RENEUCO BERHAD

(Company No: 199701003731 (419227-X))
(Incorporated in Malaysia)

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2023

(The Figures in this Quarterly Report have not been Audited)

RENEUCO BERHAD
199701003731 (419227-X)

Unaudited Condensed Consolidated Statements of Comprehensive Income for the Quarter and Period ended 30 September 2023

	Individual quarter			Cumulative quarter		
	3 months ended			15 months ended		
	30/09/2023	30/09/2022	Changes	30/09/2023	30/09/2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	4,566	N/A	-	66,745	N/A	-
Cost of sales	(6,616)	N/A	-	(52,116)	N/A	-
Gross profit	**(2,050)**	**N/A**	-	**14,629**	**N/A**	-
Other income	16,660	N/A	-	50,423	N/A	-
Selling and distribution expenses	(3)	N/A	-	(29)	N/A	-
Administrative expenses	(4,337)	N/A	-	(21,347)	N/A	-
Other expenses	(132,813)	N/A	-	(149,600)	N/A	-
Profit/(Loss) from operations	**(122,543)**	**N/A**	-	**(105,924)**	**N/A**	-
Finance costs	(385)	N/A	-	(1,487)	N/A	-
Profit/(Loss) before tax	**(122,928)**	**N/A**	-	**(107,411)**	**N/A**	-
Taxation	(2,300)	N/A	-	(12,509)	N/A	-
Profit/(Loss) net of tax	**(125,228)**	**N/A**	-	**(119,920)**	**N/A**	-
Other comprehensive income/(loss):						
Item that is or may be reclassified subsequently to profit or loss						
Foreign currency translation	(1)	N/A		1	N/A	
Total comprehensive income/(loss) for the financial period	**(125,229)**	**N/A**		**(119,919)**	**N/A**	
Profit/(Loss) attributable to:						
Owners of the parent	(125,051)	N/A		(117,775)	N/A	
Non-controlling interests	(177)	N/A		(2,145)	N/A	
	(125,228)	**N/A**		**(119,920)**	**N/A**	
Total comprehensive income/(loss) attributable to:						
Owners of the parent	(125,052)	N/A		(117,774)	N/A	
Non-controlling interests	(177)	N/A		(2,145)	N/A	
	(125,229)	**N/A**		**(119,919)**	**N/A**	
Earnings per share attributable to owners of the parent (sen per share) *						
- basic	(21.97)	N/A		(20.69)	N/A	
- diluted	(21.97)	N/A		(20.69)	N/A	

* Earnings per share is based on weighted average number of shares of 569,105,806 (2022: 518,755,093) and 569,105,806 (2022: 518,755,093) for the period of 3 months and cumulative 15 months respectively.

The unaudited condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the explanatory notes attached to the interim financial report.

RENEUCO BERHAD
199701003731 (419227-X)

Unaudited Condensed Consolidated Statements of Financial Position as at 30 September 2023

	(Unaudited) 30/09/2023 RM'000	(Audited) 30/06/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	16,757	12,316
Investment properties - work-in-progress	17,250	-
Investment in Associates	200	-
Construction work-in-progress	80,388	25,470
Right-of-use assets	10,630	13,805
Intangible assets	9,250	13,552
Deferred tax assets	-	474
Total non-current assets	134,475	65,617
Current assets		
Inventories	1,197	1,264
Contract assets	24,267	86,831
Contract cost assets	48,697	735
Trade and other receivables	74,809	146,624
Deposits and prepayments	12,708	7,906
Tax assets	156	1,944
Cash and bank balances	14,448	33,978
	176,282	279,282
Asset classified as held for sale	-	-
Total current assets	176,282	279,282
TOTAL ASSETS	**310,757**	**344,899**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	172,699	156,379
Reserves	85	84
Retained earnings	(67,802)	49,278
Total equity attributable to owners of the Company	104,982	205,741
Non-controlling interests	(1,746)	399
Total equity	103,236	206,140
Non-current liabilities		
Lease liabilities	10,993	12,417
Deferred tax liabilities	2,409	415
Borrowings	74,090	10,752
Convertible Bond	3,000	-
Total non-current liabilities	90,492	23,584
Current liabilities		
Trade and other payables	82,193	81,511
Contract liabilities	-	11,263
Lease liabilities	400	1,548
Borrowings	20,581	14,196
Tax liabilities	13,855	6,657
Total current liabilities	117,029	115,175
Total liabilities	207,521	138,759
TOTAL EQUITY AND LIABILITIES	**310,757**	**344,899**
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.18	0.40

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statements of Changes in Equity for the period ended 30 September 2023

	Attributable to owners of the Company						
	Non-distributable			Distributable			
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Asset Revaluation Reserve RM'000	Retained earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
As at 1 July 2022	156,379	84	-	50,273	206,736	399	207,135
Net profit for the financial period	-	-	-	(117,775)	(117,775)	(2,145)	(119,920)
Foreign currency translation	-	1	-	-	1	-	1
Total comprehensive income for the period	-	1	-	(117,775)	(117,774)	(2,145)	(119,919)
Dividend to non-controlling interest	-	-	-	(300)	(300)	-	(300)
Transaction with owners:							
Issue of share capital	16,320	-	-	-	16,320	-	16,320
Acquisition of a subsidiary	-	-	-	-	-	-	-
As at 30 September 2023	**172,699**	**85**	**-**	**(67,802)**	**104,982**	**(1,746)**	**103,236**
As at 1 July 2021	97,730	512	4,912	38,413	141,567	1,413	142,980
Net profit for the financial period	-	-	-	5,953	5,953	(1,034)	4,919
Foreign currency translation	-	(428)	-	-	(428)	-	(428)
Total comprehensive income for the period	-	(428)	-	5,953	5,525	(1,034)	4,491
Transaction with owners:							
Issue of share capital	61,517	-	-	-	61,517	-	61,517
Share issue expenses	(2,868)	-	-	-	(2,868)	-	(2,868)
Reclassification	-	-	(4,912)	4,912	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	20	20
As at 30 June 2022	**156,379**	**84**	**-**	**49,278**	**205,741**	**399**	**206,140**
As at 1 July 2021 (restated)	97,730	512	4,912	38,413	141,567	1,413	142,980
Net profit for the financial period	-	-	-	6,948	6,948	(1,034)	5,914
Foreign currency translation	-	(428)	-	-	(428)	-	(428)
Total comprehensive income for the period	-	(428)	-	6,948	6,520	(1,034)	5,486
Transaction with owners:							
Issue of share capital	61,517	-	-	-	61,517	-	61,517
Share issue expenses	(2,868)	-	-	-	(2,868)	-	(2,868)
Reclassification	-	-	(4,912)	4,912	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	20	20
Deconsolidation of subsidiaries					-		-
As at 30 June 2022	**156,379**	**84**	**-**	**50,273**	**206,736**	**399**	**207,135**

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the explanatory notes attached to the interim financial report.

