



Engineered For a
Brighter & Sustainable Future

Annual Report 2023

ABOUT THIS REPORT



COVER RATIONALE

ENGINEERED FOR A BRIGHTER & SUSTAINABLE FUTURE

Encapsulates Pekat’s core values and mission. At Pekat, we are driven by a dedication to both protecting our environment and ensuring a prosperous future for generations to come. This commitment is ingrained in everything we do, guiding our actions and shaping our aspirations.

This year, Pekat celebrates a significant achievement: the successful design, supply, and installation of the 10MWac LSS4 power plant in Batang Padang, Perak, Malaysia. This milestone underscores our capability to deliver large-scale solar projects efficiently and effectively. Moreover, it reflects our steadfastness in fulfilling commitments, as evidenced by our ability to realise this project just a year after securing it. Looking ahead, we are eager to leverage our proven track record and industry leadership to expand our portfolio across the region, further solidifying our position as a frontrunner in the energy sector.

Central to our success is our unwavering focus on safety – both for our employees and our customers. As we continue to advance, we remain focused in fortifying our sustainability frameworks, aligning them with global and national initiatives. Concurrently, we are committed to laying a robust foundation for innovation and digitalisation, poised to propel Pekat into the forefront of the Fourth Industrial Revolution within the energy sector.

BASIS OF THIS REPORT

This Annual Report (“AR”) and Audited Consolidated Financial Statements of Pekat Group Berhad (“Pekat” or “the Company”) and its subsidiaries (“the Group”) for the financial year ended 31 December 2023 (“FY2023”) has been developed to narrate both our financial and non-financial performance.

REPORTING PHILOSOPHY

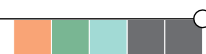
This report reflects the decision-making undertaken in pursuing our “Engineered for a Brighter and Sustainable Future” vision in our bid to contribute in the journey of nation-building that will benefit future generations. This AR presents a view of the Group’s case for investment and commentaries on our strategy, business performance, governance and prospects in a balanced and transparent manner so that our stakeholders can make informed assessments.

SCOPE AND BOUNDARY

The information presented in this AR pertains to our fundamental business activities, which involve the provision of solar photovoltaic (“PV”) systems, earthing and lightning protection (“ELP”) systems, as well as the distribution of electrical products and accessories. Unless indicated otherwise, this AR encompasses data internally compiled from 1 January 2023 to 31 December 2023. Historical data from the previous year has been incorporated, where appropriate and available, for comparison purposes.

MATERIAL MATTERS

The Group’s sustainable developments are based on economic, environmental and social pillars. The formulation of our sustainability strategy is anchored on the identification of material matters. Through a materiality assessment, we determined the issues that significantly impact our business operations



and stakeholders. These matters reflect the Group's commitment to enhancing our economic, environmental, social and governance performance. For more information about our materiality assessment, please turn to page 24 of this AR.

ASSURANCE

Our financial statements are independently audited, while a robust internal process and good governance practices support the development of our non-financial reports.

FORWARD-LOOKING STATEMENTS

Our AR contains certain forward-looking statements, with respect to the Group's financial position, results, operations and businesses, which we believe to be realistic at the time this AR is issued. Hence, these forward-looking statements are, by their nature, uncertain and there are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements.

GUIDELINES AND STANDARDS

Throughout the preparation of this Report, we have been guided by best practices as prescribed by international integrated reporting frameworks. Locally, we have adhered to:

- Malaysian Code on Corporate Governance ("MCCG")
- Bursa Malaysia Securities Berhad's ("Bursa Securities") ACE Market Listing Requirements
- Bursa Securities Corporate Governance Guide
- Companies Act 2016
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards and other regulatory requirements as applicable

In the area of sustainability, we have developed our Sustainability Statement in line with key sustainability guidelines and standards such as:

- Bursa Securities Sustainability Reporting Guide
- United Nations Sustainable Development Goals ("SDGs")
- Global Reporting Initiative ("GRI")

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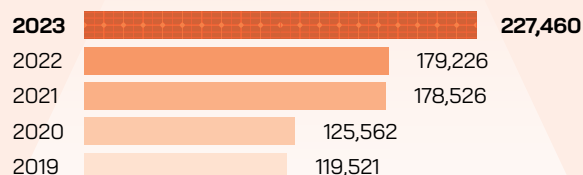
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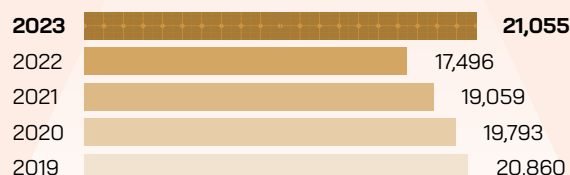
PEKAT AT A GLANCE

○ KEY FINANCIAL HIGHLIGHTS

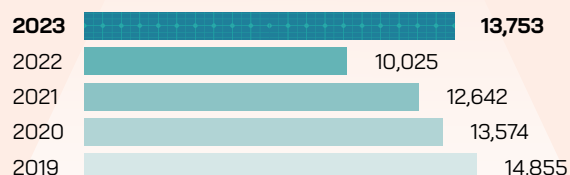
REVENUE (RM'000)



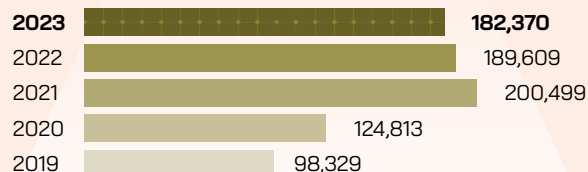
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (RM'000)



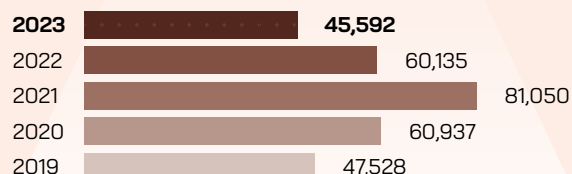
PROFIT AFTER TAX (RM'000)



TOTAL ASSETS (RM'000)



TOTAL LIABILITIES (RM'000)



○ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

SHAREHOLDERS' EQUITY (RM'000)

2023
136,778

2022: 129,474

GEARING RATIO (TIMES)

2023
0.04

2022: 0.19

QUICK RATIO (TIMES)

2023
2.9

2022: 2.3

BASIC EARNINGS PER SHARE (SEN)

2023
2.13

2022: 1.56

NET ASSET PER SHARE (RM)

2023
0.21

2022: 0.20

OUR KEY STRENGTHS

Deeply Rooted Experience

backed by long established track records & uncompromising drive for excellence

Synergistic Businesses

that complement each other

Authorised Distributorship

for internationally acclaimed & own brand ELP products

Diversified Revenue Streams

Solar, ELP and trading divisions which branch across all sectors, industrial, commercial, residential, infrastructure & community properties

13 years

in the design, supply & installation of solar PV systems

23 years

in the supply & installation of ELP systems

24 years

in the distribution of electrical products & accessories

ENVIRONMENTAL



Cumulative Capacity of Completed Solar PV Systems For Our Customer

150.6 MWp



Indirect Annual Avoidance in Carbon Dioxide Emission Through Completed Solar PV Systems For Our Customers

155,822 tonnes



Reduction in Electricity Consumption per Employee

15%

SOCIAL



ZERO

Lost Time Injury Frequency Rate



RM75,000

Cash Contribution and Other Non-Cash Contribution to Local community



160 Employees Attended HSE Awareness Training

GOVERNANCE



ZERO

Bribery and Corruption Cases



ZERO

Complaint Received via Whistle Blowing Platform



ZERO

Case of Breaches of Data Privacy and Security

WHO WE ARE

In the year 1999, just before the world ushered in the much-awaited arrival of a new millennium, Pekat was formed. Driven by a team of deeply passionate and relentless young engineers, Pekat quickly evolved within a span of one year from a distributor of surge protection devices to a specialist in providing ELP devices.



OUR CORE VALUES



EXCELLENCE

We are committed to providing excellence and delivering high quality products and services in our businesses.



INTEGRITY

We conduct ourselves in an honest and professional manner at all times.



PERSEVERANCE

We have the inner strength to be dedicated to a purpose or mission. Our patience in working hard and moving forward with a positive attitude are what sets us apart.

Our distribution business evolved into a significant pillar for Pekat Group as a Trading division when we secured the authorised distributorship for Fursee ELP products in Malaysia and when we launched our own Pekat brand in the year 2008. Our ELP division, in the meantime, continued to solidify itself as a CIDB G7 license contractor with the ability to provide complete ELP solutions according to customers' requirements for commercial and industrial buildings, mixed developments and infrastructure.

Propelled by our desire to grow and realizing existential role of renewable energy, we decided to embark on a path of providing design, supply and installation of solar PV systems in the year 2010. We were one of the first to receive accreditation with respect to "Solar PV Grid Connected System" from Pusat Tenaga Malaysia (which was replaced by SEDA in 2014) and conferred by the Malaysian Book of Records to be the First Solar Photovoltaic installer to receive "ISO 50001:2011 Certification of Energy Management System".

ENGINEERED FOR A BRIGHTER AND SUSTAINABLE FUTURE

Pekat continuously grows through the synergistic relationship of our 3 divisions to provide clean energy through our Solar division, protecting people and physical properties through our ELP division and providing internationally acclaimed as well as high quality products and accessories for solar PV and ELP systems through our Trading division.

WHAT WE DO

Solar Division

Design, supply and installation of solar PV systems and power plants

We carry out the design, supply and installation of on-grid and off-grid solar PV systems and power plants, where we are responsible for the entire scope of work (including testing and commissioning, and in some cases operations and maintenance for projects where we are contracted to do so) and delivering them to our customers.

We engage subcontractors to carry out, under our management and supervision, site preparation and earthworks, all installation works, and interconnection to power transmission substations. Solar PV systems and power plants convert sunlight into electricity for use at a facility, supply to the power grid, or storage in a battery pack for later use.

Earthing & Lightning Protection Division

Supply and installation of ELP systems

Our supply and installation of ELP systems for buildings, facilities and structures are to protect people, property and equipment from unintended electric current. We are engaged as a specialist subcontractor for ELP systems by main contractors or mechanical and electrical contractors.

Trading Division

Distribution of electrical products and accessories

The distribution of electrical products and accessories involve the sales and marketing of our own brands and third party brands of electrical products and accessories, namely ELP products and accessories, solar PV related products, surge protection devices and aviation warning light systems.

CORPORATE STRUCTURE



Pekato Group Berhad Investment Holding

100%

Pekato Teknologi Sdn Bhd

Investment holding and trading of electrical engineering products and operates as a general contractor

Subsidiaries

100%

Pekato Solar Sdn Bhd

Design, supply and installation of solar PV systems and power plants and related services

100%

Pekato RE Maintenance Sdn Bhd

Energy supply services and maintenance

100%

Pekato Solar Tronoh Sdn Bhd

Dormant

100%

Pekato Engineering Sdn Bhd

Distribution of electrical products and accessories

100%

Solaroo Systems Sdn Bhd

Design, supply and install smaller scale solar PV systems for residential, commercial and industrial projects

100%

Pekato E & LP Sdn Bhd

Supply and installation of earthing and lightning protection systems

100%

Solaroo RE Sdn Bhd

Operation of generation facilities that produce electric energy

100%

E & LP Engineering Sdn Bhd

Distribution of electrical products and accessories

100%

Solaroo EV Sdn Bhd
(formerly known as Pekato Engineering Services Sdn Bhd)

Dormant

70%

Pnexsoft Sdn Bhd

Development and distribution of software applications

Associates

45%

MFP Solar Sdn Bhd

Build, own and operate solar PV power plants

49%

Pekato Energy (Sarawak) Sdn Bhd

Design, supply and installation of solar PV systems and power plants in Sarawak

45%

MFP Solar International Limited

Investment holding

40%

Sunway Pekato Solar Sdn Bhd

Design, supply and installation of solar PV systems and power plants for Sunway group of companies

40%

UP Solar Sdn Bhd

To undertake solar photovoltaic business activities

49%

J8K Energy Sdn Bhd

Dormant

CORPORATE INFORMATION

Board of Directors

Kok Kong Chin
Independent Non-Executive Chairman

Chin Soo Mau
Managing Director
(Redesignated with effect from 22 August 2023)

Tai Yee Chee
Executive Director & Chief Executive Officer

Wee Chek Aik
Executive Director & Chief Commercial Officer
(Resigned on 31 December 2023)

Ong Keng Siew
Independent Non-Executive Director

Datin Shelina Binti Razaly Wahi
Independent Non-Executive Director

Yeong Siew Lee
Independent Non-Executive Director

Ooi Youk Lan
Non-Independent Non-Executive Director
(Resigned on 17 November 2023)

Audit And Risk Management Committee

Ong Keng Siew
Chairman

Members
Datin Shelina Binti Razaly Wahi
Yeong Siew Lee

Nominating Committee

Datin Shelina Binti Razaly Wahi
Chairperson

Members
Yeong Siew Lee
Ong Keng Siew

Remuneration Committee

Yeong Siew Lee
Chairperson

Members
Datin Shelina Binti Razaly Wahi
Ong Keng Siew

Company Secretaries

Ong Wai Leng
(License No.: MAICSA 7065544)
(SSM PC No.: 202208000633)

Choo Sook Fun
(License No.: LS 0009607)
(SSM PC No.: 202008000567)

Registered Office

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 W.P. Kuala Lumpur
Malaysia
Tel. No. : +603 2783 9191
Fax. No. : +603 2783 9111
Email : info@my.tricorglobal.com

Share Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 W.P. Kuala Lumpur
Malaysia
Tel. No. : +603 2783 9299
Fax. No. : +603 2783 9222
Email : is.enquiry@my.tricorglobal.com

Auditors

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 W.P. Kuala Lumpur
Malaysia
Tel. No. : +603 2692 4022
Fax. No. : +603 2732 1010

Principal Bankers

- Bank of China (Malaysia) Berhad
- CIMB Bank Berhad
- Hong Leong Bank Berhad
- Hong Leong Islamic Bank Berhad
- Malayan Banking Berhad
- Public Bank Berhad
- Public Investment Bank Berhad
- United Overseas Bank (Malaysia) Berhad

Sponsor

M&A Securities Sdn Bhd
No. 45-11, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 W.P. Kuala Lumpur
Tel. No. : +603 2284 2911

Stock Exchange

Listed on ACE Market of
Bursa Malaysia Securities Berhad
Stock Name : PEKAT
Stock Code : 0233

Website

www.pekat.com.my

Investor Relations

Johann Sze
Tel. No. : +603 2300 8010
Email : enquiries@pekatgroup.com

A MESSAGE FROM OUR CHAIRMAN

*Dear Esteemed
Shareholders,*

On behalf of the Board of Directors (“the Board”), I am delighted to present the Annual Report and Audited Consolidated Financial Statements of Pekat Group Berhad (“Pekat” or “the Company”) and its subsidiaries (“the Group”) for the financial year ended 31 December 2023 (“FY2023”).



KOK KONG CHIN
Independent Non-Executive Chairman

A MESSAGE FROM OUR CHAIRMAN

YEAR UNDER REVIEW

The year 2023 unfolded against a backdrop of contrasting economic realities on the global stage. While initial anxieties about a potential recession eased, the world witnessed subdued economic growth, hovering around 3% and falling short of pre-pandemic levels. Significant challenges mark the period including persistent inflation, geopolitical uncertainties, and the implementation of tighter monetary policies by central banks worldwide through interest rate hikes aimed at combatting inflation.

In the face of a challenging global landscape, the Malaysian economy demonstrated resilience and positive momentum throughout 2023, as highlighted in the data released by Bank Negara Malaysia (“BNM”). The national economy recorded a commendable expansion of 3.0% in the fourth quarter, contributing to an overall year-to-date growth of 3.7%. This encouraging performance was accompanied by a moderation in inflationary pressures, with headline inflation remaining subdued at 2.5% throughout the year.

Pekat celebrated its third year as a public listed entity in 2023, leveraging and strengthening the robust foundation established since its listing in June 2021.

The Group demonstrated a promising trajectory in the initial nine months of the financial period ended 30 September 2023 (“9MFY2023”), marked by substantial double-digit growth in both revenue and Profit After Tax (“PAT”).

Noteworthy was the achievement of a PAT for 9MFY2023 that surpassed the entire FY2022 performance, attributed to the successful execution of an increased number of concurrent projects in the solar division. Building on this positive momentum, the Group reached new financial heights, recording a revenue of RM227.5 million and achieving a PAT of RM13.8 million for the full year of 2023. These figures reflect impressive year-over-year growth rates of 26.9% and 37.2%, respectively, compared to FY2022.

Further insights into the Group’s comprehensive performance for FY2023 can be found in the detailed Management Discussion and Analysis provided on pages 12 to 19 of this Annual Report.

Revenue

RM227.5
million

Profit After Tax

RM13.8
million



A MESSAGE FROM OUR CHAIRMAN

SUSTAINABILITY

The Board reaffirms its unwavering dedication to responsible business practices, strongly emphasising sustainability and corporate governance. Pekat's strategic positioning in the solar energy sector aligns with these principles, presenting additional avenues for growth amid the increasing global focus on Environmental, Social and Governance ("ESG") commitments.

As a company operating in the renewable energy space, Pekat is well-positioned to capitalise on emerging opportunities within the ESG landscape, reinforcing its commitment to environmentally conscious and socially responsible practices.

The Board acknowledges the growing global significance of ESG considerations and the evolving landscape where mandatory regulations supersede voluntary initiatives. Recognising the imperative for companies to adhere to stricter standards and enhance transparency in communicating their ESG commitments, Pekat has proactively aligned its sustainability reporting with the Global Reporting Initiative and the United Nations Sustainable Development Goals as recommended by Bursa Malaysia Securities Berhad.

In FY2023, a thorough evaluation of our sustainability agenda was undertaken, culminating in the establishment of a dedicated Sustainability Working Committee. This committee aims to foster collective commitment and drive sustainable practices across the Group, ensuring Pekat's proactive response to the changing ESG dynamics in the business environment.

It is gratifying to observe the Group's steadfast commitment to sustainability, demonstrated through ongoing investments and targeted initiatives. In embracing the ethos of continuous improvement, we actively refine our approach, drawing inspiration from industry best practices to chart a course towards a sustainable future.

For a comprehensive overview of our sustainability initiatives and commitments, I invite you to refer to our dedicated Sustainability Statement on pages 20 to 41 of this Annual Report. The statement provides detailed insights into our sustainable practices and the proactive steps we are taking to contribute positively to the ESG landscape.



A MESSAGE FROM OUR CHAIRMAN

LOOKING AHEAD

The global energy landscape is transforming, driven by ambitious net-zero emission targets articulated in recent policies and strategic guidelines. In Malaysia, these commitments materialise through initiatives and programmes such as the National Energy Transition Roadmap, Green Technology tax incentives, Large-Scale Solar 5 and Corporate Green Power Programme.

These initiatives, in conjunction with other measures, create domestic and international investment opportunities as public and private entities direct financial, human, and technological resources to hasten the transition to renewable energy in support of a prosperous and sustainable future.

As a prominent player in this dynamic landscape, Pekat is strategically poised to capitalise on this growth trajectory. Leveraging its expertise in renewable energy solutions, Pekat not only stands to benefit from these opportunities but also plays an integral role in steering the nation towards a more sustainable future.

Given these considerations, Pekat's diverse capabilities and strategic foresight positions the Group to adeptly navigate forthcoming challenges and build on the exciting opportunities presented by Malaysia's energy transition journey. As the nation strives towards sustainability, Pekat remains steadfast in its commitment to playing a leadership role in this transformative journey.



APPRECIATION

I would like to extend my heartfelt gratitude to all Directors of the Board for their unwavering commitment, invaluable contributions, and insightful guidance throughout the year. On behalf of the Board, I also commend the tireless efforts of our Senior Management team and employees as they relentlessly work towards achieving our shared goals and aspirations.

Regrettably, I must share that Mr Wee Chek Aik ("Mr Wee") and Ms Ooi Youk Lan ("Ms Ooi") have decided to step down from their positions as Board Members on 31 December 2023 and 17 November 2023, respectively, to pursue other endeavours. Mr Wee served the Company with distinction for over 23 years, while Ms Ooi brought valuable insights during her tenure on the Board. We express our profound gratitude for their commitment and significant contributions to Pekat's journey, and we wish them all the best in their future endeavours.

Finally, on behalf of the Board and Management of Pekat, we extend our sincere appreciation to our shareholders, bankers and business partners for their unwavering support. To our valued customers, thank you for your continued loyalty and trust. Your confidence inspires us to innovate and strive for excellence to meet and exceed your expectations.

Kok Kong Chin

Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

In FY2023, our group achieved an extraordinary feat: not only did we reach a record high revenue, but we also met our profit targets.

This success, bolstered by the dedication and hard work of our employees, demonstrates our commitment to efficiency and quality, amplifying our reputation and paving the way for sustained growth.

With ESG taking center stage across all business sectors, our 'solar,' 'earthing and lightning protection,' and 'trading' divisions are well-positioned to grow and succeed.



TAI YEE CHEE
Executive Director & CEO

MANAGEMENT DISCUSSION AND ANALYSIS

The Group demonstrated exceptional agility in this challenging economic landscape, adeptly navigating complexities to ensure sustained viability. Despite the adversities, our commitment to excellence and adaptability allowed us to uphold a record of delivering positive results, attesting to our resilience and strategic acumen in a volatile environment.

A LOOK BACK AT THE YEAR

In the dynamic landscape of the global economy in 2023, the Malaysian economic sector displayed resilience and expansion, marked by a commendable 3.7% growth in Gross Domestic Product (GDP). As highlighted by BNM, this upswing was primarily propelled by domestic demand, particularly within the private sector, with the Services and Construction sectors leading the charge with growth rates of 5.3% and 6.1%, respectively. Pekat, strategically positioned in these pivotal economic segments, reaped the benefits of these positive developments.

Amidst global challenges, Pekat innovated to capitalise on opportunities for growth. The Group commenced FY2023 with optimism, resulting in a stellar financial performance. The fiscal year witnessed the Group achieving its highest revenue since inception, reaching RM227.5 million, marking a 26.9% year-on-year ("YoY") growth. The Group's Profit After Tax ("PAT") exhibited remarkable expansion, surging to RM13.8 million from RM10.0 million in FY2022, showcasing a noteworthy 37.2% YoY growth.

KEY FINANCIAL HIGHLIGHTS

For the Financial Year Ended 31 December	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Revenue	227,460	179,226	178,526	125,562	119,521
Earnings Before Interest, Tax, Depreciation and Amortisation	21,055	17,496	19,059	19,793	20,860
Profit After Tax ("PAT")	13,753	10,025	12,642	13,574	14,855
Shareholders' Equity	136,778	129,474	119,449	63,876	50,801
Total Assets	182,370	189,609	200,499	124,813	98,329
Total Liabilities	45,592	60,135	81,050	60,937	47,528
Total Borrowings (Including Lease Liabilities)	5,017	24,032	28,972	27,702	20,925
Gearing Ratio (times)	0.04	0.19	0.24	0.43	0.41
Quick Ratio (times)	2.9	2.3	1.8	1.9	1.8
Net Asset Per Share (RM)*	0.21	0.20	0.19	0.10	0.08
Basic Earnings Per Share (sen)*	2.13	1.56	1.96	2.10	2.29
Dividend Per Share (sen)	1.0	-	-	-	-
Dividend Yield As Of 31 December (%)	2.3	-	-	-	-

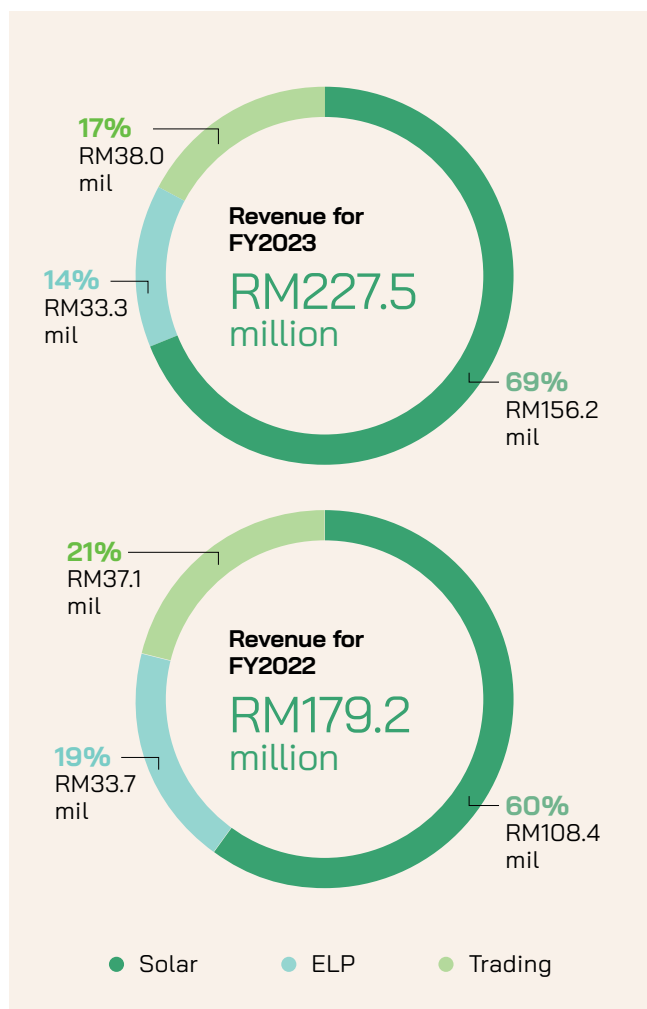
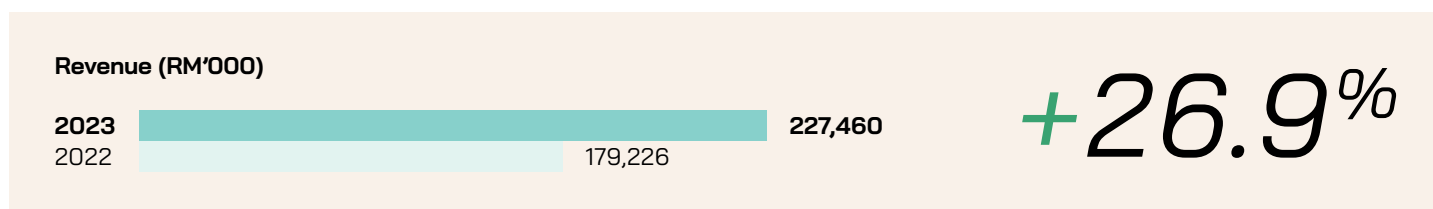
* For comparison purposes, all figures have been adjusted and computed based on the total number of shares in issue after public issue in conjunction with the company's listing on ACE Market of Bursa Malaysia Securities Berhad.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP FINANCIAL REVIEW

REVENUE

The Group delivered a commendable performance, generating revenue of RM227.5 million, a substantial 26.9% increase from the previous fiscal year’s figure of RM179.2 million. This growth trajectory is underscored by a 5-year compound annual growth rate (“CAGR”) of 17.5%, a testament to the efficacy of Pekat’s business strategies.



