsibilities of the Directors for the Financial Statements**

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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 objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

# **INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF KAWAN RENERGY BERHAD  
(INCORPORATED IN MALAYSIA) (CONT'D)**

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

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

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

## **Other Matters**

1. Without qualifying our report, we draw attention to the Note 31 to the financial statements which states that the Group's comparative figures disclosed in the financial statements have not been audited.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT  
201906000600 (LLP0019411-LCA) & AF 0117  
Chartered Accountants

Paul Tan Hong  
No. 03459/11/2025 J  
Chartered Accountant

Kuala Lumpur

Date: 21 February 2025

# LIST OF PROPERTIES

| Owner Company               | Location and Address of Properties  | Brief Description of property and Existing use  | Land area / Built-up area (sq ft) | Age of Building (Years) | Tenure and Year of Expiry  | Date of acquisition | NBV as at 31 October 2024 (RM'million) |
|-----------------------------|---|---|-----------------------------------|-------------------------|--|---------------------|--|
| Kawan Engineering Sdn. Bhd. | PN 89535, Lot 181684, Mukim Hulu Kinta, Daerah Kinta, Perak<br><b>Property address:</b><br>No. 18, Lebuh Perusahaan Klebang 1, Kawasan Perusahaan IGB, 31200 Ipoh, Perak      | A parcel of industrial land with a single-storey open-sided factory with attic, a single-storey office with attic and other ancillary buildings (Factory 1) / Headquarter, factory and storage / Industrial | 90,449 / 60,007                   | 18                      | Leasehold of 99 years expiring on 17 October 2089 (approximately 65 years remaining as at 31 October 2024) | 15 September 2004   | 1.9                                    |
| Kawan Engineering Sdn. Bhd. | PN 89481, Lot 181630, Mukim Hulu Kinta, Daerah Kinta, Perak<br><b>Property address:</b><br>Lot 181630, Lebuh Perusahaan Klebang 11, Kawasan Perusahaan IGB, 31200 Ipoh, Perak | A parcel of industrial land with a single-storey open-sided factory, a double-storey office and other ancillary buildings (Factory 2) / Factory and storage / Industrial                                    | 91,999 / 63,825                   | 12                      | Leasehold of 99 years expiring on 17 October 2089 (approximately 65 years remaining as at 31 October 2024) | 22 June 2009        | 2.7                                    |
| Kawan Engineering Sdn. Bhd. | PN 89536, Lot 181685, Mukim Hulu Kinta, Daerah Kinta, Perak<br><b>Property address:</b><br>No. 25, Lebuh Perusahaan Klebang 1, Kawasan Perusahaan IGB, 31200 Ipoh, Perak      | A parcel of industrial land with 2 single-storey open-sided detached factory, a single-storey warehouse and other ancillary buildings (Factory 3) / Factory and storage / Industrial                        | 130,265 / 42,560                  | 26                      | Leasehold of 99 years expiring on 17 October 2089 (approximately 65 years remaining as at 31 October 2024) | 01 April 2022       | 8.1                                    |

# STATEMENT OF SHAREHOLDINGS

## AS AT 31 JANUARY 2025

Total Number of Issued Shares : 550,000,000  
 Class of Shares : Ordinary Shares  
 Voting Rights : One vote per ordinary share

### DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings     | No. of Holders | % of Holders   | No. of Shares      | % of Issued Share Capital |
|---------------------------|----------------|----------------|--------------------|---------------------------|
| Less than 100             | 18             | 0.797          | 400                | 0.000                     |
| 100 - 1,000               | 497            | 22.030         | 226,600            | 0.041                     |
| 1,001 - 10,000            | 1,054          | 46.719         | 5,363,700          | 0.975                     |
| 10,001 - 100,000          | 544            | 24.113         | 18,351,800         | 3.336                     |
| 100,001 - 27,499,999 (*)  | 142            | 6.294          | 157,397,500        | 28.617                    |
| 27,500,000 and above (**) | 1              | 0.044          | 368,660,000        | 67.029                    |
| <b>Total</b>              | <b>2,256</b>   | <b>100.000</b> | <b>550,000,000</b> | <b>100.000</b>            |