RENEUCO BERHAD
199701003731 (419227-X)

Condensed Consolidated Statements of Cash Flow for the period ended 30 September 2023

	Unaudited 30/09/2023 RM'000	Audited 30/06/2022 RM'000
Cash flows from operating activities		
Profit before taxation	(107,411)	15,694
Adjustments for :-		
Allowance for impairment loss on:		
- trade and other receivables	132,531	73
- investment property	2,439	-
- contract assets	-	895
Trade receivables written off	-	2
Other receivables written off	-	55
Amortisation of intangible assets	4,126	78
Depreciation for property, plant and equipment	1,636	3,162
Depreciation of right-of-use assets	1,477	1,404
Gain on disposal of property, plant and equipment	(766)	(1,739)
Gain on remeasurement of right-of-use assets	(13)	(3)
Inventories written off	-	1,282
Interest expense	875	1,701
Interest expense on lease liabilities	145	239
Interest expense on revolving credit	936	-
Unrealised loss in foreign exchange	(728)	578
Interest income	(526)	(872)
Operating profit before changes in working capital	34,721	22,549
Inventories	1,065	248
Contract assets	6,194	(81,513)
Contract cost assets	(79,694)	686
Contract liabilities	-	(2,240)
Trade and other receivables	(51,795)	(2,868)
Trade and other payables	9,027	(6,235)
Cash (used in) from operations	(80,482)	(69,373)
Interest received	1,254	689
Tax paid	(1,047)	(7,416)
Tax refund	-	10
Net cash (used in) operating activities	(80,275)	(76,090)
Cash flows from investing activities		
Construction cost incurred on solar plant	-	(25,470)
Proceeds from disposal of asset held for sale	-	7,281
Purchase of property, plant and equipment	(6,503)	(5,202)
Addition of investment properties	(17,250)	-
Proceeds from disposal of property, plant and equipment	121	12,753
Net cash inflow/(outflow) from acquisition of a subsidiary	-	23
Increase in investment in subsidiaries	(200)	-
Purchase of intangible assets	(725)	(17)
Withdrawal of fixed deposit	11,527	-
Net cash (used in) investing activities	(13,030)	(10,632)

Condensed Consolidated Statements of Cash Flow for the period ended 30 September 2023 (continued)

	Unaudited 30/09/2023 RM'000	Audited 30/06/2022 RM'000
Cash flows from financing activities		
Net proceeds from issuance of share capital	19,320	58,649
Placements in bank restricted for use	(52,341)	(26,135)
Reversal placements in bank restricted for use	28,562	53,180
Repayment of Trade Financing	-	(13,454)
Repayment of term loans	2,715	(1,542)
Repayment of revolving credits	-	(35,000)
Repayment of finance lease	(3,586)	(3,095)
Payment for the principal portion of lease liabilities	(1,669)	(1,077)
Proceeds from finance lease	5,215	4,124
Interest paid	(1,811)	(1,982)
Interest paid on lease liabilities	(145)	(239)
Dividend paid	(300)	-
Drawdown of trade financing	2,672	10,500
Drawdown of term loans	63,137	-
Drawdown of revolving credits	-	-
Net cash generated from financing activities	61,769	43,929
Net decrease in cash and cash equivalents	(31,536)	(42,793)
Effect of exchange rate changes	33	(284)
Cash and cash equivalents at 1 July	33,699	51,555
	33,732	51,271
Cash and cash equivalents at the end of year	2,196	8,478
Cash and cash equivalents at the end of year comprised :-		
Cash and bank balances	2,196	6,761
Fixed deposits with licensed banks *	12,252	27,217
	14,448	33,978
Less: Fixed deposits held as security	(12,252)	(25,500)
	2,196	8,478

* Fixed deposits with licensed banks is disclosed separately from cash and bank balances for consistency of presentation.

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the explanatory notes attached to the interim financial report.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134

A1. Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022.

A2. Changes in accounting policies

The accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 30 June 2022, except for the newly-issued Malaysian Financial Reporting Standards ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 July 2022:

- Amendment to MFRS 16 Leases - Covid-19 - Related Rent Concession beyond 30 June 2021
- Amendments to MFRS 9 Financial Instruments (Annual Improvement to MFRS Standards 2018 - 2020)
- Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)
- Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)

MFRS/ Amendment/ Interpretation	**Effective date**
● Amendments to MFRS 101 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies)	1 January 2023
● Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
● Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
● Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
● Amendments to MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The initial application for the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONTINUED)

A2. Changes in accounting policies (continued)

(a) Basis of measurement

The financial statements have been prepared on the historical cost basis other than disclosed in the report.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

A3. Changes in debt and equity securities

Save as disclosed in Note A19 in Part A of this report, there were no other issuance and repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares during the financial year-to-date.

A4. Dividend paid

There were no dividend paid during the current quarter ended 30 September 2023.

A5. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2022 was not subject to any qualification.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONTINUED)

A6. Seasonal or cyclical factors

The results of the operations of the Group for the current financial quarter and financial year-to-date were not significantly affected by seasonal or cyclical factors.

A7. Unusual items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual in nature, size or incidence during the current interim period under review.

A8. Material changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in prior interim period of the current financial year or in prior financial year, which have material effects on the financial position or performance in the current interim period under review.

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PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONTINUED)

A9. Segment information

The segment information for the current period ended 30 September 2023 are as follows:

	Individual quarter 3 months ended 30/09/2023 RM'000	Cumulative quarter 15 months ended 30/09/2023 RM'000
Revenue		
Construction related activities	-	27,439
Logistics	3,593	19,170
Property development and investment	895	19,736
Healthcare	78	400
Total revenue	4,566	66,745
Profit/(loss) before taxation		
Construction related activities	(106,981)	(82,363)
Logistics	1,170	772
Property development and investment	(11,381)	(13,862)
Healthcare	(5,736)	(11,958)
Total profit/(loss) before taxation	(122,928)	(107,411)

	(Unaudited) 30/09/2023 RM'000	(Audited) 30/06/2022 RM'000
Assets		
Construction related activities	394,451	484,851
Logistics	32,877	29,299
Property development and investment	190,663	36,706
Healthcare	8,692	11,851
Elimination of inter-segment	(315,926)	(217,808)
Total assets	310,757	344,899
Liabilities		
Construction related activities	242,757	253,703
Logistics	28,625	22,678
Property development and investment	192,306	28,807
Healthcare	30,141	25,208
Elimination of inter-segment	(286,308)	(191,637)
Total liabilities	207,521	138,759

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONTINUED)

A10. Material event subsequent to the end of the financial period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current financial quarter under review.