Pekat’s success in FY2023 was notably anchored by the exceptional performance of its Solar Division, which witnessed a 44.1% surge in revenue, reaching RM156.2 million compared to FY2022’s RM108.4 million. An expanded portfolio of concurrent projects primarily drove the significant growth in this segment. The residential customer segment demonstrated an outstanding 122.5% YoY revenue growth. This achievement is attributed to the Group’s adept implementation of targeted marketing strategies that effectively engaged and capitalised on opportunities within the residential market.

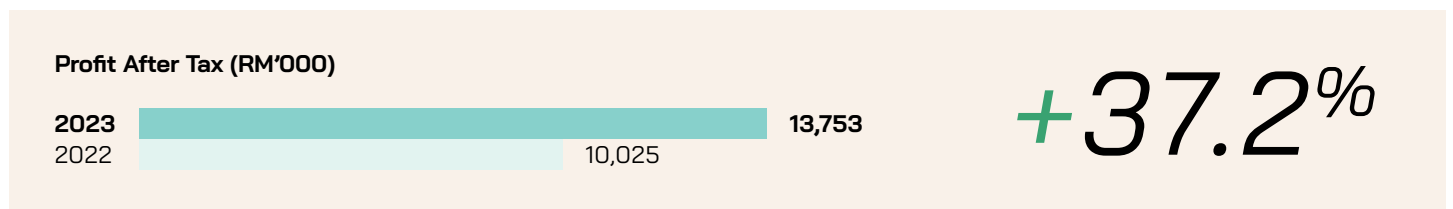
As the Solar Division took the lead in propelling Pekat’s growth during FY2023, the Trading Division also demonstrated positive momentum, contributing to the Group’s overall financial success. The Trading Division generated revenue of RM38.0 million, marking a 2.4% increase from FY2022’s RM37.1 million. This growth was driven by heightened sales performance across a diverse product portfolio encompassing solar PV and ELP related products, surge protection devices, and aviation lighting systems, among others.

It is worth highlighting the steadfast performance and valuable contribution of the ELP Division within Pekat during FY2023, despite a modest decline in revenue compared to the preceding fiscal year. The division strategically prioritised meticulous resource management, opting for prudent project execution over solely maximising revenue. This approach ensures the division’s sustained efficiency and adherence to the highest quality standards, solidifying its long-term reputation and positioning it for continued success in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

PROFITABILITY

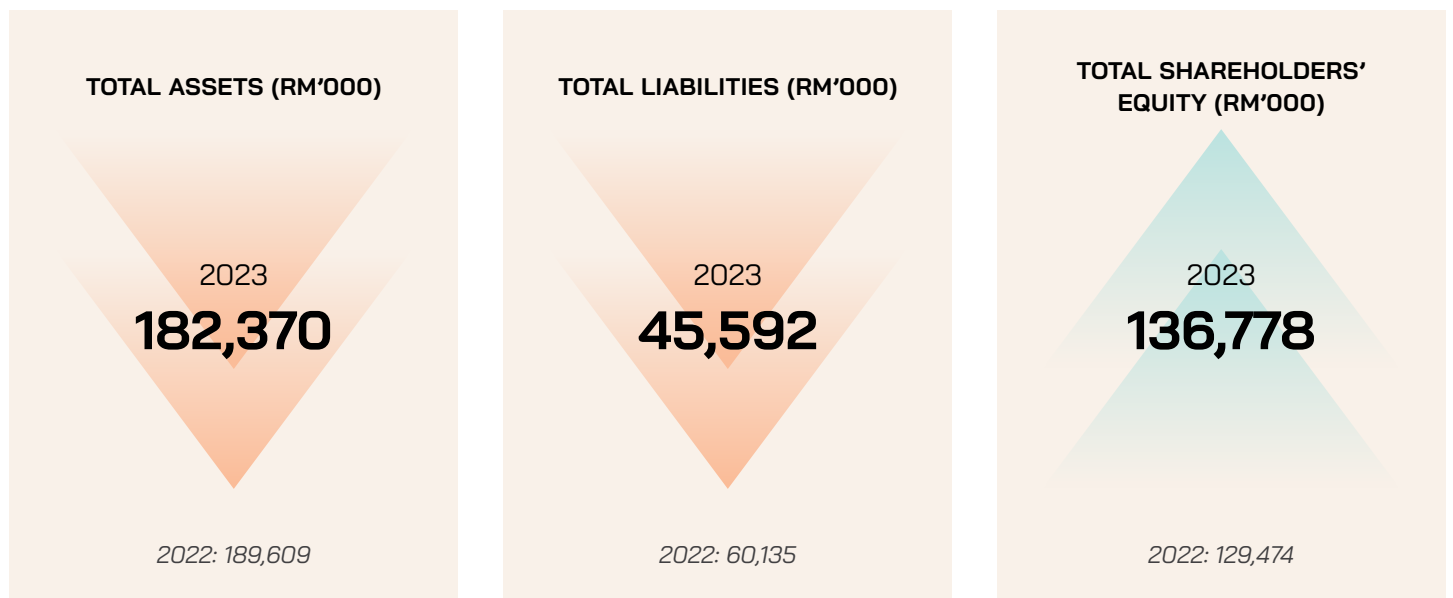
The Group's FY2023 extended beyond revenue growth, as evidenced by a 37.2% increase in PAT to RM13.8 million, compared to FY2022's RM10.0 million, mirroring the upward trajectory of top-line growth. This financial outcome translated to earnings per share of 2.13 sen, reflecting an improvement from the previous fiscal year's 1.56 sen.



However, the gross profit margin declined from 25.0% in FY2022 to 23.5% in FY2023. The decrease is primarily attributed to the LSS4@MEtARI ("LSS4") project in Batang Padang, Perak, which carried a comparatively lower margin. This deviation is mitigated by positive returns from our associates, mainly through recurring income derived from the sale of solar-generated electricity via Power Purchase Agreements ("PPAs"), contributing RM0.6 million in profit as opposed to a slight loss in FY2022.

Consequently, although the gross profit margin experienced a marginal decline, the net profit margin slightly improved, rising from 5.6% to 6.0%. This underscores the Group's adept navigation of challenges while ensuring sustained profitability.

FINANCIAL POSITION AND CAPITAL STRUCTURE



MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December 2023, the Group's total assets stood at RM182.4 million, reflecting a 3.8% decrease from RM189.6 million in the previous year. This reduction was primarily driven by the withdrawal of RM11.8 million from fixed deposits held with licensed banks during FY2023. This strategic move aimed to enhance the Group's working capital flexibility, facilitating the timely repayment of bank borrowings. Aligned with the Group's FY2023 focus on reducing reliance on trade financing facilities to minimise finance costs, this initiative has proven successful, resulting in a 12.2% decrease in finance costs.

Demonstrating a strengthened approach to financial management, the Group's total liabilities experienced a 24.1% decrease, reaching RM45.6 million as of 31 December 2023, compared to RM60.1 million the previous year. This reduction is attributed primarily to strategic debt management initiatives, resulting in a significant decline in total borrowings from RM24.0 million to RM5.0 million. Consequently, the Group's gearing ratio markedly improved, transitioning from 0.19 times to a healthier 0.04 times.

The Group's steadfast commitment to maintaining a sound gearing ratio enhances financial flexibility and preserves the company's borrowing capacity for future capital expenditure needs. This strategic approach allows the Group to balance fostering strategic growth and exercising financial prudence.

Shareholders' equity has consistently grown since the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad. As of 31 December 2023, it stood at RM136.8 million, a 5.6% increase from RM129.5 million in the previous year, after a dividend payout of approximately RM6.4 million during the financial year. This positive trajectory underscores the Group's commitment to delivering value to its shareholders, resulting in net assets per ordinary share of RM0.21 as of 31 December 2023.

CASH FLOW AND LIQUIDITY

The Group delivered a positive net operating cash inflow of RM26.6 million in FY2023, marking a substantial improvement from the net operating cash outflow of RM18.9 million experienced in FY2022. This positive shift underscores the Group's enhanced operational efficiency and adept financial management. While the Group recorded net cash outflows associated with investing and financing activities, these were predominantly driven by strategic investments in an associated company MFP Solar Sdn Bhd and the prudent repayment of bank borrowings, respectively.

Regarding liquidity, the Group has demonstrated significant improvement compared to FY2022. The quick ratio has increased from 2.3 times to 2.9 times, and the cash ratio has risen from 0.3 times to 0.6 times. This improvement signifies the Group's strengthened ability to meet its short-term obligations, providing a solid foundation for future growth.



BUSINESS AND OPERATIONAL REVIEW

SOLAR DIVISION

Exceptional Operational Performance

In FY2023, the solar division achieved outstanding operational excellence in various domains, marking a period of notable accomplishments. A highlight of this timeframe was the successful design, supply, and installation of the 10MWac LSS4 power plant located in Batang Padang, Perak. The plant's seamless commencement of commercial operations in early Q1 2024 significantly augments our diversified portfolio of successful Large Scale Solar ("LSS") Programme projects, building on the success of the division's first completion under the LSS2 Programme. This accomplishment marks another pivotal milestone and adds to the Group's established track record in LSS projects. This positions us favourably for future endeavours, including participation in the recently announced 2GW LSS5 Programme.

MANAGEMENT DISCUSSION AND ANALYSIS

Expanding Revenue Streams

In a noteworthy development, the Group secured a substantial 29.99MWac capacity under the Corporate Green Power Purchase (“CGPP”) Programme, signalling an entry into large-scale solar plant development, ownership, and operation. This strategic shift from being a pure Engineering, Procurement, Construction and Commissioning (“EPCC”) contractor to an asset owner represents a milestone in our corporate trajectory. It positions the Group for an enhanced recurring revenue stream post-project completion. The thriving commercial operation of these solar plants is anticipated by the end of 2025.

Enhanced Project Execution Capabilities

The ongoing evolution of our division is underscored by an increase in capacity and capabilities, exemplified by our adept handling of an elevated number of concurrent projects. This is evidenced in the early and successful completion of solar PV systems for D & Y Textile (Malaysia) Sdn Bhd, which is under the Self-Consumption scheme, and which is ahead of the scheduled commercial operation date. This achievement is a testament to the division’s expertise in coordinating the timely delivery and concurrent completion of multiple projects.

Industry Recognition

The division’s successes were prominently highlighted through accolades at the National Energy Awards 2023. The completed projects for Indah Water Konsortium Sdn Bhd-Klang Selatan emerged winner in the Energy Management Category, while the Proton’s Tanjung Malim project won the Renewable Energy Category. The PLUS Berhad project received Merit in the Energy-Efficient Building Category. These prestigious awards are a testament to the division’s unwavering commitment to delivering exceptional service and value to our esteemed clients.

EARTHING AND LIGHTNING PROTECTION DIVISION

Continued Growth and Expertise

Drawing on its well-established track record and industry expertise, the ELP division consistently secured new contracts in FY2023. The division secured contracts valued at RM35.1 million, exceeding its full-year revenue of RM33.3 million. This accomplishment underscores the division’s ability to replenish its order book and maintain a trajectory of sustained growth reflective of the Group’s 23 years of invaluable experience in this specialised field.

Prioritising Fast-Track Projects

In FY2023, a discernible trend towards fast-track projects within the ELP division’s portfolio prompted a strategic reallocation of resources. The division, responsive to market dynamics, deliberately shifted its focus away from projects with extended timeframes, like high-rise residential buildings. This calculated move proved instrumental as the division secured multiple fast-track projects spanning diverse sectors, encompassing data centres, manufacturing and production facilities, and various commercial and industrial buildings. Prioritising these fast-track projects afforded the Group greater flexibility in resource planning. By steering clear of long-term commitments, the division enhanced cash flow management, exercised tighter control over costs, and bolstered overall profitability.

TRADING DIVISION

Expanding Product Portfolio

The trading division offers a diverse portfolio, from ELP and solar PV-related products to surge protection devices, aviation warning lighting systems, and various accessories. The division is committed to continually enhancing its offerings, as demonstrated by the recent introduction of lightning early warning systems in FY2022.

In FY2023, the division further expanded its portfolio with the Pekat ELP Monitoring System, an innovative solution that equips customers with a comprehensive suite of products for real-time surveillance of direct and indirect lightning strikes and earth resistance monitoring. Prioritising safety, this system protects lives and critical services within buildings.

The system’s operation involves collecting magnitude and count data from connected devices, which is then transmitted to the cloud for analysis and storage. This data is easily accessible to users, who can receive alerts for system anomalies, fostering continuous awareness of the protection system’s status and minimising potential downtime.

Commitment to Quality

In our ongoing journey of development and expansion, we maintain a resolute commitment to upholding the highest standards of product quality and compliance. We regularly subject our products to thorough certification processes and conduct audits of our Quality Management System through esteemed professional bodies like SIRIM, TÜV Rheinland, and Intertek, among others, to assure our customers of consistent and exceptional product quality.

MANAGEMENT DISCUSSION AND ANALYSIS

PARTNERSHIP WITH ASSOCIATES

In FY2023 the Group experienced increased profit sharing with our associates, primarily propelled by the sale of solar-generated electricity through PPAs. Among these achievements was our associated company, MFP Solar Sdn Bhd, attaining commercial operation for five additional projects, with particular emphasis on the Indah Water Konsortium Sdn Bhd sewerage plants. The initiation of operation for these projects is anticipated to positively impact the Group's future profit-sharing endeavours.

Expanding our footprint in the international market, another associated company, MFP Solar International Limited, commenced operation for a solar asset in Cambodia. This venture involves the sale of solar-generated electricity to a Cambodian company, marking a significant stride in elevating Pekat's presence globally.

MANAGING RISKS TO SUPPORT GROWTH

In managing risks to support sustained growth, Pekat remains proactive in navigating the dynamic business environment, addressing common challenges and industry-specific considerations. The Group diligently identifies, assesses, and implements effective mitigation strategies to navigate potential roadblocks, ensuring resilience and adaptability in the face of uncertainties.

SUPPLY CHAIN DISRUPTIONS AND MATERIAL COST FLUCTUATIONS

The potential for supply chain disruptions poses a risk to our ability to meet customer delivery commitments promptly, with potential repercussions on our business operations and financial performance. To address this concern proactively, the Group engages closely with key suppliers to monitor the supply conditions for essential raw materials actively.

This strategic approach empowers us to effectively manage potential disruptions through prudent inventory management and meticulous project scheduling. In navigating fluctuations in raw material costs, the Group consistently identifies and implements cost-efficiency measures across our operations. Our strategic use of bulk purchasing for key materials enhances our negotiating position. It enables us to capitalise on economies of scale, reinforcing our resilience and capacity to deliver on our commitments despite the challenges posed by the dynamic nature of the supply chain.

FOREIGN EXCHANGE RATE FLUCTUATIONS

The Group's engagement in transactions with international suppliers introduces an inherent exposure to foreign exchange rate fluctuations, given the diverse currencies involved, including the United States Dollar (USD), Renminbi (RMB), and others. We continuously monitor exchange rates to manage this risk and stay abreast of global economic developments. The Group implements foreign currency hedging strategies to safeguard against potential adverse movements in exchange rates. To further mitigate exposure, strategic measures are taken, including negotiating contracts with foreign suppliers denominated in suppliers' local currencies. This comprehensive risk management approach ensures our ability to navigate the complexities of the global marketplace with resilience and adaptability.

RELIANCE ON CAPABLE MANAGEMENT PERSONNEL

Pekat recognises that its sustained success is inherently reliant on cultivating a skilled and talented workforce, encompassing the leadership team, including Executive Directors and key management personnel, as well as the engineers and technical specialists whose expertise underpins our achievements.

In recognition of the pivotal role played by succession planning and staff retention, Pekat is committed to significant investments in the professional development of our employees. We consistently assess the effectiveness of our recruitment processes, scrutinise employee compensation and benefit packages, ensure adherence to human and labour rights, and maintain a secure and healthy working environment. Our overarching goal is to establish a climate that attracts, nurtures, and retains our talented workforce.

COMPETITIVE INDUSTRY ENVIRONMENT

Acknowledging the dynamic competitive landscape, the Group adopts a proactive stance, actively pursuing new business opportunities across diverse regions that align with its capabilities, thereby effectively mitigating industry pressures. Complemented by continuous

MANAGEMENT DISCUSSION AND ANALYSIS

market awareness and strategic self-assessment, this forward-thinking approach catalyses a sustained competitive advantage. The Group places significant emphasis on recognising its dedicated workforce. It supports an ongoing commitment to product innovation, acknowledging both as critical elements for delivering exceptional customer value and ensuring continued growth.

FUTURE OUTLOOK

Looking ahead to the financial year ending 31 December 2024 (“FY2024”), the Group anticipates a more favourable financial performance. Nationally, the pursuit of net-zero emissions by 2050 necessitates a 70% renewable energy (“RE”) capacity mix, as outlined in the National Energy Transition Roadmap (“NETR”). The NETR’s Phase 1 has identified six key levers and ten flagship projects, with committed investments totalling RM25.0 billion. This initial phase sets the stage for broader investment opportunities ranging from RM1.2 trillion to RM1.3 trillion by 2050. As a critical player in the RE industry, these substantial investments present an exceptional opportunity for Pekat and the nation.

Malaysia’s rapid transformation into a regional data centre (“DC”) hub presents exciting opportunities for Pekat. This evolution is propelled by substantial investments from established foreign companies, with early movers such as Equinix Inc., Yondr Group, Bridge DCs, and Keppel DCs laying the foundation for further growth. Looking ahead, global giants, including Equinix Inc., Microsoft Corp, and Amazon Web Services (AWS), have announced their commitment to investing in Malaysia. This trend aligns seamlessly with Pekat’s core expertise in solar energy, offering the Group a strategic advantage as the potential for these DCs to be supplemented by solar energy. This synergy positions Pekat at the forefront of sustainable energy solutions within the burgeoning DC landscape in the region.

In addition, drawing on its extensive experience in delivering ELP solutions for DCs, including notable projects like Bridge DCs, Keppel DCs, and its ongoing constructions for Yondr and AirTrunk facilities, the Group’s ELP division is strategically positioned to capitalise on foreign direct investments in this sector.

The recent budgetary announcements from the government unveiling substantial infrastructure projects, including the Penang Light Rail Transit (“LRT”) and the reinstatement of the LRT3 project, are promising developments. Anticipating further announcements concerning the Kuala Lumpur-Singapore high-speed rail and the Johor LRT, these

collective projects represent a lucrative avenue for the Group’s ELP division. They offer potential opportunities for our active involvement in shaping and contributing to the growth of Malaysia’s dynamic infrastructure landscape.


In FY2024, the Group strategically emphasises meticulous preparation for its enhanced role as a solar asset owner under the CGPP programme, marking a significant transition from our current role as an EPCC contractor. This comprehensive preparation involves securing project financing, optimising resource allocation, conducting preliminary design and feasibility studies, and initiating the initial stages of project implementation. Recognising the paramount importance of effective execution, the Group anticipates that the solar asset will contribute substantially to recurring income upon project completion and commercial operation, slated for the end of 2025.

Simultaneously, the Group is committed to its core business activities, striving for continuous improvement in operational efficiency and fostering innovation. This dedication to delivering high-quality products and services and a pursuit of innovation underscores our commitment to ensuring continuous value creation for our valued customers and shareholders.

DIVIDEND

In FY2023, the company declared and paid its maiden single-tier interim dividend of 1.0 sen per share, amounting to approximately RM6.4 million. This inaugural dividend distribution, paid to the entitled shareholders on 21 September 2023, underscores the Board’s confidence in the company’s robust financial performance and commitment to delivering sustained long-term value to shareholders.

SUSTAINABILITY STATEMENT



ABOUT THIS SUSTAINABILITY REPORT

Pekat Group Berhad and its subsidiaries, collectively known as “Pekat” or “the Group,” is a leading provider of solar energy, earthing, and lightning protection services in Malaysia.

The Group recognises the importance of driving sustainable development throughout all its operations and is unwavering in its commitment to this mission.

Pekat conducts its business with a sense of responsibility and a dedication to sustainability to ensure long-term success and ongoing contribution to a flourishing future. This Sustainability Statement outlines Pekat’s progress in sustainability initiatives since the last reporting period, offering a comprehensive overview of its performance in managing critical economic, environmental, and social matters.



SCOPE, BOUNDARIES AND REPORTING FRAMEWORK

This Statement discusses sustainability performance of the Group on an annual basis, encompassing business activities of all subsidiaries. The data presented herein covers 1 January 2023 to 31 December 2023, with historical data from the previous year incorporated, where applicable and obtainable, for comparative purposes.

The preparation of this Statement adheres to the ACE Market Listing Requirements and the Bursa Securities Sustainability Reporting Guide. The Group aligns its sustainability reporting with best practice guidelines, including the Global Reporting Initiative (“GRI”) and the United Nations Sustainable Development Goals (“SDGs”).

ASSURANCE

This Statement is not subjected to external assurance and is solely prepared based on all accessible internal information within the Group. The relevant business divisions within the Group have internally verified the data’s accuracy.

OUR COMMITMENT TO SUSTAINABILITY

Sustainability has been ingrained in Pekat’s cultural ethos since its inception, reflecting our commitment to fostering growth within a secure, responsible, and sustainable environment. This dedication permeates



our governance structure and corporate responsibilities, guiding the prudent management of risks and opportunities inherent in the Group's sustainable development initiatives.

The Group emphasises maintaining robust governance standards across all operations, recognising that good governance is essential for long-term success and stakeholder value creation. Our governance framework is crafted to uphold transparency, accountability, and ethical behaviour throughout the organisation, ensuring the harmonisation of sustainability strategies with corporate objectives.

As sustainability is an ongoing journey, Pekat remains committed to continuous improvement and innovation in our sustainable practices. By seamlessly integrating sustainability into our business operations, we can generate value for stakeholders and contribute to society and our planet's well-being.

OUR SUSTAINABILITY APPROACH

In FY2023, Pekat pursued a comprehensive triple-bottom-line strategy for sustainable development, strategically managing environmental impacts, fulfilling social responsibilities, and upholding good corporate governance while generating economic and financial value for the company and stakeholders. To achieve this, we engaged in extensive stakeholder interactions to gain insights into their expectations and concerns. Subsequently, a materiality assessment was conducted to outline stakeholder concerns.

