

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF KAWAN RENERGY BERHAD (“KAWAN” OR THE “COMPANY”) DATED 29 APRIL 2024 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)*

**Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“**Website**”).

**Availability and Location of Paper/Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M & A Securities Sdn Bhd (“**M&A Securities**”), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

**Jurisdictional Disclaimer**

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and Kawan take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

**Close of Application**

Applications will be accepted from 10.00 a.m. on 29 April 2024 and will close at 5.00 p.m. on 14 May 2024.

In the event the Closing Date is extended, Kawan will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

**Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

**Kawan**<sup>®</sup>

**KAWAN RENERGY BERHAD**

(Registration No. 202201039658 (1485355-U))  
(Incorporated in Malaysia)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING:

(I) PUBLIC ISSUE OF 110,000,000 NEW ORDINARY SHARES IN OUR COMPANY (“SHARES”) IN THE FOLLOWING MANNER:

- 27,500,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 19,250,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND
- 63,250,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY (“MITI”);

AND

(II) OFFER FOR SALE OF 34,500,000 EXISTING SHARES IN THE FOLLOWING MANNER:

- 5,500,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY MITI; AND
- 29,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

AT AN ISSUE / OFFER PRICE OF RM0.30 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Sponsor, Underwriter and Placement Agent



**M & A SECURITIES SDN BHD**

Registration No. 197301001503 (15017-H)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Bursa Securities has approved the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities and this Prospectus has been registered by Bursa Securities. The approval of the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities and registration of this Prospectus, should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment. Bursa Securities is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 170.**

**THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.**

**THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS NOT A PROPOSAL REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.**

THIS PROSPECTUS IS DATED 29 APRIL 2024

KAWAN RENERGY BERHAD

**Kawan**<sup>®</sup>

PROSPECTUS



**HEAD OFFICE:**

18, Lebuhr Perusahaan Klebang 1  
IGB Industrial Park  
31200 Ipoh  
Perak

Tel: +605-2913 840

Email: enquiries@kawan-renergy.com.my

[www.kawan-renergy.com.my](http://www.kawan-renergy.com.my)

Our Directors, Promoters and Selling Shareholder (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

M & A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

Investors should note that they may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Shares are offered to the public premised on full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 11 January 2024. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

The Securities Commission Malaysia ("**SC**") has on 15 January 2024 approved the resultant equity structure of our Company under the Bumiputera equity requirements for public listed companies pursuant to our Listing (as defined herein).

Our securities are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status will be released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

### **ELECTRONIC PROSPECTUS**

This Prospectus can also be viewed or downloaded from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The contents of the Electronic Prospectus and the copy of this Prospectus registered with Bursa Securities are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Adviser or the Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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**INDICATIVE TIMETABLE**

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*All terms used are defined under "Definitions" commencing from page vii.*

The indicative timing of events leading to our Listing is set out below:

<b>Events</b>	<b>Indicative date</b>
Issuance of this Prospectus / Opening of Application	29 April 2024
Closing of Application	14 May 2024
Balloting of Application	17 May 2024
Allotment / Transfer of IPO Shares to successful applicants	27 May 2024
Date of Listing	29 May 2024

In the event there is any change to the timeline, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and make an announcement on Bursa Securities' website.

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**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

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*All terms used in this section are defined under "Definitions" commencing from page vii.*

All references to "Kawan" and "Company" in this Prospectus are to Kawan Renergy Berhad (Registration No.: 202201039658 (1485355-U)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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## **FORWARD-LOOKING STATEMENTS**

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*All terms used are defined under "Definitions" commencing from page vii.*

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project", "propose" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (a) Demand for our products and services;
- (b) Our business strategies;
- (c) Our future plans;
- (d) Our future earnings, cash flows and liquidity; and
- (e) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) The economic, political and investment environment in Malaysia; and
- (b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment / transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines of the SC.



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## **DEFINITIONS**

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The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

### ***COMPANIES WITHIN OUR GROUP:***

“Kawan” or “Company”	:	Kawan Renergy Berhad (Registration No. 202201039658 (1485355-U))
“Kawan Engineering”	:	Kawan Engineering Sdn Bhd (Registration No. 199601013253 (385603-U))
“Kawan Green”	:	Kawan Green Energy Sdn Bhd (Registration No. 202201013998 (1459695-D))
“Kawan Group” or the “Group”	:	Kawan and its subsidiaries, collectively
“Magenko Asia”	:	Magenko Renewables (Asia) Sdn Bhd (Registration No. 201101007556 (935694-P)), a wholly-owned subsidiary of Kawan Engineering
“Magenko Ipoh”	:	Magenko Renewables (Ipoh) Sdn Bhd (Registration No. 201101007521 (935659-A)), a wholly-owned subsidiary of Magenko Asia
“Magenko Group”	:	Magenko Asia, Magenko Ipoh and Magenko Penang, collectively
“Magenko Penang”	:	Magenko Renewables (Penang) Sdn Bhd (Registration No. 201101007552 (935690-U)), a wholly-owned subsidiary of Magenko Asia

### ***GENERAL:***

“ACCA”	:	Association of Chartered Certified Accountants
“ACE Market”	:	ACE Market of Bursa Securities
“Act”	:	Companies Act 2016
“Acquisition”	:	Acquisition by our Company of the entire equity interest of Kawan Engineering for a purchase consideration of RM45,144,000 which was wholly satisfied by the issuance of 439,999,999 new Shares at an issue price of RM0.1026 per share, and completed on 6 March 2024
“ADA”	:	Authorised Depository Agent
“Adviser” or “Sponsor” or “Placement Agent” or “Underwriter”	:	M & A Securities
“AGM”	:	Annual general meeting
“Application(s)”	:	Application(s) for IPO Shares by way of Application Form(s), Electronic Share Application(s) or Internet Share Application(s)

## **DEFINITIONS (Cont'd)**

"Application Form(s)"	:	Printed application form(s) for the application of our IPO Shares accompanying this Prospectus
"ASME"	:	American Society of Mechanical Engineers
"ATM"	:	Automated teller machine
"Board"	:	Board of Directors of Kawan
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CAGR"	:	Compound annual growth rate
"CCC"	:	Certificate of completion and compliance
"CDS"	:	Central Depository System
"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Central Depositories Act" or "SICDA"	:	Securities Industry (Central Depositories) Act 1991
"CFA"	:	Certificate for Accommodation
"CIDB"	:	Construction Industry Development Board
"CIDB Act"	:	Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	Our constitution
"COVID-19"	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
"Depository Rules" or "Rules of Bursa Depository"	:	Rules of Bursa Depository and any appendices thereto
"Director(s)"	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"Distribution"	:	Distribution by Kawan Engineering by way of dividend-in-specie comprising the entire equity interest it holds in Kawan Green, which amounts to RM52,206, being the audited NA of Kawan Green as at 31 October 2022 which was completed on 15 March 2024

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**DEFINITIONS (Cont'd)**

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"DOE"	:	Department of Environment
"DOSH"	:	Department of Occupational Safety and Health
"EBIT"	:	Earnings before interest and tax
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"EC"	:	Energy Commission of Malaysia
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application(s)"	:	Application(s) for IPO Shares through a Participating Financial Institution's ATM
"EMSH 1990"	:	Employees' Minimum Standards of Housing and Amenities Act 1990
"EMSH Regulations"	:	Employees' Minimum Standards of Housing, Accommodations and Amenities (Employees required to be provided with Accommodations) Regulations 2021
"EPCC"	:	Engineering, procurement, construction and commissioning
"EPS"	:	Earnings per share
"EQA 1974"	:	Environmental Quality Act 1974
"EQSIER 1979"	:	Environmental Quality (Sewage and Industrial Effluents) Regulations 1979
"EQSWR 2005"	:	Environmental Quality (Scheduled Wastes) Regulations 2005
"ERA 1968"	:	Employment (Restriction) Act 1968
"ESA 1990"	:	Electricity Supply Act 1990
"FiT"	:	Feed-in Tariff
"FMA 1967"	:	Factories and Machinery Act 1967
"FMM"	:	Federation of Malaysian Manufacturers
"FYE"	:	Financial year(s) ended/ending 31 October, as the case may be
"Government"	:	Government of Malaysia
"GP"	:	Gross profit
"Group Internal Restructuring"	:	Acquisition and Distribution, collectively
"HTRI"	:	Heat Transfer Research, Inc.

**DEFINITIONS (Cont'd)**

"IA 1959"	:	Immigration Act 1959/63
"ICA 1975"	:	Industrial Co-ordination Act 1975
"IFRS"	:	International Financial Reporting Standards
"IMR" or "SMITH ZANDER"	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V)), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "Industrial Process Equipment Industry and Biogas Industry in Malaysia"
"Internet Participating Financial Institution(s)"	:	Participating financial institution(s) for Internet Share Application(s) as listed in Section 16.6
"Internet Share Application(s)"	:	Application(s) for IPO Shares through an online share application service provided by Internet Participating Financial Institution(s)
"Initial Public Offering" or "IPO"	:	Our initial public offering comprising the Public Issue and Offer for Sale
"IPO Price"	:	Issue / Offer price of RM0.30 per Share under our Public Issue and Offer for Sale
"IPO Share(s)"	:	Issue Share(s) and Offer Share(s), collectively
"IPP"	:	Independent Power Producer
"Issue Share(s)"	:	New Share(s) to be issued under the Public Issue
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
"ISO"	:	International Organisation for Standardisation
"IT"	:	Information technology
"Kawan Engineering Vendor(s)"	:	Lim Thou Lai, Lim Thou Kiong, Chong Hon Choong and Heng Siew Aun, collectively
"LGA 1976"	:	Local Government Act 1976
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM78,144,401 comprising 550,000,000 Shares on the ACE Market
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"Listing Scheme"	:	Comprising the Public Issue, Offer for Sale and Listing, collectively
"LMA"	:	Local manufacturer or assembler recognised under SEDA for the fabrication and assembly of boilers
"LPD"	:	31 March 2024, being the latest practicable date for ascertaining certain information contained in this Prospectus

**DEFINITIONS (Cont'd)**

"M & A Securities"	:	M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"Malaysian Public"	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia, but excluding the Directors of Kawan Group, substantial shareholders of Kawan and persons connected or associated with them (as defined by the Listing Requirements)
"Market Day"	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities. This may include a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
"MCCG"	:	Malaysian Code on Corporate Governance
"MCO"	:	The nationwide Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
"MFRS"	:	Malaysian Financial Reporting Standards
"MGTC"	:	Malaysian Green Technology and Climate Change
"MITI"	:	Ministry of Investment, Trade and Industry
"MIDA"	:	Malaysian Investment Development Authority
"MOE"	:	Ministry of Energy
"MOF"	:	Ministry of Finance
"MyIPO"	:	Intellectual Property Corporation of Malaysia
"NA"	:	Net assets
"NB Mark"	:	NB mark for the pressure vessels manufactured in accordance with ASME U stamp
"NBV"	:	Net book value
"NDT"	:	Non-destructive tests
"NLC"	:	National Land Code
"Offer for Sale"	:	Offer for sale of 34,500,000 Offer Shares by our Selling Shareholder at our IPO Price
"Offer Share(s)"	:	34,500,000 existing Share(s) to be offered by our Selling Shareholder pursuant to our Offer for Sale
"OSHA 1994"	:	Occupational Safety and Health Act 1994

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**DEFINITIONS (Cont'd)**

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"Participating Institution(s)"	Financial	:	Participating financial institution(s) for Electronic Share Application as listed in Section 16.5
"PAT"		:	Profit after tax
"PBT"		:	Profit before tax
"PE Multiple"		:	Price-to-earnings multiple
"PET"		:	Polyethylene terephthalate
"Pink Form Allocations"		:	Allocation of 19,250,000 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group, which forms part of our Public Issue
"PMI"		:	Positive material identification
"Promoter(s)"		:	Lim Thou Lai, Chong Hon Choong and Heng Siew Aun, collectively
"Prospectus"		:	This prospectus dated 29 April 2024 in relation to our IPO
"Public Issue"		:	Public issue of 110,000,000 Issue Shares at our IPO Price
"REA 2011"		:	Renewable Energy Act 2011
"REPPA"		:	Renewable Energy Power Purchase Agreement
"ROC"		:	Registrar of Companies
"SC"		:	Securities Commission Malaysia
"SEDA"		:	Sustainable Energy Development Authority
"Selling Shareholder"		:	Lim Thou Lai, who is undertaking the Offer for Sale
"Share(s)" or "Share(s)"	"Kawan	:	Ordinary share(s) in Kawan
"SOP"		:	Standard operating procedures
"Specified Shareholder(s)"		:	Lim Thou Lai and Lim Thou Kiong, collectively
"TOL"		:	Temporary occupational licence issued by the state authority to a licensee to occupy certain lands in Peninsular Malaysia and the Federal Territory of Labuan for the purposes stated in the licence
"Underwriting Agreement"		:	Underwriting agreement dated 3 April 2024 entered into between our Company and our Underwriter for the purpose of our IPO
"USA"		:	United States of America

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**DEFINITIONS (Cont'd)**

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**CURRENCY AND UNITS:**

"°C"	:	Degree Celsius
"CNY"	:	Chinese Yuan Renminbi
"EUR"	:	Euro
"GBP"	:	Pound Sterling
"kW"	:	Kilowatt
"kWh"	:	Kilowatt-hour
"m <sup>3</sup> "	:	Cubic metre
"MW"	:	Megawatt
"MWh"	:	Megawatt-hour
"RM" or "sen"	:	Ringgit Malaysia and sen respectively
"sq ft"	:	Square foot
"SGD"	:	Singapore Dollar
"USD"	:	United States Dollar

**LIST OF OPERATING FACILITIES:**

"Bercham Plant"	:	Our landfill biogas power plant situated on the Bercham Landfill
"Bercham Landfill"	:	A part of Lot 41293, Batu 8, Jalan Bercham, Tanjung Rambutan, 31250 Bercham, Perak, on which our Bercham Plant is located
"Factory 1"	:	A parcel of industrial land with a single-storey open-sided factory with attic, a single-storey office with attic and other ancillary buildings located at No. 18, Lebuhr Perusahaan Klebang 1, Kawasan Perusahaan IGB, 31200 Ipoh, Perak held under PN 89535, Lot 181684, Mukim Hulu Kinta, Daerah Kinta, Perak
"Factory 2"	:	A parcel of industrial land with a single-storey open-sided factory, a double-storey office and other ancillary buildings located at Lot 181630, Lebuhr Perusahaan Klebang 11, Kawasan Perusahaan IGB, 31200 Ipoh, Perak held under PN 89481, Lot 181630, Mukim Hulu Kinta, Daerah Kinta, Perak
"Factory 3"	:	A parcel of industrial land with 2 single-storey open-sided detached factory, a single-storey warehouse and other ancillary buildings located at No. 25, Lebuhr Perusahaan Klebang 1, Kawasan Perusahaan IGB, 31200 Ipoh, Perak held under PN 89536, Lot 181685, Mukim Hulu Kinta, Daerah Kinta, Perak

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## TECHNICAL GLOSSARY

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This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

- "Abrasive blasting" : A process where abrasive particles such as glass and garnet are forcefully propelled at high speed against the surface of an industrial process equipment to remove contaminants from the material's surface and condition the surface for subsequent finishing
- "Acid pickling" : A cleaning process for steel parts that uses an acid solution such as hydrochloric or sulphuric acid to remove oxides from the surface of the metal
- "Auxiliary parts and equipment" : Supporting components which are necessary to support the functionality and operation of the main equipment
- "Buffing" : A process that smoothens and shines the surface of the industrial process equipment
- "Ceramic coating" : A process that coats the surface of the industrial process equipment with a layer of ceramic material to protect its surface by increasing its corrosion resistance
- "Certificate of shop inspection" : A document confirming that a fabricated industrial process equipment has been checked by the relevant authorities or third-party quality control consultant at the place of manufacture and complies with the applicable standards and regulations
- "EFB" : Refers to "empty fruit bunches", which is the leftover fibrous material after the threshing / removal of oil palm fruits from fresh fruit bunches, which can be used as biomass feedstock
- "Heat treatment" : A controlled process of heating and cooling of metals and alloys to increase the ductility, strength, surface hardness and temperature resistance of the metals and alloys
- "Hot dipped galvanising" : A process of coating the surface of the industrial process equipment with zinc by immersing the material in a bath of molten zinc at temperature up to 450°C to prevent corrosion
- "Markings" : A process of applying visible texts, lines, figures, patterns or symbols on the surface of the industrial process equipment for identification, labelling or instruction purposes
- "Methane capture and flaring" : A process of collecting methane gas (i.e. landfill gas) released from the decomposition of organic wastes in landfills and burning the collected methane gas to generate electricity
- "Non-destructive test" : A quality control process used to evaluate the physical quality and performance of the industrial process equipment without causing damages to the industrial process equipment



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**TECHNICAL GLOSSARY (Cont'd)**

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- "Polymer lining" : A process that coats the surface of the industrial process equipment with a layer of polymer to protect and decorate its surface
- "Pounds per square inch gauge" or "PSIG" : A measurement unit which measures the amount of pressure contained in a closed container with respect to atmospheric pressure, when one pound of force is applied to one square inch of area of the container
- "Power brushing" : A process of cleaning, polishing, smoothening or roughening the surface of the industrial process equipment using automatic or semi-automatic machines with brushes made of carbon steel, nylon fibers and wires
- "Spray painting" : A process of applying paint or coating on the surface of the industrial process equipment using a pressurised spray gun
- "Stress relief treatment" : A process of heating metals and alloys to reduce the residual stresses introduced in the metals and alloys during fabrication process
- "Surface treatment" : A process in which treatment such as abrasive blasting is applied onto the surface of the industrial process equipment to improve or modify the characteristics of the surface

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## **1. CORPORATE DIRECTORY**

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Designation</b>	<b>Residential address</b>	<b>Nationality / Profession</b>	<b>Gender</b>
Dr. Chuah Chaw Teo	Independent Non-Executive Chairman	4, Persiaran 8 Arena Kepayang Putra Fair Park 31400 Ipoh Perak	Malaysian / Director	Male
Lim Thou Lai	Managing Director (Non-Independent)	15, Jalan Ixora Tropika 1 Taman Ixora Tropika 30350 Ipoh Perak	Malaysian / Director	Male
Chong Hon Choong	Executive Director (Non-Independent) and Head of Department (Project)	10, Klebang Bayu S/2 Taman Klebang Bayu 31200 Chemor Perak	Malaysian / Director	Male
Heng Siew Aun	Executive Director (Non-Independent) and General Manager	170, Rancangan Perkampungan Tersusun Bercham 31400 Ipoh Perak	Malaysian / Director	Female
Liew Li Ping	Independent Non-Executive Director	Desa ECO @ Meru Valley 3-2, Tingkat Meru Valley 1 Taman Peranginan Lembah Meru 30020 Ipoh Perak	Malaysian / Director	Female
Loh Leng Sem	Independent Non-Executive Director	A-17-03 Residensi KM1 13 Jalan Jalil Perkasa 1 Bukit Jalil 57000 Kuala Lumpur	Malaysian / Director	Male
Ngoi Evon	Independent Non-Executive Director	7, Jalan Impiana 1 Taman Bandaraya Impiana 30250 Ipoh Perak	Malaysian / Entrepreneur	Female

**AUDIT AND RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Liew Li Ping	Chairperson	Independent Non-Executive Director
Loh Leng Sem	Member	Independent Non-Executive Director
Ngoi Evon	Member	Independent Non-Executive Director

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**1. CORPORATE DIRECTORY (Cont'd)**

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**NOMINATING COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ngoi Evon	Chairperson	Independent Non-Executive Director
Liew Li Ping	Member	Independent Non-Executive Director
Loh Leng Sem	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Loh Leng Sem	Chairperson	Independent Non-Executive Director
Liew Li Ping	Member	Independent Non-Executive Director
Ngoi Evon	Member	Independent Non-Executive Director

**COMPANY SECRETARIES** : Law Mee Poo (MAICSA 7033423)  
SSM Practising Certificate No.: 201908002275  
*(Chartered Secretary and Associate of the Malaysian Institute of Chartered Secretaries and Administrators)*

Mastura Binti Muhamad (MACS 01875)  
SSM Practising Certificate No.: 202308000517  
*(Company Secretary)*

Unit 30-01, Level 30, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
8, Jalan Kerinchi  
59200 Kuala Lumpur

Telephone: +603-2783 9191

**REGISTERED OFFICE** : Unit 30-01, Level 30, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
8, Jalan Kerinchi  
59200 Kuala Lumpur

Telephone: +603-2783 9191

**HEAD OFFICE** : 18, Lebuhr Perusahaan Klebang 1  
IGB Industrial Park  
31200 Ipoh  
Perak

Telephone: +605-2913 840

**EMAIL ADDRESS AND WEBSITE** : Website: [www.kawan-renergy.com.my](http://www.kawan-renergy.com.my)  
Email address: [enquiries@kawan-renergy.com.my](mailto:enquiries@kawan-renergy.com.my)

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**1. CORPORATE DIRECTORY (Cont'd)**

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- AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING** : **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  
  
Partner-in-charge: Paul Tan Hong  
Approval number: 03459/11/2025 J  
*(Chartered Accountant of the Malaysian Institute of Accountants and Fellow Member of the Association of Chartered Certified Accountants)*  
  
Telephone: +603-2297 1000
- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : **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  
  
Telephone: +603-2284 2911
- SOLICITORS FOR OUR LISTING** : **Rosli Dahlan Saravana Partnership**  
  
Level 16, Menara 1 Dutamas  
1, Jalan Dutamas 1  
Solaris Dutamas  
50480 Kuala Lumpur  
  
Telephone: +603-6209 5400
- ISSUING HOUSE AND 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  
  
Telephone: +603-2783 9299

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**1. CORPORATE DIRECTORY (Cont'd)**

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**INDEPENDENT MARKET RESEARCHER** : **Smith Zander International Sdn Bhd**  
(Registration No. 201301028298 (1058128-V))

15-01, Level 15  
Menara MBR  
1, Jalan Syed Putra  
58000 Kuala Lumpur

Person-in-charge: Dennis Tan Tze Wen  
*(Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada)*

Telephone: +603-2732 7537

**LISTING SOUGHT** : ACE Market of Bursa Securities

**SHARIAH STATUS** : Approved by Shariah Advisory Council of SC

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## 2. PROSPECTUS SUMMARY

**This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.**

### 2.1 PRINCIPAL DETAILS OF IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

	Public Issue		Offer for Sale		Total	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
Malaysian Public <sup>(2)</sup>	27,500,000	5.0	-	-	27,500,000	5.0
Pink Form Allocations	19,250,000	3.5	-	-	19,250,000	3.5
Private placement to MITI approved Bumiputera investors	63,250,000	11.5	5,500,000	1.0	68,750,000	12.5
Private placement to selected investors	-	-	29,000,000	5.3	29,000,000	5.3
	<b>110,000,000</b>	<b>20.0</b>	<b>34,500,000</b>	<b>6.3</b>	<b>144,500,000</b>	<b>26.3</b>

Enlarged number of Shares upon Listing	550,000,000
IPO Price per Share	RM0.30
Market capitalisation upon Listing (based on our IPO Price and enlarged number of Shares upon Listing)	RM165,000,000

#### Notes:

- (1) Based on our enlarged share capital of 550,000,000 Shares after our IPO.
- (2) 13,750,000 Shares will be set aside for Bumiputera public investors.

