



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

**QUARTERLY REPORT ON THE CONSOLIDATED
RESULTS FOR THE QUARTER AND PERIOD ENDED**

30 JUNE 2024

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

Unaudited Condensed Consolidated Statements of Comprehensive Income for the Quarter and Period ended 30 June 2024

	<u>Individual quarter</u> 3 months ended 30/06/2024 RM'000	Changes %	<u>Cumulative quarter</u> 9 months ended 30/06/2024 RM'000	Changes %
Revenue	4,442	-	15,123	-
Cost of sales	(3,404)	-	(12,555)	-
Gross profit	<u>1,038</u>	-	<u>2,568</u>	-
Other income	249	-	669	-
Selling and distribution expenses	-	-	-	-
Administrative expenses	(3,573)	-	(15,809)	-
Other expenses	(675)	-	(1,244)	-
Loss from operations	<u>(2,961)</u>	-	<u>(13,816)</u>	-
Finance costs	(297)	-	(905)	-
Loss before tax	<u>(3,258)</u>	-	<u>(14,721)</u>	-
Taxation	5,867	-	5,867	-
Profit/(Loss) net of tax	<u>2,609</u>	-	<u>(8,854)</u>	-
Other comprehensive loss:				
Item that is or may be reclassified subsequently to profit or loss				
Foreign currency translation	-		(103)	
Total comprehensive loss for the financial period	<u>2,609</u>		<u>(8,957)</u>	
Loss attributable to:				
Owners of the parent	2,567		(8,868)	
Non-controlling interests	42		14	
	<u>2,609</u>		<u>(8,854)</u>	
Total comprehensive loss attributable to:				
Owners of the parent	2,567		(8,971)	
Non-controlling interests	42		14	
	<u>2,609</u>		<u>(8,957)</u>	
Loss per share attributable to owners of the parent (sen per share) *				
- basic	0.28		(0.98)	
- diluted	<u>0.14</u>		<u>(0.49)</u>	

* Basic loss per share is based on weighted average number of shares of 901,280,776 for the period of 9 months. Diluted loss 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 and potential conversion redeemable convertible bonds.

The financial year end of the Group has been changed from 30 June to 30 September. As such, there is no comparative financial information available for the preceding year corresponding period.

The unaudited condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 30 September 2023 and the explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statements of Financial Position as at 30 June 2024

	(Unaudited) 30/06/2024 RM'000	(Audited) 30/09/2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,155	16,474
Investment properties - work-in-progress	17,250	17,250
Investment in Associates	200	200
Construction work-in-progress	474,113	80,358
Right-of-use assets	9,655	10,630
Intangible assets	10,050	9,230
Total non-current assets	<u>525,423</u>	<u>134,142</u>
Current assets		
Inventories	1,141	1,196
Contract assets	25,819	26,426
Contract cost assets	51,575	48,728
Trade and other receivables	58,554	77,605
Deposits and prepayments	10,962	9,832
Tax assets	316	156
Cash and bank balances	15,302	14,503
	<u>163,669</u>	<u>178,446</u>
Total current assets	<u>163,669</u>	<u>178,446</u>
TOTAL ASSETS	<u>689,092</u>	<u>312,588</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	270,149	172,699
Foreign currency translation reserve	(19)	84
Accumulated losses	(76,836)	(67,971)
Total equity attributable to owners of the parent	<u>193,294</u>	<u>104,812</u>
Non-controlling interests	36,854	(1,547)
Total equity	<u>230,148</u>	<u>103,265</u>
Non-current liabilities		
Lease liabilities	10,429	10,318
Deferred tax liabilities	442	2,273
Borrowings	273,917	73,625
Total non-current liabilities	<u>284,788</u>	<u>86,216</u>
Current liabilities		
Trade and other payables	147,901	82,615
Contract liabilities	-	2,158
Lease liabilities	145	1,251
Borrowings	20,579	20,780
Convertible Bond	50	3,000
Tax liabilities	5,481	13,303
Total current liabilities	<u>174,156</u>	<u>123,107</u>
Total liabilities	<u>458,944</u>	<u>209,323</u>
TOTAL EQUITY AND LIABILITIES	<u>689,092</u>	<u>312,588</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.21</u>	<u>0.20</u>

The financial year end of the Group has been changed from 30 June to 30 September.

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 September 2023 and the explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statements of Changes in Equity for the period ended 30 June 2024

	← Attributable to owners of the Parent →					
	← Non-distributable →					
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total Equity Attributable to Owners of the Parent RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
As at 1 October 2023	172,699	84	(67,971)	104,812	(1,547)	103,265
Effect of measurement period adjustment	-	-	3	3	-	3
As at 1 October 2023, as restated	172,699	84	(67,968)	104,815	(1,547)	103,268
Net loss for the financial period	-	-	(8,868)	(8,868)	14	(8,854)
Foreign currency translation	-	(103)	-	(103)	-	(103)
Total comprehensive income for the period	-	(103)	(8,868)	(8,971)	14	(8,957)
<u>Transaction with owners:</u>						
Issue of share capital	97,450	-	-	97,450	-	97,450
Acquisition of a subsidiary	-	-	-	-	38,387	38,387
As at 30 June 2024	270,149	(19)	(76,836)	193,294	36,854	230,148
As at 1 July 2022	156,379	84	49,364	205,827	399	206,226
Net loss for the financial period	-	-	(117,035)	(117,035)	(1,946)	(118,981)
Foreign currency translation	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(117,035)	(117,035)	(1,946)	(118,981)
Dividend to non-controlling interest			(300)	(300)		(300)
<u>Transaction with owners:</u>						
Issue of share capital	16,320	-	-	16,320	-	16,320
As at 30 September 2023	172,699	84	(67,971)	104,812	(1,547)	103,265

The financial year end of the Group has been changed from 30 June to 30 September. As such, there is no comparative financial information available for the preceding year corresponding period.