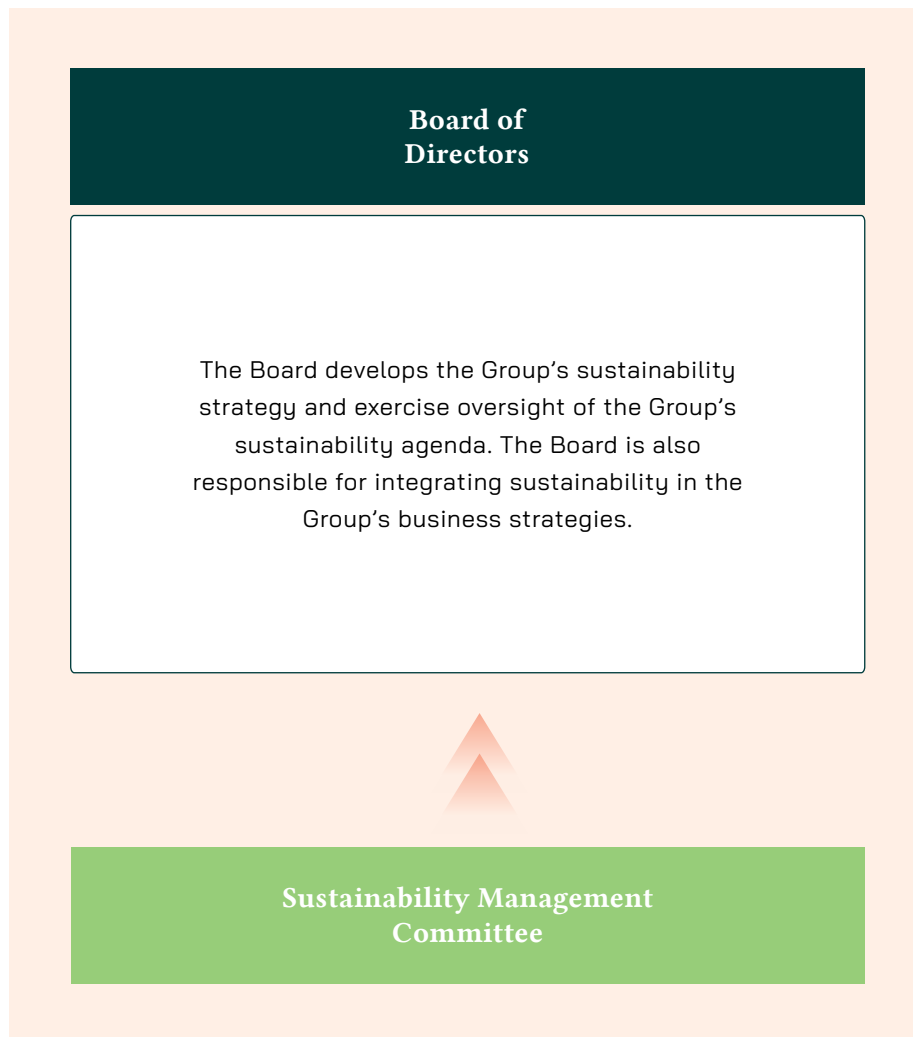
Pekat cultivates long-term sustainable value by prioritising matters of materiality to stakeholders and the business. This approach ensures that we address concerns considered crucial by our stakeholders while simultaneously aligning our sustainability efforts with the business's core objectives. The Group firmly believes that this strategic alignment enables the effective management of risks and opportunities and strengthens relationships with our stakeholders.

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

Pekat acknowledges sustainable development as a fundamental element of its business operations and grounds this commitment in good governance and responsible practices. Through a “tone from the top” approach to sustainability, the Board of Directors is pivotal in shaping overarching sustainability strategies and overseeing its implementation.

The Board comprises distinguished individuals with extensive expertise across various disciplines. Its diverse perspectives ensure that a comprehensive range of viewpoints informs the formulation of the Group’s sustainability strategies and decision-making processes. The Board’s supervision provides Pekat with well-placed guidance to integrate sustainability into the Group’s business strategy and decision-making frameworks.



Management is responsible for driving and monitoring the execution of sustainability strategies and initiatives. They ensure the attainment of targets for each sustainability aspect while maintaining thorough records of activities and outcomes. To facilitate this task, a dedicated Sustainability Management Committee, led by the Chief Executive Officer with support from the Chief Financial Officer, was established in FY2023. This committee includes representatives from various departments such as project, supply chain, operations, marketing, and finance.

The Sustainability Management Committee is tasked with implementing the sustainability strategies and initiatives outlined by the Board of Directors, ensuring the realisation of targets for each sustainability matter and the seamless embedding of sustainability in the Group’s day-to-day operations.

SUSTAINABILITY STATEMENT

STAKEHOLDERS ENGAGEMENT

The Group recognises the vital role both internal and external stakeholders play in securing its long-term viability. The below table summarizes the Management's initial assessment of the potential expectations and concerns of each stakeholder group and the channels in which the stakeholders can communicate with us. Moving forward, we will prioritise engaging with stakeholders promptly and transparently through collaborative and open dialogue. By fostering strong relationships and addressing their diverse interests and concerns, we can gain valuable insights that shape our decision-making processes and provide clarity for the Group's sustainability objectives.

Stakeholder Group	Expectations and Concerns	Mode of Engagement
SHAREHOLDERS	<ul style="list-style-type: none"> • Business Performance • Business Strategy and Plans • Sustainable Growth and Investment Returns • Corporate Governance 	<ul style="list-style-type: none"> • Annual General Meeting • Annual Report • Quarterly Announcements • Company Website • Analyst Briefing/Roadshows
CUSTOMERS	<ul style="list-style-type: none"> • Product Variety • Product Pricing and Quality • Technological Innovation and Advancement • Customer Experience 	<ul style="list-style-type: none"> • Direct Engagements • On-Site/Virtual Meetings • Customer Satisfaction Surveys • Exhibitions/Advertisements • Company Website/Social Media Platforms
SUPPLIERS	<ul style="list-style-type: none"> • Relationship Management • Favourable Terms of Payment/Contract • Fair and Transparent Procurement Process 	<ul style="list-style-type: none"> • Direct Engagements • On-Site/Virtual Meetings
GOVERNMENT/ REGULATORY AUTHORITIES	<ul style="list-style-type: none"> • Compliance with Legal and Regulatory Authorities • Licenses and Permits • Sustainability Practices and Reporting 	<ul style="list-style-type: none"> • On-Site Inspections • Participation in Seminars, Dialogues, and Forums Organised • Meetings/Discussions
EMPLOYEES	<ul style="list-style-type: none"> • Career Development and Opportunities • Fair Employment Practices • Workplace Conduciveness • Safe and Secure Working Environment • Competitive Compensation and Benefits 	<ul style="list-style-type: none"> • Learning and Development Programme • Performance Appraisal • Company Activities • Internal Communications
MEDIA/ANALYST	<ul style="list-style-type: none"> • Business Performance • Business Developments and Strategic Plans • Ethical Business Practices 	<ul style="list-style-type: none"> • Media Interview/Press Releases • Analyst Briefings • Corporate Events
LOCAL COMMUNITIES	<ul style="list-style-type: none"> • Corporate Social Responsibilities ("CSR") • Employment and Business Opportunities 	<ul style="list-style-type: none"> • CSR Activities • Sponsorship and Welfare Programmes

SUSTAINABILITY STATEMENT

MATERIALITY MATTERS

The Group’s sustainability strategy is structured around a materiality matrix, which considers the economic, environmental, and social aspects of sustainability, reflecting the material concerns of each stakeholder group. The initial internal assessment by Management is shown in the matrix below.

ECONOMIC

1. Corporate Governance and Ethics
2. Business Performance and Developments
3. Technology Advancement and Digital Transformation
4. Supply Chain Management
5. Data Privacy and Security

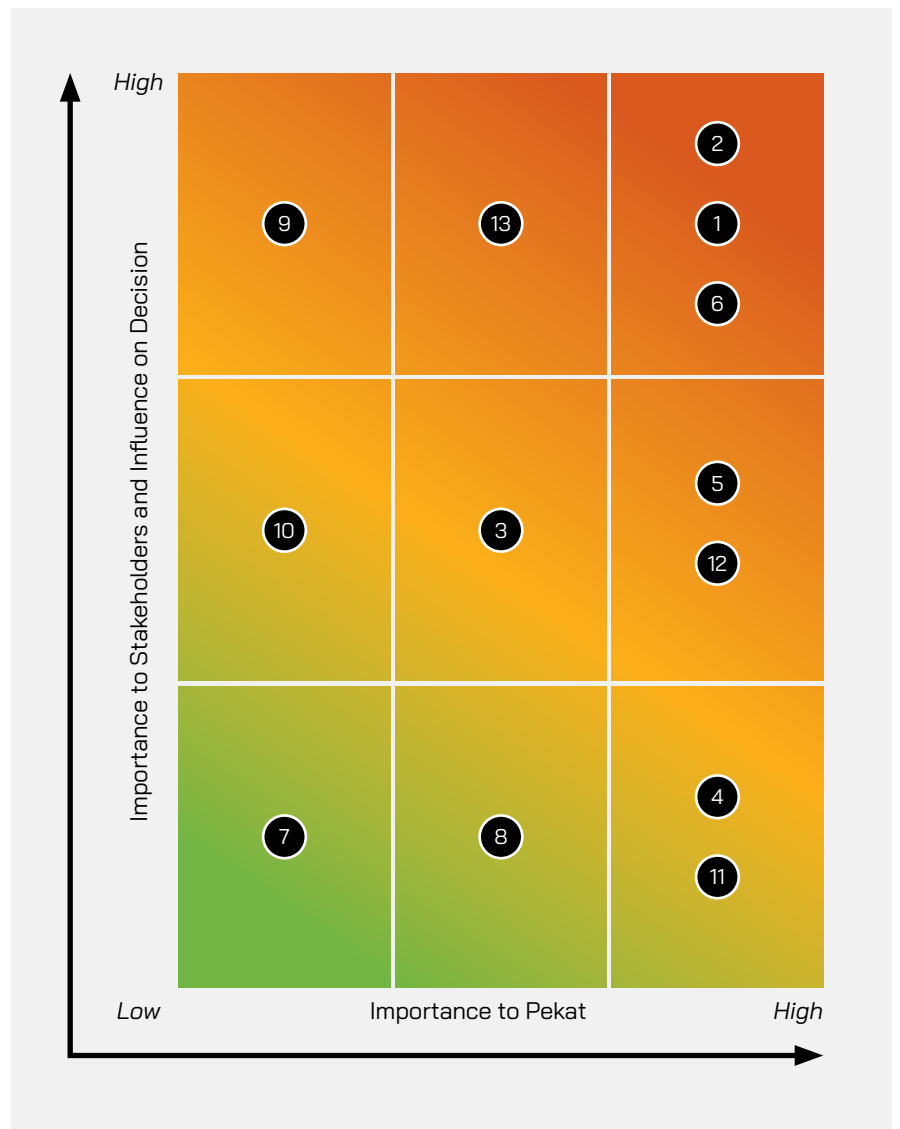
ENVIRONMENTAL

6. Business Impact on the Environment
7. Waste Management
8. Energy and Water Consumption

SOCIAL

9. Community Engagement
10. Diversity and Equal Opportunity
11. Employee Training and Talent Retention
12. Occupational Health and Safety
13. Labour Practices and Standards

MATERIALITY MATRIX



SUSTAINABILITY STATEMENT

Referencing broader global SDGs objectives, the materiality matrix aligns each issue with its impact on specific stakeholder groups.

Stakeholder Group	Shareholders	Customers	Suppliers	Government/ Regulatory Authorities	Employees	Media/ Analyst	Local Communities	UN-SDGs
Sustainability Matter								
ECONOMIC								
Corporate Governance and Ethics	•	•	•	•	•			
Business Performance and Developments	•	•	•		•	•		 
Technology Advancement and Digital Transformation	•	•				•		
Supply Chain Management			•					
Data Privacy and Security		•	•		•			
ENVIRONMENTAL								
Business Impact on the Environment	•	•	•	•	•	•	•	  
Waste Management				•			•	
Energy and Water Consumption				•				
SOCIAL								
Community Engagement	•	•	•			•	•	
Diversity and Equal Opportunity				•	•		•	 
Employee Training and Talent Retention					•			
Occupational Health and Safety	•			•	•	•		
Labour Practices and Standards	•	•		•	•	•		

SUSTAINABILITY STATEMENT



CORPORATE GOVERNANCE AND ETHICS

The Group upholds a robust corporate governance framework and promotes ethical behaviour throughout its business operations. We assert that effective corporate governance serves as a prerequisite for business sustainability. Given this commitment, we have instituted a comprehensive Code of Conduct and Ethics (the “Code”) along with an Anti-Bribery and Corruption (“ABC”) Policy. These policies act as guiding principles for our team members, fostering a sound and ethical decision-making culture.

To preserve transparency, we have established robust reporting structures, including a dedicated corporate inquiry email, investor relations email, and corporate telephone line, prominently featured on our website and in this Annual Report. These channels provide stakeholders with avenues to express concerns professionally and in a timely manner, recognising that open communication is fundamental to building trust and strong relationships.

To complement these efforts, a Whistleblowing Policy offers clear guidelines. A dedicated platform accessible through a whistleblowing email address (whistleblower@pekatgroup.com) enables stakeholders to report misconduct that contravenes the Code, the ABC Policy, or applicable laws and regulations. We actively encourage stakeholders to use this platform and assure them that all reports are treated with utmost seriousness.

In FY2023, neither the Group nor its employees faced disciplinary actions or legal proceedings related to bribery or corruption, resulting in zero fines, penalties, or settlements. To fortify this commitment, the Group plans to conduct annual ABC training for all employees.

Pekat’s ABC Policy and Whistleblowing Policy are easily accessible on our corporate website (<https://www.pekat.com.my/>), underscoring our steadfast commitment to transparency and accountability. We remain dedicated to ongoing review and updates of policies and procedures to uphold the highest standards of corporate governance and ethical conduct.

BUSINESS PERFORMANCE AND DEVELOPMENT

The guidance of our Board and the collaborative efforts of all employees have significantly propelled the Group’s economic expansion in recent financial years. The Group’s revenue has demonstrated a steady ascent, from RM119.5 million in 2019 to RM227.5 million in 2023, representing a compound annual growth rate (“CAGR”) of 17.5%.

Profit after Tax rose from RM10.0 million in 2022 to RM13.8 million in 2023, reflecting an annual growth rate of 37.2%. For a comprehensive overview of the Group’s financial performance, please refer to the Management Discussion and Analysis and Financial Statements section in this Annual Report.

SUSTAINABILITY STATEMENT

The Group's commitment to sustained growth is underscored by its accomplishments in FY2023. The following achievements serve as evidence of our dedication to strategic objectives, ensuring ongoing progress even in challenging times:-

Authorised Solar Power Producer under the Corporate Green Power Programme

Pekat achieved a significant milestone in clean energy by acquiring a 29.99 MWac capacity under Malaysia's CGPP. This strategic move marks Pekat's entry into full-fledged solar development and making a substantial contribution to national renewable energy objectives.

Managed by Pekat Solar Tronoh Sdn Bhd, a subsidiary, the project will undergo the entire lifecycle process, from design, construction, operation to maintenance. Ownership of this asset ensures a sustainable, long-term revenue stream for Pekat through established agreements with corporate customers, reinforcing financial stability and aligning with environmental objectives.

This venture benefits the Group and actively contributes to Malaysia's renewable energy targets by augmenting clean energy capacity within the national grid. It signifies an advancement in Pekat's journey towards a sustainable future and positions the Group as a leader in clean energy initiatives.

Recurring Revenue Stream and Foreign Market Exploration

Pekat's focus on Power Purchase Agreements ("PPAs") for solar-generated electricity resulted in a recurring revenue stream. MFP Solar Sdn Bhd, an associated company of the Group, successfully brought five projects into operations during FY2023, emphasising noteworthy collaborations, such as the PPA with Indah Water Konsortium Sdn Bhd.

The Group's international markets yielded positive results in FY2023. MFP Solar International Limited, another associated company of the Group, launched a solar asset in Cambodia to supply solar-generated electricity to a Cambodian company, underscoring Pekat's dedication to expanding its footprint in the global market.

TECHNOLOGY INNOVATION AND DIGITAL TRANSFORMATION

Robotic Solutions for Solar PV Systems Maintenance

In FY2023, the Group introduced robotic rooftop solar PV system maintenance solutions to enhance efficiency, safety, and overall value. These innovative and agile robotic assistants precisely navigate rooftops, utilising integrated sensors to identify potential anomalies. Equipped with advanced robotic arms, they remove stubborn debris and ensure thorough and consistent cleaning in hard-to-reach areas. This automated process maximises energy production and enhances the efficiency of solar panels in converting sunlight into electricity.

The adoption of robotic maintenance prioritises safety by eliminating the need for human technicians to navigate rooftop risks. This commitment to employee well-being fosters a secure and productive work environment and aligns with the Group's core values.

Data collected by the robots provides valuable insights into the performance of the solar systems. The detection of potential causes of issues such as cracks, misalignments, or shading enables proactive maintenance and prevents costly downtime. This data-driven approach optimises resource allocation and extends the lifespan of solar assets to maximise long-term financial value for customers.

SUSTAINABILITY STATEMENT

Automatic Meter Reading and Remote Monitoring System

Implementing Automatic Meter Reading (“AMR”) enables real-time data for granular system monitoring. It presents a significant opportunity for the Group to elevate the value of its solar systems for customers. AMR facilitates optimised maintenance and informed decision-making to enhance operational efficiency, driving data-driven business strategies. Customers, in turn, gain increased transparency and control over their energy consumption, which translates to informed choices and cost savings. AMR empowers the Group to offer proactive customer support and personalised energy advice to nurture stronger customer relationships.

Given Malaysia’s vulnerability to frequent and hazardous lightning strikes, implementing ELP systems is an absolute necessity for safeguarding lives and property. Beyond installation, the effectiveness of ELP systems hinges on thorough and continuous maintenance. Pekat’s innovative ELP Monitoring System addresses this critical need by providing real-time, comprehensive surveillance of direct and indirect lightning strikes and essential earth resistance levels.

Continuous monitoring ensures the safety of building occupants and essential services. Strategically placed devices collect data on the magnitude and frequency of strikes, securely transmitting the information to the Cloud for expert analysis and storage. Users can conveniently view this data and receive immediate alerts for system anomalies, enabling timely intervention and preventing or minimising downtime incidences.

Digital Employee Self-Service Platform

The Digital Employee Self-Service Platform marks a proactive shift in the Group’s employee engagement strategy to foster operational efficiency. The cloud-based solution gives employees autonomy and convenience and replaces paper-based procedures with a seamless, mobile-first experience.

Pekat’s employees can remotely access pay slips, submit expense claims, apply for leave, and manage attendance with the touch of a button. This digital platform transcends geographical boundaries, ensuring access to essential human resource (“HR”) functions through a user-friendly mobile app. The platform elevates employee satisfaction and productivity and yields tangible environmental benefits by eliminating paper waste and streamlining workflows.

With the adoption of the Platform, the Group’s Human Capital department is set for a transformation, where real-time data on attendance, expense claims, and internal communications become readily available for analysis and reporting. This agility empowers HR to make data-driven decisions, optimise processes, and gain valuable insights into employee needs. This strategic move exemplifies Pekat’s commitment to embracing technology to enhance operational efficiency, employee engagement, and environmental responsibility.

SUSTAINABILITY STATEMENT

SUPPLY CHAIN MANAGEMENT

The Group is currently improving its procurement procedures to ensure the selection of suppliers that uphold high sustainability standards in ethics, human rights, and environmental practices. Additional procurement processes will be considered going forward to evaluate factors such as background, quality, track record, performance, pricing, and terms, to ensure responsible practices throughout the supply chain.

We actively contribute to the domestic economy even as we source specific materials internationally. In FY2023, 48.2% of our external material purchases were locally sourced, underscoring our dedication to sustainability and ongoing support for the local economy. This strategic approach aligns with Pekat's commitment to responsible business practices to foster sustainability on global and regional fronts.

Proportion of Purchases (%)	2023	2022	2021
Local Suppliers	48.2	54.7	36.6
Foreign Suppliers	51.8	45.3	63.4
Total	100.0	100.0	100.0



DATA PRIVACY AND SECURITY

Our commitment to data privacy has resulted in zero data breaches or external complaints in FY2023.

The Group recognises cyber threats that may escalate with increased workplace technology, and we emphasise data protection for customers, suppliers, business partners, and employees. Pekat's cybersecurity measures are designed to facilitate lawful information sharing and data handling. The Group adheres strictly to the Personal Data Protection Act and is currently enhancing its data protection and information security strategies to further safeguard information and personal data.

The Group's key internal controls on data protection include:

Technology Protection

Implementing encryption, firewalls, antivirus software, automated patching, and regular security assessments.

Physical and Organisational Safeguards

Deploying appropriate measures to secure personal data through physical and organisational means.

Employee Compliance

Ensuring mandatory adherence to Pekat's Code of Business Conduct and Ethics to emphasise responsible data handling.

Training and Awareness

Conduct regular training sessions to raise awareness of employee data security and proper information handling practices.

Confidentiality Agreements

Establishing non-disclosure agreements with stakeholders to reinforce data security and confidentiality.

Multi-Layered Security

Employing a multifaceted approach that include antivirus programmes, firewalls, data backups, and multiple internet service providers.

SUSTAINABILITY STATEMENT



ENVIRONMENTAL
SUSTAINABILITY

BUSINESS IMPACT ON THE ENVIRONMENT

As a public listed company, Pekat proactively embraces its responsibility for environmental stewardship, particularly in addressing the critical issue of global warming. By collaborating with financial institutions, we offer customers attractive financing packages for solar PV systems to promote the adoption of renewable energy adoption and sustainable practices.

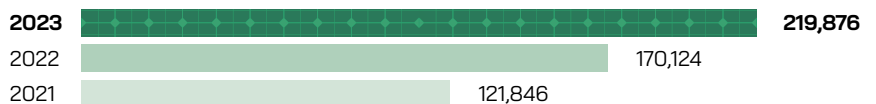
By the end of FY2023, we successfully installed solar PV systems with a cumulative capacity of 150.6MWp for our customers, resulting in an impressive estimated reduction of 155,822 tonnes of carbon dioxide (CO₂) emissions. This significant achievement underscores our unwavering commitment to sustainability and our continual pursuit of a positive environmental impact.

Our efforts to promote renewable energy represent the Group’s commitment to our vision, ‘Engineered for a Brighter & Sustainable Future’. Pekat remains dedicated to exploring and implementing innovative solutions to address the challenges of climate change and ensure a sustainable future for generations to come.

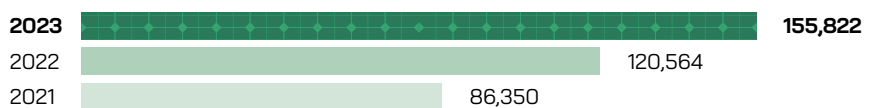
Cumulative Capacity of Completed Solar PV Systems For Our Customers (MWp)



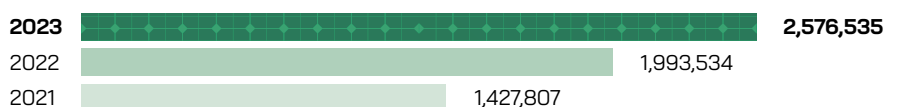
Estimated Annual Electricity Generated By The Systems Installed For Our Customers (MWh)¹



Avoidance in Co₂ Emission Through The Systems Installed For Our Customers (Tonne)²



Equivalent Number of Tree Seedlings Grown for 10 Years²



¹ - Based on estimated annual power generation of 1,460MWh per 1MWp solar PV systems

² - Conversion with reference to the U.S. Environmental Protection Agency

SUSTAINABILITY STATEMENT



ENERGY AND WATER CONSUMPTION

The Group prioritises sustainability within our offices, evident in the deliberate design and implementation of energy-saving measures. Motion sensor lights are strategically placed throughout Pekat’s premises and activated based on occupancy to reduce unnecessary electricity consumption. The transition to energy-efficient LED lighting enhances overall energy savings while ensuring optimal illumination.

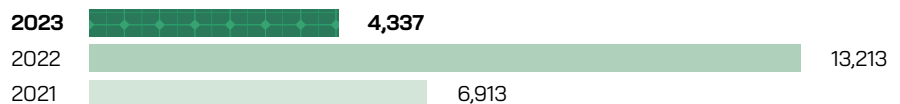
Responsible water usage is a fundamental principle within our sustainability framework. We actively encourage employees to adopt water-saving practices in their daily routines. Looking ahead, we are exploring the feasibility of implementing a rainwater harvesting system at our premises to reduce reliance on traditional water sources further.

Pekat’s dedication to sustainable practices extends beyond individual actions. We foster a culture of responsible resource management and operations designed to minimise environmental footprint and contribute to a healthier planet for all.

Electricity Consumption (kWh)



Water Consumption (m³)



Total Number of Employees at The End of Financial Year



Electricity Consumption Per Employee (kWh)



Water Consumption Per Employee (m³)



SUSTAINABILITY STATEMENT

WASTE MANAGEMENT

Pekat is steadfastly committed to minimising its environmental footprint through effective waste management practices. In acknowledging the substantial impact of daily activities on communities and the environment, we proactively work to reduce waste generation and responsibly manage unavoidable waste.

Our waste reduction strategy revolves around the principles of the 3Rs (reduce, reuse, recycle) and is implemented through a comprehensive waste management plan within our offices. Staff actively engage in these practices, opting for reusable containers and recyclable bags to minimise disposable packaging.

A system ensures proper waste sorting and segregation of recyclable and non-recyclable materials in designated areas before transporting them to dedicated treatment facilities. This approach minimises contributions to landfills, significantly reducing unfavourable environmental impact.

Looking forward, Pekat is committed to implementing a quantitative measurement of recycled materials within our organisation to enhance transparency, accountability and environmental stewardship.