Further details of our IPO are set out in Section 4.

In compliance with Rule 3.19(1A)(b) of the Listing Requirements, our Specified Shareholders' entire shareholdings after our IPO will be held under moratorium for 6 months from the date of our admission to the Official List. The moratorium has been fully accepted by the Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

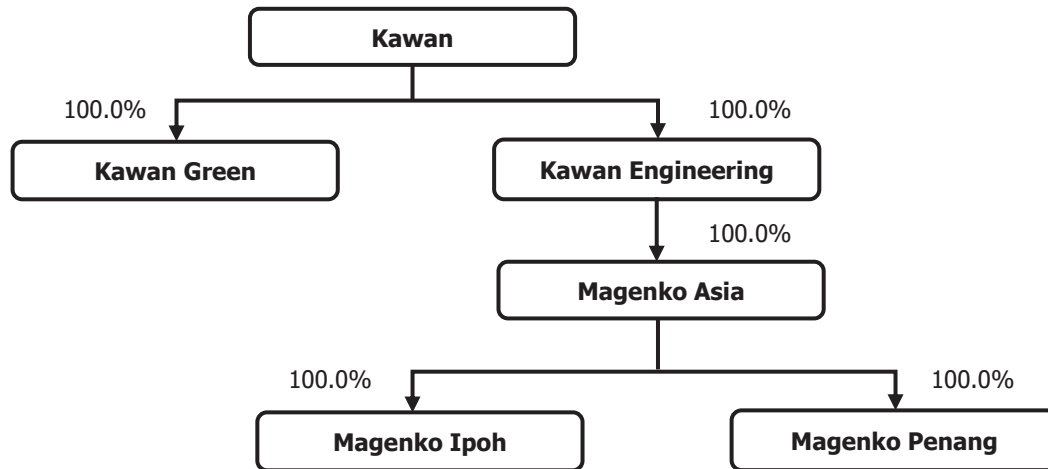
Further details on the moratorium on our Shares are set out in Section 3.2.

### 2.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia under the Act on 26 October 2022 as a private limited company under the name of Kawan Renergy Sdn Bhd. On 28 July 2023, we converted into a public limited company and adopted our present name.

**2. PROSPECTUS SUMMARY (Cont'd)**

Our principal activity is investment holding company. Our Group structure as at LPD is as follows:



Through our subsidiaries, we are 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 (“**design, fabrication, installation and/or commissioning solutions**”). As an engineering solutions provider, our solutions encompass our Group’s technical capability to analyse our customer’s need 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. Our business activities are further elaborated in Section 7.2.1.1. Apart from our principal business activities disclosed, we are also involved in power generation and sale of electricity through the acquisition of Magenko Group on 1 August 2022. Further details are as set out in Section 7.1.

Our Group’s business model is illustrated as below:

	<b>Our principal activities</b>	<b>Other business activity</b>
	<b>Design, fabrication, installation and/or commissioning solutions</b>	<b>Power generation and sale of electricity</b>
<b>Our engineering solutions</b>	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>• Food processing</li> <li>• Oleochemical and chemical processing</li> <li>• Waste recovery</li> </ul> Renewable energy and co-generation plants: <ul style="list-style-type: none"> <li>• Co-generation and tri-generation</li> <li>• Biomass</li> <li>• Combined cycle</li> <li>• Biogas / landfill</li> <li>• Waste incineration</li> <li>• Organic rankine cycle</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of electricity to the distribution licensee</li> </ul>
<b>Our product application</b>	Examples of applicable industries: <ul style="list-style-type: none"> <li>• Food processing</li> <li>• Oleochemical and chemical processing</li> <li>• Oil and gas</li> <li>• Waste recovery</li> <li>• Power plant</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>

## 2. PROSPECTUS SUMMARY (Cont'd)

Further details of our Group and our business model are set out in Sections 6 and 7.

The breakdown of our Group's revenue by principal business activities for FYE 2020 to 2023 is as follows:

Revenue by business segment	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Design, fabrication, installation and/or commissioning solutions</b>								
- Industrial process equipment	30,041	61.5	32,183	50.3	54,344	39.0	48,439	49.2
- Process plants	18,782	38.5	31,858	49.7	43,388	31.2	27,708	28.2
- Renewable energy and co-generation plants	-	-	-	-	41,411	29.8	22,050	22.4
Sub-total	48,823	100.0	64,041	100.0	139,143	100.0	98,197	99.8
<b>Other<sup>(1)</sup></b>	-	-	-	-	41	<0.1	182	0.2
<b>Total</b>	<b>48,823</b>	<b>100.0</b>	<b>64,041</b>	<b>100.0</b>	<b>139,184</b>	<b>100.0</b>	<b>98,379</b>	<b>100.0</b>

**Note:**

(1) Other comprises the sale of electricity revenue from the power generation following the acquisition of Magenko Group in August 2022. Hence, revenue for this business segment was not applicable for FYE 2020 and 2021.

For FYE 2020 to 2023, local sales contributed 86.1%, 94.5%, 88.1% and 81.9% to our Group's total revenue respectively, while export sales contributed 13.9%, 5.5%, 11.9% and 18.1% to our Group's total revenue respectively. Nonetheless, it should be noted that the physical deliveries of our Group's solutions are within Malaysia. The breakdown of our Group's revenue by geographical market, based on the place of domicile of our customers, is as follows:

Revenue by geographical market <sup>(1)</sup>	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Malaysia</b>	<b>42,022</b>	<b>86.1</b>	<b>60,548</b>	<b>94.5</b>	<b>122,594</b>	<b>88.1</b>	<b>80,597</b>	<b>81.9</b>
<b>Overseas</b>								
- Indonesia	1,350	2.8	1,411	2.2	8,533	6.1	1,426	1.5
- Singapore	1,509	3.1	1,447	2.3	7,299	5.2	1,037	1.1
- Japan	3,266	6.7	617	1.0	352	0.3	34	<0.1
- USA	-	-	-	-	39	<0.1	13,312	13.5
- Others <sup>(2)</sup>	676	1.3	18	<0.1	367	0.3	1,973	2.0
<b>Total</b>	<b>48,823</b>	<b>100.0</b>	<b>64,041</b>	<b>100.0</b>	<b>139,184</b>	<b>100.0</b>	<b>98,379</b>	<b>100.0</b>

**Notes:**

(1) Revenue by geographical market is based on the place of domicile of our customers. The design and fabrication of our projects will be performed in Malaysia. However, we will purchase the equipment from overseas if we are unable to design and fabricate it. The installation and commissioning works of our projects will be carried out at our customer's project site in Malaysia or overseas.

(2) Others comprises mainly New Zealand, South Africa and Germany.

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## **2. PROSPECTUS SUMMARY (Cont'd)**

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### **2.3 INTERRUPTION TO BUSINESS AND OPERATIONS**

Save for the temporary disruptions to our operations arising from the COVID-19 pandemic, our Group had not experienced any other interruptions in our business and operations which had a significant effect on our Group for the past 12 months preceding LPD.

Further details on the impact of COVID-19 are set out in Section 7.7.

### **2.4 COMPETITIVE STRENGTHS**

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

- (a) We have an established history of 28 years in the industrial process equipment industry with a proven track record in the provision of design, fabrication, installation and/or commissioning solutions. Over the years, we grew our capabilities from the fabrication of non-pressure vessels and tanks to various industrial process equipment comprising heat exchangers, pressure vessels as well as boilers and heaters. We also offer process plants within the specialty of food processing, oleochemical and chemical processing, waste recovery and power plant.
- (b) We have the technical capabilities to provide design, fabrication, installation and/or commissioning solutions to our customers to meet their specifications and requirements. Through our track record and experience in the provision of design, fabrication, installation and/or commissioning solutions, we are able to understand our customer's industrial process requirements and propose suitable process plants for our customers.
- (c) We are able to offer engineering solutions for a wide range of industries such as food processing (e.g. food emulsifier production as well as edible oil and palm phytonutrient extraction), oleochemical and chemical processing (e.g. palm biodiesel, biolubricants, fatty acids and industrial esters), oil and gas (e.g. oil and gas refinery), waste recovery, power plant (e.g. co-generation and power generation) and utilities.
- (d) The quality of our products is attested by our ability to meet internationally recognised standards such as the ASME U, U2, H and S Stamp Certification Marks, R Symbol, NB Mark as well as ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018, as attested by the respective certifications awarded to our Group.
- (e) Our Group is led by an experienced and technically skilled key management team that has accumulated years of experience in their respective field and key expertise. They also have industry experience and/or in-depth knowledge of our business operations.

Further details of our competitive strengths are set out in Section 7.15.

### **2.5 BUSINESS STRATEGIES**

Our business objectives are to maintain sustainable growth and create long term shareholder value. To achieve our business objectives, we will implement the following business strategies:

- (a) We intend to improve the output of Bercham Plant using an anaerobic digestion system. To improve the production output of the Bercham Plant as well as to increase the revenue from our power generation and sale of electricity business, we will use agricultural waste (used in anaerobic digestion system) as additional feedstock on top of landfill gas, in accordance with our Feed-In-Approval, pursuant to our consultation with SEDA. As at LPD, we are in the midst of conducting a feasibility study of the new system and material.

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## **2. PROSPECTUS SUMMARY (Cont'd)**

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We will purchase and install an anaerobic digestion system, which will be connected, and will supply gas directly, to Bercham Plant. With the combination of landfill gas and gas produced from the anaerobic digestion system, we expect to be able to generate approximately 24MWh of electricity per day which is expected improve the revenue of our power generation and sale of electricity business to approximately RM3.4 million (i.e. 24MWh multiplied by RM0.3880/kWh and 365 days) per year from the estimated RM0.2 million a year;

- (b) We intend to construct a new 2MW biomass power plant to grow our power generation and sale of electricity business segment and diversify our income base to include more recurring income. We will leverage on our Group's expertise in design, fabrication, installation and commissioning, to construct the new biomass power plant in-house. We plan to use biomass feedstock (such as EFB, wood chips or bamboo chips) which will be sourced from local suppliers to generate fuel for the new biomass power plant. We intend to construct the new biomass power plant on our existing land in Factory 3, where we have excess, unused space of approximately 40,000 sq ft and connection to the grid situated next to the factory; and
- (c) We intend to upgrade some of our production processes by upgrading our machinery and equipment at Factory 1 and Factory 3 to improve our production efficiency. We intend to install a fibre laser cutting machine at Factory 1 which allow us to eliminate the need to utilise additional manpower to clean the plates pursuant to cutting. This, in turn, enhances our operating efficiencies as shorter time is used to complete the cutting works and less labour is utilised. We also intend to install 2 adjustable rotators at Factory 3 which enable us to semi-automate the rotation of tanks during welding and fitting processes. The adjustable rotators allow ease of access to different sides of the tanks without the need to reposition the object or the fabricator and thus, enabling us to reduce the time taken to complete the fabrication process, hence improving our operating efficiency.

Further details of our business strategies are set out in Section 7.16.

### **2.6 RISK FACTORS**

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

- (a) The success of our Group is dependent on the experience, industry knowledge and technical expertise of our Managing Director, Executive Directors and key senior management. As such, the loss of our Managing Director and/or any of our Executive Directors and key senior management simultaneously or within a short time may create unfavourable or material impact on our Group's operations and the future growth of our business if we are unable to replace them in a timely manner. This may ultimately affect our business operations, financial performance and prospects.
- (b) We do not enter into any long-term contracts with our customers due to the nature of our business and the prevailing customer practices where the demand for our products are subject to our customers' needs as and when required. The project-based nature of our Group's business may result in the fluctuation of our Group's sales and result in uncertainties over our overall financial performance.

## 2. PROSPECTUS SUMMARY (Cont'd)

- (c) We may not be able to successfully implement our business strategies. The execution of our business strategies is subject to additional operating and capital expenditures. Such additional expenditure will increase our Group's operating cost including overhead costs, which may adversely affect our profitability if we are unable to generate sufficient revenue following the implementation of our business strategies. Furthermore, the implementation of our business strategies may be influenced by factors beyond our control, such as changes in general market conditions, Government policies, economic conditions as well as political environment in Malaysia, which may affect the commercial viability of our business strategies.
- (d) We are exposed to warranty claims and product liability claims by our customers. We provide a standard warranty period of 12 months to our customers for our industrial process equipment, process plants, and renewable energy and co-generation plants. During this period, we will rectify and/or replace faulty or damaged parts at our cost. If we are required to rectify defects during the warranty period, which will result in substantial costs being borne by us, the margin from the particular project will be reduced. We may also be subject to product liability claims from our customers for the losses or damages suffered as a result of product defects. As such, the cost to reimburse the losses or to rectify the damages incurred will be borne by our Group which may adversely affect our financial performance and position.
- (e) Our industry is reliant on certain licences, permits and approvals, as well as quality and safety accreditations (such as ASME, DOSH, National Board of Boiler & Pressure Vessel Inspectors and ISO). Some of these licenses, permits, approvals, and quality and safety accreditations are subject to periodic inspections, renewals, changes and/or fulfilment of certain conditions imposed by the relevant authorities, particularly DOSH with respect to the fabrication and repair of pressure vessels and steam boilers. If we are unable to renew any of our licences, permits and approvals, as well as quality and safety accreditations or comply with the regulations or conditions of such licences, permits, approvals and accreditations, they may be suspended or revoked and this will negatively affect our business operations.
- (f) We rely on skilled workers such as foremen, machinists, welders and fitters to carry out our fabrication activities. Any loss of our skilled workers and our inability to find suitable replacements in a timely manner and at competitive salary rates may cause disruptions to our deliverables which may consequently affect our revenue recognition.

### 2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

<b>Name</b>	<b>Designation</b>
<b>Directors</b>	
Dr. Chuah Chaw Teo	Independent Non-Executive Chairman
Lim Thou Lai	Managing Director
Chong Hon Choong	Executive Director and Head of Department (Project)
Heng Siew Aun	Executive Director and General Manager
Liew Li Ping	Independent Non-Executive Director
Loh Leng Sem	Independent Non-Executive Director
Ngoi Evon	Independent Non-Executive Director
<b>Key senior management</b>	
Doris Tan Chuen Chuen	Chief Financial Officer
Sharizan Bin Abd. Bahrin	Head of Department (Engineering)
Syahirul Hafiz Bin Safuan Wong	Head of Department (Quality Control)
Chuah Theam Choon	Head of Department (Production)

Further details of our Directors and key senior management are set out in Section 5.

## 2. PROSPECTUS SUMMARY *(Cont'd)*

### 2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

Name	Nationality	<sup>(1)</sup> Before IPO				<sup>(2)</sup> After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Promoter and substantial shareholder</b>									
Lim Thou Lai	Malaysian	422,400,000	96.0	-	-	387,900,000	70.5	-	-
<b>Promoters</b>									
Chong Hon Choong	Malaysian	6,160,000	1.4	-	-	<sup>(3)</sup> 6,435,000	<sup>(3)</sup> 1.2	-	-
Heng Siew Aun	Malaysian	4,840,000	1.1	-	-	<sup>(3)</sup> 11,000,000	<sup>(3)</sup> 2.0	-	-

**Notes:**

- <sup>(1)</sup> Based on the share capital of 440,000,000 Shares before our IPO.
- <sup>(2)</sup> Based on the enlarged share capital of 550,000,000 Shares after our IPO.
- <sup>(3)</sup> Assuming he/she fully subscribes for his/her respective entitlements under the Pink Form Allocations.

Further details of our Promoters and substantial shareholders are set out in Section 5.

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**2. PROSPECTUS SUMMARY (Cont'd)****2.9 UTILISATION OF PROCEEDS**

The gross proceeds to be raised by our Company from the Public Issue of RM33.0 million shall be utilised in the following manner:

<b>Utilisation of proceeds</b>	<b>RM'000</b>	<b>%</b>	<b><sup>(1)</sup>Estimated timeframe for utilisation</b>
Working capital	15,000	45.5	Within 24 months
Investment into a new 2MW power plant	5,000	15.1	Within 36 months
Improvement of Bercham Plant output	2,500	7.6	Within 15 months
Purchase of additional machinery	500	1.5	Within 12 months
Repayment of bank borrowings	6,000	18.2	Within 3 months
Estimated listing expenses	4,000	12.1	Within 1 month
<b>Total</b>	<b>33,000</b>	<b>100.0</b>	

**Note:**

<sup>(1)</sup> From the date of Listing.

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.9.

**2.10 FINANCIAL HIGHLIGHTS****2.10.1 Combined statements of comprehensive income**

The following table sets out the financial highlights based on our combined statements of comprehensive income for FYE 2020 to 2023:

	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	48,823	64,041	139,184	98,379
GP	7,468	10,077	21,516	23,997
PBT	5,673	8,937	18,569	18,920
PAT	4,425	6,883	14,228	13,302
GP margin (%) <sup>(1)</sup>	15.3	15.7	15.5	24.4
PAT margin (%) <sup>(2)</sup>	9.1	10.7	10.2	13.5
EPS (sen) <sup>(3)</sup>	0.8	1.3	2.6	2.4

**Notes:**

<sup>(1)</sup> GP margin is calculated based on GP over revenue.

<sup>(2)</sup> PAT margin is calculated based on PAT over revenue.

<sup>(3)</sup> Calculated based on PAT over our enlarged share capital of 550,000,000 Shares after our IPO.

There were no exceptional items during the financial years under review. Our audited combined financial statements for the past financial years under review were not subject to any audit qualifications. Further details on the financial information are set out in Sections 12 and 13.



**2. PROSPECTUS SUMMARY (Cont'd)****2.10.2 Pro forma combined statements of financial position**

The following table sets out a summary of the pro forma combined statements of financial position of our Group to show the effects of the Group Internal Restructuring, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma combined statements of financial position as set out in Section 14.

	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>
<b>As at 31 October 2023</b>	<b>After subsequent events<sup>(1)</sup></b>	<b>After I and Group Internal Restructuring</b>	<b>After II and Public Issue</b>	<b>After III and utilisation of proceeds</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>				
Total non-current assets	22,344	22,344	22,344	22,344
Total current assets	85,449	75,449	75,449	99,809
<b>TOTAL ASSETS</b>	<b>107,793</b>	<b>97,793</b>	<b>97,793</b>	<b>122,153</b>
<b>EQUITY AND LIABILITIES</b>				
Invested equity / Share capital	10,200	10,200	45,144	77,144
Mergers deficit	(200)	(200)	(35,144)	(35,144)
Retained earnings	43,435	33,435	33,435	31,795
<b>TOTAL EQUITY</b>	<b>53,435</b>	<b>43,435</b>	<b>43,435</b>	<b>73,795</b>
Total non-current liabilities	7,494	7,494	7,494	1,977
Total current liabilities	46,864	46,864	46,864	46,381
<b>TOTAL LIABILITIES</b>	<b>54,358</b>	<b>54,358</b>	<b>54,358</b>	<b>48,358</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>107,793</b>	<b>97,793</b>	<b>97,793</b>	<b>122,153</b>
No. of Shares in issue ('000)	10,200 <sup>(2)</sup>	10,200 <sup>(2)</sup>	440,000	550,000
NA per Share (RM)	5.24	4.26	0.10	0.14
Borrowings	10,735	10,735	10,735	4,735
Gearing (times) <sup>(3)</sup>	0.2	0.2	0.2	<0.1

**Notes:**

<sup>(1)</sup> The subsequent events arose from the following:

- (a) On 18 January 2024, Kawan Engineering declared single-tier interim dividend of RM0.50 per ordinary share, amounting to RM5.0 million in respect of the FYE 2024 and paid on 18 January 2024.
- (b) On 2 February 2024, Kawan Engineering declared single-tier interim dividend of RM0.50 per ordinary share, amounting to RM5.0 million in respect of the FYE 2024 and paid on 2 February 2024.

<sup>(2)</sup> Represents the aggregate number of issued shares of Kawan Engineering, Kawan Green and Kawan.

<sup>(3)</sup> Computed based on total interest-bearing borrowings (including lease) over total equity.

**2. PROSPECTUS SUMMARY (Cont'd)****2.11 DIVIDEND POLICY**

Our Company presently does not have any formal dividend policy. It is our intention to pay dividends to shareholders in the future, however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

During FYE 2020 to 2023 and up to LPD, we have declared and paid the following dividends:

	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>1 November 2023 up to LPD</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Dividends declared	1,500	3,000	8,000	5,000	10,000
Dividends paid <sup>(1)</sup>	1,000	1,500	3,000	13,000	10,000

**Note:**

<sup>(1)</sup> The balance of dividends declared which were not paid in each respective financial year were subsequently paid in the following financial year. As at LPD, there is no outstanding dividends declared but remained unpaid.

Subsequent to 31 October 2023 and up to the LPD, our Group declared and paid dividends of RM5.0 million in both January and February 2024, in respect of FYE 2024. The dividends above were funded by our internally generated funds. Further, we do not intend to declare and pay any dividends from LPD up to the point of our Listing.

Further details of our dividend policy are set out in Section 12.15.

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### 3. APPROVALS AND CONDITIONS

#### 3.1 APPROVALS AND CONDITIONS

##### 3.1.1 Bursa Securities approval

Bursa Securities had, vide its letter dated 11 January 2024, approved our admission to the Official List of the ACE Market, the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

<b>No.</b>	<b>Details of conditions imposed</b>	<b>Status of compliance</b>
(1)	Submission of the following information with respect to the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: <ul style="list-style-type: none"> <li>(i) Name of shareholders;</li> <li>(ii) Number of Shares; and</li> <li>(iii) Date of expiry of the moratorium for each block of Shares.</li> </ul>	Complied
(2)	Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
(3)	The Bumiputera equity requirements for public listed companies as approved / exempted by the SC including any conditions imposed thereon;	Complied
(4)	Make the relevant announcement pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
(5)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Kawan on the first day of Listing;	To be complied
(6)	In relation to the Public Issue to be undertaken by Kawan, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: <ul style="list-style-type: none"> <li>(i) Level of subscription of public balloting and placement;</li> <li>(ii) Basis of allotment / allocation;</li> <li>(iii) A table showing the distribution for placement tranche; and</li> <li>(iv) Disclosure of placees who become substantial shareholders of Kawan arising from the Public Issue, if any.</li> </ul>	To be complied
(7)	Kawan / M & A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Kawan to the Official List.	To be complied

**3. APPROVALS AND CONDITIONS (Cont'd)****3.1.2 SC approval**

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 15 January 2024, approved our resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies.