A11. Changes in composition of the Group

There were no significant changes in the composition of the Group for the current financial quarter under review.

A12. Contingent liabilities

There were no contingent liabilities which become enforceable that may have a material effect on the assets or financial position of the Group for the current financial period.

A13. Capital commitments

Capital expenditure at the end of the financial year as follows:

	30/09/2023 **RM'000**	**30/06/2022** **RM'000**
Authorised capital expenditure for property, plant and equipment not provided for in the financial statements		
- Approved and contracted for	-	-

A14. Property, plant and equipment

There was no change to the valuation of property, plant and equipment brought forward from the most recent audited annual financial statements.

	Current financial quarter as at 30/09/2023 **RM'000**
Cost	
As at 1 July 2022	30,702
Additions	5,454
Disposals	(2,654)
Impairment	(144)
As at 30 September 2023	33,358
Accumulated depreciation	
As at 1 July 2022	(18,386)
Charge for the financial year	(1,636)
Disposals	3,421
As at 30 September 2023	(16,601)
Net carrying amount	
As at 30 September 2023	16,757

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONTINUED)

A15. Investment Properties

	Current financial quarter as at 30/09/2023 RM'000
As at 1 July 2022	-
Additions	17,250
Disposals	-
As at 30 September 2023	17,250

A16. Intangible assets

	Current financial quarter as at 30/9/2023			
Cost	**Software RM'000**	**Intellectual property RM'000**	**Goodwill on consolidation RM'000**	**Total RM'000**
As at 1 July 2022	38	1,360	12,236	13,634
Additions	9	716	-	725
Impairment		(901)	(3,956)	(4,857)
As at 30 September 2023	47	1,175	8,280	9,502
Accumulated depreciation				
As at 1 July 2022	(8)	(74)	-	(82)
Charge for the financial year	(12)	(158)	-	(170)
As at 30 September 2023	(20)	(232)	-	(252)
Net carrying amount				
As at 30 September 2023	27	943	8,280	9,250

A17. Inventories

Stated at cost	**Current financial quarter as at 30/09/2023 RM'000**
- Manufacturing:	
Raw materials	2
Work-in-progress	266
Consumables	195
Manufactured inventories	734
Total inventories	1,197

A18. Finance income and finance expense

	Individual quarter 3 months ended		Cumulative quarter 15 months ended	
	30/09/2023 RM'000	**30/09/2022 RM'000**	**30/09/2023 RM'000**	**30/09/2022 RM'000**
Finance income	156	N/A	390	N/A
Finance expense:				
- Hire purchase	(54)	N/A	(199)	N/A
- Term loan	(15)	N/A	(75)	N/A
- Revolving credits	(246)	N/A	(936)	N/A
- Trade financing	-	N/A	(2)	N/A
- Others	(20)	N/A	(172)	N/A
	(335)	-	(1,384)	-
- Lease liabilities	(50)	N/A	(103)	N/A
	(385)	-	(1,487)	-

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONTINUED)

A19. Share Capital

	Number of ordinary shares		Amount	
	30/09/2023	**30/06/2022**	**30/09/2023**	**30/06/2022**
	'000	**'000**	**RM'000**	**RM'000**
Issued and fully paid:				
As at 1 July	542,797	452,331	156,379	97,730
Issuance of ordinary shares:				
- Cash	80,949	90,466	16,320	61,517
Share issue expenses	-	-	-	(2,868)
As at 30 September	623,746	542,797	172,699	156,379

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

The net proceeds derived from the Private Placement was RM6,404,096 after deducting transactions costs pursuant to the Private Placement of RM208,404.

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

The net proceeds derived from the Private Placement was RM3,406,224 after deducting transactions costs pursuant to the Private Placement of RM73,776.

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

The net proceeds derived from the Private Placement was RM1,690,916 after deducting transactions costs pursuant to the Private Placement of RM36,624.

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

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

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

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

The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Performance Review By Segments

	Individual quarter		Cumulative quarter		Variance	
	3 months ended		12 months ended		3 months ended	12 months ended
	30/09/2023	30/09/2022	30/09/2023	30/09/2022		
	RM'000	RM'000	RM'000	RM'000	%	%
Revenue						
Construction related activities	-	N/A	27,439	N/A	N/A	N/A
Logistics	3,593	N/A	19,170	N/A	N/A	N/A
Property development and investment	895	N/A	19,736	N/A	N/A	N/A
Healthcare	78	N/A	400	N/A	N/A	N/A
Total revenue	**4,566**	**-**	**66,745**	**-**	N/A	N/A
Profit/(loss) before taxation						
Construction related activities	(106,981)	N/A	(82,363)	N/A	N/A	N/A
Logistics	1,170	N/A	772	N/A	N/A	N/A
Property development and investment	(11,381)	N/A	(13,862)	N/A	N/A	N/A
Healthcare	(5,736)	N/A	(11,958)	N/A	N/A	N/A
Profit/(loss) before taxation	**(122,928)**	**-**	**(107,411)**	**-**	N/A	N/A

For the quarter and period ended 30 September 2023:

(a) Construction Related Activities Segment

The construction-related activities did not generate any revenue during this quarter. The loss before tax is recorded at RM107.00 million due to the impairment of contract assets and trade receivables during this quarter.

(b) Logistics

The logistics segment recorded revenue of RM3.59 million for this quarter, which contributed to 79% of group revenue, and profit before taxation is recorded at RM1.17 million.

(c) Property Development and Investment Segment

The property development and investment segment recorded a revenue of RM0.86 million and a loss before taxation of RM11.38 million. The revenue is mainly generated by the investment segment for this quarter, and the loss before taxation is due to impairment of contract assets and trade receivables and a cost overrun for the Sentul project.

(d) Healthcare Segment

The healthcare segment constitutes manufacturing and healthcare activities recorded revenue of RM0.08 million and loss before taxation of RM5.74 million for this quarter.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B2. Comments On Material Changes In Result Before Taxation In The Current Financial Quarter As Compared With The Immediate Preceding Financial Quarter

	Current financial quarter 30/09/2023 RM'000	Immediate preceding quarter 30/06/2023 RM'000	Variance Increase/ (Decrease) RM'000	%
Group revenue	4,566	10,049	(5,483)	(55)
Group profit/(loss) from operations	(122,543)	8,204	(130,747)	(1,594)
Group profit/(loss) before taxation	(122,928)	8,186	(131,114)	(1,602)
Group profit/(loss) net of tax	(125,228)	2,693	(127,921)	(4,750)

As at 30 September 2023, the Group recorded a decrease in revenue of 55% as compared to the immediate preceding quarter ("Q4FY2023"). The Group's overall revenue was mainly contributed by income from chemical transport services from logistics segment and from operation and maintenance contracts.