▲ *Recycle bins placed in pantries and common areas of Pekat.*

SUSTAINABILITY STATEMENT

SOCIAL SUSTAINABILITY



COMMUNITY ENGAGEMENT

Corporate Social Responsibility Activities

In FY2023, the Group continued to actively uphold its commitment to corporate social responsibility, contributing positively to the communities it serves through a diverse range of initiatives which amounted to RM75,000:

- Organised a Ramadan Buffet Dinner, which cost RM25,000 for Asrama Damai Anak-Anak Yatim Kuang, Selangor, to share Ramadan joy with the children at the orphanage.
- Contributed RM4,000 and participated in the UOB Heartbeat 2023 - Heartbeat Run/Walk Fundraiser for organisations such as HOPE Worldwide Malaysia, SOLS 24/7, World Vision Malaysia, Special Olympics, and Food Aid Foundation to support communities with special needs.
- Sponsored RM15,000 for the BERGAMOT KL Masters Malaysia Super 100 2023 badminton tournament to promote the sport within the community.
- Sponsored RM25,000 for Dama Asia's "In Perfect Harmony Too" Production, a musical tribute to popular Malaysian songs, in support of the local theatre community.
- Donated RM5,000 to Rumah Amal Cheshire, for the purchase of essential items such as cooking oil, rice, and cleaning products, along with installing energy-efficient LED lighting in the cafeteria.
- Contributed RM1,000 to the Kota Damansara Community Forest (KDCF) for trail maintenance and installing a 2.2kWp solar PV system to promote clean energy usage.



▲ Visit to Rumah Amal Cheshire

SUSTAINABILITY STATEMENT



▲ Dama Asia's "In Perfect Harmony Too" Production



▲ 2.2kWp solar PV system at Kota Damansara Community Forest

Internship Programme

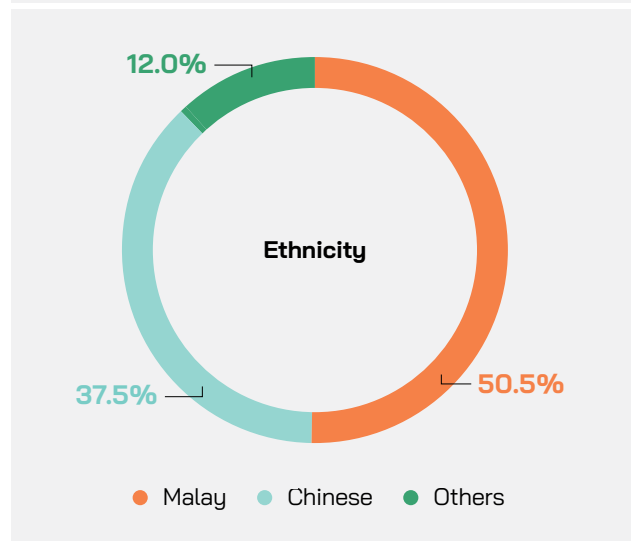
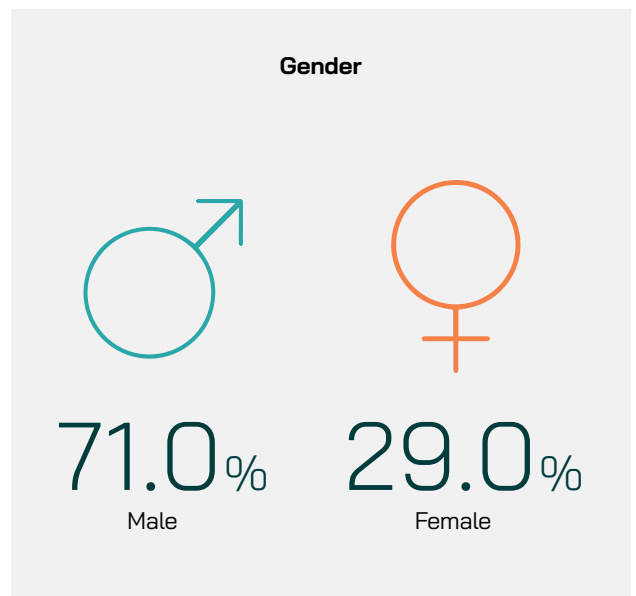
The Group is committed to cultivating the professional growth and development of the younger generation. To realise this commitment, we offer university students internship placements through an internship programme. We aim to nurture and mentor talented individuals to provide the skills necessary for successful careers within the ELP and solar PV industries.

In FY2023, we extended internship opportunities to two individuals for placement within the Group's Finance department. We are confident that this hands-on experience has offered them valuable insights into the operational realities of the industry, equipping them with essential skills for their future professional success.

DIVERSITY AND EQUAL OPPORTUNITY

The Group acknowledges the pivotal role of its human capital assets in its accomplishments and is dedicated to advancing workforce diversity and equity in the workplace. Our principal objective is to create a work environment that cultivates mutual respect and teamwork among our staff. At the end of FY2023, the Group employed 245 individuals from various backgrounds.

A summary of the demographic profile of our staff for FY2023 is provided as follows:



SUSTAINABILITY STATEMENT

Gender	Non-Executive	Executive	Management	Total
Male	40	100	34	174
Female	1	56	14	71
	41	156	48	245

Age Group	Non-Executive	Executive	Management	Total
21-30	25	82	4	111
31-40	12	61	29	102
41-50	4	8	12	24
51 and Above	-	5	3	8
	41	156	48	245



EMPLOYEE TRAINING AND TALENT RETENTION

Pekat acknowledges employee contributions as fundamental to the Group's development and success. Professional growth is essential to uphold workforce competence and promote excellence. Through yearly employee evaluations, Pekat identifies individual training needs and partners with various organisations and training providers to customise programmes.

A summary of employee training programmes for FY2023 is provided as follows:

Training Expenses	2023	2022	2021
Training Expenses (RM)	48,093	103,600	27,968
Number of Employees	245	210	180
Training Expenses per Employee (RM)	196	493	155

SUSTAINABILITY STATEMENT

List Of Training / Seminars Provided by The Group in FY2023	Programme Training Hours	Category of Employee Attended
Basic Occupational First Aid, CPR & AED Training	16	Non-Executive
Business Platform Conference - Digital Innovation	8	Management
Earthing & Lightning Protection for Malaysia	8	Executive, Management
Earthing & Lightning Protection Monitoring System Seminar	4	Executive, Management
Expressway Operation Safety Passport Course	8	Non-Executive
Fire Drill Training	3	Non-Executive, Executive, Management
Infotech Software Implementation & Online Training	13	Executive, Management
Latihan Pengungsian Bangunan Dan Demonstrasi	1	Non-Executive, Executive, Management
Malaysia Australia Business Council	8	Management
Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	16	Management
Menyediakan Dokumen Perolehan Dan Memenangi Tender Projek Pembinaan (23-PM003)	16	Executive
MIA Webinar - MFRS Masterclass with Case Study Illustrations	14	Management
MIA Webinar - Tax Deductible Expenses - Principles and Latest Developments	6	Executive, Management
Microsoft Excel Intermediate & Advanced Training	16	Executive, Management
National OSH Conference and Exhibition 2023	16	Management
NIOSH Tenaga Safety Passport	8	Non-Executive, Executive, Management
Webinar On Building Defects & QCLASSIC	4	Management
Winning Team Secrets Live 2023	4	Management

Pekat remains steadfast in its commitment to nurturing and empowering talent for future leadership. Succession planning is crucial to the company's sustainability strategy, underscored by annual performance appraisals and ongoing market research. The Group offers highly competitive compensation and benefits packages to attract and retain top talent, ensuring workforce retention and future success.

SUSTAINABILITY STATEMENT

**OCCUPATIONAL HEALTH AND SAFETY**

The Group's ongoing success is deeply rooted in the well-being of its employees. In recognising this, we prioritise creating a safe and healthy work environment for all team members. A dedicated Health and Safety Committee oversees Occupational Health and Safety ("OHS") by ensuring adherence to the Group's Occupational Health and Safety Policy. This policy, subject to regular updates, comprehensively addresses potential workplace risks and hazards.

The Group achieved zero work-related injuries in FY2023 and organised an internal Safety & Health Week to promote employee awareness. We are committed to sustaining this excellence through continuous monitoring of OHS performance via monthly committee meeting as well as ongoing trainings on OHS to ensure the well-being of all employees.

A summary of the FY2023 OSH performance is presented as follows:

Type of Work-Related Injuries	2023	2022	2021
Number of Fatalities	-	-	-
Number of High Consequences Work-Related Injuries	-	-	-
Number of Recordable Work-Related Injuries	-	1	-
Lost Time Incident Rate	-	-	-
Number of Employees Trained on Health and Safety Standards	160*	-	-

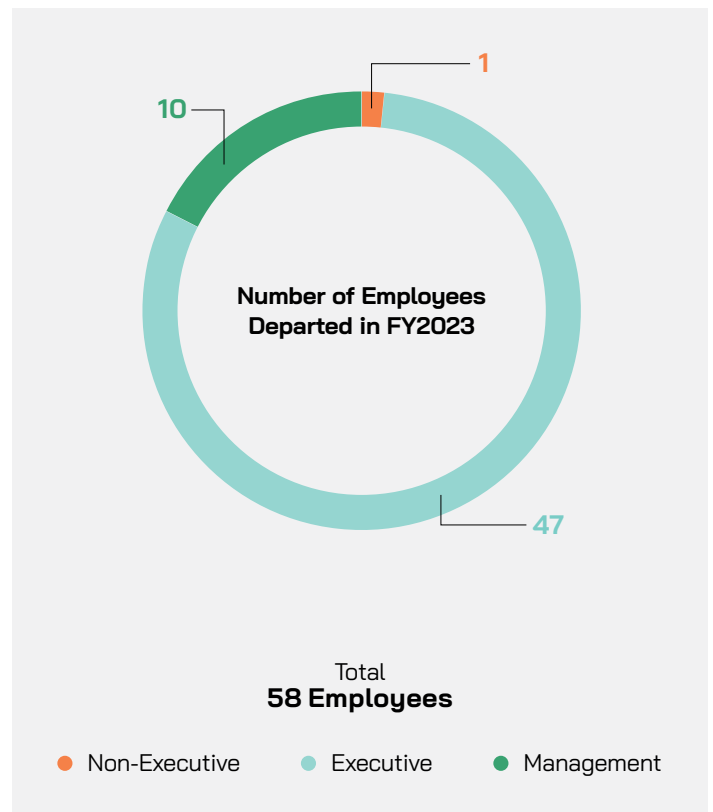
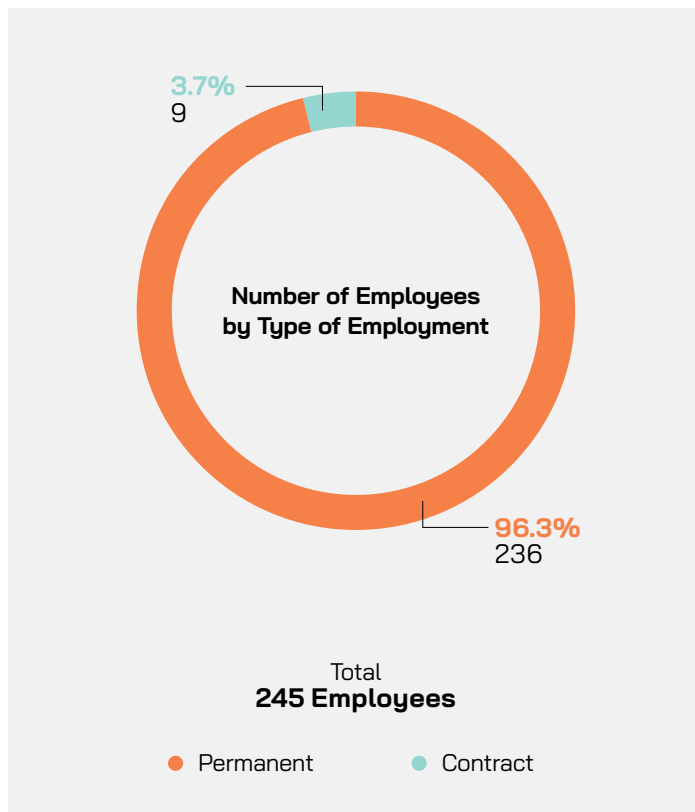
* The Group commenced measuring the number of employees trained on health and safety standards in FY2023.

SUSTAINABILITY STATEMENT

LABOUR PRACTICES AND STANDARDS

Pekat prioritises equitable and ethical employment practices to ensure the protection of employee human and labour rights.

A summary of the FY2023 labour structure and performance is presented as follows:



The Group’s Human Capital department oversees compliance with applicable laws and regulations to ensure adherence to the minimum wage and maximum working hours. Pekat condemns child and forced labour, and we strictly comply with employment regulations and local laws in the locations where we operate. In FY2023, we received no reports of human rights violations.

Regarding foreign workers, Pekat hires individuals with valid work permits and opposes any illegal withholding of their wages, passports, or personal documents. We neither demand monetary deposits nor charge recruitment fees, and we comply with minimum wage requirements. We refrain from implementing disciplinary wage deductions and provide comprehensive employment contracts with benefits equivalent to those offered to local employees. Our unwavering commitment to ethical labour practices is a testament to our core values and fosters an equitable working environment for all.

EMPLOYEE ACTIVITIES AND WELLNESS

The Group recognises that employee well-being and a harmonious work-life balance are essential for sustaining a satisfied and productive workforce. In FY2023, we initiated various activities to foster employee health and overall well-being.

SUSTAINABILITY STATEMENT

Beat the Heat with Cendol

To appreciate our employees and encourage camaraderie, we distributed refreshing servings of Cendol in front of Pekat's building. Besides being a thirst quencher, the event gave employees an opportunity to bond in a relaxed and casual setting.

**Merdeka Cara Kita**

In FY2023, we organised "Merdeka Cara Kita" to mark our celebration of Malaysia's National Day. From indulging in local delicacies like 'kuih-muih' to arranging special activities and games for our employees, our commitment lies in nurturing a spirit of patriotism and unity within our workforce.

Safety & Health Week

To promote a safer and healthier lifestyle while raising awareness of workplace safety, the Group's subsidiary, Pekat RE Maintenance Sdn Bhd organised "Safety and Health Week 2023" with various activities and talks for employees, which included health screenings, first aid awareness sessions, and safety talks.

SUSTAINABILITY STATEMENT

The following table outlines the GRI Standards which the Group applied in FY2023 in its sustainability reporting:

GRI CONTENT INDEX		
GRI DISCLOSURE	DESCRIPTION	PAGE NUMBER/SECTION
GRI 2: General Disclosures 2021		
2-1	Organisational details	4-7
2-2	Entities included in the organisation's sustainability reporting	20
2-3	Reporting period, frequency and contact point	7, 20
2-7	Employees	34-36
2-9	Governance structure and composition	22
2-10	Nomination and selection of the highest governance body	Corporate Governance Overview Statement
2-11	Chair of the highest governance body	Corporate Governance Overview Statement
2-12	Role of the highest governance body in overseeing the management of impacts	22
2-13	Delegation of responsibility for managing impacts	22
2-14	Role of the highest governance body in sustainability reporting	22
2-16	Communication of critical concerns	26
2-17	Collective knowledge of the highest governance body	Corporate Governance Overview Statement
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Overview Statement
2-19	Remuneration policies	Corporate Governance Overview Statement
2-20	Process to determine remuneration	Corporate Governance Overview Statement
2-22	Statement on Sustainable Development Strategy	20-39
2-26	Mechanisms for seeking advice and raising concerns	26
2-27	Compliance with laws and regulations	1, Throughout this Annual Report
2-29	Approach to Stakeholder Engagement	23
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	24-25
3-2	List of material topics	24-25
3-3	Management of material topics	24-25
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	2, 13, Financial Statements
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	29
GRI 205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	26
205-3	Confirmed incidents of corruption and actions taken	26

SUSTAINABILITY STATEMENT

GRI CONTENT INDEX

GRI DISCLOSURE	DESCRIPTION	PAGE NUMBER/SECTION
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	31
302-4	Reduction of energy consumption	3, 31
GRI 303: Water and Effluents 2018		
303-5	Water consumption	31
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	32
306-2	Management of significant waste-related impacts	32
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	38
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	37
403-5	Worker training on occupational health and safety	37
403-6	Promotion of worker health	37, 39
403-9	Work-related injuries	37
403-10	Work-related ill health	37
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	35-36
404-2	Programs for upgrading employee skills and transition assistance	36
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	34-35, Corporate Governance Overview Statement
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	38
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	33-34
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	29

BOARD OF DIRECTORS' PROFILE

KOK KONG CHIN

Independent Non-Executive Chairman



Age / Gender / Nationality:

58 / Male / Malaysian

Date Appointed To Board:

17 September 2020

No. of Board Meetings Attended in the Financial Year:

9/9

Mr Kok Kong Chin ("Mr Kok") graduated from the National University of Malaysia with a Bachelor of Business Administration (Honours) degree and holds a Master of Business Administration from Schulich School of Business, York University, Canada. He has also completed the Advanced Leadership Programme by Judge Business School, University of Cambridge.

Mr Kok has over 30 years of experience in the areas of corporate & investment banking, private equity, strategy and general management. He has held several senior positions at CIMB Investment Bank Berhad and CIMB Group Berhad during his tenure in banking. Mr Kok was also an Independent Non-Executive Director of Ping Petroleum Ltd and Group Managing Director of Tropicana Corporation Berhad. Currently, he is an Executive Director of ENRA Group Berhad.

BOARD OF DIRECTORS' PROFILE

CHIN SOO MAU*Managing Director***Age / Gender / Nationality:****50 / Male / Malaysian****Date Appointed To Board:****17 September 2020****No. of Board Meetings Attended in the Financial Year:****9/9**

On 1 January 2023, Mr Chin Soo Mau ("Mr Chin") relinquished his role and position as the Managing Director ("MD") and Chief Executive Officer ("CEO"); and was redesignated from MD to Executive Director of the Company on even date to focus on developing more business for Solaroo Systems Sdn Bhd and Pnexsoft Sdn Bhd as part of the corporate restructuring plans. Mr Chin was then reassumed his role as a MD on 22 August 2023 to provide stewardship to the Group's long-term strategic planning and direction, after successfully implemented part of the Company's corporate restructuring plans.

In 1995, he obtained a Higher National Diploma in Engineering (Electrical/Electronic) from the Nottingham Trent University, United Kingdom.

Mr Chin founded Pekat Teknologi Sdn Bhd in August 1999 and was appointed as the MD of Pekat Teknologi Sdn Bhd, a position he continues to hold in the Group till today. He led the Malaysian Photovoltaic Industry Association ("MPIA") as Vice-President from 2013 to 2016 and as President from 2017 to 2020. Having in-depth knowledge and experience in solar photovoltaic ("PV") systems, he had made many contributions towards the forming of our nation's solar PV policies as well as to the development of the industry. He currently retains an advisory role to MPIA.

BOARD OF DIRECTORS' PROFILE

TAI YEE CHEE

*Executive Director
Chief Executive Officer*

Age / Gender / Nationality:

51 / Male / Malaysian

Date Appointed To Board:

17 September 2020

No. of Board Meetings Attended in the Financial Year:

9/9

Mr Tai Yee Chee ("Mr Tai") is responsible to administer and manage the businesses and the day-to-day operations of the Company and Pekat group of companies. Mr Tai previously held a position as Chief Operating Officer and was redesignated as CEO of the Company on 1 January 2023.

He graduated with a Bachelor of Engineering (Honours) in Electrical and Electronic at University of Hertfordshire, United Kingdom in July 1996.

Upon graduation, Mr Tai joined Tokai Engineering (M) Sdn Bhd as a Sales and Project Engineer in July 1996 where he was involved in the marketing and sales of ELP systems and supervising the implementation of the ELP projects. He was promoted to Assistant Sales and Project Manager in August 1997. In April 2000, he left Tokai Engineering (M) Sdn Bhd and joined Pekat Teknologi Sdn Bhd in May 2000 as the Technical Manager where he was involved in sales of surge protection devices.

In June 2006, Mr Tai was appointed as the Executive Director of Pekat Teknologi Sdn Bhd, a position he continues to hold. He was also appointed as Director in a number of companies within our Group.

BOARD OF DIRECTORS' PROFILE

ONG KENG SIEW

*Independent Non-Executive Director
Chairman, Audit and Risk Management Committee
Member, Nominating Committee
Member, Remuneration Committee*



Age / Gender / Nationality:

67 / Male / Malaysian

Date Appointed To Board:

7 May 2019

No. of Board Meetings Attended in the Financial Year:

8/9

Mr. Ong Keng Siew ("Mr. Ong") is a Fellow member of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Malaysian Institute of Accountants (MIA). He has also completed the Wharton Advance Management Program conducted by Wharton Business School, University of Pennsylvania.

Mr. Ong had an impressive career spanning over 30 years at Paramount Corporation Berhad ("Paramount"), a company listed on the Main Market of Bursa Malaysia Securities Berhad. Mr. Ong joined Paramount as an Accountant in 1981 and he rose through the ranks of Finance and Administration Manager and General Manager.

He was appointed to the Board of Paramount on 14 November 1994. He assumed the posts of Deputy Group Managing Director & Deputy Group CEO in 1997 and was appointed as Managing Director & CEO of Paramount on 1 December 2008. Mr. Ong retired as the Managing Director & CEO of Paramount on 18 June 2012.

Mr. Ong is also a senior Independent Non-Executive Director of Paramount and an Independent Non-Executive Director of United Malacca Berhad. He is also an Independent Non-Executive Director of PRL Group Limited, a company listed on the Australian Securities Exchange. Recently, he was appointed as a Director of Perbadanan Aset Keretapi (Railway Assets Corporation), a federal statutory body under the Ministry of Transport, established under the Railway Act 1991 (Act 463).

BOARD OF DIRECTORS' PROFILE

YEONG SIEW LEE

*Independent Non-Executive Director
Chairperson, Remuneration Committee
Member, Audit and Risk Management Committee
Member, Nominating Committee*



Age / Gender / Nationality:

46 / Female / Malaysian

Date Appointed To Board:

17 September 2020

No. of Board Meetings Attended in the Financial Year:

9/9

Ms. Yeong Siew Lee ("Ms. Yeong") graduated from University of Wales College (United Kingdom) with a degree of Bachelor of Science (Honours) (Accounting and Finance) in 1999 and completed her Association of Chartered Certified Accountants (United Kingdom) in 2001.

She is a Chartered Accountant and also a member of the Malaysian Institute of Accountants (MIA). She began her career with GHL Systems Berhad ("GHL"), a company listed on the Main Market of Bursa Malaysia Securities Berhad as an Assistant Accountant in 2003 and moved up the ranks and became Head/Assistant General Manager of Finance in 2008 to supervise the company's local and overseas accounting teams. She left GHL in August 2009 to venture into business in the consumer and architectural industry and was working as a finance adviser for SMR HR Group Sdn Bhd.

Ms. Yeong is also an Independent Non-Executive Director of TFP Solutions Berhad, AppAsia Berhad and Sinmah Capital Berhad.

BOARD OF DIRECTORS' PROFILE

DATIN SHELINA BINTI RAZALY WAHI

*Independent Non-Executive Director
Chairperson, Nominating Committee
Member, Audit and Risk Management Committee
Member, Remuneration Committee*



Age / Gender / Nationality:

50 / Female / Malaysian

Date Appointed To Board:

17 September 2020

No. of Board Meetings Attended in the Financial Year:

9/9

Datin Shelina Binti Razaly Wah (“Datin Shelina”) graduated from the University of Bristol with a Bachelor of Laws (Honours). She completed her Bar Vocational course at Lincoln’s Inn, London in 1996 and was called to the Malaysian Bar in 1998.

Datin Shelina began her legal career as a litigation lawyer, then moved in-house as corporate counsel with a large multinational oil & gas company, followed by stints at a leading media, content & consumer service provider, a start-up airline and food & beverages start up, before returning to corporate legal practice.

In addition to legal practice, Datin Shelina is currently the founding Secretary of the Malaysia Aerospace Industry Association and assists member companies in their dealings with Government agencies, banks and other industry stakeholders.

Datin Shelina is also an Independent Non-Executive Director of Marine & General Berhad and Alcom Group Berhad, which are both listed entities in Bursa Malaysia Securities Berhad. She is a Non-Independent Non-Executive Director of Lam Soon (M) Berhad, a non-listed public company.

OTHER INFORMATION IN RESPECT OF THE DIRECTORS:

- 1. Family Relationship with any Director and/or Major Shareholder of the Company:** None of the Directors have any family relationship with any Director and/or major shareholder of the Company.
- 2. Disclosure of Conflict of Interest with the Company:** None of the Directors have business or other relationship which could materially pose a conflict of interest or interfere with the exercise of their judgement when acting in the capacity of a Directors of Pekat which would be disadvantageous to the Group.
- 3. Conviction for offences within the past 5 years (other than traffic offences, if any) or have any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2023:** None of the Directors have any conviction for offences within the past 5 years (other than traffic offences, if any) or have any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2023.

KEY SENIOR MANAGEMENT'S PROFILE



OH KENG JIN
Chief Financial Officer

Age / Gender / Nationality:
53 / Male / Malaysian

Mr Oh Keng Jin (“Mr Oh”) is responsible for all financial, accounting and administrative functions of our Group.

He obtained a Diploma in Accounting from the London of Chamber Commerce and Industry Examination Board in 1990. He was certified as a member of the Association of Chartered Certified Accountants in January 2001 and fellow member of the Association of Chartered Certified Accountants in November 2005. He is a Chartered Accountant and has been a member of Malaysian Institute of Accountants since November 2000.