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 September 2023 and the explanatory notes attached to the interim financial report.

Condensed Consolidated Statements of Cash Flow for the period ended 30 June 2024

	Unaudited 30/06/2024 RM'000	Audited 30/09/2023 RM'000
Cash flows from operating activities		
Loss before tax	(14,721)	(107,163)
Adjustments for :-		
Allowance for impairment loss on:		
- trade and other receivables	-	132,531
- investment property	-	2,439
- contract assets	-	23,157
- Intangible assets	-	4,858
Amortisation of intangible assets	121	189
Depreciation for property, plant and equipment	1,703	2,356
Depreciation of right-of-use assets	709	2,601
Gain on remeasurement of right-of-use assets	-	(13)
(Gain)/loss on disposal of property, plant and equipment	-	(766)
(Gain)/loss on disposal of right-of-use assets	2	-
Fixed assets written off	765	-
Reversal of impairment loss in a subsidiary	-	(1,591)
Interest expense	199	460
Interest expense on lease liabilities	40	103
Interest expense on revolving credit	666	936
Interest income	(259)	(527)
Unrealised gain in foreign exchange	(1)	-
Operating (loss)/profit before changes in working capital	(10,776)	59,570
Changes in working capital		
Inventories	55	68
Contract assets	(1,547)	6,194
Contract cost assets	(28,345)	(24,806)
Trade and other receivables	104,940	58,174
Trade and other payables	(2,710)	9,461
Cash generated/(used in) from operations	61,617	(7,687)
Interest received	259	527
Gain/(loss) on forex	2	-
Tax paid	(2,115)	(1,291)
Net generated/(used in) operating activities	59,763	(8,451)
Cash flows from investing activities		
Addition of investment properties	-	(19,367)
Construction cost incurred on solar plant	-	(54,888)
Increase in investment in subsidiaries	(88,510)	7,440
Purchase of property, plant and equipment	-	(6,502)
(Addition)/Termination of ROU	-	121
Purchase of intangible assets	-	(725)
Proceeds from disposal of property, plant and equipment	-	11,527
Net cash (used in) from investing activities	(88,510)	(62,394)

Condensed Consolidated Statements of Cash Flow for the period ended 30 June 2024 (continued)

	Unaudited 30/06/2024 RM'000	Audited 30/09/2023 RM'000
Cash flows from financing activities		
Drawdown of term loans	8,960	13,451
Drawdown of trade financing	-	50,809
Drawdown of revolving credits	-	15,000
Proceeds from finance lease	-	5,215
Proceeds from short term loan	127	-
Dividend paid	-	(300)
Net proceeds from issuance of share capital	27,450	19,320
Interest paid	(146)	(460)
Interest paid on lease liabilities	(35)	(103)
Repayment of revolving credits	-	(936)
Repayment of finance lease	(2,577)	(3,586)
Repayment of term loans	(156)	(10,724)
Reversal placements in bank restricted for use	-	28,562
Payment for the principal portion of lease liabilities	(1,073)	(1,669)
RCB Conversion	(2,950)	-
(Placements)/Withdrawal in bank restricted for use	-	(52,397)
Net cash generated from financing activities	29,600	62,182
Net increase/(decrease) in cash and cash equivalents	853	(8,663)
Effect of exchange rate changes	(52)	33
Cash and cash equivalents at beginning of period	14,501	33,978
	14,449	34,011
Cash and cash equivalents at the end of period	15,302	25,348
Cash and cash equivalents at the end of year comprised :-		
Cash and bank balances	986	2,191
Fixed deposits with licensed banks *	14,316	12,312
	15,302	14,503
Less: Fixed deposits held as security	-	(12,312)
	15,302	2,191

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

The financial year end of the Group has been changed from 30 June to 30 September. As such, there is no comparative financial information available for the preceding year corresponding period.

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial period ended 30 September 2023 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 period ended 30 September 2023.

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 period ended 30 September 2023, 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 October 2023:

- 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 dividends paid during the current quarter ended 30 June 2024.

A5. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial period ended 30 September 2023 was subject to disclaimer of opinion.

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 June 2024 are as follows:

	Individual quarter	Cumulative quarter
	3 months ended	9 months ended
	30/06/2024	30/06/2024
	RM'000	RM'000
Revenue		
Construction related activities	-	2,031
Logistics	4,163	11,986
Property development and investment	257	1,006
Healthcare	22	100
Total revenue	4,442	15,123
Loss before tax		
Construction related activities	(2,239)	(9,817)
Logistics	(186)	(313)
Property development and investment	(717)	(3,675)
Healthcare	(116)	(916)
Loss before tax	(3,258)	(14,721)
	(Unaudited)	(Audited)
	30/06/2024	30/09/2023
	RM'000	RM'000
Assets		
Construction related activities	482,285	394,450
Logistics	31,624	32,595
Property development and investment	670,441	191,777
Healthcare	8,346	8,669
Elimination of inter-segment	(503,604)	(314,903)
Total assets	689,092	312,588
Liabilities		
Construction related activities	247,379	242,447
Logistics	27,463	28,492
Property development and investment	547,939	193,469
Healthcare	30,792	30,199
Elimination of inter-segment	(394,629)	(285,284)
Total liabilities	458,944	209,323