The approval from the SC is subject to the following conditions:

<b>No.</b>	<b>Details of conditions imposed</b>	<b>Status of compliance</b>
(a)	Kawan is to allocate shares equivalent to 12.5% of its enlarged number of issued shares at the point of Listing to Bumiputera investors to be approved by MITI; and	Complied
(b)	Kawan is to make available at least 50.0% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	Complied

The effect of our Listing on our equity structure is as follows:

<b>Category of shareholders</b>	<b>As at 30 June 2023</b>		<b>After Listing</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
<b>Bumiputera</b>				
- Bumiputera investors approved by MITI	-	-	<sup>(1)</sup> 68,750,000	12.5
- Bumiputera public investors via balloting	-	-	<sup>(1)</sup> 13,750,000	2.5
<b>Total Bumiputera</b>	<b>-</b>	<b>-</b>	<b>82,500,000</b>	<b>15.0</b>
<b>Non-Bumiputera</b>	<b>1</b>	<b>100.0</b>	<b>467,500,000</b>	<b>85.0</b>
<b>Malaysians</b>	<b>1</b>	<b>100.0</b>	<b>550,000,000</b>	<b>100.0</b>
<b>Foreigners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>1</b>	<b>100.0</b>	<b>550,000,000</b>	<b>100.0</b>

**Note:**

<sup>(1)</sup> Based on the assumption that the Shares offered to the Bumiputera investors to be approved by MITI and Bumiputera public investors via balloting shall be fully subscribed.

The Shariah Advisory Council of SC had, vide its letter dated 24 April 2024 classified our Shares as shariah-compliant based on our audited combined financial statements for FYE 2023.

**3.1.3 MITI approval**

The MITI had, vide its letter dated 8 September 2023, taken note and has no objection to our Listing.

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**3. APPROVALS AND CONDITIONS (Cont'd)**


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**3.2 MORATORIUM ON OUR SHARES**

As at the date of submission of our listing application to Bursa Securities, we have met the quantitative criteria for admission to the Main Market of Bursa Securities. Hence, in accordance with Rule 3.19(1A)(b) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders during the period of 6 months from the date of admission to the Official List ("**Moratorium Period**").

Details of our Specified Shareholders and their Shares which will be subject to the abovesaid moratorium, are set out below:

<b>Specified Shareholders</b>	<b>Moratorium shares during the Moratorium Period</b>	
	<b>(1)No. of Shares</b>	<b>(2)%</b>
Lim Thou Lai	387,900,000	70.5
Lim Thou Kiong	6,600,000	1.2
	<b>394,500,000</b>	<b>71.7</b>

**Notes:**

- (1) After Offer for Sale.
- (2) Based on the enlarged share capital of 550,000,000 Shares after our IPO.

The moratorium has been fully accepted by our Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the Moratorium Period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by our Specified Shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

M & A Securities, our Sponsor has confirmed that our Group has satisfied the profit requirements to be listed on the Main Market for the past 3 financial years ended 31 October 2021 to 2023 of our business, totalling RM34.4 million, with PAT of RM13.3 million for FYE 2023, being the most recent financial year.

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## 4. DETAILS OF OUR IPO

### 4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 29 April 2024 and will remain open until 5.00 p.m. on 14 May 2024. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

### 4.2 INDICATIVE TIMETABLE

<b>Events</b>	<b>Indicative date</b>
Issuance of this Prospectus / Opening of Application	29 April 2024
Closing of Application	14 May 2024
Balloting of Application	17 May 2024
Allotment / Transfer of IPO Shares to successful applicants	27 May 2024
Date of Listing	29 May 2024

In the event there is any change to the timetable, we will advertise the notice of change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

### 4.3 DETAILS OF OUR IPO

#### 4.3.1 Listing scheme

##### (a) Public Issue

A total of 110,000,000 Issue Shares, representing approximately 20.0% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

##### (i) Malaysian Public

27,500,000 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 13,750,000 Issue Shares made available to public investors; and

(bb) 13,750,000 Issue Shares made available to Bumiputera public investors.

##### (ii) Eligible Directors, employees and persons who have contributed to the success of our Group

19,250,000 Issue Shares, representing 3.5% of our enlarged share capital, are reserved for our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.3.

##### (iii) Private placement to Bumiputera investors approved by MITI

63,250,000 Issue Shares, representing 11.5% of our enlarged share capital, are reserved for private placement to Bumiputera investors approved by MITI.

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**4. DETAILS OF OUR IPO (Cont'd)**

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The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM45,144,001 comprising 440,000,000 Shares to RM78,144,001 comprising 550,000,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

**(b) Offer for Sale**

Our Selling Shareholder will undertake an offer for sale of 34,500,000 Offer Shares, representing 6.3% of our enlarged share capital at our IPO Price. The Offer Shares shall be undertaken by way of private placement in the following manner:

- (i) 5,500,000 Offer Shares, representing 1.0% of our enlarged share capital, are made available for selected Bumiputera investors approved by MITI; and
- (ii) 29,000,000 Offer Shares, representing 5.3% of our enlarged share capital, are made available for selected investors.

Further details of our Selling Shareholder are set out in Section 4.3.2.

Our Offer for Sale is subject to the terms and conditions of this Prospectus.

**(c) Listing**

Upon completion of our IPO, our Company's entire enlarged share capital of RM78,144,001 comprising 550,000,000 Shares shall be listed on the ACE Market.

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#### 4. DETAILS OF OUR IPO (Cont'd)

##### 4.3.2 Selling Shareholder

Details of our Selling Shareholder is as follows:

Name / Residential address	Relationship with our Group	<sup>(1)</sup> Before IPO / As at LPD		Offer Shares offered			After IPO	
		No. of Shares	<sup>(2)</sup> %	No. of Shares	<sup>(2)</sup> %	<sup>(3)</sup> %	No. of Shares	<sup>(3)</sup> %
Lim Thou Lai / 15, Jalan Ixora Tropika 1 Taman Ixora Tropika 30350 Ipoh Perak	Promoter, substantial shareholder and Managing Director	422,400,000	96.0	34,500,000	7.8	6.3	387,900,000	70.5

**Notes:**

- (1) After completion of the Group Internal Restructuring but prior to our Public Issue.
- (2) Based on our share capital of 440,000,000 Shares before our IPO.
- (3) Based on our enlarged share capital of 550,000,000 Shares after our IPO.

Further details of our Selling Shareholder, who is also our Promoter, substantial shareholder and Managing Director can be found in Section 5.1.

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**4. DETAILS OF OUR IPO (Cont'd)****4.3.3 Pink Form Allocations**

We have allocated 19,250,000 Issue Shares under the Pink Form Allocations to our eligible Directors, employees and persons who have contributed to the success of our Group as follows:

<b>Category</b>	<b>No. of eligible persons</b>	<b>Aggregate no. of Issue Shares allocated</b>
Eligible Directors	6	6,735,000
Eligible employees	139	11,515,000
Persons who have contributed to the success of our Group	20	1,000,000
	<b>165</b>	<b>19,250,000</b>

Pink Form Allocations which are not accepted by certain eligible Directors, employees and persons who have contributed to the success of our Group will be re-allocated among the other eligible Directors mentioned in the table below and other eligible employees and persons who have contributed to the success of our Group at the discretion of our Board.

**(a) Allocation to eligible Directors**

The criteria for allocation to our eligible Directors are based on, amongst others, their past and anticipated contribution to our Group.

Lim Thou Lai (our Managing Director) has opted not to participate in the Pink Form Allocations as he is already our substantial shareholder and undertaking the Offer for Sale.

Details of the proposed allocation to our other Directors are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Dr. Chuah Chaw Teo	Independent Non-Executive Chairman	75,000
Chong Hon Choong	Executive Director and Head of Department (Project)	275,000
Heng Siew Aun	Executive Director and General Manager	6,160,000
Liew Li Ping	Independent Non-Executive Director	75,000
Loh Leng Sem	Independent Non-Executive Director	75,000
Ngoi Evon	Independent Non-Executive Director	75,000
		<b>6,735,000</b>

**(b) Allocation to our eligible employees**

The criteria of allocation to our eligible employees (as approved by our Board) are based on, among others, the following factors:

- (i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) The number of shares allocated to our eligible employees are based on their seniority, position, length of service and respective contribution made to our Group as well as other factors deemed relevant to our Board; and

**4. DETAILS OF OUR IPO (Cont'd)**

(iii) Full time employee of at least 18 years of age.

Included in the allocation to our eligible employees are the proposed allocations to our key senior management:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Doris Tan Chuen Chuen	Chief Financial Officer	650,000
Sharizan Bin Abd. Bahrin	Head of Department (Engineering)	2,172,500
Syahirul Hafiz Bin Safuan Wong	Head of Department (Quality Control)	175,000
Chuah Theam Choon	Head of Department (Production)	175,000
		<b>3,172,500</b>

**(c) Allocation to persons who have contributed to the success of our Group**

Persons who have contributed to the success of our Group include business associates, subcontractors, customers and suppliers, whom are not related parties to our Group.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on, amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

**4.3.4 Placement and underwriting arrangement**

Our Underwriter will underwrite 46,750,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 63,250,000 Issue Shares and 34,500,000 Offer Shares available for application by Bumiputera investors approved by MITI and selected investors will not be underwritten and will be placed out by our Placement Agent.

Any of our Issue Shares not subscribed by the Malaysian Public and Pink Form Allocations shall be subject to the following clawback and reallocation provisions:

- (a) If any Issue Shares allocated to the Malaysian Public are undersubscribed, the balance portion will be allocated for excess application by our eligible Directors, employees and persons who have contributed to the success of our Group. Likewise, any Issue Shares which are not taken up by our eligible Directors, employees and persons who have contributed to the success of our Group, will be allocated to the Malaysian Public.
- (b) After (a) above, the remaining portion will be made available for application by way of private placement to selected investors to be identified.
- (c) Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms and conditions of the Underwriting Agreement.

The allocation of Issue Shares to identified Bumiputera investors shall be subject to the allocation as approved by MITI. Such Issue Shares shall be subject to the following clawback and reallocation provisions:

- (a) Any unsubscribed Issue Shares allocated to Bumiputera investors approved by MITI shall firstly be reallocated to Malaysian institutional investors. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares shall then be offered to Bumiputera public investors via public balloting.

#### 4. DETAILS OF OUR IPO (*Cont'd*)

- (b) After (a) above, the remaining portion will be made available for:
- (i) Malaysian Public, in the event of an oversubscription; or
  - (ii) application by way of private placement to selected investors to be identified, the proportion of which will be determined by our Board and Placement Agent.

The clawback and reallocation shall not apply in the event of over-application of the Issue Shares allocated to the Malaysian Public, Pink Form Allocations and private placement to Bumiputera investors approved by MITI. Our Board will ensure that any excess IPO Shares will be allocated in a fair and equitable manner.

##### 4.3.5 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

As at LPD, save as disclosed in Section 4.3.3, to the extent known to our Company:

- (a) there are no substantial shareholder(s), Directors or key senior management of our Company who have indicated to our Company that they intend to subscribe for the IPO Shares; and
- (b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of the IPO Shares.

#### 4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
<b>Share capital</b>		
As at the date of incorporation	1	1
To be issued pursuant to the Acquisition	439,999,999	45,144,000
<b>As at the date of this Prospectus</b>	<b>440,000,000</b>	<b>45,144,001</b>
To be issued under our Public Issue	110,000,000	33,000,000
<b>Enlarged share capital upon our Listing</b>	<b>550,000,000</b>	<b>78,144,001</b>

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#### **4. DETAILS OF OUR IPO (Cont'd)**

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Our Offer for Sale will not have any effect on our share capital.

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. Every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each ordinary share held.

#### **4.5 PURPOSES OF OUR IPO**

The purposes of our IPO are as follows:

- (a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;
- (b) To gain recognition through our listing status to enhance our reputation and to retain and attract new and skilled employees from our related industry;
- (c) To provide an opportunity for the Malaysian Public, including our eligible Directors, employees and persons who have contributed to the success of our Group to participate in our equity; and
- (d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

#### **4.6 BASIS OF ARRIVING AT OUR IPO PRICE**

Our IPO Price was determined and agreed upon by us and M & A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (a) Our pro forma NA per Share of RM0.13 as at 31 October 2023 after IPO and utilisation of proceeds, calculated based on our pro forma NA after Public Issue and utilisation of proceeds as at 31 October 2023 of approximately RM73.8 million and enlarged share capital of 550,000,000 Shares upon Listing;
- (b) The PE Multiple of our IPO Price of approximately 12.4 times based on our EPS of approximately 2.4 sen for FYE 2023, calculated based on our PAT for FYE 2023 of RM13.3 million and enlarged share capital of 550,000,000 Shares upon Listing;

**4. DETAILS OF OUR IPO (Cont'd)**

(c) Our historical financial track record as follows:

	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	48,823	64,041	139,184	98,379
GP	7,468	10,077	21,516	23,997
PAT	4,425	6,883	14,228	13,302

(d) Our competitive strengths as set out in Section 7.15; and

(e) Our business strategies and prospects as set out in Section 7.16.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 before deciding to invest in our Shares.

**4.7 TOTAL MARKET CAPITALISATION UPON LISTING**

Based on our IPO Price and enlarged share capital of 550,000,000 Shares upon Listing, our total market capitalisation will be RM165.0 million.

**4.8 DILUTION**

Dilution is the amount by which our IPO Price exceeds our pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	<b>RM</b>
IPO Price	0.30
Pro forma NA per Share as at 31 October 2023 after Group Internal Restructuring but before Public Issue	0.10
Pro forma NA per Share as at 31 October 2023 after Group Internal Restructuring, Public Issue and utilisation of proceeds	0.13
Increase in pro forma NA per Share attributable to existing shareholders	0.03
(Decrease) in pro forma NA per Share to our new public investors	(0.17)
(Decrease) in pro forma NA per Share as a percentage of our IPO Price	(56.7%)

Further details of our pro forma NA per Share as at 31 October 2023 is set out in Section 14.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to LPD:

<b>Shareholders</b>	<b><sup>(1)</sup>No. of Shares received</b>	<b>Total consideration</b>	<b>Average effective cost per Share</b>
		<b>RM</b>	<b>RM</b>
Lim Thou Lai	422,400,000	43,338,240	0.1026
Chong Hon Choong	6,160,000	632,016	0.1026
Heng Siew Aun	4,840,000	496,584	0.1026
Lim Thou Kiong	6,600,000	677,160	0.1026
	<b>440,000,000</b>	<b>45,144,000</b>	

**4. DETAILS OF OUR IPO (Cont'd)****Note:**

(1) Being Shares issued under the Acquisition.

Save as disclosed above and the Pink Form Allocations to our eligible Directors and key senior management, there has been no acquisitions or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

**4.9 UTILISATION OF PROCEEDS****4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM33.0 million will accrue entirely to us and are planned to be utilised in the following manner:

<b>Utilisation of proceeds</b>	<b>Notes</b>	<b>RM'000</b>	<b>%</b>	<b>(1)Estimated timeframe for utilisation</b>
Working capital	(a)	15,000	45.5	Within 24 months
Investment into a new 2MW power plant	(b)	5,000	15.1	Within 36 months
Improvement of Bercham Plant output	(c)	2,500	7.6	Within 15 months
Purchase of additional machinery	(d)	500	1.5	Within 12 months
Repayment of bank borrowings	(e)	6,000	18.2	Within 3 months
Estimated listing expenses	(f)	4,000	12.1	Within 1 month
<b>Total</b>		<b>33,000</b>	<b>100.0</b>	

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

**Note:**

(1) From the date of Listing.

**(a) Working capital**

Our Group's working capital requirements are expected to increase in tandem with the expected growth in scale of our business. As such, our Group intends to allocate proceeds for the working capital requirements of our on-going and future co-generation plant projects, mainly comprising purchase of turbines, auxiliary parts and equipment, as well as related raw materials, the breakdown of which will be determined based on the requirements of such projects at the material time. We have allocated approximately RM15.0 million from our gross proceeds raised from Public Issue for this purpose to be utilised over 24 months from the date of our Listing.

**4. DETAILS OF OUR IPO (Cont'd)**

The breakdown of the foregoing has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation. Nevertheless, based on internal management estimates, the allocation of the proceeds to be utilised for our on-going and future co-generation plant projects are as follows, subject to the operating and funding requirements of our Group at the time of utilisation:

<b>Description</b>	<b>Estimated allocation of proceeds (%)</b>
On-going plant project	45.0
Future co-generation plant project	55.0
	<b>100.0</b>

For FYE 2020 to 2023, the purchase of turbines, auxiliary parts and equipment, as well as related raw materials representing approximately 50.8%, 54.2%, 64.6% and 46.8% of our total cost of sales respectively.

The allocation of proceeds raised from the Public Issue for our working capital requirements will allow us to undertake more projects concurrently. This is because the number and size of projects that we can undertake at any point in time depend largely on the availability of our working capital.

**(b) Investment into a new 2MW power plant**

We intend to construct a new 2MW biomass power plant to grow our power generation and sale of electricity business segment and diversify our income base to include more recurring income. We will leverage on our Group's expertise in design, fabrication, installation and/or commissioning, to construct the new biomass power plant in-house. We plan to use biomass feedstock (such as EFB, wood chips or bamboo chips) which will be sourced from local suppliers to generate fuel for the new biomass power plant. We will sell all the electricity generated from the new biomass power plant to the distribution licensee. Please refer to Section 7.16.2 for further details.

The total estimated cost for the construction of the new biomass power plant is RM15.0 million which was derived based on the quotation by contractors as well as internal management estimates. We intend to allocate RM5.0 million for the construction of the new 2MW biomass power plant from our Public Issue proceeds whilst the remaining RM10.0 million is financed via bank borrowings and/or internally generated funds.

The details of the estimated costs for the new 2MW biomass power plant is set out as follows:

<b>Estimated costs</b>	<b>RM'000</b>
Civil works	1,500
Boiler island	7,000
Turbine island	2,500
Water and exhaust treatment	800
Chimney and continuous emissions monitoring system	800
Plant electrical works	1,200
Substation and interconnection	600
Cooling tower, steam condenser and related piping	400
Miscellaneous works	200
<b>Total</b>	<b>15,000</b>

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**4. DETAILS OF OUR IPO (Cont'd)**

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We expect to complete the construction of the new 2MW biomass power plant within 18 months from the date of SEDA's approval on the proposed quota. As at LPD, we are in the midst of preparing for a bid application to SEDA for 2MW of quota, whereby the bid application is expected to open in second quarter of 2024. Please refer to Section 7.16.2 for further details.

In the event of an unsuccessful bid, we intend to participate in subsequent bidding exercises for the new biomass power plant for up to 18 months from our Listing. In the event that we are unable to secure the quota within 18 months from our Listing, we may consider extending the timeframe or reallocate the proceeds for other purposes, and in such an event, we will seek shareholders' approval, if required under the Listing Requirements, for such variation. Once successful, we expect to construct the new biomass power plant within 18 months from the date of successful bidding.

**(c) Improvement of Bercham Plant output**

Our Bercham Plant has an installed capacity of 1.2MW and a net export capacity of 1MW, and is operating under the FiT mechanism. As such, we are licenced to sell up to 24MWh of electricity per day (i.e. 1MW multiplied by 24 hours). Under the FiT mechanism, we are allowed to sell the electricity produced from our plant to the distribution licensee at a predetermined rate of RM0.3880/kWh until 2032. As at LPD, our electricity generated for sale is approximately 1.5MWh per day which is 6.3% of our maximum allowable electricity sales of 24MWh per day, due to blockages in the gas piping caused by polymers present in the landfill in which methane gas is extracted as feedstock for the Bercham Plant.

To improve the production output of the Bercham Plant as well as to increase the revenue from our power generation and sale of electricity business, we will use agricultural waste (used in anaerobic digestion system) as additional feedstock on top of landfill gas, in accordance with our Feed-In-Approval, pursuant to our consultation with SEDA. As at LPD, we are in the midst of conducting a feasibility study of the new system and material. Our feasibility study entails carrying out design calculations to determine the feasibility of the new system required (i.e. anaerobic digestion system) to be installed for the additional feedstock as well as conducting prototype testing by constructing a pilot testing plant for the new system at Bercham Landfill. Thereafter, we will purchase and install an anaerobic digestion system, which will be connected, and will supply gas directly, to Bercham Plant.

The amount of gas produced by the anaerobic digestion system is expected to be able to generate up to 24MWh of electricity per day. With the combination of landfill gas and gas produced from the anaerobic digestion system, we expect to be able to generate approximately 24MWh of electricity per day which is expected improve the revenue of our power generation and sale of electricity business to approximately RM3.4 million (i.e. 24MWh multiplied by RM0.3880/kWh and 365 days) per year from the estimated RM0.2 million a year. Please refer to Section 7.16.1 for further details.



**4. DETAILS OF OUR IPO (Cont'd)**

We expect to commence the installation of the anaerobic digestion system within 15 months upon our Listing:

<b>Timeframe from Listing (T)</b>	<b>Details</b>
T + 3 months	Completed feasibility study and finalised system design
T + 4 months	Fulfilment of deposit payment
T + 9 months	Delivery of anaerobic digestion system
T + 15 months	Installation, testing and commissioning

The total estimated cost for the installation of the anaerobic digestion system is RM2.5 million based on quotation from the supplier, which will be fully funded from our Public Issue proceeds.

**(d) Purchase of additional machinery**

We intend to upgrade some of our production processes by purchasing additional machinery at Factory 1 and Factory 3 to improve our production efficiency.

We intend to purchase the following machinery for Factory 1 and Factory 3:

<b>Machinery</b>	<b>Description</b>	<b>Number of unit(s)</b>	<b>Estimated cost (RM'000)</b>
Fibre laser cutting machine	Fibre laser cutting machine uses a focused, high-powered laser beam for precision cutting of materials such as metal	1	320
Adjustable rotator	Adjustable rotator uses a rotating platform to semi-automate the rotation of tanks during welding and fitting processes	2	78
<b>Total</b>		<b>3</b>	<b>398</b>

In addition, installation costs amounting to RM0.1 million will be incurred for the installation of the machines.

Please refer to Section 7.16.3 for further details of the upgraded machinery and the improvements in process.

We intend to purchase the abovementioned additional machinery within 12 months upon our Listing. The total estimated cost for the purchase of additional machinery including installation is RM0.5 million which was derived based on the quotation from suppliers. It will be entirely funded from the Public Issue proceeds.

**4. DETAILS OF OUR IPO (Cont'd)****(e) Repayment of bank borrowings**

We have allocated RM6.0 million to repay 2 of our term financing which were drawn down to finance our working capital and the purchase of Factory 3. As at 31 October 2023, these term financing amount to RM0.3 million and RM6.0 million respectively.

We have decided to prioritise the repayment of these term financing from Malayan Banking Berhad as they carry higher effective interest rates of 3.50% and 4.25% respectively, for FYE 2023 compared to our other term financing.

As at LPD, our outstanding banking facilities amounted to RM6.0 million. We expect to drawdown further term financing to support our working capital requirements and for purposes of our business growth. Nonetheless, the expected annual interest savings from the repayment of the term financing is approximately RM0.3 million based on their effective interest rates for FYE 2023. However, the actual interest savings may vary depending on the then applicable interest rates.