The loss before taxation were significantly increased by RM131.11 million. This is mainly due to impairment of trade receivables and contract assets.

B3. Prospects

GLOBAL GROWTH OUTLOOK

The International Monetary Fund (“IMF”) has released its latest World Economic Outlook (“WEO”) report in October 2023, providing insights into the current state and projected growth of the global economy. Based on the report, global growth remains slow and uneven, with growing global divergences. The global economy, especially in emerging market and developing economies, is far from achieving a full recovery toward pre-pandemic trends. The report shows that persistent challenges will dampen the medium-term outlook, including inflation remains elevated, increasing geoeconomics fragmentation, and extreme weather events.

According to the IMF, global real GDP growth is projected to fall from an estimated 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024. The projections remain below the historical (2000–2019) average of 3.8% and the forecast for 2024 is 0.1% downgrade from the IMF’s July projections.

The report projected a slowdown for advanced economies at 1.5% in 2023 compared to 2.6% in 2022 and expecting to decline further to 1.4% in 2024, amid stronger-than-expected United States momentum but weaker-than-expected growth in the euro area. Furthermore, emerging market and developing economies also experienced a growth decline, from 4.1% in 2022 to 4.0% in both 2023 and 2024, with a downward revision of 0.1% in 2024, reflecting the property sector crisis in China. Forecasts for global growth over the medium term, at 3.1%, are at their lowest in decades, and prospects for countries to catch up to higher living standards are weak.

Global inflation is forecasted to decline steadily, from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024, due to tighter monetary policy aided by lower international commodity prices. However, the forecasts for 2023 and 2024 are revised up by 0.1% and 0.6% respectively, and inflation is not expected to return to target until 2025 in most economies.

Based on the WEO report published in April 2023, adverse risks have since moderated, implying a more balanced distribution of risks around the outlook for global growth. Economic activity has proved more resilient than expected with inflation on a downward path. Nevertheless, concerns regarding global inflation and recession remain high, reflecting the continuous challenging environment and the balance of risks to global growth remains tilted to the downside.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B3. Prospects (continued)

One of the major challenges facing the global economy is the increasing climate and geopolitical shocks which could lead to commodity prices becoming more volatile and complicating the green transition. Global climate change has caused frequent crop failures across the globe which leads to food price spikes and food insecurity. Whilst, geopolitical tensions could also worsen the supply chain disruptions and fluctuations in food, fuel, fertiliser, and other commodity prices. For example, in the China-Russia block, the price of mined minerals that are critical for the green transition, such as cobalt, lithium, copper, and nickel, would rise substantially. While many minerals used in clean energy technologies are bound to become critical for the global economy, the scarcity of data on their consumption, production, and inventories raised uncertainty for producers and consumers and could hide potential risks for financial markets.

The IMF suggested that a green corridor agreement is necessary to safeguard the international flow of critical minerals needed for the green transition to combat this risk. It should transcend geopolitical boundaries and be guided by the principles of common climate goals. In this respect, the international community could facilitate the green transition and support energy security by setting up a platform or organisation to improve sharing and standardisation of international data on mineral production, consumption and inventories. The IMF recommended that the initiative could be similar to the Joint Organisations Data Initiative for fossil fuels and the Agricultural Market Information System for food commodities.

Second, the IMF warned that near-term inflation expectations remain elevated and above target inflation rates, which may contribute to more persistent wage and price pressures. This would complicate the task of monetary policy in restoring price stability. Tight labour markets and wage demands to compensate for past cost-of-living increases could contribute to persistent underlying inflationary pressures. Greater-than-expected pressures on underlying inflation could then force central banks to raise the interest rates again by more than expected. However, the IMF predicted that even after the central banks raise the rates, inflation could still remain above target in almost all economies.

Another key risk which could impact the global economy would be China’s growth forecast risks tilted to the downside in which further impacting the trading partners, especially on the real estate crisis. This is reported mainly due to the property developers facing severe funding constraints, preventing them from completing presold homes in which undermining home buyer confidence and prolonging the property sector downturn. Meanwhile, real estate investment and housing prices continue to decline, putting pressure on Chinese government’s revenues from land sales and further threatening the public finances.

Moreover, industrial production, business investment, and exports are also weakening, reflecting a combination of waning foreign demand and geopolitical uncertainty. Commodity exporters and countries that are part of the Asian industrial supply chain are the most exposed to China’s loss of momentum. Thus, affecting the global growth as a total.

In order to mitigate this challenge, the IMF suggested that the Chinese government will have to preserve financial stability by expediting the restructuring of struggling property developers, facilitating the completion of housing projects and addressing strained local public finances, all of which would help restore business and consumer confidence.

To address these challenges, the IMF recommended for central banks to restore price stability while using policy tools to relieve potential financial stress when needed. According to IMF, effective monetary policy frameworks and communication are vital for anchoring expectations and minimising the output costs of disinflation. Fiscal policymakers should rebuild budgetary room for manoeuvre and withdraw untargeted measures while protecting the vulnerable. Thereafter, such reforms, including improving labour market participation, can reduce the structural impediments to growth and would ease the decline of inflation to target and facilitate debt reduction. Furthermore, faster and more efficient multilateral coordination is needed on debt resolution to avoid debt distress. Cooperation is needed as well to mitigate the effects of climate change and speed the green transition, including by ensuring steady cross-border flows of the necessary minerals.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B3. Prospects (continued)

Overall, based on the latest WEO report, the global economy will continue to face persistent challenges, particularly regarding inflation, climate change and geopolitical tensions. However, the countries can address these challenges with implementing the IMF's recommendations, such as monetary policy and multilateral coordination, thus establishing greater economic growth globally and sustainably in the years ahead.

MALAYSIAN ECONOMY

According to the latest report from Bank Negara Malaysia ("BNM") in November 2023, the Malaysian economy grew faster than expected in third quarter of 2023 following an annual growth of 3.3% in gross domestic product ("GDP"), recovering from a near two-year low of 2.9% in the second quarter of the year, driven by expansion in domestic spending, continued improvement in labour market conditions, further recovery in inbound tourism activities and higher construction activity. However, exports remained soft due to weaker external demand for electrical and electronic ("E&E") and refined petroleum products in which affecting the production of the goods.

The report also highlighted that headline inflation continued to moderate to 2% during the quarter from 2.8% in second quarter of 2023. The moderation was recorded in both non-core inflation and core inflation. For non-core inflation, fresh food and fuel contributed to the decline. Core inflation declined further to 2.5% from 3.4% in second quarter of 2023 but remained above its long-term average (2011-2019 average at 2%). The moderation in core inflation was largely contributed by selected services, including food away from home, expenditure in restaurants and cafés, and personal transport repair and maintenance.