**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:

	30/06/2024	31/03/2024
	RM'000	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 30/06/2024 RM'000
Cost	
As at 1 October 2023	33,363
Additions	149
Disposal/write off	(2,922)
As at 30 June 2024	<u>30,590</u>
Accumulated depreciation	
As at 1 October 2023	(16,889)
Charge for the financial year	(1,703)
Disposal/write off	2,157
As at 30 June 2024	<u>(16,435)</u>
Net carrying amount	
As at 30 June 2024	<u>14,155</u>

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

A15. Investment Properties

	Current financial quarter as at 30/06/2024 RM'000
As at 1 October 2023 / 30 June 2024	<u>17,250</u>

A16. Intangible assets

	Current financial quarter as at 30/06/2024			
Cost	Software RM'000	Intellectual property RM'000	Goodwill on consolidation RM'000	Total RM'000
As at 1 October 2023	47	1,175	8,280	9,502
Intangible assets	-	-	941	941
As at 30 June 2024	<u>47</u>	<u>1,175</u>	<u>9,221</u>	<u>10,443</u>
Accumulated amortisation				
As at 1 October 2023	(20)	(252)	-	(272)
Charge for the financial period	(7)	(114)	-	(121)
As at 30 June 2024	<u>(27)</u>	<u>(366)</u>	<u>-</u>	<u>(393)</u>
Net carrying amount				
As at 30 June 2024	<u>20</u>	<u>809</u>	<u>9,221</u>	<u>10,050</u>

A17. Inventories

	Current financial quarter as at 30/06/2024 RM'000
Stated at cost	
- Manufacturing:	
Raw materials	2
Work-in-progress	245
Consumables	201
Manufactured inventories	693
Total inventories	<u>1,141</u>

A18. Finance income and finance expense

	Individual quarter 3 months ended 30/06/2024 RM'000	Cumulative quarter 9 months ended 30/06/2024 RM'000
Finance income	<u>200</u>	<u>259</u>
Finance expense:		
- Hire purchase	(23)	(72)
- Term loan	(15)	(44)
- Revolving credits	(227)	(666)
- Trade financing	(11)	(30)
- Others	(17)	(53)
	<u>(293)</u>	<u>(865)</u>
- Lease liabilities	(4)	(40)
	<u>(297)</u>	<u>(905)</u>

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

A19. Share Capital

	Number of ordinary shares		Amount	
	30/06/2024 '000	30/09/2023 '000	30/06/2024 RM'000	30/09/2023 RM'000
Issued and fully paid:				
As at 1 October 2023	623,746	542,797	172,699	156,379
Issuance of ordinary shares:				
- Cash	518,731	80,949	97,450	16,320
As at 31 March 2024	<u>1,142,477</u>	<u>623,746</u>	<u>270,149</u>	<u>172,699</u>

On 12 October 2023, the Company issued 17,643,352 new ordinary shares at a price of RM0.1587 per ordinary share by way of conversion of bond.

On 20 October 2023, the Company issued 16,383,112 new ordinary shares at a price of RM0.1587 per ordinary share by way of conversion of bond.

On 8 November 2023, the Company issued 29,411,764 new ordinary shares at a price of RM0.1360 per ordinary share by way of conversion of bond.

On 20 November 2023, the Company issued 33,088,235 new ordinary shares at a price of RM0.1360 per ordinary share by way of conversion of bond.

On 7 December 2023, the Company issued 7,352,941 new ordinary shares at a price of RM0.1360 per ordinary share by way of conversion of bond.

On 11 December 2023, the Company issued 14,705,882 new ordinary shares at a price of RM0.1360 per ordinary share by way of conversion of bond.

On 15 December 2023, the Company issued 11,029,411 new ordinary shares at a price of RM0.1360 per ordinary share by way of conversion of bond.

On 15 December 2023, the Company issued 318,181,819 new ordinary shares at a price of RM0.22 per ordinary share for the acquisition of 10,000 ordinary shares in Adat Sanjung Sdn Bhd by Reneuco RE Sdn Bhd, a wholly-owned subsidiary of the Company.

On 22 December 2023, the Company issued 29,411,764 new ordinary shares at a price of RM0.1360 per ordinary share by way of conversion of bond.

On 17 January 2024, the Company issued 21,023,125 new ordinary shares at a price of RM0.1427 per ordinary share by way of conversion of bond.

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

A19. Share Capital (continued)

On 8 April 2024, the Company issued 4,000,000 new ordinary shares at a price of RM0.10 per ordinary share by way of conversion of bond.

On 22 April 2024, the Company issued 4,000,000 new ordinary shares at a price of RM0.10 per ordinary share by way of conversion of bond.

On 25 April 2024, the Company issued 4,000,000 new ordinary shares at a price of RM0.10 per ordinary share by way of conversion of bond.

On 7 May 2024, the Company issued 4,000,000 new ordinary shares at a price of RM0.10 per ordinary share by way of conversion of bond.

On 14 May 2024, the Company issued 4,500,000 new ordinary shares at a price of RM0.10 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 30/06/2024 RM'000	9 months ended 30/06/2024 RM'000	3 months ended %	9 months ended %
Revenue				
Construction related activities	-	2,031	N/A	N/A
Logistics	4,163	11,986	N/A	N/A
Property development and investment	257	1,006	N/A	N/A
Healthcare	22	100	N/A	N/A
Total revenue	4,442	15,123	N/A	N/A
Loss before tax				
Construction related activities	(2,239)	(9,817)	N/A	N/A
Logistics	(186)	(313)	N/A	N/A
Property development and investment	(717)	(3,675)	N/A	N/A
Healthcare	(116)	(916)	N/A	N/A
Loss before tax	(3,258)	(14,721)	N/A	N/A

For the quarter and period ended 30 June 2024:

(a) Construction Related Activities Segment

The construction related activities segment recorded cumulative revenue of RM2.03 million. Whilst the loss before tax recorded at RM9.82 million. For this current quarter, the construction related activities segment did not generate any revenue due to halted progress at the work site and the termination or suspension of several construction contracts. The Group's operational expenditure remained high despite minimum progress on site, leading to an increase in accumulative loss before tax.