In December 1994, Mr Oh joined Thiang & Co as an Audit Junior where he was involved in statutory audit of private and public companies. He was then promoted to Audit Senior in December 1995. In June 1997, Mr Oh left Thiang & Co and joined Star Cruises Administrative Services Sdn Bhd as an Assistant Accountant. He was promoted to Accountant in February 2001, where he was responsible for the management accounting and annual budgeting. In September 2001, he left Star Cruises Administrative Services Sdn Bhd and joined Dumex (Malaysia) Sdn Bhd (now known as Danone Dumex (Malaysia) Sdn Bhd) as an Accountant, and was promoted to Senior Accountant in January 2004, where he was responsible for budget forecasting as well as finance analysis, until April 2005.

In April 2005, Mr Oh joined F&N Dairies (M) Sdn Bhd (“F&N Dairies”), a wholly-owned subsidiary of Fraser & Neave Holdings Bhd, a company listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) as a Finance Manager. He was responsible for the management accounting and annual budgeting. He then left F&N Dairies in December 2007 to join Dutch Lady Milk Industries Berhad, a company listed on the Main Market of Bursa Malaysia as a Senior Management Accountant for six (6) months before returning to F&N Dairies as Finance Manager in July 2008. In April 2014, Mr Oh left F&N Dairies and joined Shaklee Products (Malaysia) Sdn Bhd, a company involved in multilevel marketing of health products as Financial, Planning and Analysis Director, where he was responsible for the strategic planning and annual budgeting of the company.

In April 2017, Mr Oh left Shaklee Products (Malaysia) Sdn Bhd and joined F&N Beverages Marketing Sdn Bhd, also a wholly-owned subsidiary of Fraser & Neave Holdings Bhd as a Commercial Financial Controller, where he was involved in the finance and accounting matters as well as sales planning.

Mr Oh joined Pekat as Chief Financial Officer in December 2018, a position he continues to hold until to-date.

OTHER INFORMATION IN RESPECT OF THE KEY SENIOR MANAGEMENT (“KSM”):

- 1) None of the KSM have any family relationship with any Director and/or major shareholder of the Company.
- 2) None of the KSM have business or other relationships which could materially pose a conflict of interest or interfere with the exercise of their judgement when acting in the capacity of their positions which would be disadvantageous to the Group.
- 3) None of the KSM have any conviction for offences within the past 5 years (other than traffic offences, if any) or have any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2023.
- 4) None of the KSM have any directorship in listed or non-listed public companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Pekat Group Berhad (“Pekat” or “the Company”) is pleased to present the Corporate Governance Overview Statement (“Statement”) which summarises the key principles and recommendations set out in the Malaysian Code on Corporate Governance (“MCCG”) adopted and practiced by the Group during the financial year ended 31 December 2023 (“FY2023”).

This Statement is prepared in compliance with the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad and is to be read together with the Company’s Corporate Governance Report, which is available on the Company’s corporate website at <https://ir2.chartnexus.com/pekat/corporate-governance.php>.

The Board recognises the importance of upholding robust corporate governance practices in discharging its duties, ensuring sustainable value for shareholders, and safeguarding the interests of all stakeholders. Committed to excellence, the Board is dedicated to the adoption of sound corporate governance practices, in making informed decisions at all levels as well as overseeing the management of the Company and its subsidiaries (“the Group”) to foster continuous progression.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

Board Duties and Responsibilities

The Group is led and managed by experienced Board members from diverse backgrounds and with diverse qualifications. The Board remains cognizant of its responsibilities, diligently ensuring that the Company provides sustainable value and secures long-term success for its shareholders and stakeholders through their leadership. The Board is actively engaged in setting a strategic direction and overseeing the management of the Group within a strict control framework, aimed at ensuring thorough risk management.

The Board has delegated the responsibilities for managing the Group’s operational business to the Executive Directors and Chief Officers (“the C-Suite Officers”), with the aim of optimizing operational efficiencies. The specific delegation parameters are set out in the Company’s Limits of Authority, providing the Executive Directors and the C-Suite Officers the necessary framework to discharge their duties and responsibilities within defined thresholds. The Board periodically reviews the Company’s Limits of Authority as and when required, to enhance operational effectiveness in achieving the Company’s goals and objectives.

To ensure effective oversight of the Company’s operations, the Board has established the following Board Committees, with their respective designated Terms of Reference (“TOR”), to facilitate the Board in discharging its duties and responsibilities effectively:

- (a) Audit and Risk Management Committee (“ARMC”);
- (b) Nominating Committee (“NC”); and
- (c) Remuneration Committee (“RC”).

The Board Charter and the TORs of the respective Board Committees, which clearly define the duties and responsibilities of the Board and the respective Board Committees, are available on the Company’s website at <https://ir2.chartnexus.com/pekat/corporate-governance.php>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Chairman of the Board & Separation of Roles between Chairman, Managing Director (“MD”) and Chief Executive Officer (“CEO”)

The positions of Chairman, MD and CEO are held by different individuals with distinct and separate roles and responsibilities to ensure a balance of power and authority between the three (3) individuals. The detailed roles and responsibilities of the Chairman, MD and CEO are outlined in the Board Charter, which is available on the Company’s website at <https://ir2.chartnexus.com/pekat/corporate-governance>.

Chairman - Mr Kok Kong Chin

- Instilling good corporate governance practices throughout the Group;
- Spearheading effective and orderly conduct of the Board;
- Providing leadership to the Board in collectively overseeing management;
- Responsible for ensuring the Board’s effectiveness, and encouraging Board members to provide constructive advice in shaping strategies and policies and acting in the best interest of the Company;
- Allowing open expression and dissenting views from the Board members and senior management;
- Providing sufficient time for a comprehensive discussion of key matters and ensuring decisions are made on a sound and well-informed basis; and
- Reviewing and challenging strategic plans tabled by Management to ensure long term value creation and its implementation

Managing Director - Mr Chin Soo Mau

- Taking overall responsibility for the execution of the Group’s long term strategic planning and direction;
- Driving the Group’s businesses and performance towards achieving the Group’s vision and goals; and
- Developing the Group’s new business plans and business opportunities in accordance with the strategic and policies approved by the Board of Directors.

Chief Executive Officer - Mr Tai Yee Chee

- Establishing and implementing the Company’s strategies and policies approved by the Board;
- Supervising the day-to-day operations of the Group;
- Setting Pekat’s visions, mission, and values;
- Identifying potential beneficial opportunities for the Group or collaborations with other companies; and
- Leading the senior management in decision-making, implementation and management of the Group’s day-to-day operation, resources and risks involved

Qualified and Competent Company Secretaries

The Board is supported by two (2) qualified Company Secretaries who are members of a professional body and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. The secretarial function of the Group is outsourced to Tricor Corporate Services Sdn Bhd.

The Company Secretaries attended all Board and Board Committee meetings to ensure that meetings were properly convened and all deliberations as well as decisions made by the Board and Board Committee were accurately minuted, recorded and kept. The Company Secretaries provide advisory services to the Board in relation to corporate disclosures, corporate governance matters, compliance and regulatory requirements. They also keep the Board abreast of the changes in the MCCG and Listing Requirements and assist the Board in the adoption of the best corporate governance practices.

The Company Secretaries also provide guidance to the Board on the contents and timing of material announcements to be made to Bursa and facilitate the annual Board Effectiveness Assessment. Further details on the roles and responsibilities of the Company Secretaries are stated in the Company’s Board Charter, which is accessible on the Company’s website at <https://ir2.chartnexus.com/pekat/corporate-governance>.

The Chairman of the Board is not a member of the ARMC, NC or RC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Meetings, Access to Meeting Materials, Information and Advice

The Board is scheduled to meet quarterly to review the business performance of the Group, including both operational and financial performance. Additional Board meetings are convened to address urgent matters and seek the Board's advice and approval, as and when necessary.

In order to facilitate robust Board discussion, the Chairman and the Chair of the respective Board Committees, with the assistance of the Company Secretaries, have reviewed all agendas set out in the notice of meetings before circulating to the committees' members.

Notices and meeting papers are circulated to all the Directors via email at least five (5) business days prior to the meetings to ensure all Directors have ample preparation time and information for informed decision-making at each meeting. Hard copies are available upon request by the Board members for easy reference. Management is invited to attend Board and Board Committees meetings to provide explanations on issues relating to the meeting agenda.

The Board has unrestricted access to all information of the Group and may seek advice from Management as necessary. The Board is entitled to seek other independent professional advice at the cost of the Company, if necessary, in order to discharge their duties and responsibilities.

Minutes of the respective meetings are circulated to the Board and Board Committees respectively in a timely manner for their review and comments before being tabled for confirmation at the subsequent meetings.

The attendance of individual Directors for the meetings of the Board and Board Committees, for FY2023 are as follows:

Name of Directors	Number of Meetings Attended			
	Board	ARMC	NC	RC
Kok Kong Chin	9/9	-	-	-
Chin Soo Mau	9/9	-	-	-
Tai Yee Chee	9/9	-	-	-
Wee Chek Aik (Resigned on 31 December 2023)	8/9	-	-	-
Ong Keng Siew	8/9	6/6	2/2	1/1
Yeong Siew Lee	9/9	6/6	2/2	1/1
Datin Shelina Binti Razaly Wahi	9/9	6/6	2/2	1/1
Ooi Youk Lan (Resigned on 17 November 2023)	7/9	-	-	-

Notes:

Total number of meetings in FY2023

Board meeting : 9
ARMC meeting : 6
NC meeting : 2
RC meeting : 1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Training

In accordance with Rule 15.08(3) of the Listing Requirements, the Board members attended various training programmes during the financial year under review as follows, to ensure that all directors are kept abreast with the relevant developments in business updates, accounting standards as well as relevant rules and regulations amended from time-to-time.

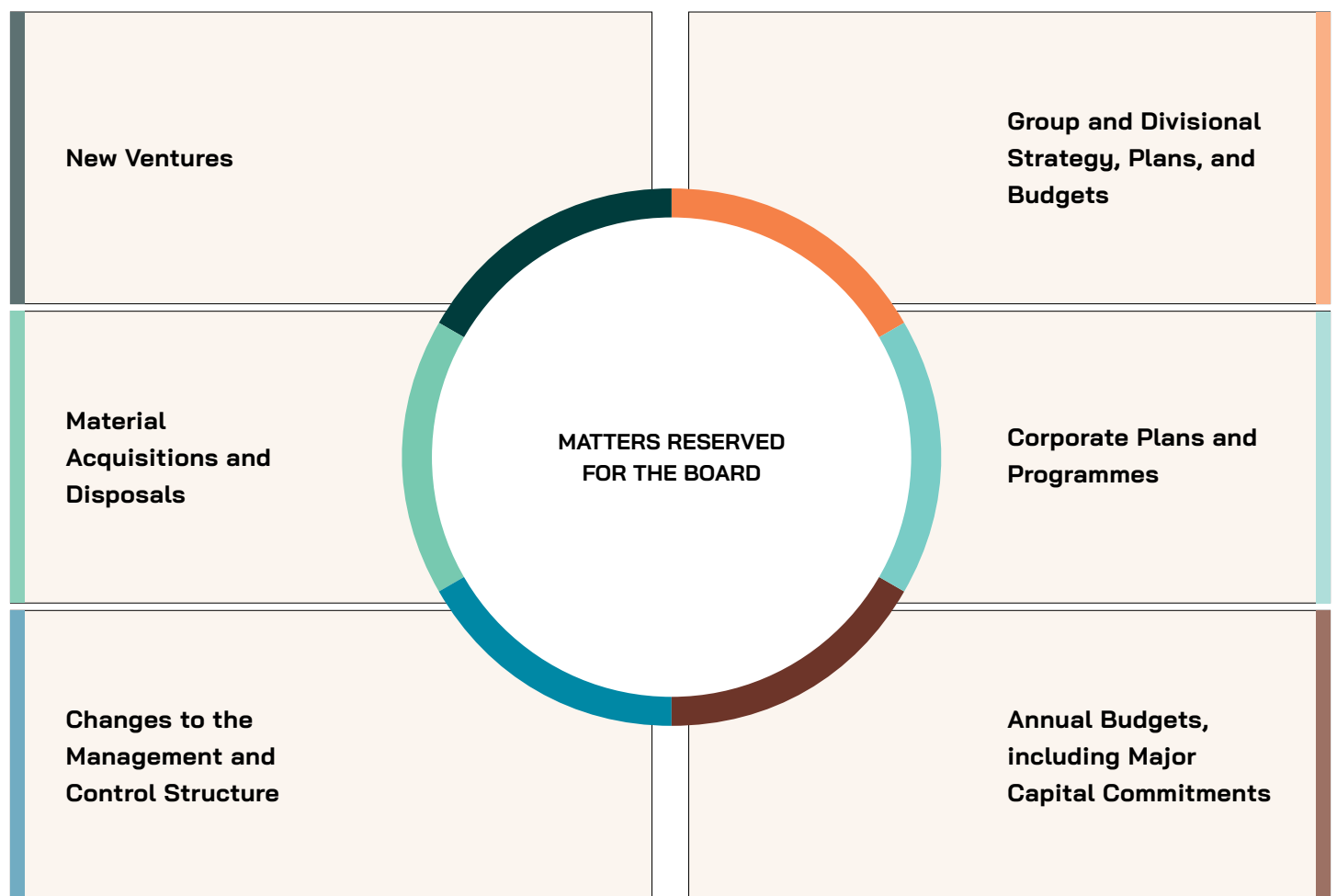
The training programmes attended by the Board for FY2023 are as follows:

Name of Directors	Course/ Programme attended
KOK KONG CHIN	<ul style="list-style-type: none"> 1-Day Virtual Tax Conference on Tackling Practical Problems faced by Taxpayers by Thannees Tax Consulting Services Sdn Bhd Green Conference 2023 on Shaking Things Up by Malaysian Industrial Development Finance Bhd (MIDF) Malaysia ESG Forum 2023 on Financing for a Green Future by The Edge Malaysia Conflict of Interest & Governance by Bursa Malaysia Market Outlook by Areca Capital
CHIN SOO MAU	<ul style="list-style-type: none"> ESG Forum 2023 on Financing for a Green Future by The Edge Malaysia MAP Part II: Leading for Impact (LIP) by Institute of Corporate Directors Malaysia (ICDM)
TAI YEE CHEE	<ul style="list-style-type: none"> The 2nd Malaysian Sustainability Leadership Summit "Advancing Sustainability, Enhancing Public-Private-People Partnership" by KSI Strategic Institute for Asia Pacific MAP Part II: Leading for Impact (LIP) by ICDM
ONG KENG SIEW	<ul style="list-style-type: none"> Cyber Security – What Directors need to know by the Minority Shareholders Watch Group (MSWG) MAP Part II: Leading for Impact (LIP) by ICDM Introduction to ESG: "What BODs need to know?" by Galaxy Board Oversight of Climate Risks and Opportunity by ICLIF Executive Centre – Professor Mak Yuen Teen and Dr Khoo Guan Seng Economic Outlook 2023 Redefined by Securities Industry Development Corporation (SIDC) 34th Palm & Lauric Oils Price Outlook Conference & Exhibition (POC 2023) by Bursa Malaysia Derivatives Berhad National Palm Oil Conference 2023 (Palm Progress: Future-Proofing Competitiveness and Sustainability) by Malaysian Palm Oil Association
YEONG SIEW LEE	<ul style="list-style-type: none"> MAP Part II: Leading for Impact (LIP) by ICDM Anti-Bribery & Anti-Corruption refresher training by Galton
DATIN SHELINA BINTI RAZALY WAHI	<ul style="list-style-type: none"> ESG Reporting: A Key to Value Creation today by Malaysian Institute of Accountants (MIA) Business Aviation Forum 2023 by Global Sky Media Talk for Selangor Bar – Introduction to Mergers & Acquisitions by Selangor Bar Association Workshop on Aerospace Financing Framework by EXIM Bank McGill- NUS: Aviation and Space Finance Conference by NUS Singapore Modernising Data Governance – What Should Boards Focus Now? By ICDM Global Leaders Mergers & Acquisitions Forum by Global Leaders Forum Case Study-Based Webinar: Sustainability and Climate Change Disclosure Requirements by MIA PNB Knowledge Forum 2023 – Harnessing Innovation and Technology for Sustainable Business by PNB Integrating ESG into Organisational Financial Reporting Framework by MIA Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers by Bursa Malaysia Corporate Jet Investor Asia by CJI Asia MIA Webinar Series: Board of Director Leadership - Effective Climate Governance by MIA EPF Private Markets Summit 2023 by EPF Sustainability/ESG Discovery Training by MIA PNB Knowledge Forum – Education Reimagined by PNB Training on Sect. 17A of the MACC Act 2009 by Prolintas AOB Conversations with Audit Committees: ESG by Securities Commission MAP Part II: Leading for Impact (LIP) by ICDM

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Charter

The Company's Board Charter clearly sets out the responsibilities and functions of the Chairman, Managing Director, Individual Directors, Executive and Non-Executive Directors, Senior Independent Directors and lastly the Independent Directors. The Board Charter also clearly defines the matters that are specifically reserved for the Board, as detailed below:



The Board reviews the Board Charter periodically to ensure that it is updated regularly to be consistent with the Board's objectives, the Group's business direction and the applicable laws and practices. The Board Charter is available on the Company's website at <https://ir2.chartnexus.com/pekat/corporate-governance>.

Code of Conduct and Ethics for Directors

The Company remains committed to enforcing its Code of Conduct and Ethics ("the Code"), a guideline that sets out the Directors' oversight responsibility, emphasising Directors' duties to act in the best interests of the Company within the scope of their authority and fiduciary duties as well as the high standards of corporate governance that are expected to be upheld consistently by the Directors. With a principal objective of safeguarding the interest of shareholders and stakeholders, the Code governs

CORPORATE GOVERNANCE OVERVIEW STATEMENT

the business conduct and ethical behaviours of Directors and ensures adherence to the fundamental principles of integrity, objectivity, accountability, openness, honesty, and leadership. The Code of Conduct and Ethics is available on the Company's website at <https://ir2.chartnexus.com/pekat/corporate-governance>.

Anti-Bribery and Corruption Policy

The Company has a zero-tolerance policy against all forms of bribery and corruption. In order to commit to high standards of business integrity, ethical conduct and accountability following the enforcement of Section 17A of the Malaysian Anti-Corruption Commission (Amendments) Act 2018, the Company's Anti-Bribery and Corruption Policy ("ABC Policy") provides guidance to ensure that the Group's employees and business partners comply with the relevant rules and regulations that prohibit improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business. The ABC Policy is available on the Company's website at <https://ir2.chartnexus.com/pekat/corporate-governance>.

Whistleblowing Policy

The Company has adopted a Whistleblowing Policy to facilitate the whistleblowing process by employees, customers, suppliers, and other stakeholders through a proper and confidential channel.

Whistle-blowers are encouraged to report any complaints of improper conduct or confidential feedback on a legitimate concern through an independent channel without fear of being interfered with, intimidated, or retaliated against. A whistleblowing report form is attached with the Whistleblowing Policy to ease the whistle-blowers in submitting reports. The report can be made verbally to the Chairman or any member of the ARMC or in writing via email at whistleblower@pekatgroup.com which is directly accessible by the ARMC Chairman.

The revised Whistleblowing Policy was approved and adopted by the Board on 17 November 2023 and is available on the Company's website at <https://ir2.chartnexus.com/pekat/corporate-governance>.

Sustainability Risk & Opportunities

The Board, together with Management, is responsible for the governance of sustainability to ensure it's integrated into the Group's business strategies, risk management and operations.

A Sustainability Management Committee, comprising representatives from various departments such as project, supply chain, operation, marketing, human resource, and finance, was formed to assist the Board and Senior Management in implementing sustainability initiatives set by the Board.

During the Board's meeting on 17 November 2023, the Sustainability progress report including the three (3) years sustainability action plans spanning from 2023 to 2025 prepared by the Sustainability Management Committee, was presented for deliberation and discussion.

Recognising the evolving nature of sustainability practices within the engineering and renewable energy industries, the Board acknowledged the need for training programmes focusing on ESG requirements and pertinent sustainability issues. Throughout the financial year 2023, the Board attended various training programmes including those related to climate change, cybersecurity, sustainability and ESG matters, to stay updated with recent developments and best practices in the field.

However, the Group has not adopted Practices 4.1 and 4.2 of the MCG as the Company has yet to set up Sustainability targets and measure the performance of the Board and Management against the targets.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PART II – BOARD COMPOSITION

Board Size and Composition

With the resignation of Ms Ooi Youk Lan as Non-Independent Non-Executive Director on 17 November 2023 and Mr Wee Chek Aik as Executive Director and Chief Commercial Officer of the Company on 31 December 2023, the Board now comprises six (6) Directors, including two (2) Executive Directors, and four (4) Independent Non-Executive Directors.

The Board composition is in compliance with Rule 15.02 of Listing Requirements, which requires a minimum of two (2) Independent Directors or one-third (1/3) of the Board, whichever is higher, to consist of Independent Directors. In addition, the Company complies with the Practice 5.2 of the MCCG which requires at least half of the Board to be Independent Directors.

BOARD OF DIRECTORS		
Executive Directors	Non-Independent Non-Executive Director	Independent Non-Executive Directors
<ul style="list-style-type: none"> • Chin Soo Mau • Tai Yee Chee • Wee Chek Aik (resigned on 31 December 2023) 	<ul style="list-style-type: none"> • Ooi Youk Lan (resigned on 17 November 2023) 	<ul style="list-style-type: none"> • Kok Kong Chin • Ong Keng Siew • Yeong Siew Lee • Datin Shelina Binti Razaly Wahi

None of the Independent Directors has served on the Board for more than nine (9) consecutive years. The Board has adopted a 9-year policy for Independent Non-Executive Directors without further extension, considering the necessity to refresh the composition of the Board. This decision recognises that the long tenure of independent directors may potentially erode independent judgment.

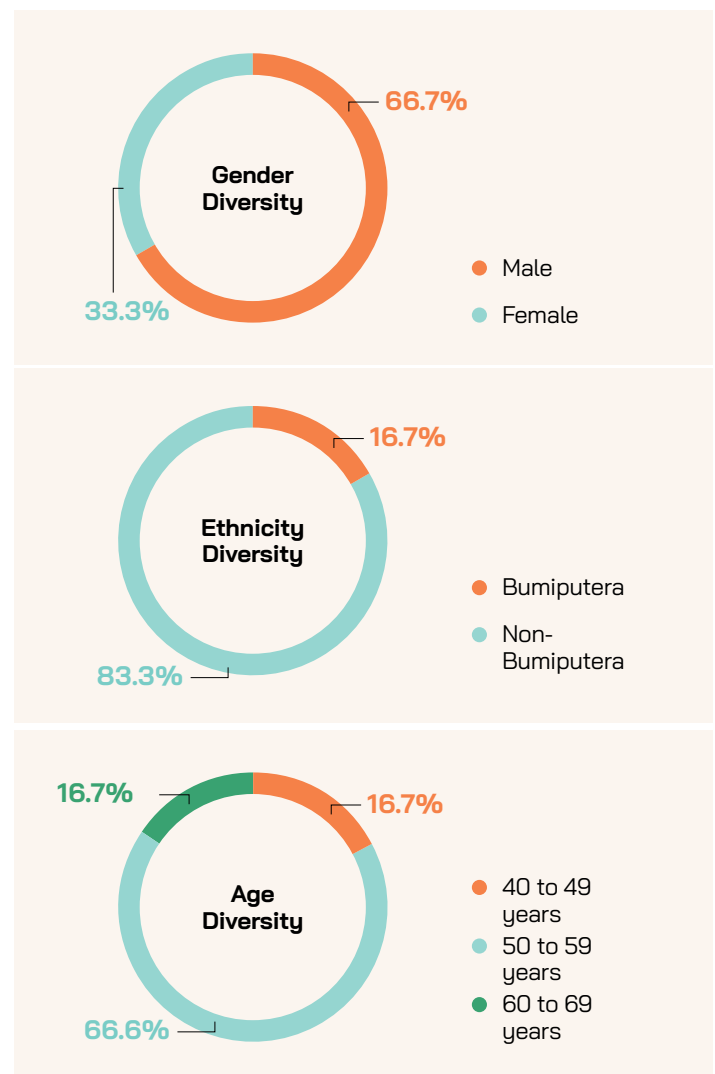
Diversity of the Board

The significance of the diversity on Board regarding skills, experience, age, cultural background and gender has always been emphasized by the Board to ensure there is a variety of professional opinions and value that can contribute to the growth of the Company.

With the resignation of Ms Ooi Youk Lan as Non-Independent Non-Executive Director and Mr Wee Chek Aik as Executive Director and Chief Commercial Officer of the Company, the Board now comprises six (6) Directors, including two (2) Executive Directors, and four (4) Independent Non-Executive Directors.

During the financial year under review, the Company adopted Practices 5.9 and 5.10 of the MCCG, whereby the Board comprises at least 30% of women directors. The Company has established a Gender Diversity Policy to outline a framework for enhancing gender diversity at the Board and senior management level. The Gender Diversity Policy is available on the Company's website at <https://ir2.chartnexus.com/pekat/corporate-governance>.