**(f) Estimated listing expenses**

An amount of RM4.0 million is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

<b>Estimated listing expenses</b>	<b>RM'000</b>
Professional fees <sup>(1)</sup>	2,250
Fees to authorities	86
Underwriting, placement and brokerage fees	1,300
Printing, advertising fees and contingencies <sup>(2)</sup>	364
	<b>4,000</b>

**Notes:**

- (1) Includes advisory fees for, amongst others, our Principal Adviser, solicitors, reporting accountants, IMR, independent internal control review consultant and Issuing House.
- (2) Other incidental or related expenses in connection with our IPO.

If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements.

Any variations from the amounts budgeted above, save for item (a), shall be adjusted towards or against, as the case may be, the proceeds allocated for our general working capital requirements. Where applicable and required under Rule 8.24 of the Listing Requirements, we will seek shareholders' approval for any material variation to the intended utilisation of proceeds. Any further shortfall shall be funded from our internally-generated funds or bank borrowings, at a proportion to be determined at the point of funding.

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#### **4. DETAILS OF OUR IPO (Cont'd)**

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##### **4.9.2 Offer for Sale**

The Offer for Sale is expected to raise gross proceeds of approximately RM10.4 million which will accrue entirely to our Selling Shareholder and we will not receive any of the proceeds.

The Selling Shareholder shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM2.5 million.

#### **4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION**

##### **4.10.1 Brokerage fees**

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

##### **4.10.2 Placement fees**

Our Placement Agent will place out a total of 63,250,000 Issue Shares and 34,500,000 Offer Shares to Bumiputera investors approved by MITI and selected investors.

We will pay our Placement Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Placement Agent will be paid by our Selling Shareholder.

##### **4.10.3 Underwriting commission**

Our Underwriter has agreed to underwrite 46,750,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 3.0% of our IPO Price multiplied by the number of Shares underwritten.

#### **4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

We have entered into the Underwriting Agreement with M & A Securities, to underwrite 46,750,000 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.3.

The following are the salient terms in the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement.

##### **4.11.1 Conditions precedent**

The several obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon:

- (a) the acceptance of our Listing and the clearance of registrable prospectus from Bursa Securities, and the lodgement of registrable prospectus with the ROC respectively together with copies of all documents required under Section 154 of the Act prior to the issuance of this Prospectus to the public;

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**4. DETAILS OF OUR IPO (Cont'd)**

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- (b) the issuance of this Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Act to the public within 3 months from the date hereof or such extension as consented by the Underwriter;
- (c) there having been, as at any time hereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Group (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in this Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement, if they are repeated on and as of the Closing Date;
- (d) the issue, offering and subscription of the Issue Shares in accordance with the provisions hereof and this Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
- (e) all necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;
- (f) the Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in Underwriting Agreement;
- (g) the delivery to the Underwriter prior to the date of registration of this Prospectus of (i) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of our Board and the shareholders in general meeting approving the Underwriting Agreement, this Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of this Prospectus; (ii) a certificate dated the date of this Prospectus signed by duly authorised officers of our Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in sub-section (c);
- (h) the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from our Board as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and
- (i) the Underwriter being satisfied that our Company will, following completion of the Public Issue be admitted to the official list and its issued share capital listed and quoted on the ACE Market of Bursa Securities without undue delay.

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#### **4. DETAILS OF OUR IPO (Cont'd)**

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##### **4.11.2 Non-fulfilment of conditions precedent**

In the event any of the conditions as set out in Section 4.11.1 are not satisfied by the Closing Date, the Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to our Company not later than 3 Market Days after the Closing Date and upon such termination, our Company and the Underwriter shall be released and discharged from their obligations save for our Company's obligations pursuant to the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by our Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by our Company for the payment of the expenses as provided in the Underwriting Agreement). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

##### **4.11.3 Termination**

Notwithstanding anything herein contained, the Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:

- (a) there is any breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the Public Issue, or the distribution of the Issue Shares; or
- (b) there is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group and the success of the Public Issue, or the distribution of the Issue Shares; or
- (c) there shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition of our Group; or
- (d) there shall have occurred, happened or come into effect any of the following circumstances:
  - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to interbank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

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#### **4. DETAILS OF OUR IPO (Cont'd)**

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- (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Group and the success of the Public Issue, or the distribution of the Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
- (iii) the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
  - (1) on or after the date of the Underwriting Agreement; and
  - (2) prior to the allotment of the Issue Shares, lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least 3 Market Days; or
- (iv) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or
- (e) there is failure on the part of our Company to perform any of our respective obligations contained under the Underwriting Agreement; or
- (f) any matter which arose immediately before the date of this Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or
- (g) any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement.

#### **4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET**

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

### 5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 5.1.1 Promoters' and substantial shareholders' shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

Name	Nationality	<sup>(1)</sup> Before IPO				<sup>(2)</sup> After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b><u>Promoter and substantial shareholder</u></b>									
Lim Thou Lai	Malaysian	422,400,000	96.0	-	-	387,900,000	70.5	-	-
<b><u>Promoters</u></b>									
Chong Hon Choong	Malaysian	6,160,000	1.4	-	-	<sup>(3)</sup> 6,435,000	<sup>(3)</sup> 1.2	-	-
Heng Siew Aun	Malaysian	4,840,000	1.1	-	-	<sup>(3)</sup> 11,000,000	<sup>(3)</sup> 2.0	-	-

#### Notes:

- (1) Based on the share capital of 440,000,000 Shares before our IPO.
- (2) Based on the enlarged share capital of 550,000,000 Shares after our IPO.
- (3) Assuming he/she fully subscribes for his/her respective entitlements under the Pink Form Allocations.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Group and there is no arrangement between our Group and our shareholders with any third parties, the operation of which may at a subsequent date result in a change in control of our Company.

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## **5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)**

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### **5.1.2 Profiles of Promoters and/or substantial shareholders**

The profiles of our Promoters and/or substantial shareholders are set out below.

#### **(a) Lim Thou Lai**

Lim Thou Lai, a Malaysian aged 56, is our Promoter, substantial shareholder and Managing Director. He was appointed to our Board on 22 October 2022 and has over 31 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 was admitted as a Member of the Institution of Engineers, Malaysia in 2006. He was also admitted as a Professional Engineer (Mechanical) by the Board of Engineers Malaysia in 2007. He also served as a Member of the Federation of Malaysian Manufacturers (Perak Branch) between 2010 and 2011. He is currently a registered Electrical Energy Manager with the EC since 2024.

In 1992, he began his career as a Management Trainee at Hemach Sdn Bhd 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, oversaw factory operations and set up machinery and fabrication production line. He left Hemach Sdn Bhd in February 1994.

In March 1994, he joined Ikatan Engineering Sdn Bhd (formerly known as Ikatan Murni Sdn Bhd) as an Engineer where he was involved in design, quality control, engineering and production works. He was later promoted to Engineering Manager in September 1994 where he was in charge of design, production, quality control of pressure vessels, heat exchanger and miscellaneous steel fabrication works.

In May 1996, he co-founded Kawan Engineering (then known as Kawan Dynamic Engineering Sdn Bhd) to carry on the business as fabricator and installer of boiler making, pressure vessel, process and storage tanks, wastewater, piping, mechanical & electrical works, structural and civil works. The other founding shareholders and directors were Chan Fook Kheong, Wong Heng Kuan and Kam Foong Cheng.

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

He also holds directorships and shareholdings in several private limited companies. Please refer to Section 5.2.3(b) for further details of his directorships and shareholding in other private limited companies.

#### **(b) Chong Hon Choong**

Chong Hon Choong, a Malaysian aged 45, is our Promoter, Executive Director and Head of Department (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.



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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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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 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 in ensuring that projects are completed within the timeline and scope. In 2012, he was promoted to the Head of Department (Project), a role that he assumes presently, where he undertook the same responsibilities.

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

**(c) Heng Siew Aun**

Heng Siew Aun, a Malaysian aged 39, 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 as a Sales and Application Engineer in November 2011 where she was responsible in preparing design calculation in fulfilling customers' requirements as well as statutory and regulatory requirements, gathering product and customer requirements, 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 in 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 in spearheading the growth and operations of Kawan Engineering.

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

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings in our Company since our incorporation are as follows:

Name	As at incorporation				<sup>(1)</sup> Before IPO				<sup>(2)</sup> After IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Promoter and substantial shareholder</b>												
Lim Thou Lai	1	100.0	-	-	422,400,000	96.0	-	-	387,900,000	70.5	-	-
<b>Promoters</b>												
Chong Hon Choong	-	-	-	-	6,160,000	1.4	-	-	<sup>(3)</sup> 6,435,000	<sup>(3)</sup> 1.2	-	-
Heng Siew Aun	-	-	-	-	4,840,000	1.1	-	-	<sup>(3)</sup> 11,000,000	<sup>(3)</sup> 2.0	-	-

**Notes:**

- <sup>(1)</sup> Based on the share capital of 440,000,000 Shares before our IPO.
- <sup>(2)</sup> Based on our enlarged share capital of 550,000,000 Shares after our IPO.
- <sup>(3)</sup> Assuming he/she fully subscribes for his/her respective entitlements under the Pink Form Allocations.

### 5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 5.1.5 Amounts or benefits paid or intended to be paid or given to our Promoters or substantial shareholders

Save for the issuance of our Shares as disclosed in Section 6.2(a), the dividends as set out in Section 12.15 and aggregate remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities as disclosed in Section 5.2.4, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

## 5.2 DIRECTORS

Our Board takes note of the recommendations under the MCGG released on 28 April 2021. As at LPD, our Board has adopted all relevant recommendations of the MCGG.

### 5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after IPO are set out below:

Name	Designation / Nationality	<sup>(1)</sup> Before IPO				<sup>(2)</sup> After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dr. Chuah Chaw Teo	Independent Non-Executive Chairman / Malaysian	-	-	-	-	<sup>(3)</sup> 75,000	<sup>(3)</sup> <0.1	-	-
Lim Thou Lai	Managing Director / Malaysian	422,400,000	96.0	-	-	387,900,000	70.5	-	-
Chong Hon Choong	Executive Director and Head of Department (Project) / Malaysian	6,160,000	1.4	-	-	<sup>(3)</sup> 6,435,000	<sup>(3)</sup> 1.2	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Name	Designation / Nationality	<sup>(1)</sup> Before IPO				<sup>(2)</sup> After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Heng Siew Aun	Executive Director and General Manager / Malaysian	4,840,000	1.1	-	-	<sup>(3)</sup> 11,000,000	<sup>(3)</sup> 2.0	-	-
Liew Li Ping	Independent Non-Executive Director / Malaysian	-	-	-	-	<sup>(3)</sup> 75,000	<sup>(3)</sup> <0.1	-	-
Loh Leng Sem	Independent Non-Executive Director / Malaysian	-	-	-	-	<sup>(3)</sup> 75,000	<sup>(3)</sup> <0.1	-	-
Ngoi Evon	Independent Non-Executive Director / Malaysian	-	-	-	-	<sup>(3)</sup> 75,000	<sup>(3)</sup> <0.1	-	-

**Notes:**

- (1) Based on the share capital of 440,000,000 Shares before our IPO.
- (2) Based on the enlarged share capital of 550,000,000 Shares after our IPO.
- (3) Assuming he/she fully subscribes for his/her respective entitlements under the Pink Form Allocations.

## **5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)**

### **5.2.2 Profiles of Directors**

The profiles of Lim Thou Lai, Chong Hon Choong and Heng Siew Aun are set out in Section 5.1.2. The profiles of our other Directors are as follows:

#### **(a) Dr. Chuah Chaw Teo**

Dr. Chuah Chaw Teo, a Malaysian aged 73, 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 and up to LPD.

Since 1997 and up to LPD, 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. Please refer to Section 5.2.3(a) for further details of his involvement in other business outside our Group.

#### **(b) Liew Li Ping**

Liew Li Ping, a Malaysian aged 55, is our Independent Non-Executive Director. She was appointed to our Board on 26 June 2023.

She was admitted as an Associate Member of ACCA in 1994 and a Fellow Member of ACCA since 1999. She has been a member of Malaysian Institute of Accountants since 1995.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

She also served as the Vice Chairman (Female) of Malaysian International Chamber of Commerce and Industry (MICCI) Perak Branch between 2019 and 2021 as a representative of KPMG PLT ("KPMG").

She commenced her career in 1992 as an Audit Assistant at KPMG Peat Marwick (now known as KPMG) and through the years, held capacities as Audit Manager and Audit Senior Manager of the firm. She took a career break in 2001 and returned to KPMG as the Training and Technical Consultant in 2005 where she was responsible for training and updating the firm's staff in Ipoh on technical accounting, legal, financial reporting standards requirements. She went on a further career break from 2009 to October 2010.

In November 2010, she was appointed as KPMG's Ipoh Branch Director where she was responsible for the operations for the firm's audit, tax and administration functions. Whilst holding a position as the Branch Director, she was also the Audit Director for various audit engagements in KPMG. In 2015, she was promoted to Audit Executive Director of KPMG until her early retirement in 2022.

During her tenure of more than 23 years at KPMG, she has gained extensive experience in audit and special engagements in diversified industries, among others, plantation, pharmaceutical and healthcare, cement, industrial products, consumer products, transport, electronics, technology, education, port and bulk terminals and property development industries.

Please refer to Section 5.2.3(c) for further details of her involvement in other business outside our Group.

**(c) Loh Leng Sem**

Loh Leng Sem, a Malaysian aged 56, 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 application 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.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)**

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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.

As at LPD, he does not hold any directorship or shareholding in other companies. Please refer to Section 5.2.3(d) for further details of his past involvement in business activities outside our Group.

**(d) Ngoi Evon**

Ngoi Evon, a Malaysian aged 36, 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 conducted 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.

Please refer to Section 5.2.3(e) for further details of her involvement in other business outside our Group.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**5.2.3 Principal business performed outside our Group**

Details of our Directors' involvement in principal business activities and directorships outside our Group as at LPD ("**Present Involvements**") and in the past 5 years preceding LPD ("**Past Involvements**") are set out below:

**(a) Dr. Chuah Chaw Teo**

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment / Date of cessation</u>	<u>% of shareholdings held</u>	
				<u>Direct</u>	<u>Indirect</u>
<b><u>Present Involvements</u></b>					
Angenet Sdn Bhd (wholly-owned subsidiary of Spritzer Bhd (listed on Main Market of Bursa Securities))	Manufacturing and selling of bottled water	Director	12 February 2001 / -	-	-
Spritzer Ecopark Sdn Bhd (wholly-owned indirect subsidiary of Spritzer Bhd (listed on Main Market of Bursa Securities))	Operator of a mini golf course and recreational park	Director	30 April 2003 / -	-	-
Golden Pet Industries Sdn Bhd (wholly-owned subsidiary of Spritzer Bhd (listed on Main Market of Bursa Securities))	Manufacturing and selling of PET preforms, pet bottles, caps, toothbrushes and other plastics goods	Director	21 November 1984 / -	-	-
Cranberry (M) Sdn Bhd	Manufacturing and sales of latex gloves	Director	9 June 1988 / -	-	-



**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Company	Principal activities	Position held	Date of appointment / Date of cessation	% of shareholdings held	
				Direct	Indirect
Pet Master Sdn Bhd (wholly-owned indirect subsidiary of Spritzer Bhd (listed on Main Market of Bursa Securities))	Manufacturing and selling of PET preform	Director	30 June 1997 / -	-	-
Chuan Sin Sdn Bhd (wholly-owned subsidiary of Spritzer Bhd (listed on Main Market of Bursa Securities))	Production and sale of natural mineral water, carbonated flavoured water, distilled water, drinking water and non-carbonated flavoured water	Director	15 December 2017 / -	-	-
Phytogaia Sdn Bhd	Export and import of pharmaceutical and medical goods; export and import of bio-diesel products; manufacture of biotech pharmaceuticals	Director / Shareholder	30 April 2021 / -	100.0	-
Malaysian Recycling Alliance Berhad (a public company limited by guarantee)	To engage with the relevant Governmental authorities and municipalities to promote policies and initiatives to increase collection and recycling rate of post-consumer packaging waste in Malaysia	Alternate Director	16 June 2023 / -	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment / Date of cessation</b>	<b>% of shareholdings held</b>	
				<b>Direct</b>	<b>Indirect</b>
Uniyelee Sdn Bhd	Investment holding in shares	Shareholder	-	0.4	-
Unikampar Credit and Leasing Sdn Bhd	Hire purchase, lease financing, and investment holding	Shareholder	-	0.1	-
<b><u>Past Involvements</u></b>					
Hovid Berhad	Manufacture of pharmaceutical and herbal products	Director	22 December 2004 / 31 March 2019	-	-
Attest Research Sdn Bhd	Research and development of pharmaceutical products including formulation development; technology transfer and stability study of drug products. To carry on the business of institutions of clinical research and establish research centre or hospital	Director	29 November 2013 / 31 March 2019	-	-
Allpac Solutions Sdn Bhd	Manufacture of plastic articles for the packing of goods for the pharmaceuticals and other industries	Director	29 November 2013 / 31 March 2019	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Company	Principal activities	Position held	Date of appointment / Date of cessation	% of shareholdings held	
				Direct	Indirect
Javid Sdn Bhd	Investment holding in property with no other intended principal activities	Director	29 November 2013 / 31 March 2019	-	-
Abiotide Sdn Bhd	Production of peptides and active ingredient for pharmaceutical products	Director	29 November 2013 / 31 March 2019	-	-
Hovid Pharmacy Sdn Bhd	Trading of medical supplies, pharmaceutical and consumer products	Director	29 November 2013 / 31 March 2019	-	-
Hovid Nutriworld Sdn Bhd	E-commerce marketing in health food products, consumer products, supplements and herbal products	Director	29 November 2013 / 31 March 2019	-	-
Carotech Bio-Vits Sdn Bhd	Dormant with no intended activity (wound up on 18 June 2019)	Director	25 June 2013 / 18 June 2019	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**(b) Lim Thou Lai**

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment / Date of cessation</u>	<u>% of shareholdings held</u>	
				<u>Direct</u>	<u>Indirect</u>
<b><u>Present Involvements</u></b>					
ADV Systems Sdn Bhd	Repairs of machinery, metal works, iron foundry and mechanical (Inactive since January 2023) <sup>(1)</sup>	Director / Shareholder	1 June 2018 / -	70.0	-
Periforce Asia Sdn Bhd	Dormant with no intended activities <sup>(1)</sup>	Director / Shareholder	20 April 2021 / -	67.0	-
<b><u>Past Involvements</u></b>					
Engecrol Moditech Pacific) Sdn Bhd	(Asia Trading and services of machinery and also engaged in the business of commissioning of turbine machinery	Director / Shareholder	30 August 2018 / 15 May 2023	<sup>(2)</sup> 55.0	-

**Notes:**

- (1) The company is in the process of striking off, which is expected to be completed by second quarter of 2024.
- (2) Lim Thou Lai had on 22 June 2023, transferred his entire 55.0% equity interest in Engecrol Moditech (Asia Pacific) Sdn Bhd to a non-related party, namely Ravintheran A/L S. Gunasegaran.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**(c) Liew Li Ping**

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment / Date of cessation</u>	<u>% of shareholdings held</u>	
				<u>Direct</u>	<u>Indirect</u>
<b><u>Present Involvements</u></b>					
Wonderbiz 29 PLT	Event management	Partner	3 April 2023 / -	-	-
TMK Chemical Bhd	Trading and acting as marketing agent for industrial and specialty chemicals, fertilisers and other related products	Director	6 October 2023 / -	-	-
<b><u>Past Involvements</u></b>					
Nil					

**(d) Loh Leng Sem**

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment / Date of cessation</u>	<u>% of shareholdings held</u>	
				<u>Direct</u>	<u>Indirect</u>
<b><u>Present Involvements</u></b>					
Nil					
<b><u>Past Involvements</u></b>					
Gencell DNA Sdn Bhd	Administrative health care services (struck off on 5 August 2019)	Director / Shareholder	21 December 2017 / 5 August 2019	51.0	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**(e) Ngoi Evon**

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment / Date of cessation</u>	<u>% of shareholdings held</u>	
				<u>Direct</u>	<u>Indirect</u>
<b><u>Present Involvements</u></b>					
Eltean Incorporated Sdn Bhd	Distribution of skincare and healthcare	Director / Shareholder	28 November 2013 / -	20.0	-
<b><u>Past Involvements</u></b>					
Walla Enterprise Sdn Bhd	Operating of boutique hotel	Director	1 April 2015 / 7 December 2020	-	-

As at LPD, the directorships of our Directors in other companies are in compliance with Rule 15.06 of the Listing Requirements as our Directors do not hold more than 5 directorships in public listed companies on Bursa Securities.

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Additionally, the involvement of our Managing Director in those business activities does not require significant amount of time, and hence does not affect his ability to perform his executive roles and responsibilities to our Group.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**5.2.4 Directors' remuneration and benefits**

The remuneration of our Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The fees and any benefits payable to our Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 15.3 for further details.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2021 to 2024 are as follows:

	<u>Directors' fees</u>	<u>Salaries</u>	<u>Bonuses</u>	<u>Other emolument</u>	<u>Benefits-in-kind</u>	<u>Total</u>
	<b>RM'000</b>					
<b>FYE 2021 (Paid)</b>						
Lim Thou Lai	-	216	4	30	24	274
Chong Hon Choong	-	132	6	20	13	171
Heng Siew Aun	-	129	6	21	5	161
<b>FYE 2022 (Paid)</b>						
Lim Thou Lai	-	221	9	28	11	269
Chong Hon Choong	-	142	6	26	22	196
Heng Siew Aun	-	142	6	19	5	172
<b>FYE 2023 (Paid)</b>						
Dr. Chuah Chaw Teo	-	-	-	*	-	*
Lim Thou Lai	-	240	10	31	9	290
Chong Hon Choong	-	151	7	24	24	206
Heng Siew Aun	-	153	7	21	12	193
Liew Li Ping	-	-	-	*	-	*
Loh Leng Sem	-	-	-	*	-	*
Ngoi Evon	-	-	-	*	-	*

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

	<b>Directors' fees</b>	<b>Salaries</b>	<b>Bonuses</b>	<b>Other emolument</b>	<b>Benefits-in-kind</b>	<b>Total</b>
	<b>RM'000</b>					
<b>FYE 2024 (Proposed)</b>						
Dr. Chuah Chaw Teo	(1)17	-	-	3	-	20
Lim Thou Lai	-	240	-	31	9	280
Chong Hon Choong	-	151	-	26	24	201
Heng Siew Aun	-	153	-	22	12	187
Liew Li Ping	(1)17	-	-	3	-	20
Loh Leng Sem	(1)17	-	-	3	-	20
Ngoi Evon	(1)17	-	-	3	-	20

**Notes:**

\* Less than RM1,000.

(1) The Independent Non-Executive Directors' fees will be determined upon the date of our Listing. Such Directors' fees will be subject to shareholders' approval at a general meeting pursuant to Section 230 of the Act.