#### Notes:

- \* - Less than 5% of issued shares
- \*\* - 5% and above of issued shares

### TOP THIRTY (30) HOLDERS AS AT 31 JANUARY 2025

| Name of Holders  | No. of Shares Held | % of Issued Share Capital |
|--|--------------------|---------------------------|
| 1 Lim Thou Lai   | 368,660,000        | 67.029                    |
| 2 Citigroup Nominees (Tempatan) Sdn. Bhd.<br>Urusharta Jamaah Sdn. Bhd.                                      | 13,481,900         | 2.451                     |
| 3 Heng Siew Aun  | 11,000,000         | 2.000                     |
| 4 CIMB Islamic Nominees (Tempatan) Sdn. Bhd.<br>CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund    | 8,206,600          | 1.492                     |
| 5 Cartaban Nominees (Tempatan) Sdn. Bhd.<br>CN CIMB Commerce Trustee Berhad for Kenanga Growth Fund Series 2 | 8,172,300          | 1.485                     |
| 6 Lim Thou Kiong   | 6,600,000          | 1.200                     |
| 7 Chong Hon Choong   | 6,435,000          | 1.170                     |
| 8 Yeoh Yew Choo  | 6,213,600          | 1.129                     |
| 9 Maybank Nominees (Tempatan) Sdn. Bhd.<br>Mtrustee Berhad for Ethereal-Alpha EQ Fund                        | 4,896,800          | 0.890                     |
| 10 Maybank Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account for Chua Ray-Men                      | 4,275,100          | 0.777                     |
| 11 CIMB Group Nominees (Tempatan) Sdn. Bhd.<br>CIMB Commerce Trustee Berhad - Kenanga Malaysian Inc Fund     | 4,190,000          | 0.761                     |
| 12 Maybank Nominees (Tempatan) Sdn. Bhd.<br>Exempt An for Areca Capital Sdn. Bhd.                            | 3,972,600          | 0.722                     |
| 13 Kenanga Nominees (Tempatan) Sdn. Bhd.<br>One IFC Hotel Sdn. Bhd.  | 3,687,100          | 0.670                     |
| 14 CIMB Islamic Nominees (Tempatan) Sdn. Bhd.<br>CIMB Islamic Trustee Berhad - Kenanga Islamic Balanced Fund | 2,733,200          | 0.496                     |
| 15 Maybank Nominees (Tempatan) Sdn. Bhd.<br>Maybank Trustees Berhad For Kenanga Oneprs Growth Fund           | 2,555,900          | 0.464                     |
| 16 CIMB Group Nominees (Tempatan) Sdn. Bhd.<br>CIMB Islamic Trustee Berhad for PMB Shariah Equity Fund       | 2,500,000          | 0.454                     |

# STATEMENT OF SHAREHOLDINGS

## AS AT 31 JANUARY 2025 (CONT'D)

### TOP THIRTY (30) HOLDERS AS AT 31 JANUARY 2025 (CONT'D)

| Name of Holders   | No. of Shares Held | % of Issued Share Capital |
|---|--------------------|---------------------------|
| 17 Maybank Nominees (Tempatan) Sdn. Bhd.<br>Mtrustee Berhad for Ethereal Capital Sdn. Bhd. (Growth Fund)          | 2,443,000          | 0.444                     |
| 18 Maybank Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account for Yong Koon Seng                         | 2,370,100          | 0.430                     |
| 19 Sharizan Bin Abd Bahrin  | 2,142,500          | 0.389                     |
| 20 Maybank Securities Nominees (Tempatan) Sdn. Bhd.<br>One IFC Residence Sdn. Bhd.                                | 2,015,100          | 0.366                     |
| 21 Amanahraya Trustees Berhad<br>PMB Dana Bestari   | 2,000,000          | 0.363                     |
| 22 CIMB Group Nominees (Tempatan) Sdn. Bhd.<br>CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund | 1,845,700          | 0.335                     |
| 23 Maybank Nominees (Tempatan) Sdn. Bhd.<br>National Trust Fund (IFM Kenanga)                                     | 1,770,800          | 0.321                     |
| 24 Lau Peng Lee   | 1,558,000          | 0.283                     |
| 25 Num Siew Yoke  | 1,519,800          | 0.276                     |
| 26 Amanahraya Trustees Berhad<br>PMB Dana Al-Aiman  | 1,500,000          | 0.272                     |
| 27 Citigroup Nominees (Tempatan) Sdn. Bhd.<br>Kenanga Islamic Investors Bhd for Tabung Warisan Negeri Selangor    | 1,427,300          | 0.259                     |
| 28 Maybank Nominees (Tempatan) Sdn. Bhd.<br>Maybank Trustees Berhad For Kenanga Amanah Saham Wanita               | 1,378,800          | 0.250                     |
| 29 Amanahraya Trustees Berhad<br>PMB Shariah Tactical Fund  | 1,200,000          | 0.218                     |
| 30 Maybank Securities Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account for Lai Hoe Yan                 | 1,200,000          | 0.218                     |
| <b>Total</b>  | <b>481,951,200</b> | <b>87.627</b>             |