As of 31 December 2023, the diversity of the Board is as follows:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The current composition of the Board provides an appropriate mix of skills, qualifications, knowledge, and experience to ensure it meets the present scope and nature of the Group's business operations as well as to facilitate effective decision-making and management of the Board. The Board is made up of individuals with diverse backgrounds and experience in the following areas:

SKILLS AND EXPERIENCE OF THE BOARD



Engineering



Sales and Marketing



Private Equity



Accounting, Financial Management and Taxation



Legal and Regulatory Requirements



Corporate and Investment Banking

The profile of the members of the Board can be found on pages 42 to 47 of this Annual Report.

Nominating Committee

The NC consists of three (3) members of the Board, comprising exclusively of Independent Non-Executive Directors, details of which are described below:

Name of Directors	Designation
Datin Shelina Binti Razaly Wahi (Chairperson)	Independent Non-Executive Director
Ong Keng Siew (Member)	Independent Non-Executive Director
Yeong Siew Lee (Member)	Independent Non-Executive Director

The NC meets at least once a year to assist the Board in overseeing matters related to the re-appointment of Directors, to review of the required skill sets and to undertake formal and objective annual evaluations to assess the effectiveness of the Board, its committees and each individual director. During FY2023, the NC conducted two (2) meetings, with full attendance from all Committee members at NC meetings.

Nominating Function

(i) Board Assessment

In 2023, the NC, with the assistance of the Company Secretary, conducted an annual assessment on the Board's effectiveness as a whole, its Committees, the contribution of each individual Director and the independence of the Independent Directors. Questionnaires and evaluation forms were distributed to the Board and Board Committees for their completion. A summary report and results were tabled to the NC during the meeting held on 23 January 2024 for assessment and deliberation. Thereafter, the Chairperson of the NC summarised the results and recommended actions for the Board's consideration to strengthen the Board as a whole.

After assessing the Board's effectiveness for FY2023, it was concluded that both the Board and the Management should focus on formalising the Group's succession planning over the next five (5) years to strengthen the business growth and achieve the Group's milestone.

(ii) Re-designation of Executive Director

On 1 January 2023, Mr Chin Soo Mau ("Mr Chin") has relinquished his role as the CEO and MD of the Company, maintaining his position as the Executive Director of the Company, to focus on developing and managing Solaroo

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Systems Sdn Bhd (“SSSB”) and Pnexsoft Sdn Bhd (“PNEX”) as part of the Company’s corporate restructuring plan. Mr Chin then has successfully re-organised and developed revenue growth strategies for both SSSB and PNEX. As part of the second phase of the Company’s restructuring strategy and as both of these companies are on track for healthy growth, Mr Chin reassumed his role as MD on 22 August 2023 to provide stewardship to the Group’s long-term strategic planning and direction. The NC recommended to the Board for approval on the re-designation of Mr Chin from Executive Director to MD with effect from 22 August 2023, in consideration of the rationale, performance, skills, experience and time commitment, and satisfaction with the fit and proper assessment as well as the contributions of Mr Chin.

(iii) Re-appointment of Directors

Based on the annual assessment of the Board’s results and fit and proper assessments for FY2023, the Board concurred with the NC’s recommendation and recommended for shareholders’ approval on the re-election of Mr Ong Keng Siew and Ms Yeong Siew Lee, who are due to retire in accordance with Clause 128 of the Company’s Constitution at the Fifth AGM.

The justifications for the re-election of Mr Ong Keng Siew and Ms Yeong Siew Lee were clearly stated in the explanatory notes of the resolutions in the Notice of the Fifth AGM. Their profiles, inclusive of details of their age, gender, working experience, any conflict of interest and directorship in other companies were also detailed in this Annual Report and in the statement accompanying the notice of AGM to enable shareholders to make an informed decision.

All Directors standing for re-election abstained from deliberations and decisions on their eligibility to stand for re-election at the Fifth AGM.

The roles and responsibilities of the NC are governed by the TOR which is available on the Company’s website at <https://ir2.chartnexus.com/pekat/corporate-governance>.

PART III – REMUNERATION

Remuneration Committee

The Remuneration Committee (“RC”) was established to provide overall guidance and make recommendations to the Board for the remuneration and other benefits as the directors and key senior management of the Group.

The RC consists of three (3) members of the Board, comprising exclusively of Independent Non-Executive Directors, details of which are as described below:

Name of Directors	Designation
Yeong Siew Lee (Chairperson)	Independent Non-Executive Director
Ong Keng Siew (Member)	Independent Non-Executive Director
Datin Shelina Binti Razaly Wahi (Member)	Independent Non-Executive Director

The RC meets at least once a year to discuss and review the remuneration packages of the Non-Executive Directors, Executive Directors, and Key Senior Management prior to recommending to the Board for its approval, and if necessary, the Board will recommend the same to the shareholders for approval. During FY2023, the RC conducted one (1) meeting, with full attendance from all committee members at the RC meeting.

The RC, guided by the Company’s Remuneration Policy, assessed the remuneration package of Executive Directors by taking into consideration the Group’s performance in terms of operations, finances, risk management and opportunities, business strategies as well as long-term objectives of the Company. The remuneration package for Executive Directors includes basic salary, allowances, bonuses, benefits-in-kind, and other emoluments.

The remuneration package for Non-Executive Directors was assessed based on their respective roles and responsibilities, and contributions, including their attendance at Board and Board Committees meetings.

The directors shall abstain from voting on the resolution relating to their remuneration at the Fifth AGM.

The roles and responsibilities of the RC are governed by the TOR and the Remuneration Policy which are available on the Company’s website at <https://ir2.chartnexus.com/pekat/corporate-governance>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of Directors' Remuneration

The remuneration of the Directors of the Company and the Group for FY2023 are as follows:

Name of Directors	Company (RM'000)						Group (RM'000)						Total (RM'000)
	Fee (RM)	Allowance (RM)	Salary (RM)	Bonus (RM)	Benefits-in-Kind (RM)	Other Emoluments (RM)	Fee (RM)	Allowance (RM)	Salary (RM)	Bonus (RM)	Benefits-in-Kind (RM)	Other Emoluments (RM)	
Kok Kong Chin	66.0	6.0	-	-	-	-	66.0	6.0	-	-	-	-	72.0
Chin Soo Mau	-	106.3	534.8	89.1	-	117.8	-	106.3	534.8	89.1	-	117.8	848.0
Tai Yee Chee	-	105.3	511.8	85.3	-	112.3	-	105.3	511.8	85.3	-	112.3	814.7
Wee Chek Aik**	-	105.3	511.8	85.3	-	112.3	-	105.3	511.8	85.3	-	112.3	814.7
Ong Keng Siew	45.0	4.5	-	-	-	-	45.0	4.5	-	-	-	-	49.5
Yeong Siew Lee	43.0	4.0	-	-	-	-	43.0	4.0	-	-	-	-	47.0
Datin Shelina Binti Razaly Wahi	43.0	4.0	-	-	-	-	43.0	4.0	-	-	-	-	47.0
Ooi Youk Lan*	27.5	2.0	-	-	-	-	27.5	2.0	-	-	-	-	29.5
Total	224.5	337.4	1,558.4	259.7	-	342.4	224.5	337.4	1,558.4	259.7	-	342.4	2,722.4

Notes:

* Ms Ooi Youk Lan resigned on 17 November 2023.

** Mr Wee Chek Aik resigned on 31 December 2023.

Remuneration of Key Senior Management

On the disclosure of the remuneration of Key Senior Management ("KSM") on a named basis, the Board was of the view that it would not be in the best interests of the Company given the competitive industries in which the Group operates in. As such, disclosure may result in adverse recruitment and talent retention matters.

The Board, however, has disclosed the remuneration of KSM of the Group for FY2023, on an aggregated basis as follows:

Range of Remuneration	Number of KSM
RM550,001 to RM600,000	1
Total	1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC comprises three (3) Independent Non-Executive Directors. Chairman of the ARMC and Chairman of the Board are held by two (2) different individuals, thus, it allows the Board to objectively review the ARMC findings and recommendations. In addition, none of the ARMC members is a former partner of the external audit firm to the Company.

Name of Directors	Designation
Ong Keng Siew (Chairperson)	Independent Non-Executive Director
Yeong Siew Lee (Member)	Independent Non-Executive Director
Datin Shelina Binti Razaly Wah (Member)	Independent Non-Executive Director

The roles and responsibilities of the ARMC are clearly stated in the TOR of the ARMC and are available on the Company’s website at <https://ir2.chartnexus.com/pekat/corporate-governance>.

The ARMC members have a wide range of skills, expertise and experience in terms of law, finance, accounts, and commercial experiences from various industries. All members of the ARMC are financially literate, competent and are able to understand matters tabled and deliberated in the meeting including the financial reporting process.

For the ARMC to discharge their responsibilities and duties effectively, the members participate in and attend relevant training or courses to keep themselves abreast of any amendments made in the accounting and auditing standards, practices of MCCG, Listing Requirements and other relevant rules and regulations.

External Auditors

During the financial year under review, the ARMC evaluated and assessed the suitability, objectivity and independence of the External Auditors (“EA”) including its audit quality, resources, competence and information presented in the Annual Transparency

Report of the Audit Firm. The ARMC was satisfied with the results of the assessment and the EA’s performance for FY2023.

The ARMC reviewed both the audit and non-audit fees tabled by the EA and acknowledged that the Company may require non-audit related services, but it does not impair the EA’s professional independence as the Company’s EA.

The ARMC had obtained written assurance from the EA in confirming that they were and had been independent throughout the audit process in accordance with the relevant professional and regulatory requirements.

Upon recommendation made by the ARMC, the Board agreed to propose the re-appointment of the Company’s EA for shareholders’ approval at the Fifth AGM.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The ARMC provides oversight and direction on risk management matters to ensure the adequacy and effectiveness of the Group’s risk management and internal control system. The Company engaged TGS Advisory Sdn Bhd (“TGS”) to review the Group’s internal control system. On 31 May 2023, the Board, upon recommendation by the ARMC, approved the appointment of Resolve IR Sdn Bhd as the new Internal Auditor, effective from 20 June 2023, in place of TGS.

The ARMC, together with Management, reviewed all reports and findings prior to presenting the significant matters which require the Board’s attention, deliberation and actions to be taken on the mitigating measures. The Board is of the opinion that the Group’s risk management and internal control system is adequate and effective to safeguard shareholders’ interest and the Group’s assets.

The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control from pages 67 to 71 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – ENGAGEMENT WITH STAKEHOLDERS

The Company engages its shareholders and other stakeholders through various platforms such as announcements submitted to Bursa Malaysia Securities Berhad, disclosure on the Company's corporate website, general meetings, media releases as well as briefings to analysts and media.

The Board ensures that all relevant corporate information, financial and material information has been disclosed to the stakeholders in a timely manner.

The Company also provides a general line number and general enquiry email address, enquiries@pekatgroup.com for shareholders and stakeholders to directly send in any enquiry, provide feedback, complaints and communicate with the Company.

Details of stakeholder engagement for FY2023 are set out in the Sustainability Statement from page 23 of this Annual Report.

PART II – CONDUCT OF GENERAL MEETINGS

The general meeting of the Company is another channel of engagement where it serves as a principal forum for the Company and the shareholders to meet and discuss matters related to the Company's financial performance, prospects and growth, and to seek shareholders' approval on resolutions.

The Company's Fourth AGM was held virtually by way of live streaming from the broadcast venue at Tricor Business Centre, Kuala Lumpur, Malaysia on 6 June 2023 in accordance with the Company's Constitution, and Guidance and FAQs on the Conduct of General Meetings for Listed Issuers published by Securities Commission Malaysia. All Board members together with the Company Secretary and Chief Financial Officer were physically present at the broadcast venue whilst the audit partner of Grant Thornton Malaysia PLT, the Company's external auditors, joined meetings via video conferencing.

In line with the best practice of the MCCG, the notice of AGM was issued at least twenty-eight (28) days before the AGM, enabling shareholders to have ample time to review the financial and operational performance to consider the resolutions. Explanatory notes were also accompanied by the notice of AGM to provide further explanation on each resolution proposed to facilitate informed decision-making by the shareholders.

To encourage active participation and engagement with the Shareholders, they were allowed to post questions before and during the AGM via Tricor's TIIH Online websites. Any questions posted by shareholders during the voting session were also addressed before the declaration of results. The Board also presented the questions raised by the Minority Shareholders Watchdog Group ("MSWG") prior to the AGM and the Company's responses to all shareholders during the AGM.

During the AGM, Mr Tai Yee Chee, the Company's CEO, presented the Company's achievements for FY2022, while Mr Oh Keng Jin, the Chief Financial Officer presented the Group's financial highlights for FY2022.

For the benefit of all shareholders who did not have the opportunity to attend the AGM, the Company's responses to the questions raised by the MSWG and posed by shareholders via the TIIH Online have also been published on the Company's websites together with the minutes of AGM at <https://ir2.chartnexus.com/pekat/agm.php>, within 30 business days after AGM.

Statement by the Board on Corporate Governance Overview Statement

The Board is of the view that the Corporate Governance Overview Statement has provided the necessary information to assist shareholders in assessing how the principles and best practices of the MCCG have been adopted and complied with by the Company. The Board remains fully committed to achieving the highest level of integrity and ethical standards in delivering the objectives and sustainable performance of the Group in the long run.

The Company's Corporate Governance Report and Corporate Governance Overview Statement were approved by the Board on 29 March 2024.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“the Board”) of Pekat Group Berhad (“Pekat” or “the Company”) is delighted to present the Audit and Risk Management Committee (“ARMC”) Report for the financial year ended 31 December 2023 (“FY2023”), providing insights on the effectiveness of how ARMC discharged its functions for the Group. The ARMC Report was prepared in compliance with Rule 15.15 of the ACE Market Listing Requirements (“ACE LR”) of Bursa Malaysia Securities Berhad.

The ARMC is established to assist the Board in discharging its roles and responsibilities in compliance with the Companies Act 2016 (“CA 2016”), ACE LR, and Malaysian Code on Corporate Governance 2021 (“MCCG”).

COMPOSITION

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. All Independent Non-Executive Directors satisfy the test of independence under the ACE LR. The ARMC have met the requirements of Rule 15.09(1) (a) and (b), 15.09(2) and 15.10 of the ACE LR as well as Practice 9.4 of the MCCG.

The Terms of Reference (“TOR”) for the ARMC stipulate that the Company’s former key audit partner must adhere to a cooling-off period of at least three (3) years before appointed as a member of the ARMC, aligning with the recommendation of Practice 9.3 of the MCCG. During the financial year under review, none of the ARMC members were former key audit partners of the Company’s External Auditors (“EA”).

Mr Ong Keng Siew, the Chairman of ARMC, is a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom, in compliance with Rule 15.09(1)(c)(i) of the ACE LR.

In addition, he does not serve as the Chairman of the Board, which has adopted the recommendation of Practice 9.1 of the MCCG.

The members of ARMC and their respective designations are as follows:

Designation	Name of Directors	Directorship
Chairman	Ong Keng Siew	Independent Non-Executive Director
Member	Yeong Siew Lee	Independent Non-Executive Director
Member	Datin Shelina Binti Razaly Wahi	Independent Non-Executive Director

The primary responsibilities of ARMC are to assist the Board to fulfil its oversight responsibilities in areas of financial reporting, internal control systems, risk management systems, internal audit and external audit functions.

The Board, via the Nominating Committee (“NC”), assessed the terms of office, composition, and performance of the ARMC through the annual Board Assessment. The NC and the Board, as a whole, were satisfied that the present composition of the ARMC has effectively discharged its duties and responsibilities in accordance with its TOR. The ARMC had also provided constructive feedback to the Board, facilitating well-informed decisions and contributing to the overall efficiency of the Board’s function.

The detailed TOR of the ARMC outlining the authorities, duties, and responsibilities of the ARMC are published on the Company’s website at <https://ir2.chartnexus.com/pekat/corporate-governance.php>.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

MEETINGS

The three (3) members of the ARMC had attended all six (6) meetings during the FY2023. The Managing Director, Chief Executive Officer (“CEO”), Executive Director, and Chief Financial Officer (“CFO”) of the Company are invited to ARMC meeting, as and when required, to provide input and clarifications on audit issues and other relevant issues pertaining to the Groups’ operations.

The EA of the Company, Grant Thornton Malaysia PLT, attended the ARMC meetings to present the audit plan and audit completion memorandum, and provide clarification relating to the audit issues, audited financial statements, and other related matters.

Resolve IR Sdn Bhd (“RESOLVE”) was appointed on 20 June 2023 as the Company’s outsourced Internal Auditor (“IA”) in place of TGS Advisory Sdn Bhd (“TGS”). The IA and Risk Management Consultant, attended the ARMC meetings to present the internal audit reports and internal audit follow-up reports.

The ARMC Chairman briefed the Board on all matters deliberated and reported to the Board the significant matters requiring the Board’s concerns on the matters raised by the EA or IA during the meeting. The ARMC Chairman also presented the ARMC’s recommendations in respect of the Group’s annual financial statements, quarterly financial reports and any proposals that required approval of the Board.

The Company Secretary attended all ARMC meetings and all deliberations were recorded in the minutes. Minutes of each ARMC meeting were circulated to the Management, Chairman of ARCM as well as the ARMC members for their comments before the minutes were tabled at the following ARMC meeting for approval as correct record of proceedings.

The notice of meetings, management reports and ARMC meeting papers were circulated via email at least five (5) business days prior to the meetings. Hard copies were also made available to Directors upon request for ease reference.

SUMMARY OF ACTIVITIES

The ARMC had carried out its duties in accordance with its TOR. The summary of work and activities performed by the ARMC during FY2023 comprised the following:

Financial Reporting

The ARMC reviewed all unaudited quarterly financial reports and audited financial statements for the FY2023, as presented by Management, before recommending the same to the Board for approval.

The CFO attended all ARMC meetings to present and explain the financial performance of the Group. The review process focused particularly on significant changes and adjustments arising from the audits, and ensured that the preparation of quarterly financial reports and audited financial statement complied with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, ACE LR, provisions of the CA 2016 and other relevant regulatory requirements. This was to ensure that the financial statements presented a true and fair view of the Group’s financial performance.

Re-appointment of External Auditors

On 13 June 2023, the shareholders at the 4th Annual General Meeting (“AGM”) approved the re-appointment of Grant Thornton Malaysia PLT (“Grant Thornton”) as the EA of the Company for the ensuing year until the conclusion of the next 5th AGM with their remuneration to be fixed by the Board.

With the assistance from Management, the ARMC conducted an annual assessment of the EA by completing an evaluation form, which provides ARMC with a checklist to formally review the independence, effectiveness, and efficiency of the EA. The assessment covered the EA’s suitability, objectivity, experience and technical knowledge as well as the quality of services provided, adequacy of audit resources and interactions with Management based on the EA’s performance in auditing the Company’s financial statements for FY2023.

The ARMC had also obtained written assurance from the EA confirming their independence and compliance with ethical requirements throughout the audit engagement.

The ARMC was satisfied with the EA’s performance for FY2023 and recommended to the Board the re-appointment of Grant Thornton as the EA of the Company, for the Board recommendation to the shareholders for approval at the 5th AGM.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

External Audit

On 17 November 2023, the ARMC reviewed and approved the EA's proposed Audit Planning Memorandum for the FY2023, which outlined the scope of work, audit approach and process, fraud risks, key audit matters, proposed audit timeline and reporting schedule, proposed audit fees for the statutory audit, engagement team, regulatory compliance and the disclosure requirements of the relevant accounting standards.

The ARMC had confirmed with the EA that no knowledge of any actual, suspected or alleged fraud affecting the Group that were not reported, any actual or potential instances of breach of non-compliance with laws and regulations, including illegal acts or inquiries, investigations and/or enforcement actions by regulators that were not reported, any actual or potential instances of litigation and claims, on-going or pending, for or against the Group and the existence of any other related parties that have significant transactions with the Group that were not included in the list of related parties.

During FY2023, the ARMC held private discussions with the EA without presence of Management on 24 February 2023 and 18 April 2023 respectively, to discuss any audit concerns that need to be highlighted to the ARMC and the level of cooperation received from Management.

Internal Audit

In the first quarter of 2023, TGS presented to the ARMC the proposed internal audit plan for FY2023. The ARMC, after assessed and reviewed the adequacy and effectiveness of the internal control system and was of the view that the controls are operating adequately and effectively in all material aspects.

The ARMC had the first private session with TGS on 24 February 2023 without the presence of Management. During this session, TGS reported that no fraud or

non-compliance were found, and they did not encounter difficulties in obtaining information from Management throughout their course of audit.

In the second private session on 31 May 2023, TGS informed the ARMC of their decision to terminate services with the Company due to lack of manpower, and clarified that there were no issues with Management during their audit engagement. On the same day, Management presented profile of RESOLVE to the ARMC, and the appointment of RESOLVE as the Company's IA took effect from 20 June 2023.

The IA were engaged to conduct independent and objective reviews of the effectiveness of the governance and internal control process within the Group. Reporting directly to the ARMC, the internal audit function offers timely and impartial advice to both the ARMC and Management, ensuring that the internal audit functions reviewed are:

- i) aligned with the Group's policies and strategic direction;
- ii) in compliance with prescribed laws and regulations; and
- iii) effective and efficient in achieving the intended outcomes.

The IA Report was presented quarterly to the ARMC for deliberation, and its recommendations were communicated to Management for implementation of corrective actions. The IA also provides follow-up reports at subsequent ARMC meetings, updating progress on addressing key audit issues identified in the preceding ARMC meetings. All proposals made by the IA are tabled to the ARMC and the Board for its notation or approval.

The professional fees incurred for the Group's Internal Audit Function for FY2023 was RM66,000.00.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Internal Audit Function

The ARMC is supported by the Internal Audit Function in discharging its functions and responsibilities. During the financial year under review, the ARMC reviewed four (4) IA Reports which covered the following areas:

	Sales and Marketing
	Fixed Assets Management
	Procurement to Payables Management
	Follow-Up Status Review on Previously Reported Audit Findings

Subsequent to these reviews, recommendations to address the key audit findings were formulated and shared with Management to facilitate the implementation of appropriate corrective measures within the agreed timeline.

The ARMC reviewed the audit findings and recommendations to address any identified weaknesses or areas of non-compliance, along with the Management's responses to these findings. The IA function actively monitored the progress of these management action plans on outstanding issues through follow-up review in each internal audit report, ensuring that all significant risks and control deficiencies were being adequately managed.

The ARMC reviewed and approved the Internal Audit Plan for FY2023 to ensure that it was sufficiently thorough and offered comprehensive coverage of Pekat Group's operations, as well as to ensure that significant risk areas identified were audited annually.

Review of Related Party Transactions ("RPT")

The ARMC reviewed RPT reported by Management quarterly and potential conflicts of interest situations that may arise within the Group, including review of any transactions, procedures, or courses of conduct that might raise questions about management integrity. The ARMC also ensures that all transactions are carried out on an arm's length basis and on normal commercial terms during each quarterly meeting.

The ARMC ensures that the Company is in compliance with the ACE LR that the terms and prices of those transactions are not more favourable to the related parties than those available to the general public and are not to the detriment of the Company's minority shareholders.

Following the cessation of Hextar Holdings Sdn Bhd, Dato' Ong Choo Meng, Dato' Ong Soon Ho and Datin Teoh Siew Yoke @ Teoh Siew Chin (collectively referred to as "Major Shareholders") as substantial shareholders under Section 139 of the CA 2016, effective from 14 July 2023, the ARMC reviews and monitors the following, during a 6-month cooling-off period ("Cooling-off Period") from the date of cessation of the Major Shareholders, pursuant to Rule 10.02 (f) of ACE LR:

- i) the recurrent RPT entered into between the Group and the Major Shareholders together with the persons connected with them during the Cooling-off Period;
- ii) any new RPT and recurrent RPT to be entered with the Major Shareholders and persons connected with them during the Cooling-off Period pursuant to Chapter 10 of the ACE LR;
- iii) discloses the transaction amounts with the Major Shareholders in the Company's quarterly reports; and
- iv) maintains and reports to the Board the register of RPT and recurrent RPT reflecting the transaction amounts with the Major Shareholders and persons connected with them.

The ARMC also reviews the Recurrent RPTs approved by the shareholders at the 4th AGM held on 13 June 2023 to ensure that the aggregate value of these transactions was within the mandate limits.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Review of Conflict of Interest

The ARMC shall consider and review any conflict of interest (“COI”) situation that arose, persist or may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.

During the financial year under review, no COI situation was reported to the ARMC.

Other Activities

During FY2023, the ARMC had also discussed and reviewed the following matters:

Whistleblowing Policy and Procedures

The ARMC reviewed the revised Whistleblowing Policy and Procedures in order to provide an avenue for all employees of the Group as well as members of the public to raise legitimate concerns.

Upon recommendation by the ARMC, the Board approved the revised Whistleblowing Policy and Procedures on 17 November 2023.

Delegated of Authority Limits Policy

The Company’s Delegated Authority Limits Policy was deliberated and reviewed by the ARMC on 30 June 2022, and subsequently approved by the Board on 6 July 2022. This Policy serves as a structural framework guiding the Group’s employees in their operational and decision-making processes, outlining authority limits, delegations, and defining roles and responsibilities within the Group.

The ARMC reviews the Delegated Authority Limits Policy as needed to align with business and operational requirements. The latest revision of the policy was reviewed by the ARMC and recommended for the Board’s approval on 23 January 2024 and adoption by the Company.