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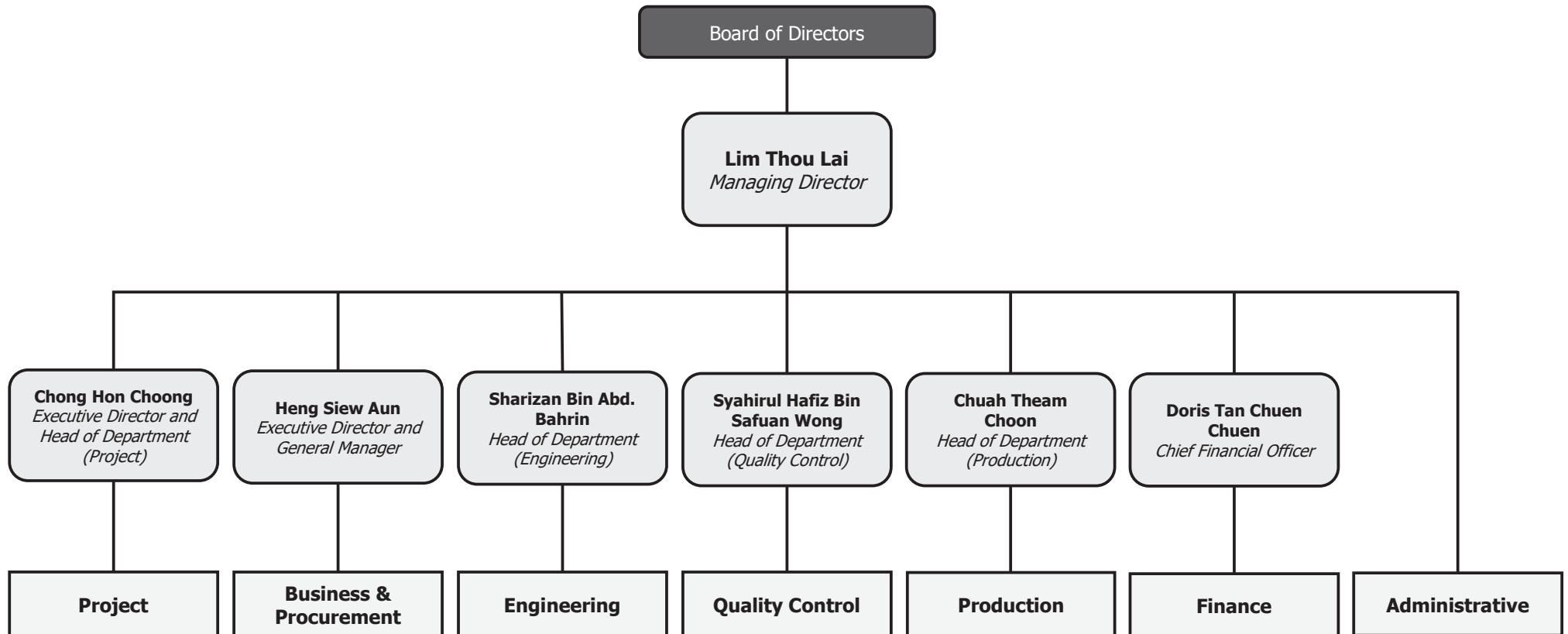


**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)**

**5.3 KEY SENIOR MANAGEMENT**

**5.3.1 Management structure**

The management reporting structure of our Group is as follows:



## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 5.3.2 Key senior management shareholdings

The shareholdings of our key senior management in our Company before and after IPO, save for our Executive Directors (including our Managing Director), which are disclosed in Sections 5.1.1 and 5.2.1, assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation / Nationality	<sup>(1)</sup> Before IPO				<sup>(2)</sup> After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Doris Tan Chuen Chuen	Chief Financial Officer / Malaysian	-	-	-	-	<sup>(3)</sup> 650,000	<sup>(3)</sup> 0.1	-	-
Sharizan Bin Abd. Bahrin	Head of Department (Engineering) / Malaysian	-	-	-	-	<sup>(3)</sup> 2,172,500	<sup>(3)</sup> 0.4	-	-
Syahirul Hafiz Bin Safuan Wong	Head of Department (Quality Control) / Malaysian	-	-	-	-	<sup>(3)</sup> 175,000	<sup>(3)</sup> <0.1	-	-
Chuah Theam Choon	Head of Department (Production) / Malaysian	-	-	-	-	<sup>(3)</sup> 175,000	<sup>(3)</sup> <0.1	-	-

#### Notes:

- (1) Based on the share capital of 440,000,000 Shares before our IPO.
- (2) Based on the enlarged share capital of 550,000,000 Shares after our IPO.
- (3) Assuming he/she fully subscribes for his/her respective entitlements under the Pink Form Allocations.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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**5.3.3 Profiles of key senior management**

Save for the profiles of Lim Thou Lai (our Managing Director), Chong Hon Choong (our Executive Director and Head of Department (Project)) and Heng Siew Aun (our Executive Director and General Manager), which are set out in Section 5.1.2, the profile of the other key senior management of our Group are as follows:

**(a) Doris Tan Chuen Chuen**

Doris Tan Chuen Chuen, a Malaysian aged 53, is our Chief Financial Officer. 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.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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**(b) Sharizan Bin Abd. Bahrin**

Sharizan Bin Abd. Bahrin, a Malaysian aged 45, is our Head of Department (Engineering). He 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 organized 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. In 2014, he further progressed to become the Head of Department (Engineering), a role that he assumes presently, maintaining similar responsibilities.

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

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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**(c) Syahirul Hafiz Bin Safuan Wong**

Syahirul Hafiz Bin Safuan Wong, a Malaysian aged 28, is our Head of Department (Quality Control).

He 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 is 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. In 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.

**(d) Chuah Theam Choon**

Chuah Theam Choon, a Malaysian aged 50, is our Head of Department (Production). He 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) in 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.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 5.3.4 Principal business performed outside our Group

Save for our Executive Directors as disclosed in Section 5.2, none of our key senior management has any principal directorship and/or principal business activities performed outside our Group as at LPD and in the past 5 years preceding the LPD.

### 5.3.5 Key senior management remuneration and benefits

The remuneration of our key senior management including salaries, bonuses, allowances, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Promoters and Directors which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2022 and 2024 are as follows:

	(1)Remuneration band		
	FYE 2022 (Paid)	FYE 2023 (Paid)	(2)FYE 2024 (Proposed)
	RM'000		
Doris Tan Chuen Chuen	200 – 250	200 – 250	200 – 250
Sharizan Bin Abd. Bahrin	50 – 100	50 – 100	50 – 100
Syahirul Hafiz Bin Safuan Wong	50 – 100	50 – 100	50 – 100
Chuah Theam Choon	50 – 100	50 – 100	50 – 100

#### Notes:

- (1) The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.
- (2) The bonuses for FYE 2024 are not included. Such bonuses, if any, will be determined at a later date based on the individual's performance as well as our Group's performance.

## 5.4 BOARD PRACTICE

### 5.4.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) to provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- (b) to review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (c) to review and adopt corporate governance best practices throughout our Group in all our business dealings in respect of our shareholders and other stakeholders and to ensure compliance with applicable laws and regulations;

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

- (d) to ensure that our Group has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the MCCG;
- (e) to review and approve our Group's annual business plans, annual budget, financial statements and annual reports;
- (f) to monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or effective shareholders' communications policy for our Group;
- (g) to ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- (h) to ensure the integrity of our Group's financial and non-financial reporting; and
- (i) to appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

In accordance with our Constitution, an election of Directors shall take place each year. At the first AGM of our Company, all our Directors shall retire from office, and at the AGM in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires whether adjourned or not.

As at LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

<b>Name</b>	<b>Date of appointment as Director</b>	<b>Date of expiration of the current term in office</b>	<b>Approximate tenure in office as at LPD</b>
Dr. Chuah Chaw Teo	26 June 2023	At the 2025 AGM of our Company	Less than 1 year
Lim Thou Lai	26 October 2022	At the 2025 AGM of our Company	1 year 4 months
Chong Hon Choong	26 June 2023	At the 2026 AGM of our Company	Less than 1 year
Heng Siew Aun	26 June 2023	At the 2026 AGM of our Company	Less than 1 year
Liew Li Ping	26 June 2023	At the 2027 AGM of our Company	Less than 1 year
Loh Leng Sem	26 June 2023	At the 2027 AGM of our Company	Less than 1 year
Ngoi Evon	26 June 2023	At the 2027 AGM of our Company	Less than 1 year

The members of our Board are set out in Section 5.2.

## **5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)**

### **5.4.2 Audit and Risk Management Committee**

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its responsibility on the oversight of the integrity of our Group's accounting and financial reporting matters. Our Audit and Risk Management Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) to review the following and report the same to our Board:
  - (i) the external audit plan, nature, scope and plan of the audit before audit commences and ensure co-ordination where more than one audit firm is involved;
  - (ii) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditors;
  - (iii) the external audit report;
  - (iv) the assistance given by our Company's employees to the external auditors, including any difficulties or disputes with management encountered during the audit;
  - (v) the annual evaluation of the performance of the external auditors, including the suitability, objectivity and independence of the external auditors which takes into consideration the following and undertaking follow-up measures, where required:
    - (aa) the external auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
    - (bb) the competence, audit quality and resource capacity of the external auditors in relation to the audit; and
    - (cc) the nature and extent of the non-audit services tendered and the appropriateness or the level of fees;
  - (vi) written assurance from the external auditors confirming that they are, and have been independent through the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
- (b) to approve non-audit service before they are rendered by the external auditors and its affiliates while taking into account the nature and extent of the non-audit services and the appropriateness of the level of fees. The Audit and Risk Management Committee should avoid situations where the audit firm inadvertently assumes the responsibilities of management in the course of providing non-audit services. Such a situation may be a breach of the independence requirements on the part of the audit firm.

In the event that the non-audit fees paid to our Company's external auditors, or a firm or corporation affiliated to the external auditors' firm are significant, i.e. constitute 50% of the total amount of audit fees paid to our Company's external auditors, the details on the nature of non-audit services rendered shall state in the Audit and Risk Management Committee's Report;



**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

- (c) to nominate and recommend the appointment or re-appointment of the external auditors, and any issues regarding resignation or dismissal of the external auditors and to review the letter of resignation from the external auditors, if applicable and report the same to our Board;
- (d) to discuss problems and reservations arising from the interim and final audits, and any matter the external and internal auditors may wish to discuss (in the absence of management, where necessary);
- (e) to review the external auditors' management letter and management's response;
- (f) to provide oversight, direction and counsel to our Group's risk management process which includes the following:
  - (i) establish our Group's Risk Management Framework based on an internationally recognised risk management framework;
  - (ii) conduct an annual review and periodic testing of our Group's Risk Management Framework. This should include any insights it has gained from the review and any changes made to its Risk Management Framework arising from the review;
  - (iii) monitor our Group and divisional level risk exposures and management of the significant financial and non-financial risks identified;
  - (iv) review our Group risk profile (including risk registers) and evaluate the risk assessments of our Group and ensure that significant risks that are outside tolerable ranges are being responded with appropriate actions taken in a timely manner;
  - (v) review the status of the implementation of management action plans in mitigating significant risks identified; and
  - (vi) review and recommend our Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and our Group's assets;
- (g) to establish and periodically review our Group risk management guidelines and policies and ensure implementation of the objectives outlined in the policies and compliance with them;
- (h) to recommend for our Board's approval our Group's Risk Management Framework, policies, strategies, key risk indicators and risk tolerance levels, and any proposed changes thereto;
- (i) to evaluate the effectiveness of the risk management structure, processes and support system to identify, assess, monitor and manage our Group's key risks;
- (j) to review all major investment and project business cases in accordance with established thresholds in the approved Group limits of authority, focusing on the following:
  - (i) evaluate the risks associated with funding options and costs, and investment returns and making its recommendation to our Board for approval of the investment or project;

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

- (ii) advise our Board on potential risk response strategies that need to be adopted in relation to a decision to proceed with the investment or project;
  - (iii) monitor the execution / operationalisation of investments or projects and highlighting key risks to our Board as relevant;
  - (iv) review the effectiveness of risk mitigating actions post approval for major investments and projects based on Group finance assessments, and reporting the same to our Board; and
  - (v) review actual financial and operational performance of investments or projects against projected returns (i.e. return on investment, implementation timelines), and reporting the same to our Board;
- (k) to review investment proposals considered significant including:
- (i) new lines of business (defined as businesses outside existing sectors, expansion across industry value chains within current sectors and new franchises); or
  - (ii) new territories and countries (defined as expansion of existing businesses into new markets/ territories);
- (l) to review the statement on risk management and internal control for inclusion in the annual report to ensure that relevant information as prescribed in the Listing Requirements is disclosed. Disclosure in the annual report should include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated and the controls in place for our Group to mitigate and manage those risks;
- (m) to review the adequacy, effectiveness and integrity of internal control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems;
- (n) to do the following, in relation to the internal audit function:
- (i) review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - (ii) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and where necessary, ensure that appropriate actions are taken on the recommendations of the internal auditors;
  - (iii) review any appraisal or assessment of the performance of members of the internal audit function;
  - (iv) approve any appointment or termination of the internal auditors;
  - (v) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
  - (vi) investigate or cause to be investigated any activity within its terms of reference; and

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

- (vii) to have explicit authority over the resources such as professional advice and full access to information to investigate certain matters;
- (o) to discuss and review the major findings or any internal investigations and the management's response;
- (p) to ensure the internal audit function is independent of the activities it audits and the internal auditor reports directly to the Audit and Risk Management Committee. The internal auditors should have relevant qualifications and be responsible for providing assurance to the Audit and Risk Management Committee that the internal controls are operating effectively. The internal auditors will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within our Company;
- (q) to review the adequacy and effectiveness of the risk management process to identify key original risks and the systems / processes in place to monitor and manage risks prepared by the internal auditors;
- (r) to review any related party transaction and conflict of interest situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management's integrity and the framework to be established;
- (s) to review conflict of interest situation that may arise within our Company or our Group, including any transaction, procedure or course of conduct that raises questions of management's integrity;
- (t) to ensure that our Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes;
- (u) to ensure that proper investigations are carried out, on a timely basis, for substantiated cases reported by any whistleblower to the Chairman of our Board or Chairperson of our Audit and Risk Management Committee, and report the results and conclusion of such investigations, with the appropriate cause of action shall be recommended to our Board for approval, in accordance with our Group's whistleblowing policy;
- (v) to review our Group's policies and procedures for detecting fraud;
- (w) to review the quarterly and year-end financial statements of our Group, focusing particularly on:
  - (i) any changes in or implementation of major accounting policies and practices;
  - (ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed;
  - (iii) the going concern assumption; and
  - (iv) compliance with accounting standards and other legal requirements;

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

- (x) to monitor the integrity of the financial statements of our Group;
  - (i) to assess whether the financial reports represent a true and fair view of our Group's performance and ensure compliance with the regulatory requirements;
  - (ii) to ensure the competency of the accounting staff and adequacy of the resources and infrastructure of the finance function; and
  - (iii) to propose best practices on disclosure in the financial statements and the annual reports of our Group, to be in line with the recommendations set out in the MCCG and other applicable rules and regulations;
- (y) to verify the allocation of options pursuant to the share issuance scheme for employees to ensure in compliance with the criteria for allocation of options under the share issuance scheme, at the end of each financial year; and
- (z) to consider other areas as defined by our Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

The members of our Audit and Risk Management Committee as at LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Liew Li Ping	Chairperson	Independent Non-Executive Director
Loh Leng Sem	Member	Independent Non-Executive Director
Ngoi Evon	Member	Independent Non-Executive Director

Our Nominating Committee will review the composition, performance and effectiveness of our Audit and Risk Management Committee annually.

**5.4.3 Nominating Committee**

The duties and responsibilities as stated in the terms of reference of our Nominating Committee include the following:

- (a) to assess and recommend to our Board, the candidate for directorship, Chairman or Chief Executive Officer, based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender;
- (b) when identifying candidate for directorship, Chairman or Chief Executive Officer, aside from recommendation by the existing Board members, management or shareholders, the Nominating Committee shall utilise independent sources or any other sources to identify the suitably qualified candidate;
- (c) to assess and examine, on annual basis or as and when require, the size and composition of our Board and Board Committees, with a view to determining the impact of the number upon its effectiveness;
- (d) to ensure sufficient diversity and independence in our Board in order to achieve greater depth and breadth in the decision-making process;

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

- (e) to review on annual basis, the required mix of skills, experience, gender diversity and other qualities including core competencies which Non-Executive and Executive Directors should have;
- (f) to review on annual basis, the meeting attendance of the Directors at our Board and/or Board Committee(s) meetings and sufficiency of time commitment of the Directors in discharging their roles and responsibilities in our Company;
- (g) to review on annual basis, the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and members have carried out their duties in accordance with the terms of reference of the Audit and Risk Management Committee;
- (h) to assess on annual basis, the effectiveness of our Board as a whole, our Board Committee(s) and the contribution and performance of each individual Director;
- (i) to review on annual basis, the length of service each Independent Non-Executive Director and to assess their independence and ability to exercise of their independent judgement or the ability to act in the best interest of our Company;
- (j) for Independent Director whose terms have exceeded 9 years' tenure, to review his independence and if deem appropriate for continuance in the office, to provide justification to our Board for consideration;
- (k) to review on annual basis, the training programmes attended by our Directors and to identify or recommend the training needs for our Directors;
- (l) to consider and recommend the re-election of Directors who will be retiring pursuant to our Company's Articles of Association / Constitution;
- (m) to develop and continually review the succession plan for our Board, Chairman and senior management of our Company;
- (n) to consider and examine such other matters as the Nominating Committee considers appropriate; and
- (o) to consider any other matters as defined by our Board.

The recommendations of our Nominating Committee are subject to the approval of our Board. The members of our Nominating Committee as at LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ngoi Evon	Chairperson	Independent Non-Executive Director
Liew Li Ping	Member	Independent Non-Executive Director
Loh Leng Sem	Member	Independent Non-Executive Director

**5.4.4 Remuneration Committee**

The duties and responsibilities as stated in the terms of reference of our Remuneration Committee include the following:

- (a) to administer a fair and transparent policy or procedure for setting remuneration of Directors and senior management, which takes into account the demands, complexities and performance of our Company as well as skills and experience required. The policy or procedure shall be reviewed periodically to ensure relevance to our Group;

## **5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)**

- (b) to review and assess the remuneration package of the Executive Directors and senior management in all forms, with or without other independent professional advice or other outside advice;
- (c) to ensure the level of remuneration is sufficiently attractive and be able to retain and reward our Executive Directors and senior management in order to run businesses of our Group successfully;
- (d) to ensure the level of remuneration or fee should reflect the experience and level of responsibilities undertaken by the particular Director;
- (e) to recommend to our Board the remuneration package of the Executive Directors and directors' fee and other benefits for the Non-Executive Directors;
- (f) when recommending the fee and other benefits for the Independent Directors, the Remuneration Committee shall ensure it does not conflict with the Independent Directors' obligation to bring objectivity and independent judgment on matters discussed at Board meetings;
- (g) to consider and examine such other matters as the Remuneration Committee considers appropriate; and
- (h) to consider any other matters as defined by our Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

The members of our Remuneration Committee as at LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Loh Leng Sem	Chairperson	Independent Non-Executive Director
Liew Li Ping	Member	Independent Non-Executive Director
Ngoi Evon	Member	Independent Non-Executive Director

### **5.5 RELATIONSHIPS AND/OR ASSOCIATIONS**

Save for Lim Thou Lai and Lim Thou Kiong being siblings, there are no family relationships (as defined under Section 197 of the Act) or associations between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD.

For avoidance of doubt, Lim Thou Kiong is not our Promoter, substantial shareholder, Director or key senior management. Lim Thou Kiong is our Specified Shareholder and is included above for purposes of completeness.

### **5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS**

As at LPD, there are no existing or proposed service agreements entered into between our Company with any Directors, or between any companies within our Group with any key senior management.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)**

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**5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

As at LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following (whether in or outside Malaysia):

- (a) in the last 10 years, a petition under any bankruptcy or insolvency laws that was filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;
- (b) disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) in the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) in the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (f) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (h) has any unsatisfied judgment against him.

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## 6. INFORMATION ON OUR GROUP

### 6.1 INFORMATION ON KAWAN

Our Company was incorporated in Malaysia under the Act on 26 October 2022 as a private limited company under the name of Kawan Renergy Sdn Bhd. On 28 July 2023, we converted into a public limited company and adopted our present name.

Our Company was incorporated to facilitate our Listing and is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD.

Through our subsidiaries, our Group is 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 ("**design, fabrication, installation and/or commissioning solutions**"). As an engineering solutions provider, our solutions encompass our Group's technical capability to analyse our customer's need 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. Our business activities are further elaborated in Section 7.2.1.1. Apart from our principal business activities disclosed, we are also involved in power generation and sale of electricity through the acquisition of Magenko Group on 1 August 2022. Further details are as set out in Section 7.1.

As at LPD, our share capital is RM45,144,001 comprising 440,000,000 Shares, all of which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

<b>Date of allotment</b>	<b>No. of Shares allotted</b>	<b>Consideration / Types of issue</b>	<b>Cumulative share capital RM</b>
26 October 2022	1	RM1 / Ordinary	1
13 March 2024	439,999,999	RM45,144,000 / Consideration for the Acquisition	45,144,001

As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM78,144,001 comprising 550,000,000 Shares.

### 6.2 GROUP INTERNAL RESTRUCTURING

In preparation for our Listing, we have undertaken the Group Internal Restructuring as detailed below.

#### (a) Acquisition

On 13 July 2023, we entered into a conditional share sale agreement with the Kawan Engineering Vendors to acquire the entire equity interest in Kawan Engineering comprising 10,000,000 ordinary shares for a purchase consideration of RM45,144,000 which was satisfied by the issuance of 439,999,999 new Shares to Kawan Engineering Vendors at an issue price of RM0.1026 each.



**6. INFORMATION ON OUR GROUP (Cont'd)**

Details of Kawan Engineering Vendors and the number of Shares issued to them under the Acquisition are set out below:

<b>Kawan Engineering Vendors</b>	<b>Shareholding in Kawan Engineering</b>		<b>Purchase consideration</b>	<b>No. of Shares issued</b>
	<b>No. of acquired</b>	<b>% of share capital</b>		
			<b>RM</b>	
Lim Thou Lai	9,600,000	96.0	43,338,240	422,399,999
Chong Hon Choong	140,000	1.4	632,016	6,160,000
Heng Siew Aun	110,000	1.1	496,584	4,840,000
Lim Thou Kiong	150,000	1.5	677,160	6,600,000
	<b>10,000,000</b>	<b>100.0</b>	<b>45,144,000</b>	<b>439,999,999</b>

The purchase consideration for the Acquisition of RM45,144,000 was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Kawan Engineering as at 31 October 2022 of RM45,138,488.

The Acquisition was completed on 6 March 2024. Thereafter, Kawan Engineering became our wholly-owned direct subsidiary. Accordingly, Kawan Green and Magenko Asia became our wholly-owned subsidiaries through Kawan Engineering; and Magenko Ipoh and Magenko Penang became our wholly-owned subsidiaries through Magenko Asia.

The new Shares issued under the Acquisition rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

**(b) Distribution**

Concurrent with the Acquisition, and immediately after its completion, Kawan Engineering declared a dividend-in-specie comprising the entire equity interest it holds in Kawan Green, which amounts to RM52,206, being the audited NA of Kawan Green as at 31 October 2022.