(b) Logistics Segment

The logistics segment recorded revenue of RM4.16 million for the quarter and cumulatively of RM 11.99 million which contributed approximately to 80% of the Group revenue. It reflects a significant increase in the contribution to the Group's revenue, making it the largest revenue-generating segment. Although the logistics segment continues to generate substantial revenue for the Group, it is still incurring a loss of RM0.31 million due to high expenses for repair and maintenance of old trucks in the crude palm oil division.

(c) Property Development and Investment Segment

The property development and investment segment recorded a revenue of RM0.26 million and loss before tax of RM0.72 million. The revenue is mainly generated by the operation and maintenance services for mini hydro power plant at Perak during this quarter. The loss before tax has decreased this quarter due to the Group's effective cost management program targeting overhead costs.

(d) Healthcare Segment

The healthcare segment constitutes manufacturing and healthcare activities, recorded a revenue of RM0.02 million and loss before tax of RM0.12 million for this quarter. The revenue is generated by sales of healthcare products namely GranuMas and Prosteomax.

The financial year end of the Group has been changed from 30 June to 30 September. As such, there is no comparative financial information available for the preceding year corresponding period.

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 30/06/2024 RM'000	Immediate preceding quarter 31/03/2024 RM'000	Variance Increase/ (Decrease)	%
Group revenue	4,442	5,112	(670)	(13)
Group loss from operations	(2,961)	(4,844)	1,883	(39)
Group loss before tax	(3,258)	(5,387)	2,129	(40)
Group profit/(loss) net of tax	2,609	(5,387)	7,996	(148)

As at 30 June 2024, the Group recorded lower in revenue of 13% as compared to the immediate preceding quarter ("Q2FY2024"). The Group's overall revenue was mainly contributed by income from chemical transport and crude palm oil transport services from the logistics segment. The decrease in revenue is attributed to the non-generation of income from construction related activities, as several contracts have been terminated or suspended.

The cost management program implemented by the Group led to a reduction in the loss before taxation by RM2.13 million, which represents a 40% decrease. The Group achieved a net profit of RM 2.61 million, attributed by the over provision of tax provided for the financial year ended 30 September 2023. This is due to expenses were identified as non deductible during provision made, and were subsequently confirmed as deductible expenses upon finalisation of tax return for year of assessment 2023.

B3. Prospects

GLOBAL GROWTH OUTLOOK

Based on the International Monetary Fund's ("IMF") latest World Economic Outlook ("WEO") report in July 2024, the global economy is experiencing resilient yet gradual growth, with an estimated rate of 3.2% in 2024 and 3.3% in 2025. Despite the revised forecast up by 0.1% from January 2024, the growth trajectory remains below the historical average. Global economic disparities characterise this economic landscape, as the pace of convergence toward higher living standards for middle and lower-income countries has slowed.

The global economic outlook faces a balanced set of risks, which points to a likelihood of a smooth landing. Both favourable and unfavourable factors influence the global growth scenario. Upside risks include a short-term fiscal boost in the context of elections, potential further supply-side surprises allowing for faster monetary policy easing, advancements in artificial intelligence, and increasing structural reforms. Downside risks encompass commodity price spike due to geopolitical conflicts, persistent core inflation necessitating tighter monetary policies, potential growth setbacks in China, and the threat of disruptive fiscal adjustments and debt distress.

Regarding policy priorities, central banks are advised to carefully manage the final descent of inflation, advocating for a smooth landing without prematurely lowering rates. Fiscal consolidation is recommended to restore budgetary maneuverability and focus on priority investments, particularly in economies with high debt levels. Where inflation data signal a durable return to price stability, monetary policy easing should proceed gradually, providing room for required fiscal consolidation. Targeted and sequenced structural reforms are also highlighted to boost productivity growth, while coordinated efforts in areas of common interest, such as debt restructuring and green energy transition, are stressed for a resilient global economic recovery.

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

B3. Prospects (continued)

In conclusion, while the global economy is demonstrating resilient yet gradual growth, the outlook remains below historical averages and is marked by disparities between higher and lower-income countries. A balanced set of risks influences this trajectory, with both opportunities for upside growth and potential downside threats, such as geopolitical tensions and inflationary pressures. Moving forward, careful management of inflation, fiscal consolidation, and targeted structural reforms are crucial to fostering long-term global economic stability and ensuring a sustainable recovery.

MALAYSIAN ECONOMY

According to Bank Negara Malaysia's ("BNM") Economic and Financial Developments in 2024 report published in May 2024, the Malaysian economy grew at a higher rate of 4.2% in the first quarter of 2024, supported by resilient domestic expenditure with support from the recovery in external demand. The economy experienced growth, particularly in the improved labour market conditions, growth in investment activities, and further recovery in tourism activities. The first quarter of 2024 saw a 1.4% expansion compared to the previous quarter, influenced by the ongoing improvements in tourism activities and the higher realisation of approved investment activities.