Nonetheless, near-term upside risks to the inflation outlook remain subject to the changes to domestic policy on subsidies and price controls, as well as global commodity prices which impacted from geopolitical conflicts and adverse weather events like El Nino, and financial market developments.

In conclusion, BNM anticipated that the Malaysian economy is projected to expand by around 4% for the remainder of 2023 and 4% to 5% in 2024, despite the challenging global environment. Growth will continue to be driven largely by the expansion in domestic demand with some support from E&E exports recovery, amid steady employment and income prospects, particularly in domestic-oriented sectors.

Thereafter, domestic demand, tourism activities and investment will be pivotal as key growth drivers of Malaysian economy for 2024. Structural policy measures such as the New Investment Policy, New Industrial Master Plan, the National Energy Transition Roadmap ("NETR") are vital to create a more conducive investment environment in Malaysia to achieve sustainable and holistic economic growth over the long-term. Additionally, continued progress of multi-year infrastructure projects and implementation of catalytic initiatives will support investment activity. Overall, the report provided valuable insights into the state of the Malaysian economy and served as a reminder of the need for continued efforts to ensure a sustained and robust recovery.

RENEUCO'S PERSPECTIVE

Our Board of Directors view that effective corporate governance is essential for maintaining the trust of investors, promoting transparency, and ensuring the long-term success of our Group. To this effect, the Company has embarked on extensive business restructuring exercise that includes clean up the book, strengthen the governance and internal processes to ensure transparency across the business activities.

Our Group continues to leverage on the widespread recognition of the importance of sustainability. As sustainable and environmentally conscious business practices become increasingly important, our Group is committed to enhancing our expertise in this area. We continue to offer a comprehensive range of solutions that address the growing demand for environmental compliance, whilst also strengthening our position as a leader in the sustainable energy space.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B3. Prospects (continued)

Post-pandemic, we have fully resumed normal business activities and relationships with state governments, authorities, business partners, and financial institutions. Moving forward, we are cautiously optimistic on our Group's future growth.

CONSTRUCTION RELATED ACTIVITIES / ENERGY AND UTILITIES

In the construction industry, there has been a growing trend towards sustainable building practices, with many companies incorporating green technology and materials into their projects. The energy and utilities sector has also witnessed notable developments. The Malaysian government has placed a strong emphasis on renewable energy through the launch of the NETR Phase 1 on 27 July 2023 to accelerate Malaysia's energy transition. NETR is in line with the Twelfth Malaysia Plan 2021-2025 ("12MP"), which outlines aspirations for the nation to achieve net zero emissions by 2050, and the National Energy Policy ("NEP") launched in September 2022 with aspirations to become a low carbon nation in 2040. NETR is also crucial in navigating the complexity of energy transition on a large scale, especially the shift from a traditional fossil fuel-based economy to a high-value green economy.

It is evident that Malaysia's construction, energy, and utilities sectors are undergoing a significant shift towards sustainable practices. This transition is driven by government initiatives, private sector engagement, and a commitment to addressing environmental concerns. Such efforts contribute to Malaysia's sustainable development goals and its path towards a more resilient and environmentally conscious economy.

Overall, the construction related activities and energy and utilities sectors are evolving to meet the demands of a more sustainable future. While a majority of our secured projects are related to hydro power and solar energy, there are significant opportunities within this sector, encompassing not only hydroelectric and solar energy projects but also initiatives in other areas of the Group. The Group expects to benefit from the future concession-based recurring income from these projects and thus, ensuring long-term sustainability in addition to its existing engineering, procurement, construction and commissioning contracts.

Barring unforeseen circumstances, our Group is cautiously optimistic that the growth of renewable energy will remain lucrative backed by the concern for climate change and support for environmental, social and governance policies, the accelerating demand for cleaner energy sources from most market segments and the support from regulators as well as investors for the financial quarter ended 30 September 2023.

PROPERTIES

The Malaysian property sector has continued to show resilience and growth for the last first half of the year despite the challenges posed post-pandemic and sluggish economy. According to BNM, for households, outstanding loan growth edged higher to 5.4% compared to the previous quarter of 5.1%, supported by steady expansion across all loan purposes.

In the new 2024 Budget, themed "Madani Economy: Empowering the People", which was presented by Prime Minister Datuk Seri Anwar Ibrahim on 13 October 2023, RM2.47 billion has been allocated for public housing projects (PPRs) in 2024, Moreover, RM385.00 million is allocated for the construction of 14 affordable housing projects (Program Rumah Mesra Rakyat), involving 3,500 housing units.

The government is supporting the property sector through various initiatives that will strengthen the growth of this sector. Part of these initiatives has been outlined in the 12MP where, the government aims to build 500,000 affordable houses for the B40 and M40 groups. At the same time, the government has targeted 120 cities to achieve sustainable city status with the adoption of green technology. These initiatives will provide additional support for private sector projects and are crucial in enhancing the well-being of Malaysians and driving economic growth in the country.

B3. Prospects (continued)

Overall, the Malaysian property sector has demonstrated its resilience and ability to thrive amidst challenges. The steady increase in transaction volume and value, though at slower pace, particularly in the residential market, reflects a strong recovery. With supportive measures from the government, the sector is poised for continued growth in the future. Despite global economic uncertainties, investing in the Malaysian property sector offers promising prospects.

Currently, the Group has two ongoing projects in this segment. The first project involves property development in Sentul, Kuala Lumpur. The second project entails the development of affordable and mixed housing on government land in Kawasan Pentadbiran Kuala Nerus, Mukim Batu Rakit, Daerah Kuala Nerus, Terengganu.

LOGISTICS

In recent developments in the logistics sector, Malaysia has taken steps to improve its transportation infrastructure and supply chain capabilities. In the 2024 Budget, the government allocated funds for the development of ports, as well as improvements to rail and road networks to achieve increased productivity and growth though enhanced connectivity. The country's strategic location and access to major shipping lanes also make it an attractive destination for logistics companies.

Despite the lowered global trade growth forecast by the World Trade Organization ("WTO"), Malaysia's logistics sector is predicted to grow modestly in 2023 and beyond, supported by the government's plans to increase logistical capacity. Furthermore, the rise of e-commerce and online marketplaces has also contributed to the growth of the logistics sector in Malaysia, with companies investing in last-mile delivery solutions to meet the increasing demand for fast and efficient delivery services.