The Distribution was completed on 15 March 2024. Arising therefrom, Kawan Green became a wholly-owned direct subsidiary of Kawan.

The Distribution did not involve the issuance of any new Shares by Kawan.

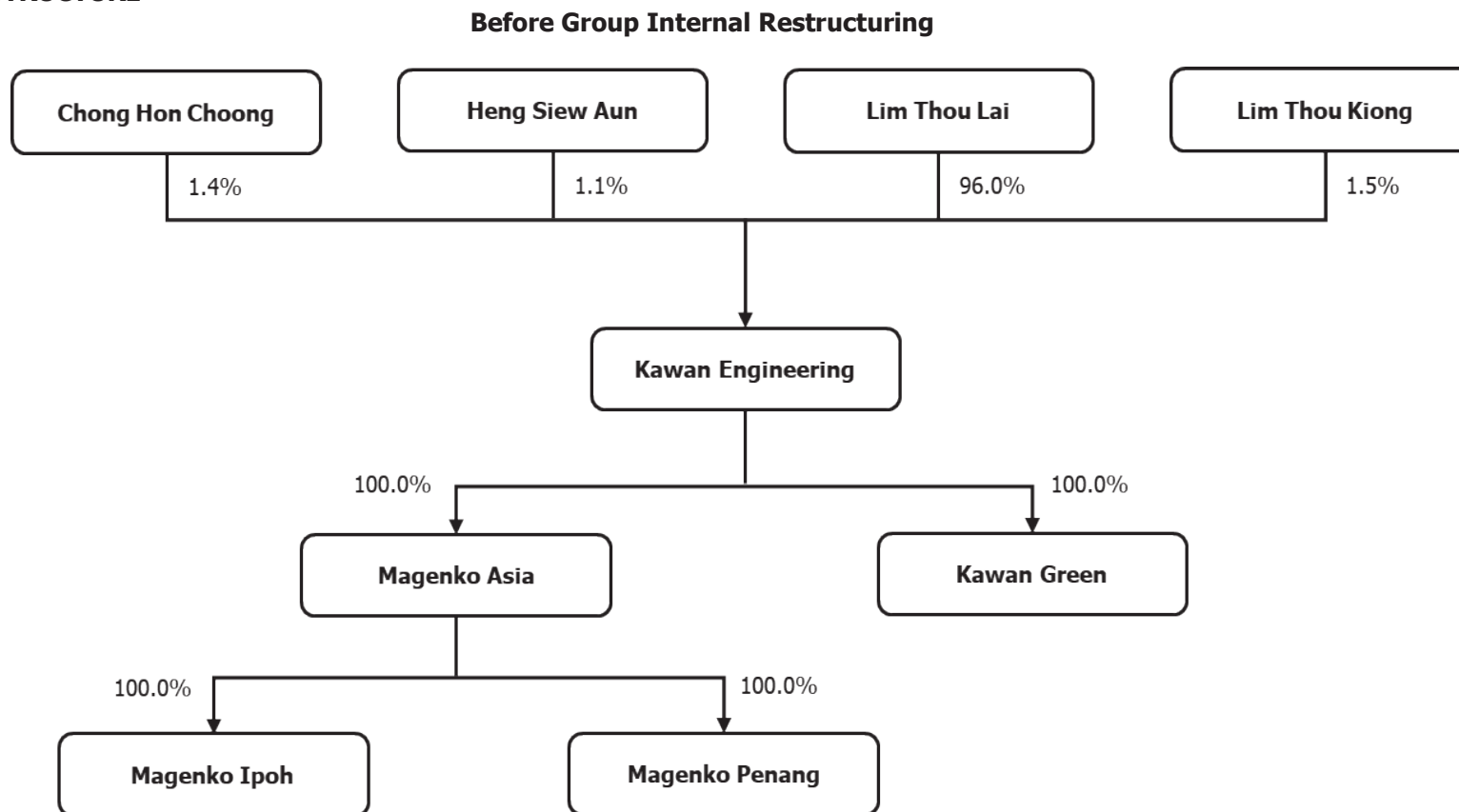
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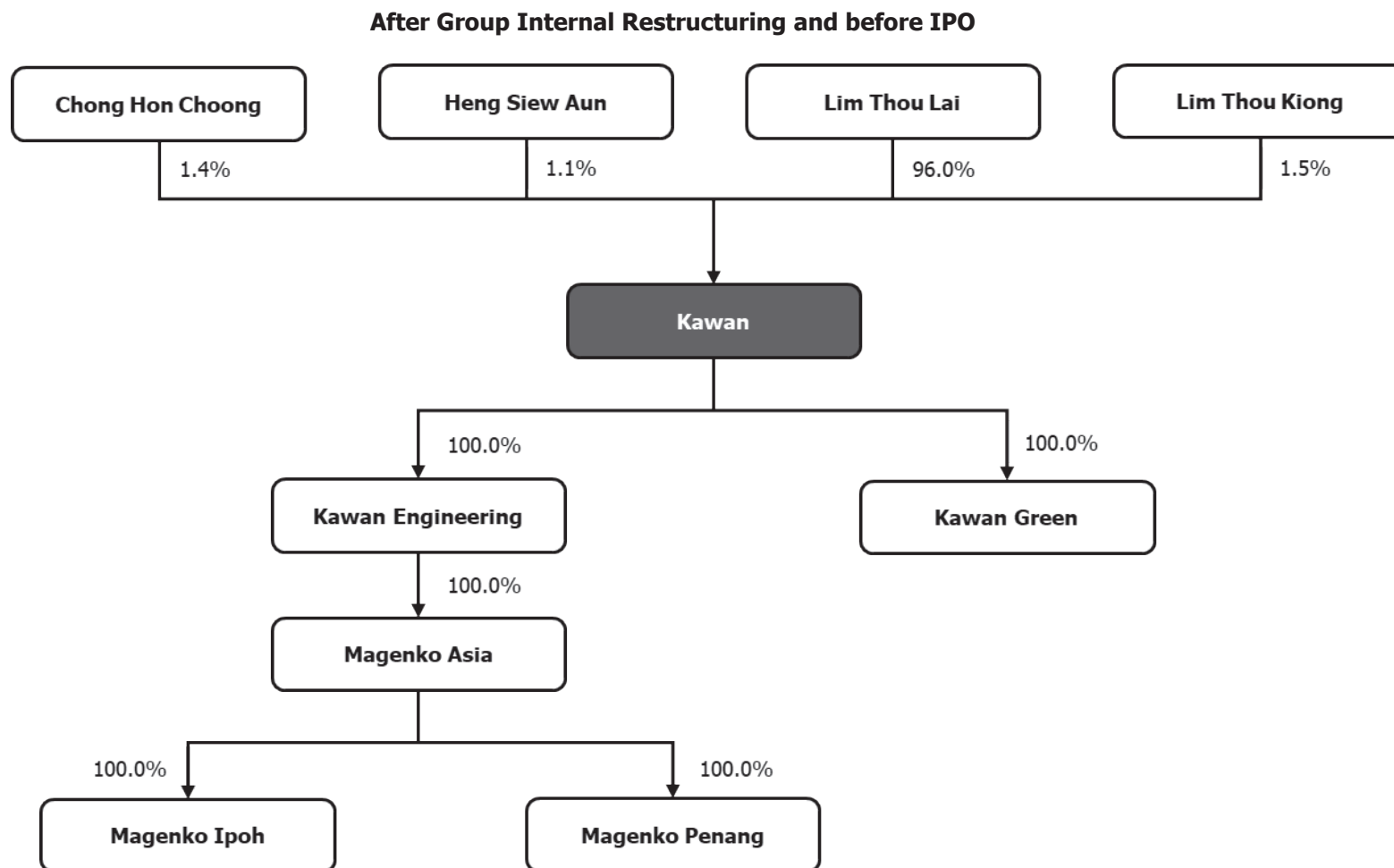
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**6. INFORMATION ON OUR GROUP (Cont'd)**

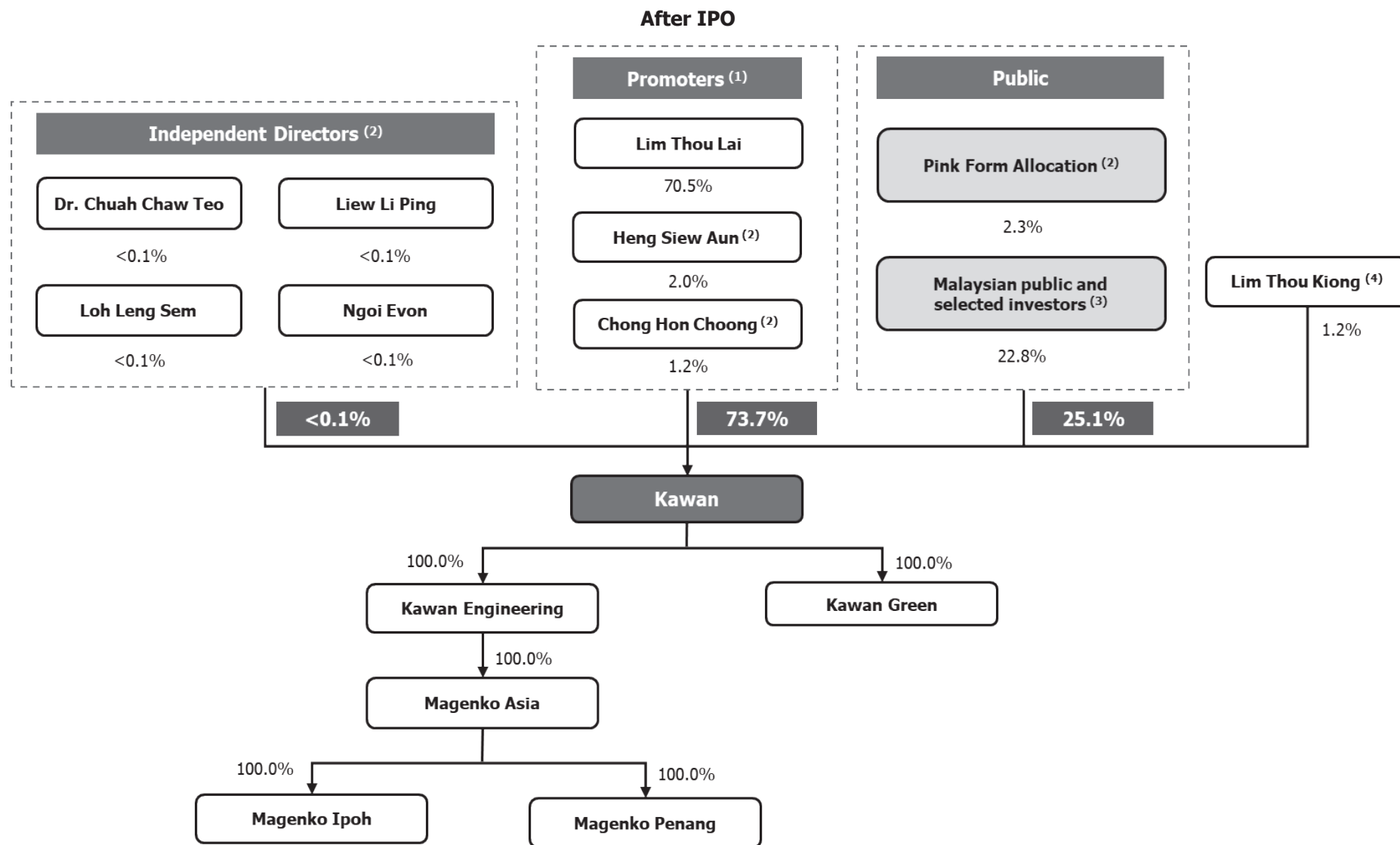
**6.3 GROUP STRUCTURE**



**6. INFORMATION ON OUR GROUP (Cont'd)**



**6. INFORMATION ON OUR GROUP (Cont'd)**



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**6. INFORMATION ON OUR GROUP *(Cont'd)***

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**Notes:**

- (1) Promoters of our Group.
- (2) Assuming that all our eligible Directors, employees and persons who have contributed to the success of our Group will subscribe for the Pink Form Allocations.
- (3) Including Bumiputera investors approved by MITI.
- (4) Being our Specified Shareholder and brother of Lim Thou Lai (our Managing Director).

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## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.4 SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of our subsidiaries as at LPD are summarised as follows:

<b>Company</b>	<b>Date / Place of incorporation</b>	<b>Principal place of business</b>	<b>Issued share capital RM</b>	<b>Effective equity interest %</b>	<b>Principal activities</b>
Kawan Engineering	2 May 1996 / Malaysia	Malaysia	10,000,000	100.0	Design, fabrication, installation and/or commissioning of industrial process equipment and process plants
Kawan Green	15 April 2022 / Malaysia	Malaysia	200,000	100.0	Design, fabrication, installation and/or commissioning of renewable energy and co-generation plants
<b><i>Held through Kawan Engineering</i></b>					
Magenko Asia	10 March 2011 / Malaysia	Malaysia	50,000	100.0	IPP involved in power generation and sale of electricity
<b><i>Held through Magenko Asia</i></b>					
Magenko Ipoh	10 March 2011 / Malaysia	Malaysia	100,000	100.0	IPP involved in power generation and sale of electricity
Magenko Penang	10 March 2011 / Malaysia	Malaysia	100,000	100.0	Dormant. Intended as IPP involved in power generation and sale of electricity

Details of the share capital of our subsidiaries are set out in Section 15.2.

As at LPD, we do not have any associated company.

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**6. INFORMATION ON OUR GROUP (Cont'd)**


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**6.5 MATERIAL CONTRACTS**

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2020 to 2023 and up to LPD:

- (a) Sale and purchase agreement dated 1 April 2022 between Jih Her Plastic Sdn Bhd (as vendor) and Kawan Engineering (as purchaser) for the acquisition of Factory 3 for a total cash consideration of RM8,000,000 which was completed on 5 August 2022;
- (b) Sale and purchase agreement dated 12 March 2021 between Tan Kim Hong (as vendor) and Kawan Engineering (as purchaser) for the acquisition of a condominium unit held under title master title Geran 98393, Lot 148798, Bandar Ipoh, Daerah Kinta, Negeri Perak, bearing postal address C-10-09, Kondominium Kelab Golf, Jalan Kelab Golf, 30350 Ipoh, Perak for a total cash consideration of RM730,000 which was completed on 15 July 2021;
- (c) Sale and purchase agreement dated 12 March 2021 between Tan Kim Hong and Lim Thou Lai (as vendors) and Kawan Engineering (as purchaser) for the acquisition of a condominium unit held under strata title Geran 12046/M5/T6/P250, Lot 9342 S, Bandar Ipoh, Daerah Kinta, Negeri Perak, bearing postal address B-5-3A, Jalan Chin Hwa, Damaipuri Kondominium, 30250 Ipoh, Perak for a total cash consideration of RM650,000 which was completed on 28 April 2021;
- (d) Shares transfer and sales agreement dated 1 November 2021 between Magenko Asia and the then shareholders of Magenko Asia, namely Matthew Costas Los, Nicholas John Frangos and Ong Hock Keat (as vendors) and Kawan Engineering (as purchaser) for the acquisition of Magenko Asia for a total cash consideration of RM50,000 which was completed on 1 August 2022 as well as the settlement of up to RM1,150,000 of outstanding amounts owed to the creditors of Magenko Asia.

Matthew Costas Los and Nicholas John Frangos are non-Malaysian citizens. They were directors of Magenko Asia since May 2011 and had resigned in August 2019. In the same year, they, together with Ong Hock Keat (director of Magenko Asia from April 2017 to May 2022), decided to dispose their shares as they intended to exit the business. Matthew Costas Los and Nicholas John Frangos had verbally authorised the directors of Magenko Asia at that point in time, namely Rosman Bin Tahir and Ong Hock Keat, to do all things necessary for the disposal of their shares in Magenko Asia including entering into and executing the shares transfer and sales agreement. Thereafter, Ong Hock Keat resigned as director in May 2022. Matthew Costas Los and Nicholas John Frangos had also subsequently executed the relevant share transfer forms (and witnessed by an attorney-at-law in Greece as that was their then country of residence) on 1 August 2022 for the disposal of their shares.

Separately, as part of the terms and conditions of the shares transfer and sales agreement, Magenko Ipoh had obtained the approvals from SEDA and the EC on 21 January 2022 and 31 May 2022 respectively for the transfer of shares;

- (e) Conditional sale and purchase agreement dated 13 July 2023 between our Company and Kawan Engineering Vendors for the Acquisition, which was completed on 6 March 2024;

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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- (f) Sale and purchase agreement dated 25 July 2023 between Kawan Engineering (as vendor) and Loh Kok Hong @ Loh Hou Kong (as purchasers) for the disposal of a condominium unit held under master title Geran 98393, Lot 148798, Bandar Ipoh, Daerah Kinta, Negeri Perak, bearing postal address C-10-09, Kondominium Kelab Golf, Jalan Kelab Golf, 30350 Ipoh, Perak for a total cash consideration of RM720,000 which was completed on 17 November 2023;
- (g) Sale and purchase agreement dated 24 January 2024 between Kawan Engineering (as vendor) and Teoh Tze Ching and Kong Yoke Kuan (as purchasers) for the disposal of a condominium unit held under strata title Geran 12046/M5/T6/P250, Lot 9342 S, Bandar Ipoh, Daerah Kinta, Negeri Perak, bearing postal address B-5-3A, Jalan Chin Hwa, Damaipuri Kondominium, 30250 Ipoh, Perak for a total cash consideration of RM536,000 which was completed on 25 March 2024; and
- (h) Underwriting agreement dated 3 April 2024 between our Company and M & A Securities for the underwriting of 46,750,000 Issue Shares for an underwriting commission of 3.0% of the IPO Price multiplied by the number of Issue Shares underwritten.

**6.6 PUBLIC TAKE-OVERS**

During the last financial year and the current financial year up to LPD, there were:

- (a) No public take-over offers by third parties in respect of our Shares; and
- (b) No public take-over offers by our Company in respect of other companies' shares.

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## 6. INFORMATION ON OUR GROUP *(Cont'd)*

### 6.7 MAJOR APPROVALS AND LICENCES

As at LPD, there are no other major approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority / Registration no.</b>	<b>Issuance date / Commencement date / Date of expiry</b>	<b>Nature of approval / Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>
(a)	Kawan Engineering  (For Factory 1)	MITI / A 018010	8 February 2011 /  15 December 2010 /  Valid until revoked	Manufacturing licence for pressure vessels, heat exchangers, thermal fluid heaters, boilers, steam generators, economiser and calorifiers and deaerators, waste water equipment and process equipment	(i) The sale of the shares in the company must be notified to MITI.  (ii) Company must train Malaysians to promote the transfer of technology and expertise at all levels of positions.	Complied <sup>(1)</sup>  Complied
(b)	Kawan Engineering  (For Factory 2)	MITI / A 024377	6 April 2022 /  24 February 2022 /  Valid until revoked	Manufacturing licence for pressure vessels, heat exchangers, thermal fluid heaters, boilers, steam generators, economiser and calorifiers and deaerators, waste water equipment and process equipment	(i) The sale of the shares in the company must be notified to MITI and MIDA.  (ii) Company must train Malaysians to promote the transfer of technology and expertise at all levels of positions.	Complied <sup>(1)</sup>  Complied

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority / Registration no.</b>	<b>Issuance date / Commencement date / Date of expiry</b>	<b>Nature of approval / Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>
(c)	Kawan Engineering  (For Factory 3)	MITI / A 024649	18 October 2022 /  13 September 2022 /  Valid until revoked	Manufacturing licence for pressure vessels, boilers, steam generators, economizer and calorifiers and deaerators, waste water equipment and process equipment	(i) Company must have Capital Investment Per Employee of at least RM140,000.  (ii) Total full-time workforce of the company must comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to prevailing policies.	Complied       To be complied <sup>(2)</sup>
(d)	Kawan Engineering	CIDB / 1970802-PK041514	18 October 2022 /  18 October 2022 /  1 November 2025	Certificate of Registration issued by CIDB certifying that Kawan Engineering has been registered as a contractor with CIDB in accordance with CIDB Act as follows:	(i) This certificate is non-transferable.  (ii) The contractor shall not participate in any tender or perform any construction work after the expiry of this certificate until it is renewed.  (iii) The contractor shall not undertake any construction project which exceeds the value of construction work specified under the registered grade and shall not carry out any construction work not within the category of its registration.	Complied       Complied       Complied

<b>Grade</b>	<b>Category</b>	<b>Specialisation</b>
G7	B	B04
G7	CE	CE09 and CE21
G7	ME	M01, M08, M11 and M15

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Licencee	Issuing authority / Registration no.	Issuance date / Commencement date / Date of expiry	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status																														
				<u>Category</u> <table border="1"> <tr> <td>B</td> <td>:</td> <td>Building Construction</td> </tr> <tr> <td>CE</td> <td>:</td> <td>Civil Engineering</td> </tr> <tr> <td>ME</td> <td>:</td> <td>Mechanical and Electrical</td> </tr> </table> <u>Specialisation</u> <table border="1"> <tr> <td>B04</td> <td>:</td> <td>Building general works</td> </tr> <tr> <td>CE09</td> <td>:</td> <td>Oil or gas pipelines</td> </tr> <tr> <td>CE21</td> <td>:</td> <td>General civil engineering works</td> </tr> <tr> <td>M01</td> <td>:</td> <td>Air-conditioning system</td> </tr> <tr> <td>M08</td> <td>:</td> <td>Heat restoration system</td> </tr> <tr> <td>M11</td> <td>:</td> <td>Construction and special treatment</td> </tr> <tr> <td>M15</td> <td>:</td> <td>Miscellaneous mechanical equipment</td> </tr> </table>	B	:	Building Construction	CE	:	Civil Engineering	ME	:	Mechanical and Electrical	B04	:	Building general works	CE09	:	Oil or gas pipelines	CE21	:	General civil engineering works	M01	:	Air-conditioning system	M08	:	Heat restoration system	M11	:	Construction and special treatment	M15	:	Miscellaneous mechanical equipment	(iv) The contractor shall submit the information regarding any construction work or contract within 14 days of the date of award or before the commencement of construction work, whichever is earlier.	Complied
B	:	Building Construction																																		
CE	:	Civil Engineering																																		
ME	:	Mechanical and Electrical																																		
B04	:	Building general works																																		
CE09	:	Oil or gas pipelines																																		
CE21	:	General civil engineering works																																		
M01	:	Air-conditioning system																																		
M08	:	Heat restoration system																																		
M11	:	Construction and special treatment																																		
M15	:	Miscellaneous mechanical equipment																																		
					(v) The contractor shall apply for renewal of registration within 60 days prior to the expiry date specified in the certificate.	Noted																														
					(vi) The contractor shall appoint skilled construction workers and site supervisors accredited and certified by CIDB.	Complied																														
(e)	Kawan Engineering	CIDB / 1970802-PK041514	26 October 2022 / 26 October 2022 / 1 November 2025	Certificate of Government Procurement issued by CIDB certifying that Kawan Engineering is allowed to participate in tenders for Government contracts subject to the following:  <table border="1"> <thead> <tr> <th>Grade</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>G7</td> <td>B</td> </tr> <tr> <td>G7</td> <td>CE</td> </tr> <tr> <td>G7</td> <td>ME</td> </tr> </tbody> </table>	Grade	Category	G7	B	G7	CE	G7	ME	(i) This certificate shall not be used as a licence for commencing or undertaking any construction works. This certificate can only be used for government procurement works or other government agency procurement works.	Complied																						
Grade	Category																																			
G7	B																																			
G7	CE																																			
G7	ME																																			