Inflation experienced a modest increase in headline inflation at 1.7% whereas core inflation moderated to 1.8% in the first quarter. Exchange rates were influenced by evolving global monetary policy expectations, leading to a 2.4% depreciation of the ringgit against the US dollar, in line with the movement of other regional currencies. Both headline and core inflation are expected to remain modest in 2024, influenced by stable cost and demand conditions. However, uncertainties persist, tied to domestic policies on subsidies and price controls, global commodity prices, and financial market developments. Credit to the private non-financial sector expanded by 5.2%, driven by business loans and steady growth in household loans.

Looking forward, Malaysia anticipates growth in 2024 from resilient domestic expenditure and improved external demand. The report projects the Malaysian economy to grow between 4.0% and 5.0% in 2024. The growth outlook, however, faces risks from weaker external demand and commodity production declines, while potential upsides include spillover from the tech upcycle and robust tourism activity.

RENEUCO'S PERSPECTIVE

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. Moving forward, we are cautiously optimistic about our Group's future growth.

CONSTRUCTION RELATED ACTIVITIES / ENERGY AND UTILITIES

In the construction industry, there has been a growing trend toward sustainable building practices, with many companies incorporating green technology and materials into their projects. In the energy and utilities sector, there have been several notable developments. The Malaysian Government has placed a strong emphasis on renewable energy through the launch of the National Energy Transition Roadmap ("NETR") Phase 1 on 27 July 2023 to accelerate Malaysia's energy transition. NETR is in line with the Twelfth Malaysia Plan 2021-2025, 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

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

B3. Prospects (continued)

According to the Economic Outlook 2024, the construction sector is forecasted to increase by 6.8% in 2024 following a 6.1% increase in 2023 due to better performance and expansion in all subsectors. The civil engineering subsector continues to be bolstered by strategic infrastructure and utilities projects which include ongoing projects such as the Central Spine Road (CSR), the Pan Borneo Sabah Highway, and the acceleration of projects under the Twelfth Malaysia Plan, 2021 – 2025 (“12MP”). Furthermore, a new solar power plant project under the Corporate Green Power Programme will support the subsector’s growth. The implementation of the New Industrial Master Plan 2030 (“NIMP 2030”) is expected to further strengthen the performance of the non-residential buildings subsector as the Plan will provide a platform to attract more investments into the country.

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. With continued government support and increasing awareness of the importance of environmental stewardship, these sectors are poised for continued growth and innovation in the years ahead. Parallel to the aforementioned Government’s initiatives, it is foreseen that the installation of renewable energy, specifically solar photovoltaic (“PV”) systems, will increase in private sector companies as part of their efforts toward Environmental, Social and Governance (“ESG”) commitment. This will pave the way for the Group to leverage its core competency and experience in providing end-to-end services for potential solar PV and other non-solar projects.

Barring unforeseen circumstances, our Group is cautiously optimistic that our business under construction related activities, energy and utilities sector will contribute positively to the Group.

PROPERTIES

As per the Economic Outlook 2024, the Malaysian real estate and business services subsector is poised to grow by 5.4%, attributed to sustained demand for professional services, particularly in the field of engineering following vigorous construction activities. Additionally, the real estate segment is projected to improve owing to increased non-residential and residential property transactions. The residential buildings subsector is also anticipated to see further improvement, aligning with the Government’s efforts to increase more affordable housing as outlined under the Mid-Term Review of the 12MP and the MADANI Neighbourhood scheme, along with new launches by the private sector.

The Government is supporting the property sector through various initiatives that will strengthen its growth. Part of these initiatives has been outlined in the 12MP, where the Government increases spending on large infrastructure projects to be carried out during the 12MP period. Through the 12MP, the Government aims to build 500,000 affordable houses for the B40 and M40 groups. At the same time, the Government has targeted 120 cities to achieve sustainable city status with the adoption of green technology. These initiatives will provide additional support for private sector projects.

In essence, the real estate industry in Malaysia has proven its resilience and capacity to prosper despite challenges. The residential market shows a robust recovery with steady growth in transaction volume and value, although at a more gradual pace. The sector is well-positioned for continued expansion in the coming years, supported by Government initiatives amid better income and employment conditions. Despite uncertainties in the global economy, investing in the Malaysian property market presents favourable opportunities.

Currently, the Group has two ongoing projects in this segment. The first project involves property development in Sentul, Kuala Lumpur, which has been fully sold. The second project is an undertaking awarded by the state of Terengganu. It entails the development of affordable and mixed housing on government land in Kawasan Pentadbiran Kuala Nerus, Mukim Batu Rakit, Daerah Kuala Nerus, Terengganu.

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

B3. Prospects (continued)
LOGISTICS

In recent developments in the logistics sector, Malaysia has undertaken measures to enhance its transportation infrastructure and supply chain capabilities. With the goal of achieving high-income status outlined in the 2024 Budget, the Government acknowledges the pivotal role of efficient transportation and logistics sectors in boosting productivity and fostering growth through improved connectivity.

Consequently, the Government is dedicated to the development of sustainable, integrated, safe, reliable, and affordable transportation and logistics infrastructure. These robust infrastructures not only facilitate seamless mobility but also promote clean, convenient, and efficient modes of transport, adapting to climate change.

Moreover, the availability of world-class infrastructure, including airports, ports, highways, and railways, further strengthens Malaysia's attractiveness as a preferred investment destination. Therefore, it is imperative to elevate the quality of transportation and logistics infrastructure, laying the foundation for long-term economic growth and the well-being of Malaysians.