Anti-Bribery and Corruption Policy & Procedures

The Company’s Anti-Bribery and Corruption (“ABC”) Policy & Procedures were established on 15 October 2020 to provide guidance to the Directors and employees concerning on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

The revised ABC Policy was reviewed and recommended by the ARMC and approved by the Board on 23 January 2024 for adoption by the Company.

Review of Reports for Inclusion in Annual Report 2022

On 18 April 2023, the ARMC reviewed and recommended to the Board for approval of the Corporate Governance (“CG”) Report, CG Overview Statements, ARMC Report, Statement on Risk Management and Internal Control, Management Discussion and Analysis Statement, and the Sustainability Report for inclusion in the Annual Report 2022.

Review of Circular to Shareholders

The ARMC had also on 18 April 2023 reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders’ Mandate for the recurrent RPTs of a Revenue and Trading Nature and recommended the same for Board’s approval.

Declaration of Dividend and Solvency Assessment

In FY2023, the ARMC reviewed and recommended the declaration of first interim dividend of RMO.010 per ordinary shares for FY2023 to the Board for approval.

The ARMC had also reviewed the solvency test conducted by Management, indicating that the Group is able to satisfy its debts within 12 months from the date of dividend disbursement, ensuring the compliance with Section 132(3) of the CA 2016.

This report was reviewed by the ARMC and approved by the Board on 23 April 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required under Rule 15.26(a) of the ACE Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Directors are responsible for ensuring that the financial statements are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows for the financial year ended on that date.

During the preparation of the Financial Statements for the financial year ended 31 December 2023, the Directors have:

- i) adopted accounting policies which are appropriate and which have been consistently applied;
- ii) made judgments and estimates which are reasonable and prudent;
- iii) prepared the Audited Financial Statements on the assumption that the Company and the Group will operate as a going concern;
and
- iv) ensured that all applicable approved accounting standards have been followed, subject to any material departure being disclosed and explained in the Audited Financial Statements.

The Directors also have a general responsibility to keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy to ensure compliance with the Companies Act 2016 as well as to take reasonable steps to safeguard the assets of the Group and of the Company to prevent and to detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 23 April 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of Pekat Group Berhad (“the Company”) is pleased to present this Statement on Risk Management and Internal Control (“Statement”) for the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2023 (“FY2023”).

This Statement is prepared in accordance with Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“AMLR”), the Malaysian Code on Corporate Governance, and the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”.

The disclosures in this Statement exclude the risk management and internal control practices of the Group’s associates.

BOARD RESPONSIBILITY

The Board bears the ultimate responsibility for establishing a robust risk management and internal control framework. This framework safeguards the interests of shareholders and the Group’s assets. The Board also reviews the adequacy and effectiveness of this framework on a regular basis.

It is acknowledged that inherent limitations exist within any risk management and internal control system. As such, the system is designed to manage risks and monitor controls, rather than entirely eliminating the possibility of failure in achieving corporate objectives. Consequently, it provides reasonable, not absolute, assurance against material misstatements or losses.

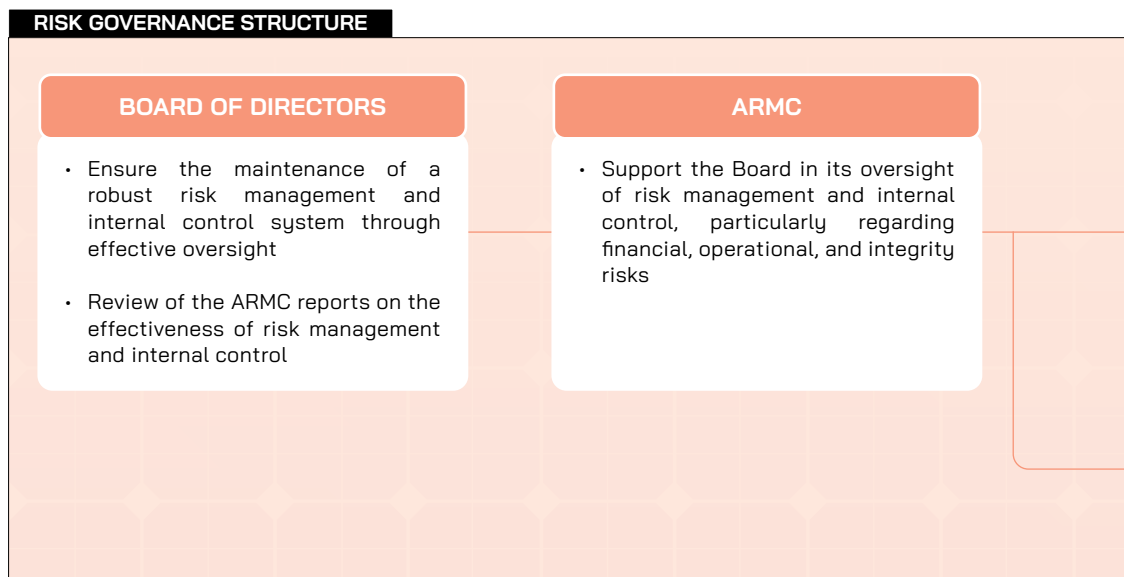
The Board is supported by the Audit and Risk Management Committee (“ARMC”) in implementing the Group’s risk management and internal controls. This entails an ongoing process of identifying, evaluating, managing, and monitoring key risks to achieving the Company’s business objectives. Where necessary, Management is required to implement appropriate controls to address both emerging issues and areas where existing controls are demonstrably inadequate. The Board confirms that this process has been in place throughout the financial year under review and remains so up to the date of this Annual Report.

RISK MANAGEMENT

The Board recognises the critical role of risk management in ensuring the Group’s continued operations. A comprehensive risk management framework has been established, encompassing an ongoing process of identifying, evaluating, managing, and monitoring key risks faced by the Group. This framework details the Group’s risk profile, maintains a risk register, and outlines appropriate control measures for risk mitigation. To effectively manage risk within established parameters, the Management and Head of Departments (“HODs”) collaborate to continually update the corporate risk register.

Risk identification involves a comprehensive assessment of potential exposure arising from both the external business environment and internal operating conditions. Quantitative and qualitative measures are employed to analyse and measure risks based on their likelihood and potential impact. Following this analysis, risk control measures are implemented and prioritised based on the risk evaluation. The Group actively monitors and reviews risks to ensure timely responses to emerging threats.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



The ARMC, in conjunction with the Management, convened six (6) meetings in the FY2023, to engage in quarterly discussions on key risks and corresponding mitigating controls. The outcomes of these meetings are subsequently presented to the Board for their acknowledgment. The Board is confident that a robust risk management system is in place to manage all pertinent risks and safeguard the achievement of the Group's business objectives throughout the financial year and up to the date of this Annual Report's approval.

INTERNAL AUDIT FUNCTION

The Group's internal audit function, responsible for evaluating the adequacy and effectiveness of the internal control system, has been entrusted to an external service provider acting as the Internal Auditors ("IA"). The IA report their findings directly to the ARMC on a quarterly basis. Their scope and responsibilities encompass the evaluation of the internal control system, ensuring adequacy and effectiveness. Importantly, the IA are free from any relationships or conflicts of interest that could compromise their objectivity and independence in their role.

Internal audit reviews are conducted in accordance with the Internal Audit Plan, which has been duly approved by the ARMC. This plan, developed using a risk-based approach aligned with the Group's direction, undergoes quarterly assessments to ensure continual alignment with the evolving business operations and risk environment of the Group.

In FY2023, four (4) internal audit reviews were conducted, focusing on Sales and Marketing, Fixed Assets Management, Procurement to Payables across the Group's major subsidiaries and follow-up of previously raised internal audit findings. All audit findings, accompanied by Management's responses and recommendations for improvement, were presented to the ARMC during the quarterly ARMC meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



KEY INTERNAL CONTROLS

The Group's internal control framework forms an integral part of its operational policies and procedures, designed to mitigate potential risks and foster ethical and compliant behavior within the Group. This comprehensive framework encompasses the following key components:

<p>Board Committees and Oversight</p> <p>The Board of Directors is supported by dedicated committees, including the Nominating Committee, Remuneration Committee, and the ARMC. These committees hold regular meetings to discuss matters pertinent to the Group's business, finances, and operations, including potential risks and corresponding control measures.</p>	<p>Defined Roles and Responsibilities</p> <p>The Group's organisational structure establishes clear lines of responsibility and delegated authority aligned with business and operational requirements. Executive Directors are tasked with setting the strategic direction, while HODs manage their respective business functions.</p>	<p>Ethical Guidance</p> <p>The Group adheres to established ethical frameworks, including the Anti-Bribery and Corruption Policy and the Whistleblowing Policy. These policies serve as fundamental principles in shaping ethical and compliant conduct throughout the Group.</p>
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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Limits of Authority

Defined Limits of Authority (“LoA”) outline the approval limits assigned and delegated to each approving authority within the Group. These LoA are regularly reviewed to ensure their continued relevance and effectiveness.

Operational Standards and Procedures

Standard Operating Procedures and policies serve as guiding principles for daily operations. These documents are regularly reviewed to align with evolving business and operational needs or to address any identified operational deficiencies.

Management Meetings

Regular Group Management meetings provide a forum to discuss concerns, review progress, address operational and management issues, and assess the financial performance of each operating unit against established business plans, targets, and budgets. Additionally, periodic visits by senior personnel or the Management team contribute to ensuring proper operational functioning across the Group.

Asset Safeguards

Major assets within the Group are appropriately insured and regularly reviewed to align with the Group’s risk appetite. Furthermore, physical security measures are implemented to safeguard these assets.

Cybersecurity Measures

To protect the Group’s corporate information and information systems from cyber threats, the Group engages an independent third-party professional to conduct regular cybersecurity assessments and penetration testing.

Employee Development

The Group invests in ongoing training and development programs to ensure its employees remain competitive and adaptable in an evolving business environment. Through employee performance evaluation processes, the Group continuously identifies and addresses training needs.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the AMLR, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Company for the FY2023 and have reported to the Board that nothing has come to their attention that cause them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and integrity of the systems of internal control of the Group.

Audit and Assurance Practice Guide (“AAPG”) 3, Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group’s risk and control procedures.

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group’s risk management and internal control system is operating effectively, in all material respects for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

CONCLUSION

The Board, through the ARMC, has reviewed the adequacy and effectiveness of the Group’s risk management and internal control system for the FY2023. The Board is satisfied that the controls have operated adequately and effectively in all material respects.

The Board remains committed to the ongoing monitoring of all risks impacting the Group and will take necessary actions to mitigate them. Additionally, the Board will continue to pursue continuous improvement initiatives to enhance the adequacy and effectiveness of the Group’s risk management and internal control systems.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM INITIAL PUBLIC OFFERING (“IPO”)

Pekat Group Berhad (“Pekat” or “the Company”) was listed on the ACE Market of Bursa Malaysia Securities Berhad on 23 June 2021 (“Listing”). In conjunction with the Listing, the Company undertook a public issue of 138,668,000 new ordinary shares at an issue price of RM0.32 per share, raising gross proceeds of approximately RM44.4 million (“IPO Proceeds”).

The status of the utilisation of the IPO Proceeds for the FY2023 is as follows:

Details of the Utilisation of Proceeds	Proposed Utilisation (RM'000)	Deviation ⁽²⁾ (RM'000)	Variation ⁽³⁾ (RM'000)	Revised Utilisation (RM'000)	Actual Utilisation (RM'000)	Revised Timeframe for Utilisation from the date of EGM ⁽³⁾
Construction of new head office and operational facility	18,000	-	(18,000)	-	-	-
Working capital	12,674	173	18,000	30,847	(30,847)	Fully utilised
Repayment of bank borrowings	10,000	-	-	10,000	(10,000)	Fully utilised
Listing expenses	3,700	(173)	-	3,527	(3,527)	Fully utilised
TOTAL	44,374	-	-	44,374	(44,374)	

Note:

- (1) The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 2 June 2021.
(2) The actual utilisation for listing expenses amounted to RM3.53 million. In accordance with section 4.10.1(iv) of the Prospectus, the excess arising therefrom amounting to RM0.17 million will be used for working capital purposes. Subsequently, the said deviation has been fully utilised.
(3) The proposed variation to the utilisation of proceeds raised from the IPO were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on 9 June 2022.

AUDIT AND NON-AUDIT FEES

The amount of fees paid/payable to Grant Thornton Malaysia PLT, the Group’s External Auditors, and its member firm and affiliate for the audit and non-audit services rendered to the Company and its subsidiaries for the FY2023 are as follows:

Type of Service	Group 2023 (RM'000)	Company 2023 (RM'000)
Statutory audit	194	28
Non-statutory audit	3	3
TOTAL	197	31

MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interests of the Director, Chief Executive Officer and/or major shareholders, either still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous financial year.

ADDITIONAL COMPLIANCE INFORMATION

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

There was no ESOS established since the date of listing.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs")

Following the cessation of Hextar Holdings Sdn Bhd, Dato' Ong Choo Meng, Dato' Ong Soon Ho and Datin Teoh Siew Yoke @ Teoh Siew Chin (collectively referred to as "Major Shareholders") as substantial shareholders under Section 139 of the Companies Act 2016, effective from 14 July 2023, the ARMC reviews and monitors the following RRPTs during a 6-month cooling-off period ("Cooling-off Period") from the date of cessation of the Major Shareholders, pursuant to the Rule 10.02 (f) of ACE Market Listing Requirements.

The aggregate values of the RRPTs made during the FY2023, pursuant to the shareholders' mandate obtained at the Fourth Annual General Meeting of the Company held on 13 June 2023 are as follows:

Nature of RRPT	Transacting Related Parties	Interested Directors, Major Shareholders and Persons Connected	Value of RRPTs (RM'000)
Provision of consultancy and EPCC services for design, supply and installation of solar PV systems and power plants (solar PV facilities) including supply and installation of earthing and lighting protection system, and related electrical products and accessories by Pekat Group to all transacting parties.	Hextar Global Group	Hextar Holdings	60
	Hextar Industries Group	Dato' Ong Choo Meng	-
	Hextar Holdings Group	Dato' Ong Soon Ho	-
		Datin Teoh Siew Yoke @ Teoh Siew Chin	-
		Teh Li King	45
	SWS Capital Group	Dato' Ong Choo Meng	-
Provision of operation and maintenance services for solar PV facilities by Pekat Group to all transacting parties.	Classic Scenic Group	Teh Li King	-
		Dato' Ong Choo Meng	-
	KIP REIT Group	Ooi Youk Lan	-
		Hextar Rubber	-
		Dato' Ong Choo Meng	-
		Teh Li King	-
Provision of operation and maintenance services for solar PV facilities by Pekat Group to all transacting parties.	Hextar Healthcare Group	Hextar Rubber	70
		Dato' Ong Choo Meng	-
		Teh Li King	-
	Classic Scenic Group	Dato' Ong Choo Meng	-
		Ooi Youk Lan	-
	Hextar Global Group	Hextar Holdings	-
Hextar Industries Group	Dato' Ong Choo Meng	-	
	Dato' Ong Soon Ho	-	
	Datin Teoh Siew Yoke @ Teoh Siew Chin	-	
Hextar Holdings Group	Teh Li King	-	
	Hextar Rubber	42	
	Dato' Ong Choo Meng	-	
	Teh Li King	-	

Financial Statements

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	13,752,978	9,396,280
Attributable to:-		
Owners of the Company	13,724,131	9,396,280
Non-controlling interests	28,847	-
	13,752,978	9,396,280

DIVIDENDS

The amount of dividends paid and declared since the end of the previous financial year were as follows:-

	RM
In respect of the financial year ended 31 December 2023:-	
First interim single tier dividend of RM0.01 per ordinary share, paid on 21 September 2023	6,449,682

The Directors do not recommend any final dividend payment for the current financial year.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

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

DIRECTORS

The name of the Directors of the Company and its subsidiaries in office during the financial year and during the period commencing from the end of the financial year to the date of this report are as follows:-

Kok Kong Chin
Chin Soo Mau*
Tai Yee Chee*
Ong Keng Siew
Yeong Siew Lee
Datin Shelina Binti Razaly Wah
Ooi Youk Lan (Resigned on 17 November 2023)
Wee Chek Aik (Resigned on 31 December 2023)

* *Directors of the Company and certain subsidiaries.*

In accordance with Clause 128 of the Company's Constitution, Ong Keng Siew and Yeong Siew Lee will retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Directors of the subsidiaries since the beginning of the financial year to date of this report, not including those Directors listed above are as follows:-

Chong Lena
Johann Sze Wei Qiang
See Heng Chun
Tan Kwang San
Tong Pau Liong
Wong Boon Kwang
Yong Boon Chuan
Tee Lian Hong (Appointed on 2 June 2023)
Tan Siong Lin (Appointed on 30 March 2023 and Resigned on 1 February 2024)
Chan Chin Loon (Appointed on 30 March 2023 and Resigned on 1 February 2024)
Chew Teik Siang (Resigned on 1 June 2023)
Teh Li King (Resigned on 26 July 2023)

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 in Malaysia, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:-

	Number of ordinary shares			At 31.12.2023
	At 1.1.2023	Bought	Sold	
Interests in the Company				
<u>Direct interests</u>				
Kok Kong Chin	150,000	10,000,000	-	10,150,000
Chin Soo Mau	225,061,800	-	-	225,061,800
Tai Yee Chee	66,776,900	-	-	66,776,900
Ong Keng Siew	100,000	-	-	100,000
Yeong Siew Lee	100,000	-	-	100,000
Datin Shelina Binti Razaly Wahi	100,000	-	-	100,000

By virtue of the direct interest of Chin Soo Mau in the Company, he is also deemed to have interest in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016 in Malaysia.

DIRECTORS' REPORT

DIRECTORS' EMOLUMENTS AND BENEFITS

During the financial year, the emoluments and other benefits received and receivable by the Directors of the Company and its subsidiaries are as follows:-

	Incurred by the Company RM	Incurred by the subsidiaries RM	Total RM
Directors' fee	224,500	-	224,500
Salaries and other emoluments	2,155,615	1,681,764	3,837,379
Defined contribution plans	338,851	183,310	522,161
Social security contribution	3,475	6,679	10,154
	2,722,441	1,871,753	4,594,194

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital and no issuance of debentures during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains Directors' and Officers' liabilities insurance for the purpose of Section 289 of the Companies Act 2016 in Malaysia, throughout the financial year which provides appropriate insurance coverage for the Directors and Officers of the Company and its subsidiaries. The amount of indemnity coverage and insurance premium paid during the financial year amounted to RM10,000,000 and RM8,720 respectively.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the year of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
- (b) the results of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

DIRECTORS' REPORT

EVENT AFTER THE REPORTING PERIOD

The event after the reporting period is disclosed in Note 36 to the financial statements.

AUDITORS

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

The total amount of fees paid or payables to the Auditors, Grant Thornton Malaysia PLT, as remuneration for their services as Auditors of the Company and its subsidiaries are amounted to RM31,000 and RM166,000 respectively.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permissible under the provision of the Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnity for the financial year.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors.

_____)
CHIN SOO MAU)
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) DIRECTORS
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TAI YEE CHEE

Kuala Lumpur
23 April 2024

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 87 to 162 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors.

CHIN SOO MAU

TAI YEE CHEE

Kuala Lumpur
23 April 2024

STATUTORY DECLARATION

I, Oh Keng Jin, being the Officer primarily responsible for the financial management of Pekat Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 87 to 162 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
23 April 2024)

OH KENG JIN
(MIA No: 16866)

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEKAT GROUP BERHAD (INCORPORATED IN MALAYSIA)

REGISTRATION NO: 201901011563 (1320891-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pekat Group Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies information, as set out on pages 87 to 162.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment Losses on Trade Receivables and Contract Assets

The Risk

Referring to Notes 10 and 11 to the financial statements. The key risk associated with the Group's trade receivables and contract assets is their recoverability. Assessing expected credit losses of trade receivables and contract assets requires management's judgement and the use of estimation in determining the probability of default occurring by considering the ageing of receivables and contract assets, historical loss experience and forward-looking information.

We have identified allowance for expected credit losses of trade receivables and contract assets as key audit matter due to the significance of trade receivables and contract assets and the significant estimation involved in determining the allowance for expected credit losses.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEKAT GROUP BERHAD (INCORPORATED IN MALAYSIA)

REGISTRATION NO: 201901011563 (1320891-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Our Response

We have reviewed the ageing of trade receivables in comparison to previous years, testing the integrity of ageing by calculating the due date for a sample of invoices and reviewing the level of bad debts written off in the current year against the prior years. Besides, we have reviewed the ageing of the contract assets in comparison to previous years and reviewed the reversal of contract assets in the current year and prior years. We had also assessed the reasonableness of assumptions and judgements made by the management regarding the expected credit losses rates through examination of subsequent collections, subsequent billings and tested the operating effectiveness of the relevant control procedures that management has in place.

Inventories - Valuation Net

The Risk

Referring to Note 9 to the financial statements. The inventories are subject to a risk that the inventories become slow-moving or obsolete, such that they could not be sold or only be sold for selling prices that are less than the carrying value. There is inherent subjectivity and estimation required in determining the accuracy of inventory obsolescence provision and in making an assessment of its adequacy due to risks such as inventories prices not valid and inventories not stated at the lower of cost and net realisable value.

Our Response

We tested the methodology for calculating the provisions, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historic data used in estimating the provisions. In doing so, we obtained understanding on the ageing profile of inventories, the process for identifying specific problem inventories and historic loss rates.

Revenue Recognition

The Risk

Referring to Note 22 to the financial statements. There are significant accounting judgements involved including determining the stage of completion, the timing of revenue recognition and the calculation under the percentage of completion method made by management in applying the Group's revenue recognition policies to installation contract entered into by the Group.

Contract revenue should include the amount agreed in the initial contract, plus revenue from alterations in the original contract work and plus claims that are expected to be collected and that can be measured reliably.