### SUBSTANTIAL SHAREHOLDER AS AT 31 JANUARY 2025

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act, 2016, the following is the substantial shareholder of the Company:

| Name of Substantial Shareholder | Direct Interest (A) | %      | Deemed Interest (B) | % | Total Interest (A+B) | %      |
|---------------------------------|---------------------|--------|---------------------|---|----------------------|--------|
| Lim Thou Lai                    | 368,660,000         | 67.029 | -                   | - | 368,660,000          | 67.029 |

# **STATEMENT OF SHAREHOLDINGS**

## **AS AT 31 JANUARY 2025 (CONT'D)**

### **DIRECTORS' INTEREST AS AT 31 JANUARY 2025**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the Directors' interests in the ordinary shares capital of the Company and its subsidiary companies are as follows:

| Name of Directors  | Direct Interest<br>(A) | %      | Deemed Interest<br>(B) | % | Total Interest<br>(A+B) | %      |
|--------------------|------------------------|--------|------------------------|---|-------------------------|--------|
| Dr. Chuah Chaw Teo | 75,000                 | 0.013  | -                      | - | 75,000                  | 0.013  |
| Lim Thou Lai       | 368,660,000            | 67.029 | -                      | - | 368,660,000             | 67.029 |
| Heng Siew Aun      | 11,000,000             | 2.000  | -                      | - | 11,000,000              | 2.000  |
| Chong Hon Choong   | 6,435,000              | 1.170  | -                      | - | 6,435,000               | 1.170  |
| Liew Li Ping       | 75,000                 | 0.013  | -                      | - | 75,000                  | 0.013  |
| Loh Leng Sem       | 75,000                 | 0.013  | -                      | - | 75,000                  | 0.013  |
| Ngoi Evon          | 75,000                 | 0.013  | -                      | - | 75,000                  | 0.013  |

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016, Mr. Lim Thou Lai is also deemed to have interests in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office had any interest in ordinary shares of the Company and its related corporations.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2025 Annual General Meeting ("2025 AGM" and/or "AGM") of Kawan Renergy Berhad ("the Company" or "KRB") will be held at Impiana Hotel, The Ballroom, Ground Floor, 18, Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan, Malaysia on Thursday, 17 April 2025 at 11.00 a.m. or at any adjournment thereof, to transact the following business:-

## AGENDA

| AS ORDINARY BUSINESSES  | ORDINARY<br>RESOLUTION |
|---|------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 October 2024 (Please refer to Note 2) and the Reports of Directors and Auditors thereon.   |                        |
| 2. To approve the payment of Non-Executive Directors' fees and Directors' benefits for an amount of up to RM300,000 payable to the Non-Executive Directors of the Company from the date immediately after the 2025 AGM until the next AGM of the Company to be held in year 2026. | 1                      |
| 3. To re-elect the following Directors retiring by rotation in accordance with Clause 76.3 of the Company's Constitution:   |                        |
| 3.1 Dr. Chuah Chaw Teo  | 2                      |
| 3.2 Mr. Lim Thou Lai  | 3                      |
| 4. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company to hold office until the next AGM and to authorise the Directors to fix their remuneration.  | 4                      |
| As SPECIAL BUSINESS, to consider and, if thought fit, with or without any modification, to pass the following resolutions:  |                        |
| 5. PROPOSED AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016  | 5                      |

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act"), the Directors be and are hereby empowered to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company at the time of issue, subject always to the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issuance.

THAT pursuant to Section 85 of the Act, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from issuance of new shares pursuant to this Mandate.

AND THAT the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company."