The Group takes pride in its significant ownership of Chemtrax Sdn. Bhd. ("Chemtrax"), which operates as its logistics arm. Chemtrax remains highly optimistic about the future of the Malaysian logistics industry, firmly positioning itself as the preferred choice of transporter for chemical manufacturers across the country. Chemtrax is unwavering in its commitment to complying with stringent national and international safety and quality standards. Furthermore, Chemtrax continually strives to adopt and implement the most effective and efficient practices in the transportation of hazardous materials. These ongoing efforts highlight Chemtrax's steadfast dedication in ensuring excellence, thereby solidifying its prominent standing within the logistics sector.

HEALTHCARE AND TECHNOLOGIES

In 2023, Malaysia continues to attract medical tourists from around the world with its advanced healthcare technologies and services. The Malaysia Healthcare Travel Council ("MHTC") estimates a return to pre-pandemic revenue levels of RM1.70 billion by 2024 in the healthcare tourism industry. The MHTC also announced that it would launch a new digital platform to connect international patients with healthcare providers in Malaysia, further streamlining the healthcare travel experience. Ministry of Finance reported that the healthcare services in Malaysia are anticipated to grow by 6% in the second half of 2023. This growth is attributed to sustained demand for healthcare services, driven by continuous effort to promote healthcare tourism. Overall, Malaysia's healthcare and technology industries are poised for growth in 2023 and beyond, with continued advancements in technology and services driving the country's position as a leading medical tourism destination in the region.

Considering this, Granulab (M) Sdn. Bhd., a 70% owned subsidiary of Reneuco ("Granulab"), is dedicated to the production and delivery of top-quality products. Granulab consistently meets consumer requirements, upholds ethical standards and complies with legal and regulatory obligations. Granulab is committed to maintaining and enhancing the effectiveness of its quality management system in line with ISO 13485 from BSI, Netherlands, Manufacturer Establishment License and Good Distribution Practice of Medical Devices (GDPMD) License from Medical Device Authority (MDA) Malaysia, as well as the CE Mark Certification. Moving forward, Granulab will prioritise product performance, effectiveness, and patient safety as its utmost concerns. Granulab is also dedicated to implementing continuous improvement and risk management practices in accordance with industry standards.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B3. Prospects (continued)

END NOTE

The past year has shown a slower growth and recovery in the global economy. Despite these adversities, we have consistently persevered, whilst earning widespread recognition and appreciation from our esteemed business partners and stakeholders. We continue to seize new opportunities even in the most trying times, underscoring our unwavering commitment to excellence.

As the global and regional economy gradually rebounds, we maintain a steadfast optimism regarding our Group's future performance. Our unwavering focus remains on fortifying our capabilities and expertise, with a particular emphasis on sustainability and green business. We strive to offer comprehensive solutions that cater to the growing demand for environmental compliance while solidifying our position as a leader in the sustainable sector.

We extend our heartfelt gratitude to our valued business partners and financial institutions for their unwavering support and trust throughout these challenging times. It is with their continued backing and the increasing recognition of the paramount importance of sustainability that we are confident in our Group's ability to thrive and prosper in the years to come.

Looking ahead, we are looking forward to build upon our accomplishments and leverage emerging opportunities within the dynamic business landscape. With our dedicated team and collaborative partnerships, we are in a good position to make a meaningful impact and contribute to a sustainable and prosperous future.

B4. Variance of Actual Profit from Profit Forecast

The Group did not provide any revenue of profit estimate, forecast, projection or internal targets in any previous announcement of public document.

B5. Corporate Proposal

Proposed Private Placement

On 12 January 2023, the Company had proposed to undertake a private placement of up to 54,279,600 new ordinary Shares (“**Placement Shares**”) representing up to ten per cent (10%) of the existing total number of issued Shares in the Company.

Subsequently, the Company announced that Bursa Securities had on even date, resolved to approve the listing and quotation of the Placement Shares on 19 January 2023.

On 6 March 2023, the Company announced that the issue price for 28,750,000 Placement Shares, being the first tranche of the Private Placement had been fixed at RM0.2300 per Placement Share (“**First Tranche**”). The issue price represents a discount of RM0.0251 or approximately 9.84% to the five (5)-day weighted average market price (“**VWAP**”) of the Company from 27 February 2023 to 3 March 2023 of approximately RM0.2551 per Share. The First Tranche of the Private Placement was completed on 14 March 2023, following the listing of and quotation for 28,750,000 Placement Shares on the even date.

On 10 May 2023, the Company announced that the issue price for 17,400,000 Placement Shares, being the second tranche of the Private Placement had been fixed at RM0.2000 per Placement Share (“**Second Tranche**”). The issue price represents a discount of RM0.0134 or approximately 6.28% to the five (5)-day VWAP of the Company from 2 May 2023 to 9 May 2023 of approximately RM0.2134 per Share. The Second Tranche of the Private Placement was completed on 19 May 2023, following the listing of and quotation for 17,400,000 Placement Shares on the even date.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B5. Corporate Proposal (continued)

On 13 June 2023, the Company announced that the issue price for the remaining 8,129,600 Placement Shares, being the final tranche of the Private Placement had been fixed at RM0.2125 per Placement Share ("**Final Tranche**"). The issue price represents a discount of RM0.0234 or approximately 9.92% to the five (5)-day VWAP of the Company from 6 June 2023 to 12 June 2023 of approximately RM0.2359 per Share. The Final Tranche of the Private Placement was completed on 20 June 2023, following the listing of and quotation for 8,129,600 Placement Shares on the even date.

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

The proceeds raised from the Private Placement have been fully utilised as follows: -

Details of utilisation of proceeds	Proposed Utilisation of Proceeds (RM'000)	Actual Utilisation of Proceeds (RM'000)	Balance Unutilised (RM'000)	Estimated Timeframe for Utilisation	Notes
Working capital requirements for the following on-going projects:					
a) East Coast Rail Link ("**ECRL**") Independent Power Producer Project ("**ECRL Project**")	4,942	3,587	-	Within 6 months	(i)
b) Development of affordable and mixed housing development at Kuala Nerus, Terengganu ("**Kuala Nerus Project**")	4,942	3,587	-	Within 6 months	(ii)
• Working capital requirements for existing operations	5,000	3,656	-	Within 12 Months	(iii)
• Business expansion through the future investments and/or acquisitions	1,000	700	-	Within 12 Months	(iv)
• Estimated expenses for the 10% Private Placement	400	290	-	Immediate	(v)
Total	**16,284**	**11,820**	**-**		

Notes:

(i) On 20 April 2023, the Company has entered into a Consortium Agreement with Citaglobal Berhad to regulate the parties' relationship, understanding, shareholding and investment as shareholders to undertake the ECRL Project. As at 23 November 2023, the Company has commenced pre-development works for the ECRL Project. Approximately RM3.59 million of the total proceeds raised has been utilised for the establishment of the project team and consultancy fees for the ECRL Project.