The Group takes pride in its logistics subsidiary, Reneuco Logistics Sdn. Bhd., which holds significant ownership of Chemtrax Sdn. Bhd. ("Chemtrax") and Pengangkutan Sri Tanjung Sepat Sdn. Bhd. ("PSTS") as part of its logistics arm. The Group's logistics arm remains active in the Malaysian logistics industry and is confident in its long-term growth. The Group believes that Chemtrax and PSTS's extensive experience and track record in the logistics industry, coupled with a strong clientele base, will continue to contribute positively to the Group's earnings.

HEALTHCARE AND TECHNOLOGIES

In 2024, the private health and education segment is projected to rise by 5%. The Malaysia Healthcare Travel Council ("MHTC") will engage in reinvigorating the Malaysian healthcare industry to establish a larger market base, especially in targeted markets such as China, India, and Indonesia. MHTC estimates that the healthcare tourism industry's revenue trajectory will be restored to its pre-pandemic level at RM1.7 billion. In the realm of healthcare tourism, Malaysia is becoming a hub of innovation and excellence, with the latest medical advancements reshaping the healthcare landscape.

Malaysia's capacity to provide exceptional quality, affordability, accessibility, communication, and hospitality has paved the way for the country's healthcare travel industry to advance. These qualities, combined with seamless end-to-end services prioritising patient safety and peace of mind, have seen the Malaysia Healthcare brand develop from strength to strength, positioning it as a top-of-mind destination for healthcare travelers worldwide. The Government plans to create the best Malaysia healthcare travel experience by 2025 based on three strategic pillars: the Healthcare Travel Ecosystem, the Malaysia Healthcare Brand, and the Markets for Malaysia Healthcare. Furthermore, the Group will remain focused on the initial marketing efforts of Halal-certified products in Muslim-majority countries and looks forward to strengthening its presence within the non-Muslim consumer market in the foreseeable future.

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 13485:2016, BSI Netherlands, and the European Medical Device Regulation ("MDR"). 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.

END NOTE

The past few years have presented unprecedented challenges to businesses worldwide, and the Group has been no exception. Despite these adversities, we have consistently persevered while 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

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.

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

B3. Prospects (continued)

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 building upon our accomplishments and leveraging emerging opportunities within the dynamic business landscape. With our dedicated team and collaborative partnerships, we are well-positioned 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 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 August 2024 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	2,450	50
1	5	4,000	4,000	-
1	6	5,000	5,000	-
1	7	4,000	4,000	-
1	8	4,000	4,000	-
1	9	5,000	5,000	-
Total		32,000	31,950	50

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 August 2024 are as follows: -

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

B5. Corporate Proposal (continued)

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
1	7	25 October 2023 to 27 October 2023	7 December 2023	0.1360	7,352,941
1	7	25 October 2023 to 27 October 2023	11 December 2023	0.1360	14,705,882
1	6&7	25 October 2023 to 27 October 2023	15 December 2023	0.1360	11,029,411
1	8	25 October 2023 to 27 October 2023	22 December 2023	0.1360	29,411,764
1	9	23 November 2023 to 27 November 2023	19 January 2024	0.1427	21,023,125
1	9	14 February 2024 to 16 February 2024	12 April 2024	0.1000*	4,000,000
1	9	14 February 2024 to 16 February 2024	24 April 2024	0.1000*	4,000,000
1	9	16 February 2024 to 20 February 2024	29 April 2024	0.1000*	4,000,000
1	9	8 March 2024 to 12 March 2024	9 May 2024	0.1000*	4,000,000
1	4&9	8 March 2024 to 12 March 2024	16 May 2024	0.1000*	4,500,000
Total					227,219,364

Note:

* The Conversion Price was lower than the Minimum Conversion price of RM0.10 and accordingly the shares were converted at the Minimum Conversion Price.

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

B5. Corporate Proposal (continued)

As at 23 August 2024, the Company has issued RCB with an aggregate nominal value of RM32.00 million. The proceeds raised from the RCB 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) Hydro projects located at Kota Marudu, Sabah (" Hydro Project ")	21,000	2,925	18,075	Within 6 months	(i)
b) To partly fund the proposed acquisition of Adat Sanjung Sdn Bhd (" Proposed ASSB Acquisition ")	20,000	1,175	18,825#	Within 6 months	(ii)
c) Small hydro power plants located at Gua Musang, Kelantan (" Nenggiri Project ")	100,000	400	99,600	Within 24 months	(iii)
d) 50-MW solar photovoltaic plant located at Pekan, Pahang (" LSS4 ")	40,000	1,935	38,065	Within 12 months	(iv)
e) Development of affordable and mixed housing development at Kuala Nerus, Terengganu (" Kuala Nerus Project ")	100,000	2,832	97,168	Within 36 months	(v)
* Working capital for other upcoming projects and/or investment opportunities	49,850	19,439	30,411	Within 24 months	(vi)
* Estimated expenses in relation to the Proposal	19,150	3,294	15,856	Within 6 months	(vii)
Total	350,000	32,000	318,000		

Notes:

- (i) As at 23 August 2024, the Hydro Project has reached approximately 80% of overall completion. The company has utilised approximately RM2.93 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 RCB to satisfy part of the purchase consideration for the Proposed ASSB Acquisition. The Proposed ASSB Acquisition has been completed on 15 December 2023, resulting in ASSB becoming a wholly owned subsidiary company of Reneuco RE Sdn Bhd ("RenRE").

The payment of the purchase consideration for the Proposed ASSB Acquisition was satisfied via setting off OHP Ventures Sdn Bhd ("OVSB") Group's debt amounting to RM20.00 million. The proceeds allocated for the Proposed ASSB Acquisition allocation will be utilised for working capital for other up-coming projects of the Group and/or any investment opportunities.