Registration No.: 202201039658 (1485355-U)

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Licencee	Issuing authority / Registration no.	Issuance date / Commencement date / Date of expiry	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status									
				<p>Category</p> <table border="1"> <tr> <td>B</td> <td>:</td> <td>Building Construction</td> </tr> <tr> <td>CE</td> <td>:</td> <td>Civil Engineering</td> </tr> <tr> <td>ME</td> <td>:</td> <td>Mechanical and Electrical</td> </tr> </table>	B	:	Building Construction	CE	:	Civil Engineering	ME	:	Mechanical and Electrical	<p>(ii) This certificate must be submitted together with the current Certificate of Registration to participate in the tenders for Government contracts.</p> <p>(iii) This certificate should be renewed together with the Certificate of Registration issued by CIDB.</p> <p>(iv) The company or certificate holder shall not lend, lease, transfer, allow or cause this certificate to be used by other persons not named in this certificate for the purpose of obtaining government procurement works.</p> <p>(v) The contractor shall not participate in any tender or be involved in any construction works after the expiry of this certificate until it is renewed.</p>	<p>Complied</p> <p>Noted</p> <p>Complied</p> <p>Complied</p>
B	:	Building Construction													
CE	:	Civil Engineering													
ME	:	Mechanical and Electrical													

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority / Registration no.</b>	<b>Issuance date / Commencement date / Date of expiry</b>	<b>Nature of approval / Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>
(f)	Kawan Engineering	MOF / Certificate No.: K63264575853073430	22 November 2021 / 22 November 2021 / 22 December 2024	<p>Certificate of Registration for the supply and/or services in the sectors, fields and sub-fields set out in the certificate which include, amongst others:</p> <p>Engineering equipment, machines, electrical machinery, generator equipment / spare parts, and service / maintenance / repair engineering.</p> <p>The individuals authorised by the company for government procurement matters are as follows:</p> <p>(i) Lim Thou Lai</p> <p>(ii) Heng Siew Aun</p> <p>(iii) Chong Hon Choong</p>	<p>(i) Company should ensure that the field registered in the certificate does not overlap with the field that has received approval by any companies that:</p> <p>(aa) comprise the same owner or board of directors / director, management and employee; or</p> <p>(bb) operates in the same premise.</p> <p>(ii) Company must submit the application for renewal within 3 months prior to the expiry date of the certificate.</p> <p>(iii) Company must ensure that the registration with the MOF remains active throughout the enforcement period of the contract.</p>	<p>Complied</p> <p>Noted</p> <p>Complied</p>

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority / Registration no.</b>	<b>Issuance date / Commencement date / Date of expiry</b>	<b>Nature of approval / Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>						
(g)	Kawan Engineering	DOSH / JKKP/2021/26/31	19 June 2021 / 2 July 2021 / 1 July 2024 <sup>(3)</sup>	Certificate of Registration as Competent Firm (Petroleum Contractor)  <u>Scope</u>	(i) Prior to the commencement of any installation work, the company must first obtain permission to install from DOSH.	Complied						
				<table border="1"> <thead> <tr> <th><b>Code</b></th> <th><b>Description</b></th> </tr> </thead> <tbody> <tr> <td>KPD 01</td> <td>Onshore Petroleum Contractor (Pipeline)</td> </tr> <tr> <td>KPD 02</td> <td>Onshore Petroleum Contractor (Reticulation pipe)</td> </tr> </tbody> </table>	<b>Code</b>	<b>Description</b>	KPD 01	Onshore Petroleum Contractor (Pipeline)	KPD 02	Onshore Petroleum Contractor (Reticulation pipe)	(ii) All installation works after the permission to install has been obtained must be done by the certificate holder only.	Complied
<b>Code</b>	<b>Description</b>											
KPD 01	Onshore Petroleum Contractor (Pipeline)											
KPD 02	Onshore Petroleum Contractor (Reticulation pipe)											
					(iii) Welding work must be completed by a welder approved by DOSH or any inspection authority recognised by DOSH in accordance with the Approved Welding Procedure Specifications. All welding works shall be carried out under close supervision by the company's own quality control officer. <sup>(4)</sup>	Complied						
					(iv) Company must provide sufficient occupational safety and health training to the employees to ensure that employees work in safe conditions.	Complied						

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Licencee	Issuing authority / Registration no.	Issuance date / Commencement date / Date of expiry	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
					(v) Company must ensure that petroleum equipment installed such as valves, devices and etc. have been approved.	Complied
					(vi) Company must submit the application for renewal of registration at least 3 months before the expiry date.	Complied
(h)	Kawan Engineering	DOSH / JKKP/2021/19/19	14 March 2024 / 14 March 2024 / 13 March 2027	Certificate of Registration as Competent Firm to Manufacture and Repair of Pressure Vessels at Factory 1, Factory 2 and Factory 3  <u>Scope</u>	(i) Company must notify DOSH of any change / addition / transfer to the existing officers (i.e. company's employee who is in charge of the submission of application and responsible for all dealings with DOSH officer), machinery and premises. DOSH can cancel this registration if Company fails to do so.	Noted
					(ii) Prior to any manufacturing or repairing work being carried out, Company must obtain an approval from DOSH.	Complied

Code	Description
SBM02	Manufacturer of Pressure Vessel
PVM01	Manufacturer of Unfired Pressure Vessel
PVM03	Manufacturer of Clutch Door
PVM04	Manufacturer of Dished End
SBR02	Repairer of Pressure Vessel
PVR01	Repairer of Unfired Pressure Vessel

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority / Registration no.</b>	<b>Issuance date / Commencement date / Date of expiry</b>	<b>Nature of approval / Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>						
(i)	Kawan Engineering	DOSH / JKKP/2022/20/53	2 September 2022 / 2 September 2022 / 1 September 2025	Certificate of Registration as Competent Firm to Manufacture and Repair of Steam Boilers at Factory 1 and Factory 2  <u>Scope</u>	(i) All manufacturing or repair work procedures must be carried out in accordance with the Quality Control Manual that has been reviewed and accepted by DOSH and any changes that will be made to the Quality Control Manual must be approved by DOSH.	Complied						
				<table border="1"> <thead> <tr> <th><b>Code</b></th> <th><b>Description</b></th> </tr> </thead> <tbody> <tr> <td>SBM01</td> <td>Manufacturer of Steam Boilers</td> </tr> <tr> <td>SBR01</td> <td>Repairer of Steam Boilers</td> </tr> </tbody> </table>	<b>Code</b>	<b>Description</b>	SBM01	Manufacturer of Steam Boilers	SBR01	Repairer of Steam Boilers	(ii) All welding work must be done by the company's welder in accordance with the Welding Procedure Specification approved by the Inspecting Authority recognised by DOSH. All welding work must also be carried out under close supervision and control by the company's quality control team and all welding records must kept in an orderly manner. <sup>(4)</sup>	Complied
<b>Code</b>	<b>Description</b>											
SBM01	Manufacturer of Steam Boilers											
SBR01	Repairer of Steam Boilers											



**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority / Registration no.</b>	<b>Issuance date / Commencement date / Date of expiry</b>	<b>Nature of approval / Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>
					(iii) All records must be kept in an orderly manner for DOSH's review from time to time. These records will also be inspected during the application for renewal in the future.	Complied
					(iv) All manufacturing or repair work must be done at the registered premise or at the place of the owner of the pressure vessel or steam boilers.	Complied
					(v) Company must submit the application for renewal of registration at least 3 months before the expiry date.	Noted
(j)	Magenko Ipoh	SEDA / A00001236	4 April 2013 / 20 July 2016 / 19 July 2032	Feed-In Approval	(i) The Feed-In Approval holder shall continue to comply with the eligibility criteria described in the Renewable Energy (Feed-In Approval and FiT Rate) Rules 2011.	Complied

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority / Registration no.</b>	<b>Issuance date / Commencement date / Date of expiry</b>	<b>Nature of approval / Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>
					(ii) The Feed-In Approval holder shall ensure that its renewable energy installation meets an annual minimum performance threshold of no less than 35% of the declared annual availability for each year during the effective period.	To be complied <sup>(5)</sup>
(k)	Magenko Ipoh	EC / LRE 12/1/6/137 (BG)	8 January 2015 / 8 January 2015 / 29 November 2030	Licence pursuant to Section 9 of the ESA 1990 to use, work or operate electrical installation to be construed by or for the Licencee at Bercham Landfill and to supply electricity to and for the use of the distribution licensee and/or to any other person permitted by the EC with the approval of the MOE in writing.	(i) The Licencee is to finance, construct, complete, own, operate and maintain a generating facility using renewable energy sources as fuel, and its ancillary facility with a total aggregate installation capacity of 1,200kW at part of Bercham Landfill and any distribution and/or interconnection facilities, in order to supply electricity to or for the use of the distribution licensee or any other permissible person.	Complied

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority / Registration no.</b>	<b>Issuance date / Commencement date / Date of expiry</b>	<b>Nature of approval / Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>
					(ii) The Licencee shall not, at any time supply electricity to any person other than the distribution licensee provided that the EC may with the approval of the Minister in writing, permit the Licencee to distribute and supply electricity to such person.	Complied
					(iii) The generating facility shall be operated and maintained by the Licencee throughout the period of this licence, solely for the purpose of supplying electricity to the distribution licensee and/or other person permitted by the EC and approved by the MOE in writing.	Complied
					(iv) Any changes to the shareholders and the shareholding structure shall be subject to the prior written approval of the MOE.	Noted <sup>(6)</sup>

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority / Registration no.</b>	<b>Issuance date / Commencement date / Date of expiry</b>	<b>Nature of approval / Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>
					(v) The Licencee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under the terms and conditions of this licence except with the prior written approval of the MOE.	Complied

**Notes:**

- (1) We have notified MITI and MIDA on 15 March 2024 and 21 March 2024 respectively in respect of the completion of the Acquisition.
- (2) By way of a circular dated 18 July 2022, MITI provided an extension of time to all licence holders which are subject to this condition to comply with the same by 31 December 2024.
- (3) Our Group has submitted the renewal application to DOSH on 26 March 2024, which is currently pending issuance of the renewed certificate.
- (4) Our Group has 22 and 16 welders approved by DOSH in accordance with the Approved Welding Procedure Specifications as at 31 October 2023 and as at LPD respectively.
- (5) We had, vide letter dated 29 May 2023, informed SEDA that our Group is in the midst of carrying out certain improvement process at Bercham Landfill, in particular, installation of gas and cow dung storage, to achieve a higher level of output in order to increase and meet the annual minimum performance of the declared annual availability (i.e. 6,000 MWh for year 2023). Subsequently, SEDA officer had on 26 July 2023 conducted an inspection at our Bercham Landfill where it was acknowledged that the abovementioned improvement process is on-going. As at LPD, our Group is in the midst of conducting a feasibility study. Upon completion of the feasibility study, we will implement the alternative improvement process including installation of a new bio reactor tank for purposes of biogas fermentation. For avoidance of doubt, the annual minimum performance of the declared annual availability for year 2024 is 4,380 MWh.

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**6. INFORMATION ON OUR GROUP *(Cont'd)***

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- (6) As the conditional share sale would not result in a change in the shareholding of Magenko Ipoh, in that Magenko Asia will remain as its sole direct shareholder, no prior written approval from MOE is required.

Aside from the approvals, licences and certificates listed above, our Group is also required to maintain business premise and signboard licences for our premises where we conduct our business activities. These business premise and signboard licences are renewed on an annual basis. The application and renewal process is an ongoing process and at one point in time, there will be premises which are in the midst of applying for or renewing business premise and signboard licences. As at LPD, all our business premise and signboard licences are valid and subsisting.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

**6.8 TRADEMARKS**

As at LPD, our Group does not own any other trademark other than those disclosed below:

<b>No.</b>	<b>Trademark</b>	<b>Registered owner</b>	<b>Trademark no. / Class / Description</b>	<b>Approving authority / Place of application or registration</b>	<b>Status / Registration validity</b>
(a)		Kawan Engineering	08000867 / 11 / Shell heat exchanger; evaporators; evacuated heat pipe solar collectors (heat exchangers); pressure vessels for sterilising; reactor vessels; solar heating panels; condensers; economizers; heat exchangers; filters for industrial installations	MyIPO / Malaysia	Registered / Valid from 16 January 2008 to 16 January 2028

As at LPD, our Group has submitted an application to MyIPO for the registration of the following trademark:

<b>No.</b>	<b>Trademark</b>	<b>Applicant</b>	<b>Trademark application no. / Class / Description</b>	<b>Approving authority / Place of application or registration</b>	<b>Status / Registration validity</b>
(a)		Kawan Green	TM2022020275 / 37 / Building construction, repair, installation of renewable energy & high efficient systems	MyIPO / Malaysia	<sup>(1)</sup> Published

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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**Note:**

- <sup>(1)</sup> MyIPO has issued a notice of temporary refusal to Kawan Green on 30 November 2022 due to the existence of a similar trademark registered under Kawan Engineering. Our Group had on 3 January 2023 submitted an appeal letter to MyIPO to explain that:
- (i) Kawan Green is a subsidiary of Kawan Engineering;
  - (ii) Kawan Green and Kawan Engineering do not carry out similar business activity nor are they involved in similar nature of business; and
  - (iii) the trademarks used by Kawan Green and Kawan Engineering are highly distinctive in terms of the colour, font, font size and name of the company.

MyIPO had on 13 February 2024 provided its consent for the registration of the abovementioned trademark conditional upon receipt of the letter of consent from Kawan Engineering to allow for the application, use and registration of the said trademark by Kawan Green. Pursuant thereto, Kawan Engineering had submitted the letter of consent to MyIPO on 28 February 2024.

The trademark has subsequently been published on 14 March 2024 in the Intellectual Property Official Journal. Any person may, within two months after the date of the publication, give notice of opposition to the Registrar of Trademarks opposing the registration. In the event that no opposition is filed, or if any opposition is resolved in favour of the applicant, the Registrar of Trademarks will proceed with the registration of the trademark. As at LPD, the trademark is pending registration.

For avoidance of doubt, in the event that the trademarks are not successfully renewed or registered, our business and profitability will not be materially affected as our Group's business and profitability are not materially dependent on the trademarks listed above.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

**6.9 PROPERTY, PLANT AND EQUIPMENT**

**6.9.1 Properties owned by our Group**

The summary of the material properties owned by our Group as at LPD are set out below:

<b>No.</b>	<b>Registered owner / Postal address / Title details</b>	<b>Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)</b>	<b>Land area / Built-up area sq ft</b>	<b>Date of purchase / Date of CCC</b>	<b>Encumbrance / Restriction-in-interest</b>	<b>NBV as at 31 October 2023 RM'000</b>
(a)	Kawan Engineering /  No. 18, Lebuhraya Perusahaan Klebang 1, Kawasan Perusahaan IGB, 31200 Ipoh, Perak /  PN 89535, Lot 181684, Mukim Hulu Kinta, Daerah Kinta, 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 /  Leasehold of 99 years expiring on 17 October 2089 (approximately 65 years remaining as at LPD) /  Industrial	90,449 / 60,007	15 September 2004 / 29 December 2006	(a) Charged in favour of OCBC Bank (Malaysia) Berhad on 5 February 2008; and  (b) Part of the land is leased to Tenaga Nasional Berhad for a period of 30 years commencing from 15 January 2009 to 14 January 2039. /  (a) This land cannot be transferred or leased without the permission of the Menteri Besar Perak; and  (b) This land cannot be subdivided in accordance with Section 135 of the NLC without the permission of the Menteri Besar Perak.	2,007



**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Registered owner / Postal address / Title details</b>	<b>Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)</b>	<b>Land area / Built-up area sq ft</b>	<b>Date of purchase / Date of CCC</b>	<b>Encumbrance / Restriction-in-interest</b>	<b>NBV as at 31 October 2023 RM'000</b>
(b)	Kawan Engineering /  Lot 181630, Lebu Perusahaan Klebang 11, Kawasan Perusahaan IGB, 31200 Ipoh, Perak /  PN 89481, Lot 181630, Mukim Hulu Kinta, Daerah Kinta, 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 /  Leasehold of 99 years expiring on 17 October 2089 (approximately 65 years remaining as at LPD) /  Industrial	91,999 / 63,825	22 June 2009 / 8 June 2012	Charged in favour of OCBC Bank (Malaysia) Berhad on 13 December 2010 /  (a) This land cannot be transferred, leased or mortgaged without the permission of the Menteri Besar Perak; and  (b) This land cannot be subdivided in accordance with Section 135 of the NLC without the permission of the Menteri Besar Perak.	2,821
(c)	Kawan Engineering /  No. 25, Lebu Perusahaan Klebang 1, Kawasan Perusahaan IGB, 31200 Ipoh, Perak /  PN 89536, Lot 181685, Mukim Hulu Kinta, Daerah Kinta, 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 /  Leasehold of 99 years expiring on 17 October 2089 (approximately 65 years remaining as at LPD) /  Industrial	130,265 / 42,560	1 April 2022 / 22 December 1998	(a) Charged in favour of Maybank Islamic Berhad on 1 August 2022; and  (b) Part of the land is leased to Tenaga Nasional Berhad for a period of 30 years commencing from 30 May 1998 to 29 May 2028. /	8,349

Registration No.: 202201039658 (1485355-U)

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Registered owner / Postal address / Title details</b>	<b>Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)</b>	<b>Land area / Built-up area sq ft</b>	<b>Date of purchase / Date of CCC</b>	<b>Encumbrance / Restriction-in-interest</b>	<b>NBV as at 31 October 2023 RM'000</b>
					(a) This land cannot be transferred, leased or mortgaged without the permission of the Menteri Besar Perak; and  (b) This land cannot be subdivided in accordance with Section 135 of the NLC without the permission of the Menteri Besar Perak.	

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## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.9.2 Properties rented by our Group

The summary of the material properties rented by our Group as at LPD are set out below:

No.	Postal address	Landlord / Tenant	Description / Existing use	Date of CCC	Land area / Built-up area sq ft	Period of tenancy / Rental per annum (RM)
(a)	8 and 8A, Tasek Mutiara 2, Pusat Perdagangan Tasek Mutiara, 31400 Ipoh, Perak	Chan Kam Hing / Kawan Green (First floor) Magenko Ipoh (Ground floor)	Ground and first floor of a double storey shop lot / Office	17 April 2013	1,539 / 3,037	1 June 2024 to 31 May 2025 / 21,600
(b)	6A, Laluan Tawas Damai 4, Anjung Tawas Damai, 30010 Ipoh, Perak	Kok Kam Hong / Kawan Engineering	First floor of a double storey shop lot / Workers' accommodation	10 November 2022	1,399 / 1,376	1 April 2023 to 31 March 2026 / 4,800
(c)	28A, Laluan Tawas Damai 4, Anjung Tawas Damai, 30010 Ipoh, Perak	Ng Yook Fong / Kawan Engineering	First floor of a double storey shop lot / Workers' accommodation	11 November 2022	1,399 / 1,376	1 April 2023 to 31 March 2026 / 4,800
(d)	20A, Laluan Tawas Damai 3, Anjung Tawas Damai, 30010 Ipoh, Perak	Ng Chong Hun / Kawan Engineering	First floor of a double storey shop lot / Workers' accommodation	10 November 2022	1,399 / 1,376	15 January 2023 to 14 January 2025 / 5,400
(e)	19A, Laluan Tawas Damai 1, Anjung Tawas Damai, 30010 Ipoh, Perak	Loo Chui Hon / Kawan Engineering	First floor of a double storey shop lot / Workers' accommodation	10 November 2022	1,399 / 1,376	1 April 2023 to 31 March 2026 / 6,000
(f)	46-A, Laluan Tawas Damai 3, Anjung Tawas Damai, 30010 Ipoh, Perak	Heng Guan Huat / Kawan Engineering	First floor of a double storey shop lot / Workers' accommodation	11 November 2022	1,399 / 1,376	1 April 2023 to 31 March 2026 / 6,000

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Postal address</b>	<b>Landlord / Tenant</b>	<b>Description / Existing use</b>	<b>Date of CCC</b>	<b>Land area / Built-up area</b>	<b>Period of tenancy / Rental per annum (RM)</b>
(h)	25A, Laluan Tawas Damai 1, Anjung Tawas Damai, 30010 Ipoh, Perak	Wong Loong Yee / Kawan Engineering	First floor of a double storey shop lot / Workers' accommodation	28 March 2023	1,399 / 1,376	1 December 2022 to 30 November 2024 / 6,360

As at LPD, all our workers' accommodations are issued with a CFA. The properties rented by our Group are not in breach of any other land use conditions and/or non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD.

**6.9.3 Acquisition of properties**

Save for properties (c), (d) and (e) as set out in Section 6.9.1, we have not acquired nor entered into any agreements to acquire any properties during FYE 2020 to 2023 and up to LPD.

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## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.9.4 Material machinery

A summary of the key machinery and equipment owned and used by our Group to facilitate our daily business operations as at 31 October 2023 are set out as below:

No.	Material machinery	Average economic useful life (years)	Year of purchase / completed	No. of units	No. of units fully depreciated	Audited NBV as at 31 October 2023 RM'000
(a)	Fabrication machinery for Factory 1 (mainly overhead cranes, cutting, flanging, and welding equipment)	7	2006 to 2023	68	35	1,018
(b)	Fabrication machinery for Factory 2 (mainly forklift, overhead cranes, gantry, bending, grinding, flanging and edging equipment)	7	2012 to 2023	28	25	103
(c)	Fabrication machinery for Factory 3 (overhead cranes, rotators, saw column, and girder)	7	2022 to 2023	44	-	2,851
(d)	Bercham Plant	10	2016	1	-	1,540
						<b>5,512</b>

We conduct periodic inspections and maintenance of our machinery and undertake certain repair works when necessary. Our maintenance procedures include oiling, corrosion prevention and cleaning. The machinery that we own are commonly used in the engineering industry and are generally available from the local and overseas market. Machinery which is fully depreciated would have surpassed its useful life. However, although certain machineries are fully depreciated, they can still operate effectively and efficiently. If the machinery is well maintained and can operate efficiently and effectively, it will not be disposed. Fully depreciated machineries are disposed when they cannot operate effectively, or are functionally obsolete.