(ii) As at 23 November 2023, the Company has commenced pre-development works for the Kuala Nerus Project. The pre-development works include the mobilisation costs of the Kuala Nerus Project such as operation costs, fees payable to authorities such as payment to local council and development charges and stamp duty and land surveyor fees. Approximately RM3.59 million of the total proceeds raised has been utilised for the operation costs such as staff cost and utilities for the Kuala Nerus Project.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B5. Corporate Proposal (continued)

(iii) The Company had utilised RM3.66 million of the proceeds raised from the Proposed Private Placement to fund the working capital requirements of its day-to-day operations. The breakdown of the amount utilised are as follows: -

Description	**RM'000**
Staff related costs such as staff salaries, statutory contribution and welfare expenses	2,672
General administrative and operating expenses such as rental, utilities, telephone charges and sundry expenses	984
Total	**3,656**

(iv) The Group has been seeking for suitable and viable business projects/investment opportunities which are in the similar or complementary industry to Reneuco's existing business.

On 2 March 2023, Reneuco Logistics Sdn Bhd ("**Reneuco Logistics**") had entered into a Shares Sale Agreement ("**SSA**") with Yang Chie Yun, Yeow Chee Hui and Tung Siew Hun (collectively referred as the "**Vendors**") for the acquisition of 475,000 ordinary shares in Pengangkutan Sri Tanjung Sepat Sdn Bhd, ("**PSTS**"), representing the entire equity interest in PSTS ("**Sale Shares**") for a purchase consideration of RM700,000 ("**Purchase Consideration**"), to be satisfied via cash.

The company has utilised approximately RM700,000 of the total proceeds being full payment of the Purchase Consideration for the acquisition of PSTS. The acquisition of PSTS has been completed on 9 November 2023, resulting in PSTS becoming a wholly-owned subsidiary company of Reneuco Logistics.

(v) The estimated expenses comprise fees payable to the relevant authorities, advisory and placement fees as well as other miscellaneous expenses incurred for the Proposed Private Placement. The breakdown of the amount utilised are as follows: -

Description	**RM'000**
Professional fees (Principal Adviser, solicitor and placement fees in relation to the Proposed Private Placement)	269
Fees payable to authorities	21
Total	**290**

Proposed Acquisition

On 19 October 2022, Reneuco RE, a wholly-owned subsidiary of the Company entered into a conditional SSA with OHP Ventures Sdn Bhd ("**OVSB**") for the acquisition by Reneuco RE of 10,000 ordinary shares in Adat Sanjung Sdn Bhd ("**ASSB**"), representing the entire equity interest in ASSB for a purchase consideration of RM90.00 million to be satisfied via a combination of RM20.00 million cash consideration and the allotment and issuance of 318,181,819 new ordinary shares in the Company ("**Consideration Shares**") at an issue price of RM0.22 per Consideration Share ("**Proposed Acquisition**").

The circular to shareholders for the Proposed Acquisition has been issued by the Company on 12 April 2023 and the shareholders' approval was obtained during the Extraordinary General Meeting held on 27 April 2023. The SSA is currently pending completion.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B5. Corporate Proposal (continued)

Proposed Issuance of Redeemable Convertible Bonds

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

On the same date, Reneuco had entered into a conditional subscription agreement with Triton Capital Fund VCC, a variable capital company incorporated in Singapore, acting on behalf of and for the account of TCF Fund A ("**Triton**") ("**Subscription Agreement**"), pursuant to which the RCB will be issued by the Company in 4 main tranches (each, a "**Main Tranche**"), subject to the terms and conditions of the Subscription Agreement.

The circular to shareholders for the RCB has been issued by the Company on 28 June 2023 and the shareholders' approval was obtained during the Extraordinary General Meeting held on 13 July 2023.

The summary of the amount of RCB subscribed and converted as at 23 November 2023 are as follows:

Main Tranche	Sub-tranches	Aggregate amount of the RCB subscribed (RM'000)	Aggregate amount of the RCB converted into new ordinary shares of Reneuco (RM'000)	Aggregate amount of the RCB remain outstanding (RM'000)
1	1	3,000	3,000	-
1	2	2,000	2,000	-
1	3	2,500	2,500	-
1	4	2,500	2,400	100
1	5	4,000	4,000	-
1	6	5,000	4,500	500
	Total	**19,000**	**13,900**	**600**

The Conversion Price represents 80% of the average closing price per share on any three consecutive business days as selected by Triton during the 40 business days immediately preceding the date of issuance of Conversion Shares. The summary of the number of Conversion Shares issued and allotted as at 23 November 2023 are as follows: -

Main Tranche	Sub-tranches	Three consecutive business days preceding the date of issuance of Conversion Shares	Date of issuance of Conversion Shares	Conversion Price of Conversion Shares (RM)	Aggregate number of Conversion Shares
1	1	18 August 2023 to 22 August 2023	30 August 2023	0.1707	5,858,230
1	1	22 August 2023 to 24 August 2023	5 September 2023	0.1693	8,860,011
1	1	22 August 2023 to 24 August 2023	11 September 2023	0.1693	2,953,337
1	2	13 September 2023 to 15 September 2023	21 September 2023	0.1667	8,998,200
1	2&3	3 October 2023 to 5 October 2023	12 October 2023	0.1587	17,643,352
1	3&4	3 October 2023 to 5 October 2023	20 October 2023	0.1587	16,383,112
1	5	25 October 2023 to 27 October 2023	8 November 2023	0.1360	29,411,764
1	6	25 October 2023 to 27 October 2023	20 November 2023	0.1360	33,088,235
				Total	**123,196,241**

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B5. Corporate Proposal (continued)

As at 23 November 2023, the Company has issued RCB with an aggregate nominal value of RM19.00 million. The proceeds raised from the RCB have been partially utilised as follows: -

Details of utilisation of proceeds	Proposed Utilisation of Proceeds (RM'000)	Actual Utilisation of Proceeds (RM'000)	Balance Unutilised (RM'000)	Estimated Timeframe for Utilisation	Notes
Working capital requirements for the following on-going projects:					
a) Hydro projects located at Kota Marudu, Sabah ("**Hydro Project**")	21,000	435	20,565	Within 6 months	(i)
b) To partly fund the Proposed ASSB Acquisition	20,000	-	20,000	Within 6 months	(ii)
c) Small hydro power plants located at Gua Musang, Kelantan ("**Nenggiri Project**")	100,000	224	99,776	Within 24 months	(iii)
d) 50-MW solar photovoltaic plant located at Pekan, Pahang ("**LSS4**")	40,000	907	39,093	Within 12 months	(iv)
e) Development of affordable and mixed housing development at Kuala Nerus, Terengganu ("**Kuala Nerus Project**")	100,000	493	99,507	Within 36 months	(v)
• Working capital for other upcoming projects and/or investment opportunities	49,850	2,555	47,295	Within 24 months	(vi)
• Estimated expenses in relation to the Proposal	19,150	2,556	16,594	Within 6 months	(vii)
Total	**350,000**	**7,170**	**342,830**		

As at 23 November 2023, the unutilised proceeds arising from the RCB's Main Tranche 1 stood at RM11.83 million. Pending utilisation, the remaining unutilised proceeds will be placed in interest-bearing short-term deposits or money market instruments with licensed financial institutions.