- To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

**FURTHER NOTICE IS HEREBY GIVEN THAT** only members whose names appear on the Record of Depositors as at 10 April 2025 shall be entitled to attend the AGM or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

By Order of the Board

**CHAN EOI LENG**

(SSM PC No. 202008003055)

(MAICSA 7030866)

Chartered Secretary

Perak Darul Ridzuan

28 February 2025

# NOTICE OF ANNUAL GENERAL MEETING

## (CONT'D)

**Notes:**

**1. Proxy**

- 1.1 For the purpose of determining who shall be entitled to attend this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 10 April 2025. Only a member whose name appears on this Record of Depositors shall be entitled to attend this Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
- 1.2 A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- 1.3 A member of the Company who is entitled to attend and vote at a Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Meeting.
- 1.4 If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- 1.5 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.
- 1.6 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 authorized nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- 1.7 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.
- 1.8 The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) By Electronic Form  
The Proxy Form can be electronically lodged via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide on the procedure for electronic lodgement of Proxy Form via TIIH Online.
- 1.9 Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- 1.10 Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- 1.11 Last date and time for lodging this proxy form is Tuesday, 15 April 2025 at 11.00 a.m.
- 1.12 Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
  - a. Identity card (NRIC) (Malaysian), or
  - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
  - c. Passport (Foreigner)

# NOTICE OF ANNUAL GENERAL MEETING

## (CONT'D)

1.13 For a corporate member who has appointed a representative instead of a proxy to attend this Meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

### 2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

Agenda 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 only requires the Audited Financial Statements to be laid before the Company at the AGM and they do not require shareholders' approval. Hence, this Agenda is not put forward for voting.

### 3. DIRECTORS' FEES AND DIRECTORS' BENEFITS TO NON-EXECUTIVE DIRECTORS

Section 230(1) of the Companies Act, 2016 provides amongst others, that "fees" of the Directors and "any benefits" payable to Directors of a listed company and its subsidiaries shall be approved at a general meeting.

Pursuant thereto, shareholders' approval is sought under Ordinary Resolution 1 on payment of Non-Executive Directors' fees and Directors' benefits of the Company as set out below:

Ordinary Resolution 1 : Payment of Non-Executive Directors' fees and Directors' benefits of the Company from the date immediately after the 2025 AGM until the next AGM of the Company to be held in year 2026.

Summary of the Payment of Directors' fees and Directors' benefits to Non-Executive Directors are as follows:

| Description     | Non-Executive Chairman | Non-Executive Directors / Members |
|-----------------|------------------------|-----------------------------------|
| Directors' Fees | RM40,000 per annum     | RM40,000 per annum                |

| Description   | Non-Executive Directors / Members   |
|---|-------------------------------------|
| Meeting Allowance for Board Committees and Directors' Meetings  | RM500 per day                       |
| Special Allowance in recognition of the Independent Non-Executive Directors' contribution of their effort and time for IPO Exercise | RM22,500 per Non-Executive Director |

Note:

1. *The Directors' benefits payable to the Non-Executive Directors would be calculated based on the current composition of the Board and Board Committees and the number of meetings scheduled for the Board and Board Committees and includes all benefits payable to the Directors, such as meeting allowances, etc.*

### 4. RE-ELECTION OF DIRECTORS

Dr. Chuah Chaw Teo and Mr. Lim Thou Lai, both Directors of the Company are seeking re-election at the 2025 AGM (the "**Retiring Directors**") pursuant to Clause 76.3 of the Company's Constitution and being eligible, have offered themselves for re-election under Ordinary Resolutions 2 and 3 respectively.

The Board has via the Nomination Committee had conducted an assessment on the effectiveness and contributions of the abovesaid Retiring Directors including their skills, experience, competency and time commitments, and has recommended for them to be re-elected to the Board. The profiles of the Retiring Directors are set out in the Profile of Directors of the Annual Report 2024.

# **NOTICE OF ANNUAL GENERAL MEETING (CONT'D)**

## **5. RE-APPOINTMENT OF EXTERNAL AUDITORS ("EA")**

The Audit and Risk Management Committee ("ARMC") has carried out an assessment of the suitability and independence of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, audit work approach and performance of the work within KRB Group's timeline by completing an assessment questionnaire.