**6. INFORMATION ON OUR GROUP (Cont'd)****6.9.5 Material capital expenditures and divestitures****(a) Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures made by us for FYE 2020 to 2023 and up to LPD:

	<b>At cost</b>				
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>1 November 2023 up to LPD</b>
<b>Capital expenditures</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Buildings	-	1,427	5,609	838	30
Plant and machinery	519	732	2,182	1,607	575
Motor vehicles	116	515	455	865	641
Furniture and fittings	-	90	513	126	14
Office equipment	5	12	132	31	7
Computer and software	126	20	41	620	49
Right-of-use assets	48	-	2,832	129	-
	<b>814</b>	<b>2,796</b>	<b>11,764</b>	<b>4,216</b>	<b>1,316</b>

**FYE 2020**

For FYE 2020, our capital expenditure was mainly related to the purchase of plant and machinery amounting to RM0.5 million comprising the purchase of hydraulic tube expanding machine, power press machine, drilling machine, hydraulic tube pulling machine, internal tube cutter and weld removal tools, motor vehicles of RM0.1 million and computers and software of RM0.1 million to accommodate our growing staff force.

**FYE 2021**

For FYE 2021, our capital expenditure was mainly related to the purchase of:

- (i) Buildings amounting to RM1.4 million comprising largely 2 units of condominiums located in Ipoh as accommodation for workers (currently vacant);
- (ii) Plant and machinery amounting to RM0.7 million comprising mainly portable tube cleaning machine, welding system, overhead travelling crane and portable water jet cutting machine; and
- (iii) Motor vehicles amounting to RM0.5 million.

**FYE 2022**

For FYE 2022, our capital expenditure was mainly related to the purchase of:

- (i) Buildings amounting to RM5.6 million comprising mainly in relation to Factory 3;
- (ii) Plant and machinery amounting to RM2.2 million comprising mainly semi-travelling crane, electric overhead travelling crane, welding column boom and runway beam; and

**6. INFORMATION ON OUR GROUP (Cont'd)**

- (iii) Rights-of-use assets amounting to RM2.8 million comprising mainly a leasehold land for Factory 3.

**FYE 2023**

For FYE 2023, our capital expenditure was mainly related to the purchase of:

- (i) Buildings amounting to RM0.8 million comprising mainly Factory 3;
- (ii) Plant and machinery amounting to RM1.6 million comprising roller machine, laser cutting machine, electric overhead travelling crane and incinerator;
- (iii) Motor vehicles amounting to RM0.9 million; and
- (iv) Computer and software amounting to RM0.6 million comprising additional server, ERP system and laptop.

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures are mainly driven by our business growth as well as for replacement purposes.

**(b) Material capital divestitures**

Save for the divestitures disclosed below, there were no other capital divestitures made by us for FYE 2020 to 2023 and up to LPD:

	<b>At cost</b>				<b>1 November</b>
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>2023 up to</b>
<b>Capital divestitures</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>LPD</b>
Buildings	-	-	-	730	650
Plant and machinery	-	35	-	-	-
Motor vehicles	210	171	-	293	46
Furniture and fittings	-	-	-	2	2
Computers and softwares	-	-	3	-	-
Right-of-use assets	-	47	-	132	-
Office equipment	-	-	-	-	3
	<b>210</b>	<b>253</b>	<b>3</b>	<b>1,157</b>	<b>701</b>

All our capital divestitures were carried out in the ordinary course of business as part of the periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or obsolete or surpassed their useful lives.

Moving forward, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

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## **6. INFORMATION ON OUR GROUP (Cont'd)**

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### **6.9.4 Material plans to construct, expand or improve our facilities**

Save for the proposed utilisation of proceeds from our IPO to finance our investment in a new 2MW power plant and improvement of Bercham Plant output as set out in Section 4.9.1, our Group does not have any other immediate plans to construct, expand and improve our facilities as at LPD.

### **6.10 RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS**

The following is an overview of the major laws, regulations, rules and requirements governing the conduct of our Group's business and environmental issue which may materially affect our business operations:

#### **(a) ICA 1975**

The ICA 1975 provides for the co-ordination and orderly development of manufacturing activities in Malaysia, for the establishment of an Industrial Advisory Council and for other matters connected therewith or incidental thereto.

Pursuant to Section 3(1) of the ICA 1975, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. Any person engaging in any manufacturing activity with a shareholders' fund of RM2.5 million and above or employing 75 or more full-time paid employees are required to apply for a manufacturing licence.

Failure to comply constitutes an offence and such person shall, on conviction, be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 for every day during which such default continues.

As at LPD, our Group has obtained 3 manufacturing licences for Factory 1, Factory 2 and Factory 3, all of which are valid and subsisting.

#### **(b) CIDB Act**

The CIDB Act and the regulations made thereunder govern the establishment of the CIDB and provide for its functions relating to the construction industry and for matters connected therewith.

Section 25 of the CIDB Act provides that no person shall carry out or complete, undertake to carry out or complete any construction work or hold himself out as a contractor, unless he is registered with CIDB and holds a valid certificate of registration issued by CIDB.

Any person who contravenes Section 25 of the CIDB Act shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM100,000.

A contractor is defined as a person who carries out or completes or undertakes to carry out or complete any construction works and for the purposes of the CIDB Act, any person who has been awarded or executed any contract for construction works, or has undertaken to carry out, manage or complete any construction works, or has carried out, managed or completed any construction works, shall be deemed to be a contractor unless proven otherwise.



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**6. INFORMATION ON OUR GROUP (Cont'd)**

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As at LPD, Kawan Engineering holds a valid certificate of registration (Grade 7) as well as certificate of government procurement (Grade 7) issued by CIDB.

**(c) FMA 1967**

The FMA 1967 and the relevant regulations made thereunder, including the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970 provide for the control of factories with respect to matters relating to the safety, health and welfare of persons in the factories, the registration and inspection of machinery and other matters connected therewith.

Section 19 of the FMA 1967 states that no person shall operate or cause or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is a valid certificate of fitness issued under the FMA 1967 in relation to the operation of the machinery. Any person who contravenes this provision shall be served with a notice in writing prohibiting the operation of such machinery or may render such machinery inoperative until such time as a valid certificate of fitness is issued. In addition, such person shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM150,000 or to imprisonment for a term not exceeding 3 years or to both.

Our subsidiary, Kawan Engineering, had previously operated an unfired pressure vessel at Factory 2 without a valid certificate of fitness and was issued a compound of RM15,000 by DOSH in December 2021. The compound has been duly paid and our Group has not experienced any material adverse impact on our business operations or financial condition arising from such compound.

As at LPD and save as disclosed above, our Group is in compliance with the relevant provisions under the FMA 1967 and we have obtained valid certificates of fitness for the operation of our machineries that require certifications under the FMA 1967.

**(d) ESA 1990**

The ESA 1990 regulates the electricity supply industry, the supply of electricity at reasonable prices, the licensing of any electrical installation, the control of any electrical installation, the control of any electrical installation, plant and equipment with respect to matters relating to the safety of persons and the efficient use of electricity and for purposes connected therewith.

Section 9 of the ESA 1990 provides that no person other than a supply authority shall use, work or operate or permit to be used, worked or operated any installation or supply to any other person energy from any installation, except under and in accordance with the terms of a licence granted by the EC and expressly authorising the supply or use. Any person who supplies electricity from an installation to or for the use of any person without a licence shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 and to a further fine not exceeding RM1,000 every day or part of a day during which the offence continues after conviction.

As at LPD, our subsidiary, Magenko Ipoh, holds a valid licence to use, work or operate electrical installation at Bercham Landfill and to supply electricity to and for the use of the distribution licensee and/or to any other person subject to permission granted by the EC.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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**(e) REA 2011**

The REA 2011 provides for the establishment and implementation of a special tariff system to catalyse the generation of renewable energy and to provide for related matters.

A person is eligible to apply for a Feed-In Approval to participate in the FiT system if the person proposes to generate renewable energy from a renewable energy installation having an installed capacity of not more than 30MW or such higher installed capacity as may be approved by the relevant Minister and the person meets such other criteria as may be prescribed by SEDA from time to time.

Upon obtaining the Feed-In Approval, the approval holder must comply with the prescribed standard conditions of the Feed-In Approval and any special conditions imposed by SEDA under the said approval. Failure to comply with any of the conditions imposed constitutes an offence and shall, on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 3 years or to both.

As at LPD and save as disclosed in Section 6.7, our subsidiary, Magenko Ipoh, has obtained SEDA Feed-In Approval and is in compliance with the conditions imposed.

**(f) OSHA 1994**

The OSHA 1994 regulates the safety, health and welfare of persons at work, to protect others against risks to safety or health in connection with the activities of persons at work, as well as to promote an occupational environment for persons at work.

Pursuant to Section 16 of the OSHA 1994, it is the duty of every employer to prepare and as often as may be appropriate revise a written statement of his general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all of his employees. Employer who contravenes this provision shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 2 years or to both.

Section 29 of the OSHA 1994 requires an occupier of a place of work to which this section applies to employ a competent person to act as a safety and health officer at the place of work. An occupier who contravenes the provisions of this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000 or to a term of imprisonment not exceeding 6 months or to both. The employer of the class or description of industries that shall employ a safety and health officer can be found under Order 3 of the Occupational Safety and Health (Safety and Health Officer) Order 1997, which include any boiler and pressure vessel manufacturing activity employing more than a hundred employees.

In addition, Section 30 of the OSHA 1994 provides that every employer shall establish a safety and health committee at the place of work if there are 40 or more persons employed at the place of work or the Director General of DOSH directs the establishment of such a committee at the place of work. A person who contravenes this provision shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding 6 months or to both.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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As at LPD, our Group is in compliance with the relevant provisions under the OSHA 1994.

Notwithstanding the above, our subsidiary, Kawan Engineering, was issued with 6 improvement notices pursuant to Section 48 of the OSHA 1994 (2 in FYE 2020 and 4 in FYE 2021) by DOSH due to the following non-compliances:

- (i) Regulation 7(1) of the Occupational Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004: failure to send a report within 7 days to the nearest DOSH office in relation to the occupational diseases (hearing impairment) suffered by its employees at Factory 1.
- (ii) Regulation 5 of the Occupational Safety and Health (Noise Exposure) Regulations 2019: failure to provide the record of provision of training to employees exposed to excessive noise at Factory 1.
- (iii) Regulation 5 of the Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000: failure to identify and record in a register all chemicals hazardous to health used in the place of work at Factory 1.
- (iv) Regulation 9 of the Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000: failure to make a written assessment of the risks created by the chemical hazardous to health at Factory 1.
- (v) Regulation 3 of the Occupational Safety and Health (Noise Exposure) Regulations 2019: failure to identify whether its employee may be exposed to excessive noise in the place of work at Factory 1.
- (vi) Regulation 4 of the Occupational Safety and Health (Noise Exposure) Regulations 2019: failure to appoint a noise risk assessor to carry out noise risk assessment at Factory 1.

As at LPD, our Group has rectified all the non-compliances to the satisfaction of the relevant officers.

**(g) EQA 1974, EQSIER 1979 and EQSWR 2005**

The EQA 1974 sets out provisions in respect of prevention, abatement, control of pollution and enhancement of the environment.

Under the EQA 1974, no person shall, unless licensed –

- (i) emit or discharge any environmentally hazardous substances, pollutants or wastes into the atmosphere;
- (ii) pollute or cause or permit to be polluted any soil or surface of any land; or
- (iii) emit, discharge or deposit any environmentally hazardous substances, pollutants or wastes into any inland waters;

in contravention of the acceptable conditions specified under the EQA 1974.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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Any person who contravenes the above shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a period not exceeding 5 years or to both and to a further fine not exceeding RM500 a day for every day that the offence is continued after a notice by the Director General of Environmental Quality requiring him to cease the act specified therein has been served upon him.

Notwithstanding the above provisions of the EQA 1974, Schedule 1 of the EQSIER 1979 provides a list of discharges which is exempted from the EQSIER 1979 which include, amongst others, processing, manufacturing, washing or servicing of any other products or goods that produce effluent of less than 60 cubic metres (13,000 imperial gallons) per day. During the FYE 2020 to 2022 and up to LPD, our Group discharges effluent produced from the acid used for our cleaning purposes. As the effluent produced is less than 60 cubic metres (13,000 imperial gallons) per day, our Group is not in contravention with the EQA 1974 and is exempted from complying with the EQSIER 1979.

In addition, the EQSWR 2005 imposes an obligation on the waste generator to record, store, label, treat and dispose scheduled waste in accordance with the regulation. Failure to comply constitutes an offence and may be liable to a compound not exceeding RM2,000.

As at LPD, our Group also complies with the relevant provisions of the EQA 1974 and EQSWR 2005 as the disposal of our scheduled wastes is carried out by a licenced service provider.

**(h) IA 1959, ERA 1968 and all regulations made thereunder**

The IA 1959 regulates matters relating to immigration in Malaysia where it provides that no person other than a citizen shall enter Malaysia unless he is in possession of a valid entry permit, his name is endorsed upon the said valid entry permit and he is in the company of the holder of the said entry permit or he is in possession of a valid pass lawfully issued to him to enter Malaysia or exemption is granted to him pursuant to the IA 1959.

Section 55B(1) of the IA 1959 provides that a person who employs one or more persons, other than a citizen or a holder of an entry permit, who is not in possession of a valid pass shall be guilty of an offence, and shall on conviction, be liable to a fine of not less than RM10,000 but not more than RM50,000 or to a term of imprisonment not exceeding 12 months or to both for each such employee. Further, where it is proved to the satisfaction of the court that the person has at the same time employed more than 5 such employees, that person shall, on conviction be liable to imprisonment for a term of not less than 6 months but not more than 5 years and shall also be liable to whipping of not more than 6 strokes.

In addition, the Employment (Restriction) Act 1968 also expressly prohibits a person from employing a non-citizen of Malaysia unless there has been issued in respect of that person a valid employment permit. Failure to obtain the valid employment permit is an offence and shall, on conviction, be liable to a fine not exceeding RM5,000 or imprisonment for a term not exceeding 1 year or both.

As at LPD, all of our foreign employees are in possession of a valid work permit.

## 6. INFORMATION ON OUR GROUP (Cont'd)

### (i) EMSH 1990 and EMSH Regulations

The EMSH 1990 prescribes the minimum standards of housing, nurseries and accommodation for employees (and their dependents, if applicable) as well as health, hospital, medical and social amenities to be provided by the employers to their employees.

Pursuant to the EMSH Regulations, employers are required to provide accommodation to foreign employees with a Visit Pass (Temporary Employment) issued under Regulation 11 of the Immigration Regulations 1963.

Section 24D of the EMSH 1990 states that no accommodation shall be provided to an employee unless certified with a CFA. An employer who contravenes this provision commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 per unit of workers' accommodation.

As at LPD, we provide accommodations to all our foreign employees and our Group has obtained the CFA in respect of all the workers' accommodations.

### (j) LGA 1976

The LGA 1976 empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor. As our Group's business activities are mainly carried out in Ipoh, we are subject to the Licensing of Trades, Businesses and Industries (Ipoh City Council) By-Laws 2017 ("**MRI Licensing By-Laws**") and the Advertisement (Ipoh City Council) By-Laws 2013 ("**MRI Advertisement By-Laws**") which state:

- (i) MRI Licensing By-Laws: no person shall operate any activity of trade, business or industry or use any place or premise in the local area of the Ipoh City Council for any activity or trade, business or industry without the licence issued by the licensing authority; and
- (ii) MRI Advertisement By-Laws: no person shall exhibit or erect or cause to be exhibited or erected any advertisement without a licence issued by the Ipoh City Council under the MRI Advertisement By-Laws.

Any person who fails to comply with the abovementioned By-Laws shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both, and in the case of a continuing offence, to a fine not exceeding RM200 or part thereof for each day during which the offence is continued after conviction.

As at LPD, our Group holds and maintains valid business premise licences for all our operating business premises as well as signboard licences in respect of all premises with external signboards.

Save as disclosed above, our Group has not received any notices, fines, penalties or compounds relating to any non-compliances with the abovementioned legislations during the FYE 2020 to 2023 and up to LPD.

## **6. INFORMATION ON OUR GROUP (Cont'd)**

Details of the major approvals, licences and permits issued to our Group in order for us to carry out our operations are set out in Section 6.7. Save as disclosed therein, as at LPD, there are no other material laws, regulations, rules or requirements governing the conduct of our business and/or major environmental issue which may materially affect our operations.

### **6.11 ENVIRONMENT, SOCIAL AND GOVERNANCE ("ESG") PRACTICES**

Kawan is dedicated to being proactive in the face of disruptive events and sees them as opportunities to create value for our stakeholders.

Our ESG Integrated Policy and Framework has been established as we give high priority to the identification and management of sustainability risks and aim to integrate them into all our decision-making processes and the entire value chain. Our objective is to advance sustainable development among our stakeholders by providing accessible and renewable energy, fostering innovation, and empowering our employees and the community. As a responsible public governance entity, we are dedicated to championing sustainability and driving positive change as a global citizen.

Kawan is deeply dedicated to establishing an organisation that advances sustainable development for both the community and stakeholders. This statement showcases our firm commitment to embracing impactful practices, initiatives, and endeavours that tackle the influence of our operations on the local economy, environment, society, and governance. We are continually working towards improving our performance in these areas, ensuring that our actions make a positive contribution to a sustainable future.

We are steadfast in our commitment to generating sustainable value for our stakeholders, and we will continue to deliver balanced, comparable, and meaningful reports through our ongoing reporting initiatives in accordance with Bursa Securities' Sustainability Reporting Guide, Integrated Reporting framework, and aligned with the Sustainable Development Goals by the United Nations.

#### **(a) Environmental**

We strive to improve our environment by utilising greener alternatives such as follows:

- (i) We aim to reduce our energy consumption and carbon footprint by investing in renewable energy sources and improving our energy efficiency practices; and
- (ii) Despite the absence of substantial water usage, we are still dedicated to decreasing the overall water consumption by promoting water conservation practices.

#### **(b) Social**

We strive to build a safe harmony and supportive working environment and work hand in hand contributing to the local community development:

- (i) We are committed to defending against cybercrime, adhering to cyber-related regulations, and securely transforming our operations through the use of cyber services. Regular IT risk assessments are conducted to ensure that customer and organisational data is not compromised or destroyed;
- (ii) We have implemented stringent standard operating procedures which are essential in enabling our employees to carry out their work while simultaneously protecting the interests of our shareholders;

## 6. INFORMATION ON OUR GROUP (Cont'd)

- (iii) We place emphasis on the health and safety of our employees, especially in the pandemic situation. In response, we have implemented several measures to foster a safe and healthy work environment. These measures encompass the provision of personal protective equipment to our employees, regular cleaning and sanitisation of our workplaces and equipment, and strict adherence to Government guidelines and regulations to prevent the spread of COVID-19;
- (iv) We are committed to providing our employees with a working environment that aligns with the International Labour Organisation's Fair Recruitment Initiative. We ensure that recruitment practices, nationally or across borders, are grounded in labour standards, are developed through social dialogue, and ensure gender equality;
- (v) We are committed to cultivate a workplace culture that embraces diversity and equality;
- (vi) We ensure that all our employees are recruited based on their skills and experience, following a fair and unbiased selection process;
- (vii) To assess employee performance, we conduct transparent and objective annual performance reviews, providing valuable feedback to our staff;
- (viii) We offer a range of learning opportunities to our employees throughout their careers to ensure they acquire the necessary skills to excel in their roles. We recognise that our workforce is essential to achieving operational and safety excellence, and therefore, we invest in our human capital by supporting employee development to meet the changing demands of our business; and
- (ix) We are committed to give back to the community through various initiatives, including donations and sponsorships via charity organisations.

### (c) Governance

- (i) At Kawan, we acknowledge and understand the significance of good governance. Our Board recognises the value of a robust risk management framework and internal control system in promoting good corporate governance, as stated in the MCCG. By disclosing pertinent information related to sustainability, we aim to enhance the transparency of our management practices. This will instil greater confidence in our organisation among our customers, stakeholders, communities, and the general public.
- (ii) We have a zero-tolerance policy towards fraud, bribery, corruption, money laundering and the financing of terrorism. Therefore, we have implemented an anti-bribery and corruption policy and whistle blowing policy, to enhance the transparency of our Group and provide a better governance environment.
- (iii) We prioritise the evaluation of quality and safety and had obtained the following certification:

<b>Certificate</b>	<b>Award Body</b>
Certificate of Authorisation - U, U2, H, and S	ASME
Certificate of Authorisation - R	National Board of Boiler & Pressure Vessel Inspectors
Licensed contractor for liquefied petroleum gas / liquefied natural gas piping	DOSH
Member of Heat Transfer Research, Inc.	Heat Transfer Research, Inc.
Grade G7 certification for site piping and site installation works	CIDB
ISO 9001:2015	QMS Certification Services
MyHIJAU Mark on the waste sector (EPCC of Energy-Efficient & Renewable-Energy Plants)	Malaysian Green Technology and Climate Change Corporation

## 6. INFORMATION ON OUR GROUP (Cont'd)

Certificate	Award Body
Steam Boiler Manufacturer and Repairer	DOSH
Pressure Vessel Manufacturer and Repairer	DOSH
Petroleum Contractor	DOSH

### 6.12 EMPLOYEES

As at LPD, we have a total workforce of 192 employees, of which 142 are local employees and 50 are foreign employees, and all of whom are permanent employees.

The breakdown of our employees as at 31 October 2023 and LPD are as follows:

Department	No. of employees				Total
	Permanent		Contract		
	Local	Foreigner	Local	Foreigner	
<b>As at 31 October 2023</b>					
Directors	1	-	-	-	1
Key senior management	6	-	-	-	6
Administrative	9	-	-	-	9
Finance	5	-	-	-	5
Business and procurement	24	-	-	-	24
Project	16	-	-	-	16
Engineering	8	-	-	-	8
Production <sup>(1)</sup>	60	50	9	-	119
Quality control	8	-	1	-	9
	<b>137</b>	<b>50</b>	<b>10</b>	<b>-</b>	<b>197</b>
<b>As at LPD</b>					
Directors	1	-	-	-	1
Key senior management	7	-	-	-	7
Administrative	7	-	-	-	7
Finance	5	-	-	-	5
Business and procurement	24	-	-	-	24
Project	11	-	-	-	11
Engineering	8	-	-	-	8
Production <sup>(1)</sup>	67	50	3	-	120
Quality control	9	-	-	-	9
	<b>139</b>	<b>50</b>	<b>3</b>	<b>-</b>	<b>192</b>

#### Note:

<sup>(1)</sup> Our Group has 22 and 16 welders approved by DOSH in accordance with the Approved Welding Procedure Specifications as at 31 October 2023 and as at LPD respectively.



**6. INFORMATION ON OUR GROUP (Cont'd)**

The breakdown of our employees by company as at 31 October 2023 and LPD are as follows:

<b>Company</b>	<b>No. of employees</b>	
	<b>As at 31 October 2023</b>	<b>As at LPD</b>
Kawan Engineering	186	180
Kawan Green	7	6
Magenko Group	4	6
	<b>197</b>	<b>192</b>

As at LPD, all of our foreign employees have valid working permits.

There were no significant changes in the number of employees of our Group as at 31 October 2023 and up to LPD.

None of our employees belong to any labour union and over FYE 2020 to 2023 and up to LPD, there is no labour dispute between our management and our employees. Additionally, over FYE 2020 to 2023 and up to LPD, there has not been any incident of work stoppage that has materially affected our operations.

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