Notes:

(i) On 21 February 2022, Reneuco had announced that its wholly-owned subsidiary, Reneuco Engineering Sdn Bhd ("**RenEng**"), together with Tellhow International Engineering & Contracting Co. Ltd ("**Tellhow** had on 18 February 2022 received and accepted the letter of award from One River Power Sdn Bhd ("**ORP**") to take over and complete the engineering, design, procurement, construction, and commissioning ("**EPCC**") of small hydro plants in Sg. Bengkoka Upper, Sg. Bengkoka Lower and Sg. Togohu in Kota Marudu, Sabah, with total capacity of 29.1 MW for a total contract price of RM70.00 million.

As at 23 November 2023, the Hydro Project has reached approximately 19% of completion. The company has utilised approximately RM0.44 million of the total proceeds to fund for the costs related to the EPCC of the Hydro Project.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B5. Corporate Proposal (continued)

(ii) The Company intends to utilise up to RM20.00 million from the Proposed RCB Issue to satisfy part of the purchase consideration for the Proposed ASSB Acquisition. As at 23 August 2023, the SSA is pending completion. The proceeds of up to RM20.00 million from the RCB have yet to be utilised for the Proposed ASSB Acquisition.

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

As at 23 November 2023, the pre-development works for the Nenggiri Project has commenced and the project is expected to be completed in the first half of 2027. The company has utilised approximately RM0.22 million of the total proceeds to finance the construction costs including but not limited to the cost for design works, mechanical and electrical works, civil works and professional fees and other related fees to the financiers which include administrative fees as well as other incidental costs payable to the financiers for the project.

(iv) On 20 August 2021, Reneuco had announced that PKNP Reneuco Suria Sdn Bhd ("**PRSSB**"), a 95% owned subsidiary of Reneuco, will design, construct, own, operate and maintain a solar photovoltaic energy generating facility with a capacity of 50 MW, located in Mukim Kuala Pahang, Pekan, Pahang Darul Makmur.

As at 23 November 2023, the LSS4 solar project reached 70% of completion. The company has utilised approximately RM0.91 million of the total proceeds to finance the construction costs of the project including but not limited to the procurement of materials and equipment, professional fees and other related fees to the financiers which include administrative fees as well as other incidental costs payable to the financiers in relation to project funding for the balance of the project cost.

(v) On 8 December 2022, the Company had announced that Reneuco Development Sdn Bhd ("RenDev") had entered into a joint venture agreement with Pejabat Setiausaha Kerajaan Terengganu (acting on behalf of the State Government of Terengganu) and Perbadanan Memajukan Iktisad Negeri Terengganu (a corporation established under the Enakmen Perbadanan Memajukan Iktisad Negeri Terengganu) ("PMINT") for the propose to develop affordable and mixed housing development on government land located at Lot 100677 (8.963 hectares) and Lot 100678 (9.996 hectares) in Kawasan Pentadbiran Kuala Nerus, Mukim Batu Rakit, Daerah Kuala Nerus, Terengganu Darul Iman with a total gross development value ("GDV") of approximately RM315.84 million.

As at 23 November 2023, RenDev has commenced pre-development works for the Kuala Nerus Project and the construction is expected to be completed within 60 months, or any extended period authorised in writing by PMINT effective from the date of the joint venture agreement. The company has utilised approximately RM0.49 million of the total proceeds to part fund the Kuala Nerus Project.

(vi) The Company intends to utilise up to RM49.85 million of the proceeds raised from the RCB to fund its working capital requirements to facilitate the initial expenses for upcoming projects and/or investment opportunities, within 24 months from completion of the RCB issuance.

As at 23 November 2023, the Company has utilised RM2.56 million of the proceeds raised to fund the working capital requirements to facilitate the initial expenses such as tender consultations for upcoming projects and/or investment opportunities as well as working capital for construction related projects.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B5. Corporate Proposal (continued)

(vii) The breakdown of the amount utilised on the estimated expenses in relation to the RCB issuance are as follows:

Description	RM'000
Professional fees	1,497
Annual trustee fees	109
Administrative fees	950
Total	**2,556**

Save as disclosed above, there was no other corporate proposal announced but not completed as at the date of this report.

B6. Borrowings

The Group's financing/borrowings are as follows:

	As at 30/9/2023		As at 30/6/2022	
	Current RM'000	Non-current RM'000	Current RM'000	Non-current RM'000
Term loan	187	63,585	184	688
Hire purchase	3,170	7,022	2,512	5,874
Trade financing	1,123	-	10,500	-
Revolving credits	15,101	-	-	-
Loan from shareholder	1,000	3,483	1,000	4,190
Total borrowings	20,581	74,090	14,196	10,752

Currently, the Group does not have any hedging policy for borrowing denominated in foreign currency due to borrowing is used to finance the Group's international business. The Group monitors the foreign currency movement and will take the necessary steps to minimise the risk whenever deemed appropriate.

B7. Material Litigation

There was no material litigation against the Group as at the reporting date.

B8. Dividend payable

There were no dividend paid during the current quarter ended 30 September 2023

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B9. Earnings Per Share ("EPS")

	Individual quarter	Cumulative quarter
	3 months ended 30/09/2023	15 months ended 30/09/2023
Profit attributable to owners of the Company (RM'000)	(125,051)	(117,775)
Weighted average number of ordinary shares in issue ('000)	569,106	569,106
Basic and diluted EPS (Sen)	(21.97)	(20.69)

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue.

No warrants were exercised during the financial period. The warrants are anti-dilutive and hence the diluted EPS is equal to the basic EPS.

B10. Profit Before Taxation

	Individual quarter	Cumulative quarter
	3 months ended 30/09/2023 RM'000	15 months ended 30/09/2023 RM'000
Profit before taxation has been arrived at after charging/(crediting):		
Allowance for impairment loss on:		
- trade and other receivables	-	-
- investment property	-	-
Interest income	(156)	(390)
Allowance for impairment loss on trade and other receivables	132,531	132,531
Provision of impairment for financial asset	-	-
Depreciation of property, plant and equipment	(1,557)	1,636
Gain on disposal of property, plant and equipment	-	(766)
Gain/Loss on foreign exchange:		
- realised	(424)	(495)
- unrealised	3	1,223