The ARMC in its assessment found Messrs Baker Tilly Monteiro Heng PLT to be sufficiently objective and independent and was satisfied with the suitability based on the quality of audit, performance and resources in terms of their audit team provided to the Group.

The Board, therefore, approved the ARMC's recommendation that the re-appointment of Messrs Baker Tilly Monteiro Heng PLT as External Auditors of the Company for the financial year ending 31 October 2025 be put forward for the shareholders' approval at the 2025 AGM.

## **6. PROPOSED AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

The proposed Ordinary Resolution 5, if passed, will empower the Directors of the Company, from the date of the above AGM until the next AGM to allot and issue up to a maximum of 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

The general mandate will provide flexibility to the Company for any possible fundraising activities, including but not limited to placing of shares for purpose of funding future investment project(s), working capital and/or acquisitions.

At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make announcement in respect thereof.

## **ANNUAL REPORT 2024 AND CORPORATE GOVERNANCE REPORT 2024**

The Annual Report 2024 and Corporate Governance Report 2024 can be downloaded at [www.kawan-renergy.com.my](http://www.kawan-renergy.com.my)

|                    |  |
|--------------------|--|
| CDS Account No.    |  |
| No. of shares held |  |

**FORM OF PROXY**

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
 [Full name in block, NRIC/Passport/Company No.]

of \_\_\_\_\_

being member(s) of **KAWAN RENERGY BERHAD**, hereby appoint:

| Full Name (in Block) | NRIC/Passport No. | Proportion of Shareholdings |   |
|----------------------|-------------------|-----------------------------|---|
|                      |                   | No. of Shares               | % |
| Address              |                   |                             |   |

and/or \* (\*delete as appropriate)

| Full Name (in Block) | NRIC/Passport No. | Proportion of Shareholdings |   |
|----------------------|-------------------|-----------------------------|---|
|                      |                   | No. of Shares               | % |
| Address              |                   |                             |   |

or failing him, \* the Chairperson of the Meeting, as \* my/our proxy to vote for me/us and on my/our behalf at the 2025 Annual General Meeting of the Company to be held at Impiana Hotel, The Ballroom, Ground Floor, 18, Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan, Malaysia on 17 April 2025, Thursday at 11.00 a.m. or any adjournment thereof, and to vote as indicated below:

| Description of Resolution  | Resolution | For | Against |
|--|------------|-----|---------|
| The payment of Directors' fees and Directors' benefits to Non-Executive Directors  | 1          |     |         |
| The re-election of Directors:  |            |     |         |
| Dr. Chuah Chaw Teo   | 2          |     |         |
| Mr. Lim Thou Lai   | 3          |     |         |
| The re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors and authority to Directors to fix their remuneration. | 4          |     |         |
| Special Business   |            |     |         |
| Proposed Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016            | 5          |     |         |

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
 Signature \*  
 Member

\* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - (i) at least two (2) authorised officers, of whom one shall be a director; or
  - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. For the purpose of determining who shall be entitled to attend this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 10 April 2025. Only a member whose name appears on this Record of Depositors shall be entitled to attend this Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Meeting.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorized nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) By Electronic Form  
The Proxy Form can be electronically lodged via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide on the procedure for electronic lodgement of Proxy Form via TIIH Online.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is Tuesday, 15 April 2025 at 11.00 a.m.
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
  - a. Identity card (NRIC) (Malaysian), or
  - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
  - c. Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this Meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

Please fold across the line and close

AFFIX  
STAMP  
(Within  
Malaysia)

To : The Share Registrar

**KAWAN RENERGY BERHAD [202201039658 (1485355-U)]  
C/O TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.**  
Unit 32-01, Level 32, Tower A, Vertical Business Suite  
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

Please fold across the line and close

The background of the entire page features a large, multi-story industrial building that is currently under construction. The structure is covered in a complex network of white scaffolding and steel beams, giving it a skeletal appearance. The building has multiple levels with various openings and sections. In the foreground, there's a dark, semi-transparent rectangular area where the company's contact information is displayed.

**[www.kawan-renergy.com.my](http://www.kawan-renergy.com.my)**

**HEAD OFFICE:**

18, Lebuh Perusahaan 1

IGB Industrial Park

31200 Ipoh

Perak

Tel: +605-2913 840

Email: [enquiries@kawan-renergy.com.my](mailto:enquiries@kawan-renergy.com.my)