As at 23 August 2024, approximately RM1.18 million has been utilised for working capital for other up-coming projects of the Group and/or any investment opportunities.

- (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 August 2024, the pre-development works for the Nenggiri Project are still on-going and subject to the outcome of the study, basic engineering design, and commencement of the engineering, procurement, construction and commission works, the scheduled project completion will be in the first half of 2027. The company has utilised approximately RM0.40 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, a 95% owned subsidiary of Reneuco, will design, construct, own, operate and maintain a solar photovoltaic energy generating facility with a capacity of 50.0 MW, located in Mukim Kuala Pahang, Pekan, Pahang Darul Makmur.

As at 23 August 2024, the LSS4 solar project reached 75% of completion. The company has utilised approximately RM1.94 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 proposed 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 August 2024, 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 RM2.83 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.

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

B5. Corporate Proposal (continued)

As at 23 August 2024, the Company has utilised approximately RM19.44 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.

(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	1,585
Annual trustee fees	109
Administrative fees	1,600
Total	<u>3,294</u>

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 30/6/2024		As at 30/9/2023	
	Current RM'000	Non-current RM'000	Current RM'000	Non-current RM'000
Term loan	192	267,097	187	63,586
Hire purchase	2,832	4,605	3,459	6,541
Trade financing	750	-	1,134	-
Revolving credits	15,305	-	15,000	-
Short Term Loan	500	-	-	-
Loan from shareholder	1,000	2,215	1,000	3,498
Total borrowings	<u>20,579</u>	<u>273,917</u>	<u>20,780</u>	<u>73,625</u>

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

On 28 July 2020, Reneuco and Powernet Industries Sdn Bhd ("PISB") (collectively referred to as the "Plaintiffs") vide its solicitors, Messrs. Rashid Zulkifli, had filed a legal suit (no. WA-22NCC-327-07/2020) at the Kuala Lumpur High Court of Malaya ("Court") against the following defendants:

- Woo Wai Mun ("**WWM**")
(IC No.: 740305-14-5627)
- Moo Yong Kong Meng ("**MYKM**")
(IC No.: 570330-08-5575)
- Au Chan Chun ("**ACC**")
(IC No.: 851015-06-5073)
- The Estate of Tai Teck Soon (Deceased) ("**TTS**")
- Powerfit Industries Sdn Bhd (26690-V) ("**PFISB**")
- Cepsel Industries Sdn Bhd (formerly known as Powernet Trading (M) Sdn Bhd (331275-T) ("**CISB**")

(collectively referred to as "**the Defendants**")

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

B7. Material Litigation (continued)

WWM has also commenced third party proceedings to include the following parties in the legal suit:

- Fong Wai @ Foong Kai Ming ("**FKM**")
(IC No.: 400917-10-5107)
- Leong Siew Ming ("**LSM**")
(IC No.: 790629-14-5397)

(collectively referred to as "the Third Parties").

In relation, the Company wishes to announce that it had been notified by its solicitors on 24 January 2024

- (a) A declaration that WWM is liable for breach of statutory duties to the Plaintiffs;
- (b) A declaration that WWM and ACC are liable for breach of fiduciary duties to the Plaintiffs;
- (c) A declaration that the Purported Directors' Resolution dated 15 January 2019 that has been signed by WWM and MYKM on behalf of PISB purportedly approving the disposal of shares in PFISB and CISB is unlawful and invalid;
- (d) A declaration that the disposals of 4,092,554 ordinary shares in PFISB ("**PFISB Shares**") and 10,000 ordinary shares in CISB ("**CISB Shares**") to TTS by WWM and MYKM on behalf of PISB are unlawful and invalid;
- (e) An order that TTS or his legal representative execute and return the instrument of transfer and any other relevant and necessary documents to effect the transfer of PFISB Shares and CISB Shares to PISB within seven (7) days upon the service of the sealed Judgement together with the instrument of transfer and any other relevant and necessary documents that TTS or his legal representative are required to execute;
- (f) An order that TTS or his legal representative deliver up the relevant share certificates of PFISB Shares and CISB Shares to PISB together with any other relevant and necessary documents to enable PFISB Shares and CISB Shares to be assessed for stamp duty and to be registered in favour of PISB within seven (7) days upon the service of the sealed Judgement herein;
- (g) In the event that TTS or his legal representative fails to comply with the paragraphs (e) and (f) above, the Deputy Registrar and/or the Senior Assistant Registrar of the Court shall be authorised to sign on behalf of TTS or his legal representative the instrument of transfer and any other relevant and necessary documents to enable PFISB Shares and CISB Shares to be assessed for stamp duty and to be registered in favour of PISB with the relevant authorities;
- (h) That the relevant authorities including the Collector of Stamp duty shall assess the appropriate stamp duty payable for the transfer of PFISB Shares and CISB Shares in favour of PISB upon receipt of the instrument of transfer and other relevant and necessary documents duly executed by the Deputy Registrar and/or the Senior Assistant Registrar of the Court to effect the transfer of PFISB Shares and CISB Shares in favour of PISB upon receipt of the sealed Judgement and all necessary payments pertaining to the assessment of the said shares;
- (i) That the relevant authorities including the Companies Commission Malaysia shall give effect to registration of the instrument of transfer and other relevant and necessary documents duly executed by the Deputy Registrar and/or the Senior Assistant Registrar of the Court to register the transfer of PFISB Shares and CISB Shares in favour of PISB upon receipt of the sealed Judgment and all necessary payments pertaining to the transfer of the said shares;
- (j) In the event TTS or his legal representative fails to deliver up PFISB Shares and CISB Shares to PISB within the time stipulated herein, the company secretary of PFISB and CISB shall within seven (7) days upon service of the sealed Judgement herein together with the duly stamped instrument of transfer and any other relevant and necessary documents duly executed by the Deputy Registrar and/or the Senior Assistant Registrar of the Court be authorised to cancel the relevant PFISB Shares certificate(s) and CISB Shares certificate(s) and issue new share certificated for PFISB Shares and CISB Shares in favour of PISB;

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

B7. Material Litigation (continued)

- (k) A declaration that PISB is the legitimate and beneficial shareholder of PFISB Shares and CISB Shares; and an order that the Register of Members of PFISB and CISB be rectified accordingly;
- (l) WWM and ACC shall jointly and severally pay PISB a total sum of RM5,989,126.63 being the sums of cash advances of RM4,780,942.93 and RM1,208,183.70 given by PISB to PFISB and CISB respectively which have been written off prior to the disposals of the PISB shares in PFISB and CISB as pleaded in paragraph 60.2 of the Re-amended Statement of Claim;
- (m) WWM and ACC shall jointly and severally pay PISB a total sum of RM946,370.42 being the total sum of the 25 cheques which have been fraudulently issued or caused to be issued to WWM from the bank accounts of PFISB and CISB after the disposals of PFISB Shares and CISB Shares on 17 December 2018 ("Cheques Issued to WWM");
- (n) WWM and ACC jointly and severally pay PISB a sum of RM1,329,000.48 being the total sum of 81 cheques issued to Avest Asset Sdn Bhd, ACC, Tai Ken Sin, William Chan Siew Kei, Jainuri bin Sarip, Chang Shaw Horng and Cheong Wai Loon between February 2019 to December 2020 from the bank accounts of the PFISB and CISB that took place after the disposals of the PFISB and CISB on 17 December 2018 ("**Cheques Issued to Other Persons**");
- (o) WWM and ACC jointly and severally pay PISB a sum of RM413,810.97 being the 28 cash cheques issued from the bank account of PFISB between March 2019 to December 2020 after the disposal of PFISB on 17 December 2018 ("**28 Cash Cheques**");
- (p) WWM and ACC jointly and severally pay PISB a total sum of RM5,688,284.88 being the 93 other cheques issued from the bank account of PFISB between February 2019 to July 2020 after the disposal of PFISB on 17 December 2018 ("93 Other Cheques");
- (q) WWM and ACC jointly and severally pay the PISB a total sum of RM24,347,200.66 (equivalent to USD6,077,683.64 as at the date of filing the Statement of Claim on 28 July 2020) being the proceeds of sales from the use of PISB's Manufacturing Licence in the 84 transactions as pleaded in Schedule A of the Re-amended Statement of Claim;
- (r) Interest at the rate of 5% per annum on each of the monetary judgments in paragraphs (l), (m), (n), (o), (p) and (q) hereinabove to be calculated from the date of the Judgment i.e., 14 November 2023 until full and final settlement;
- (s) the Plaintiffs' claim against MYKM is dismissed;
- (t) WWM's claim against LSM is dismissed;
- (u) WWM, ACC and TTS shall jointly and severally pay the Plaintiffs the sum of RM300,000.00 as costs of this action to be paid by WWM and/or ACC and/or TTS or his legal representative jointly and/or severally to the Plaintiffs subject to the allocator;
- (v) WWM shall pay LSM the sum of RM85,000.00 to be paid as costs of this action subject to the allocator;
- (w) Reneuco and PISB shall jointly and severally pay MYKM the sum of RM85,000.00 as costs of this action subject to the allocator;
- (x) for the purpose of this Judgment, time to appeal shall run from 20 November 2023.

WWM and ACC have filed an appeal to the Court of Appeal against the decision of the Court. The solicitors have attended the case management which has been fixed on 11 March 2024, wherein, the Court of Appeal has given the following directions:

- (a) parties to file their respective Written Submissions on or before 15 January 2025;
- (b) parties to file their respective Written Submissions in Reply on or before 29 January 2025;
- (c) the next case management via e-Review has been fixed on 3 February 2025, at 9.00 am; and
- (d) the above Appeal has been fixed for physical hearing on 13 February 2025 at 9 am at the Court of Appeal in Putrajaya.

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

B8. Dividend payable

There were no dividends paid during the current quarter ended 30 June 2024.

B9. Earning / (Loss) Per Share (“EPS/LPS”)

	<u>Individual quarter</u>	<u>Cumulative quarter</u>
	3 months ended	9 months ended
	30/06/2024	30/06/2024
Profit/(Loss) attributable to owners of the parent (RM'000)	2,567	(8,868)
Weighted average number of ordinary shares in issue ('000)	901,281	901,281
Basic EPS/(LPS) (Sen)	<u>0.28</u>	<u>(0.98)</u>

Basic earning/(loss) 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.

Diluted

Weighted average number of ordinary shares in issue ('000)	901,281	901,281
Effect of dilution from redeemable convertible bond	<u>915,874</u>	<u>915,874</u>
	1,817,155	1,817,155
Diluted EPS/(LPS) (Sen)	<u>0.14</u>	<u>(0.49)</u>

B10. Loss Before Taxation

	<u>Individual quarter</u>	<u>Cumulative quarter</u>
	3 months ended	9 months ended
	30/06/2024	30/06/2024
	RM'000	RM'000
Profit before taxation has been arrived at after charging/(crediting):		
Interest income	(200)	(259)
Depreciation of property, plant and equipment	571	1,703
Gain/Loss on foreign exchange:		
- realised	2	-
- unrealised	<u>(3)</u>	<u>(111)</u>