Our Response

We performed a range of audit procedures including obtained a sample of contracts or letter of awards, reviewed variation orders, reviewed estimated profit and costs to complete and enquired key personnel regarding adjustments for job costing and potential contract losses.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEKAT GROUP BERHAD (INCORPORATED IN MALAYSIA)

REGISTRATION NO: 201901011563 (1320891-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and of the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEKAT GROUP BERHAD (INCORPORATED IN MALAYSIA)

REGISTRATION NO: 201901011563 (1320891-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threat or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEKAT GROUP BERHAD (INCORPORATED IN MALAYSIA)

REGISTRATION NO: 201901011563 (1320891-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

KISHAN NARENDRA JASANI
(NO: 03223/12/2025(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
23 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	23,436,188	23,329,178	-	-
Investment property	4	144,000	147,200	-	-
Intangible assets	5	183,135	321,952	-	-
Investment in subsidiaries	6	-	-	81,579,980	79,139,980
Investment in associates	7	11,176,783	10,049,047	-	-
Amount due from a subsidiary	6	-	-	10,900,000	10,900,000
Amount due from an associate	7	1,329,875	1,270,583	-	-
Total non-current assets		36,269,981	35,117,960	92,479,980	90,039,980
Current assets					
Other investments	8	4,412,566	4,617,737	-	-
Inventories	9	24,873,997	25,595,597	-	-
Trade receivables	10	47,587,763	40,552,314	-	-
Contract assets	11	29,144,525	38,692,296	-	-
Other receivables	12	7,433,607	6,024,803	70,800	69,375
Amount due from subsidiaries	6	-	-	1,289,430	868,420
Amount due from associates	7	3,858,919	7,629,245	-	-
Amount due from related parties	13	-	1,278,700	-	-
Tax recoverable		1,760,205	979,427	-	-
Fixed deposits with licensed banks	14	3,083,633	14,906,727	-	-
Cash and bank balances		23,944,320	14,214,436	671,262	424,695
Total current assets		146,099,535	154,491,282	2,031,492	1,362,490
TOTAL ASSETS		182,369,516	189,609,242	94,511,472	91,402,470

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	15	93,515,918	93,515,918	93,515,918	93,515,918
Merger deficit	16	(50,079,980)	(50,079,980)	-	-
Retained earnings/(Accumulated losses)		93,225,823	85,951,374	425,763	(2,520,835)
		136,661,761	129,387,312	93,941,681	90,995,083
Non-controlling interests		115,968	87,121	-	-
Total equity		136,777,729	129,474,433	93,941,681	90,995,083
LIABILITIES					
Non-current liabilities					
Lease liabilities	17	2,588,990	2,439,065	-	-
Borrowings	18	600,362	1,555,804	-	-
Deferred tax liabilities	19	275,549	293,000	-	-
Total non-current liabilities		3,464,901	4,287,869	-	-
Current liabilities					
Trade payables	20	16,972,203	9,153,051	-	-
Contract liabilities	11	12,091,199	20,296,355	-	-
Other payables	21	10,058,619	5,341,927	488,565	226,887
Lease liabilities	17	851,560	611,625	-	-
Borrowings	18	976,233	19,425,409	-	-
Tax payable		1,177,072	1,018,573	81,226	180,500
Total current liabilities		42,126,886	55,846,940	569,791	407,387
Total liabilities		45,591,787	60,134,809	569,791	407,387
TOTAL EQUITY AND LIABILITIES		182,369,516	189,609,242	94,511,472	91,402,470

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	22	227,460,013	179,226,348	-	-
Cost of sales		(173,942,561)	(134,405,336)	-	-
Gross profit		53,517,452	44,821,012	-	-
Other income		1,546,270	1,778,895	12,940,000	1,932,000
Administration expenses		(34,737,005)	(30,023,973)	(3,991,447)	(2,240,068)
Net impairment gain on financial assets		344,014	103,825	-	-
Other expenses		(1,991,813)	(837,036)	-	-
Operating profit/(loss)		18,678,918	15,842,723	8,948,553	(308,068)
Finance income	23	495,179	420,118	612,641	430,300
Finance costs	24	(1,583,329)	(1,803,706)	(18,493)	(858)
Share of profit/(loss) of associates	7	554,543	(24,834)	-	-
Profit before tax	25	18,145,311	14,434,301	9,542,701	121,374
Tax expense	26	(4,392,333)	(4,409,018)	(146,421)	(242,000)
Profit/(Loss) for the financial year		13,752,978	10,025,283	9,396,280	(120,626)
Other comprehensive income for the financial year, net of tax		-	-	-	-
Total comprehensive income/(loss) for the financial year		13,752,978	10,025,283	9,396,280	(120,626)
Profit/(Loss) for the financial year attributable to:-					
Owners of the Company		13,724,131	10,036,694	9,396,280	(120,626)
Non-controlling interests		28,847	(11,411)	-	-
		13,752,978	10,025,283	9,396,280	(120,626)
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		13,724,131	10,036,694	9,396,280	(120,626)
Non-controlling interests		28,847	(11,411)	-	-
		13,752,978	10,025,283	9,396,280	(120,626)
Earnings per share					
Basic/Diluted earnings per share (sen)	27	2.13	1.56		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	← Attributable to owners of the Company →					
	Note	Non-distributable		Distributable		Total equity RM
		Share capital RM	Merger deficit RM	Retained earnings RM	Non-controlling interests RM	
Group						
At 1 January 2022		93,515,918	(50,079,980)	75,914,680	98,532	119,449,150
Total comprehensive income/ (loss) for the financial year		-	-	10,036,694	(11,411)	10,025,283
At 31 December 2022		93,515,918	(50,079,980)	85,951,374	87,121	129,474,433
Transaction with owners:-						
Dividend paid	29	-	-	(6,449,682)	-	(6,449,682)
Total comprehensive income for the financial year		-	-	13,724,131	28,847	13,752,978
At 31 December 2023		93,515,918	(50,079,980)	93,225,823	115,968	136,777,729

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share capital RM	Retained earnings/ (Accumulated losses) RM	Total RM
Company				
At 1 January 2022		93,515,918	(2,400,209)	91,115,709
Total comprehensive loss for the financial year		-	(120,626)	(120,626)
At 31 December 2022		93,515,918	(2,520,835)	90,995,083
Transaction with owners:-				
Dividend paid	29	-	(6,449,682)	(6,449,682)
Total comprehensive income for the financial year		-	9,396,280	9,396,280
At 31 December 2023		93,515,918	425,763	93,941,681

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
OPERATING ACTIVITIES					
Profit before tax		18,145,311	14,434,301	9,542,701	121,374
Adjustments for:-					
Amortisation of intangible assets		157,023	152,606	-	-
Bad debts recovered		(3,752)	-	-	-
Bad debts written off		118,476	56,167	-	-
Depreciation of investment property		3,200	3,200	-	-
Depreciation of property, plant and equipment		1,660,825	1,521,872	-	-
Dividend income		(1,222)	(18,552)	(9,100,000)	-
Fair value gain on other investments		(143,607)	(181,376)	-	-
Gain on disposal of property, plant and equipment		(301,208)	(25,695)	-	-
Gain on termination of lease contracts		-	(17,097)	-	-
Impairment loss on trade receivables		1,245,762	1,482,203	-	-
Impairment loss on contract assets		1,305,827	365,695	-	-
Impairment loss on other receivables		-	900	-	-
Interest expenses		1,583,329	1,803,706	18,493	858
Interest income		(495,179)	(420,118)	(612,641)	(430,300)
Inventories written down		92,100	286,439	-	-
Inventories written off		13,916	-	-	-
Property, plant and equipment written off		1	464	-	-
Reversal of impairment loss on trade receivables		(1,588,876)	(1,586,928)	-	-
Reversal of impairment loss on contract assets		(379,983)	(219,605)	-	-
Reversal of impairment loss on other receivables		(900)	-	-	-
Reversal of inventories written down		(379,333)	(184,976)	-	-
Reversal of provision for foreseeable losses		(208,153)	(15,176)	-	-
Share of (profit)/loss of associates		(554,543)	24,834	-	-
Unrealised (gain)/loss on foreign exchange		(97,742)	142,770	-	-
Waiver of debts		(10,513)	-	-	-
Operating profit/(loss) before working capital changes		20,160,759	17,605,634	(151,447)	(308,068)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Changes in working capital:-					
Inventories		994,917	8,579,416	-	-
Receivables		(8,132,580)	(12,558,348)	(1,425)	(62,625)
Payables		12,573,391	(25,158,415)	261,678	13,026
Contract assets/liabilities		624,924	4,683,170	-	-
Associates		3,910,595	(6,733,050)	-	-
Related parties		1,278,700	-	-	-
Cash generated from/(used in) operations		31,410,706	(13,581,593)	108,806	(357,667)
Interest received		191,287	88,525	33,737	539
Tax refunded		176,062	586,903	-	-
Tax paid		(5,208,125)	(6,002,677)	(245,695)	(61,500)
Net cash from/(used in) operating activities		26,569,930	(18,908,842)	(103,152)	(418,628)
INVESTING ACTIVITIES					
Additional investment in a subsidiary		-	-	(2,440,000)	-
Additional investment in an associate		(573,193)	(1,485,000)	-	-
Advance to a subsidiary		-	-	(421,010)	(7,043,420)
Advance to associates		(199,561)	(13,989)	-	-
Dividend received		1,222	18,552	9,100,000	-
Interest received		135,343	63,467	578,904	429,761
Proceeds from disposal of other investments		348,778	17,081,448	-	-
Proceeds from disposal of property, plant and equipment		303,200	841,000	-	-
Purchase of intangible assets		(18,206)	(31,266)	-	-
Purchase of property, plant and equipment	A	(653,328)	(1,579,848)	-	-
Net cash (used in)/from investing activities		(655,745)	14,894,364	6,817,894	(6,613,659)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
FINANCING ACTIVITIES					
Drawdown of bankers' acceptance		19,112,991	66,259,550	-	-
Drawdown of trust receipt		-	1,392,000	-	-
Dividend paid		(6,449,682)	-	(6,449,682)	-
Fixed deposits pledged with licensed banks		11,823,094	(203,026)	-	-
Interest paid		(1,583,329)	(1,803,706)	(18,493)	(858)
Interest received		156,874	227,295	-	-
Repayment of bankers' acceptance		(37,621,624)	(70,973,366)	-	-
Repayment of lease liabilities		(726,640)	(1,380,019)	-	-
Repayment of term loan		(895,985)	(854,475)	-	-
Repayment of trust receipt		-	(2,614,000)	-	-
Repayment to a related party		-	(20,250)	-	-
Net cash used in financing activities		(16,184,301)	(9,969,997)	(6,468,175)	(858)
CASH AND CASH EQUIVALENTS					
Net changes		9,729,884	(13,984,475)	246,567	(7,033,145)
Brought forward		14,214,436	28,198,911	424,695	7,457,840
Carried forward	B	23,944,320	14,214,436	671,262	424,695

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total purchase of property, plant and equipment	1,769,828	4,948,427	-	-
Less: Financed by lease liabilities	(1,116,500)	(3,368,579)	-	-
	653,328	1,579,848	-	-

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	23,944,320	14,214,436	671,262	424,695
Fixed deposits with licensed banks	3,083,633	14,906,727	-	-
	27,027,953	29,121,163	671,262	424,695
Less: Fixed deposits pledged with licensed banks	(3,083,633)	(14,906,727)	-	-
	23,944,320	14,214,436	671,262	424,695

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2023 RM	Drawdown RM	Repayment RM	Termination RM	31 December 2023 RM
Group					
Bankers' acceptance	18,508,633	19,112,991	(37,621,624)	-	-
Lease liabilities	3,050,690	1,116,500	(726,640)	-	3,440,550
Term loan	2,472,580	-	(895,985)	-	1,576,595
	24,031,903	20,229,491	(39,244,249)	-	5,017,145

	1 January 2022 RM	Drawdown RM	Repayment RM	Termination RM	31 December 2022 RM
Group					
Amount due to a related party	20,250	-	(20,250)	-	-
Bankers' acceptance	23,222,449	66,259,550	(70,973,366)	-	18,508,633
Lease liabilities	1,200,146	3,368,579	(1,380,019)	(138,016)	3,050,690
Term loan	3,327,055	-	(854,475)	-	2,472,580
Trust receipt	1,222,000	1,392,000	(2,614,000)	-	-
	28,991,900	71,020,129	(75,842,110)	(138,016)	24,031,903

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the ACE Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 3A, 5 & 6 Teknologi Kubik, No. 6, Jalan Teknologi 3/4, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in investment holding activities. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors on 23 April 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for equity financial assets that have been measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability. A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Basis of measurement (cont'd)

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, recognised the use of relevant observable inputs and recognised the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are recognised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

The Group and the Company have established control framework in respect of measurement of fair values of financial instruments. The Board of Directors has overall responsibility for overseeing all significant fair value measurements. The Board of Directors regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 MFRSs

2.4.1 Adoption of new standards/amendments/improvements to MFRSs

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2023.

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact on the financial statements of the Group and of the Company except for:-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs (cont'd)

2.4.1 Adoption of new standards/amendments/improvements to MFRSs (cont'd)

Amendments to MFRS 101 - Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term “significant” with “material”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board (“MASB”) has also developed guidance and examples to explain and demonstrate the application of the “four-step materiality process” described in MFRS Practice Statement 2.

The amendments have had an impact on the Group’s and the Company’s disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group’s and the Company’s financial statements.

2.4.2 Standards issued but not yet effective

The amended standards that are issued, but not yet effective, up to the date of issuance of the Group’s and of the Company’s financial statements are disclosed below. The Group and the Company intend to adopt amended standards, if applicable, when they become effective.

Effective for financial period beginning on or after 1 January 2024:-

Amendments to MFRS 16**	Leases - Lease Liability in a Sale and Leaseback
Amendments to MFRS 101**	Presentation of Financial Statements - Non-current Liabilities with Covenants
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 107 and MFRS 7**	Statement of Cash Flows and Financial Instruments: Disclosures - Supplier Finance Arrangements

Effective for financial period beginning on or after 1 January 2025:-

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability
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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs (cont'd)

2.4.2 Standards issued but not yet effective (cont'd)

Amendments to MFRSs – effective date deferred indefinitely:-

Amendments to MFRS 10* and MFRS 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* Not applicable to the Company.

Not applicable to the Group.

The initial application of the above applicable standards and amendments to standards are not expected to have any material financial impact to the financial statements.

2.5 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

2.5.1 Key sources of estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

The management assesses that the useful lives represent the expected utility of the assets to the Group. The management estimates the useful lives of the property, plant and equipment, right-of-use assets and investment property to be within 3 to 50 years and reviews the useful lives of the depreciable assets at the end of each reporting year. Actual results, however, may vary due to change in the expected level of usage and technological developments which resulting the adjustment to the Group's assets.

Amortisation of intangible assets

The software licenses are amortised on a straight-line basis over their useful lives of 5 years. The Group assesses annually the useful lives of the intangible assets and if the expectation differs from the original estimate, such difference will impact the amortisation expenses in the period in which such estimate had been changed.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Key sources of estimation uncertainty (cont'd)

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

Provision for expected credit losses ("ECLs") of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Key sources of estimation uncertainty (cont'd)

Revenue from contracts with customers

Revenue is recognised when or as the control of the asset is transferred to our customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time. If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress, based on the physical proportion of contract work-to-date certified by the Group and the customers.

Significant judgment is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction and installation based on actual costs incurred to-date over the estimated total construction and installation costs. The total estimated costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgments, management relies on past experience and the work of specialists. A change in the estimates will directly affect the revenue to be recognised.

Income taxes/Deferred tax liabilities

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters result is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that future taxable profits will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.2 Significant management judgement

The following are significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Freehold	Solar	Furniture	Office	Plant	Leased	Motor	Total
	land	systems	and	equipment	and	buildings	vehicles	
	RM	RM	fittings	RM	machinery	RM	RM	RM
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2022	17,821,681	1,554,714	417,050	2,011,730	250,321	264,472	3,576,049	29,202,264
Additions	-	-	177,358	830,058	-	2,380,479	1,141,639	4,948,427
Disposals	-	-	-	-	-	-	(1,236,086)	(1,236,086)
Written off	-	-	(48,217)	(35,807)	-	-	-	(84,024)
Termination of lease contracts	-	-	-	-	-	(264,472)	-	(264,472)
At 31 December 2022	17,821,681	1,554,714	546,191	2,805,981	250,321	2,380,479	3,481,602	32,566,109
Additions	-	-	5,824	379,791	-	-	1,299,113	1,769,828
Disposals	-	-	-	-	-	-	(865,128)	(865,128)
Written off	-	-	-	-	-	-	(65,071)	(65,071)
At 31 December 2023	17,821,681	1,554,714	552,015	3,185,772	250,321	2,380,479	3,850,516	33,405,738

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Solar systems RM	Furniture and fittings RM	Office equipment RM	Plant and machinery RM	Renovation RM	Leased buildings RM	Motor vehicles RM	Total RM
Group (cont'd)									
Accumulated depreciation									
At 1 January 2022	-	1,434,877	357,834	1,122,448	57,436	3,041,834	126,757	2,221,767	8,362,953
Charge for the financial year	-	5,273	43,634	412,665	11,664	150,736	427,835	470,065	1,521,872
Disposals	-	-	-	-	-	-	-	(420,781)	(420,781)
Written off	-	-	(48,217)	(35,343)	-	-	-	-	(83,560)
Termination of lease contracts	-	-	-	-	-	-	(143,553)	-	(143,553)
At 31 December 2022	-	1,440,150	353,251	1,499,770	69,100	3,192,570	411,039	2,271,051	9,236,931
Charge for the financial year	-	5,274	54,158	464,177	50,064	191,827	428,883	466,442	1,660,825
Disposals	-	-	-	-	-	-	-	(863,136)	(863,136)
Written off	-	-	-	-	-	-	-	(65,070)	(65,070)
At 31 December 2023	-	1,445,424	407,409	1,963,947	119,164	3,384,397	839,922	1,809,287	9,969,550
Net carrying amount									
At 31 December 2022	17,821,681	109,290	144,606	1,221,825	131,157	425,843	1,540,557	2,041,229	23,436,188
At 31 December 2023	17,821,681	114,564	192,940	1,306,211	181,221	532,570	1,969,440	1,210,551	23,329,178

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The freehold land is pledged to a licensed bank for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

Leased assets

Included in the net carrying amount of property, plant and equipment are right-of-use assets as below:-

	Leased buildings RM	Motor vehicles RM	Total RM
Group			
Cost			
At 1 January 2022	264,472	1,731,416	1,995,888
Additions	2,380,479	1,132,839	3,513,318
Disposals	-	(1,019,132)	(1,019,132)
Termination of lease contracts	(264,472)	-	(264,472)
Transfer to property, plant and equipment	-	(309,114)	(309,114)
At 31 December 2022	2,380,479	1,536,009	3,916,488
Additions	-	1,299,113	1,299,113
Transfer to property, plant and equipment	-	(245,276)	(245,276)
At 31 December 2023	2,380,479	2,589,846	4,970,325
Accumulated depreciation			
At 1 January 2022	126,757	474,525	601,282
Charge for the financial year	427,835	410,179	838,014
Disposals	-	(203,826)	(203,826)
Termination of lease contracts	(143,553)	-	(143,553)
Transfer to property, plant and equipment	-	(268,586)	(268,586)
At 31 December 2022	411,039	412,292	823,331
Charge for the financial year	428,883	418,464	847,347
Transfer to property, plant and equipment	-	(245,273)	(245,273)
At 31 December 2023	839,922	585,483	1,425,405

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**Leased assets (cont'd)**

Included in the net carrying amount of property, plant and equipment are right-of-use assets as below (cont'd):-

	Leased buildings RM	Motor vehicles RM	Total RM
Group (cont'd)			
Net carrying amount			
At 31 December 2023	1,540,557	2,004,363	3,544,920
At 31 December 2022	1,969,440	1,123,717	3,093,157

All property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. All property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Leased buildings	17% - 33%
Solar systems	4% - 20%
Furniture and fittings	20%
Office equipment	20%
Plant and machinery	20%
Renovation	20%
Motor vehicles	20%

Freehold land is not depreciated but is subject to impairment test if there is indication of impairment.

The above motor vehicles are under finance lease arrangement and are pledged as security for the related lease liabilities.

Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

4. INVESTMENT PROPERTY

	Leasehold building RM
Group	
Cost	
At 1 January 2022/31 December 2022/31 December 2023	160,000
Accumulated depreciation	
At 1 January 2022	9,600
Charge for the financial year	3,200
At 31 December 2022	12,800
Charge for the financial year	3,200
At 31 December 2023	16,000
Net carrying amount	
At 31 December 2023	144,000
At 31 December 2022	147,200

Investment properties are initially measured at cost. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the assets. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of leasehold building is provided for on a straight line basis to write off the cost over its estimated useful life at 2% per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

4. INVESTMENT PROPERTY (CONT'D)

Fair value information

The fair value of investment property of the Group is categorised as follows:-

	Group	
	Level 3 2023 RM	Level 3 2022 RM
Leasehold building	150,000	154,000

The fair value of investment property of the Group as at 31 December 2023 and 31 December 2022 was based on information available through internet research and the Directors' best estimate by reference to indicative market price of similar properties in the vicinity.

Income and expenses recognised in profit or loss

	Group	
	2023 RM	2022 RM
Rental income from investment property	3,600	3,600
Direct operating expenses:		
- Income generating investment property	(22,024)	(571)

The operating lease payments to be received are as follows:-

	Group	
	2023 RM	2022 RM
Within 1 year	1,800	3,600

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. INTANGIBLE ASSETS

	Software licenses RM
Group	
Cost	
At 1 January 2022	1,005,616
Additions	31,266
At 31 December 2022	1,036,882
Additions	18,206
At 31 December 2023	1,055,088
Accumulated amortisation	
At 1 January 2022	469,574
Amortisation for the financial year	152,606
At 31 December 2022	622,180
Amortisation for the financial year	157,023
At 31 December 2023	779,203
Accumulated impairment loss	
At 1 January 2022/31 December 2022/31 December 2023	92,750
Net carrying amount	
At 31 December 2023	183,135
At 31 December 2022	321,952

Intangible asset that is acquired by the Group, which has finite useful lives, is measured at cost less accumulated amortisation and any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. INTANGIBLE ASSETS (CONT'D)

Software licenses

Software licences that are embedded in computer-controlled equipment, including operating systems that cannot operate without that specific software are an integral part of the related hardware and is treated as property, plant and equipment.

Application software that is being used on a computer that is generally easily replaced and is not an integral part of the related hardware is classified as intangible asset.

Due to the risk of technological changes, the useful lives of all software licences are generally assessed to be finite. Software licences that are classified as intangible assets are amortised on a straight-line basis over its estimated useful life of 5 years.

Impairment loss review of software licenses

Impairment loss on intangible asset of the Group had been recognised due to the recoverable amount of the intangible asset was lower than the carrying amount.

The recoverable amount of the intangible asset is assessed based on value-in-use and compared to the carrying amount of the intangible asset to determine whether any impairment exists.

6. SUBSIDIARIES

Investment in subsidiaries

	Company	
	2023	2022
	RM	RM
Unquoted shares, at cost	81,579,980	79,139,980

Investment in subsidiaries is measured in the Company's statements of financial position at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

6. SUBSIDIARIES (CONT'D)

Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows:-

Name of company	Principal place of business	Effective interest		Principal activities
		2023 %	2022 %	
Held by the Company:-				
Pekat Teknologi Sdn. Bhd.	Malaysia	100	100	Investment holding and trading of electrical engineering products and operates as a general contractor.
Held by Pekat Teknologi Sdn. Bhd.:-				
Solaroo Systems Sdn. Bhd.	Malaysia	100	100	Design, supply and install smaller scale solar PV systems for residential and commercial and industrial projects.
E & LP Engineering Sdn. Bhd.	Malaysia	100	100	Distribution of electrical products and accessories.
Pekat Solar Sdn. Bhd.	Malaysia	100	100	Design, supply and installation of solar PV system and power plants and related services.
Pekat Engineering Sdn. Bhd.	Malaysia	100	100	Distribution of electrical products and accessories.
Pekat E & LP Sdn. Bhd.	Malaysia	100	100	Supply and installation of ELP systems.
Solaroo RE Sdn. Bhd.	Malaysia	100	100	Operation of generation facilities that produce electric energy.
Pekat RE Maintenance Sdn. Bhd.	Malaysia	100	100	Energy supply services and maintenance.
Solaroo EV Sdn. Bhd. (formerly known as Pekat Engineering Services Sdn. Bhd.)	Malaysia	100	-	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

6. SUBSIDIARIES (CONT'D)

Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows (cont'd):-

Name of company	Principal place of business	Effective interest		Principal activities
		2023 %	2022 %	
Held by Pekat Teknologi Sdn. Bhd. (cont'd):-				
Pekat Solar Tronoh Sdn. Bhd.	Malaysia	100	-	Dormant.
Pnexsoft Sdn. Bhd.	Malaysia	70	70	Development and distribution of software applications.

2023**Incorporation of subsidiaries**

- (a) On 30 March 2023, a wholly-owned subsidiary of the Company, Pekat Teknologi Sdn. Bhd. incorporated a wholly-owned subsidiary, Solaroo EV Sdn. Bhd. (formerly known as Pekat Engineering Services Sdn. Bhd.), with cash subscription of RM100.
- (b) On 26 September 2023, a wholly-owned subsidiary of the Company, Pekat Teknologi Sdn. Bhd. incorporated a wholly-owned subsidiary, Pekat Solar Tronoh Sdn. Bhd., with cash subscription of RM10,000.

The consolidated financial statements have been prepared using the merger method to account for the acquisition of Pekat Teknologi Sdn. Bhd. and its subsidiaries. Merger reserve or deficit are determined as the difference between the cost of merger and nominal value of the share capital of the subsidiaries acquired and recognised in statements of financial position.

Impact of the acquisition on the consolidated statements of profit or loss and other comprehensive income

In the financial period when the merger took place, the subsidiaries' profits are included in the Group's profits for the full financial period, regardless of the effective date of merger.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

6. SUBSIDIARIES (CONT'D)

Non-controlling interests in a subsidiary

The Group's subsidiary that has non-controlling interests is as follow:-

	Group	
	Pnexsoft Sdn. Bhd.	
	2023	2022
Percentage of ownership interest and voting interest (%)	30	30
Carrying amount of non-controlling interest (RM)	115,968	87,121
Total comprehensive income/(loss) allocated to non-controlling interests (RM)	28,847	(11,411)

The summary of financial information before intra-group elimination for the Group's subsidiary that have material non-controlling interests is as below:-

	Group	
	2023	2022
	RM	RM
Summary of financial position as at 31 December		
Non-current assets	3,422	5,378
Current assets	405,256	438,148
Current liabilities	(22,119)	(153,124)
Equity attributable to owners of the Company	386,559	290,402
Non-controlling interests	115,968	87,121
Revenue	521,819	692,573
Expenses	(425,662)	(732,528)
Tax income	-	1,919
Profit/(Loss) and other comprehensive income/(loss) for the financial year	96,157	(38,036)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

6. SUBSIDIARIES (CONT'D)

Non-controlling interests in a subsidiary (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiary that have material non-controlling interests is as below (cont'd):-

	Group	
	2023 RM	2022 RM
Profit/(Loss) and other comprehensive income/(loss) attributable to owners of the Company	67,310	(26,625)
Profit/(Loss) and other comprehensive income/(loss) attributable to non-controlling interest	28,847	(11,411)
Profit/(Loss) and other comprehensive income/(loss) for the financial year	96,157	(38,036)
Summary of cash flows for the financial year ended 31 December		
Net cash flows from/(used in) operating activities	197,040	(70,849)
Net cash flows (used in)/from financing activities	(4,584)	4,584
Net cash inflows/(outflows)	192,456	(66,265)

Amount due from subsidiaries

	Company	
	2023 RM	2022 RM
Non-current	10,900,000	10,900,000
Current	1,289,430	868,420
	12,189,430	11,768,420

The amount due from subsidiaries are non-trade related, unsecured, interest free and repayable on demand except for RM10,900,000 (2022: RM10,900,000) bear interest rate of 4.85% (2022: 4.85%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

7. ASSOCIATES

Investment in associates

	Group	
	2023 RM	2022 RM
Unquoted shares, at cost	8,831,650	8,258,457
Share of post-acquisition profits	2,345,133	1,790,590
	11,176,783	10,049,047

Details of the Group's associate are as follows:-

Name of company	Principal place of business	Effective interest		Principal activities
		2023 %	2022 %	
Held by Pekat Teknologi Sdn. Bhd.:-				
Pekat Energy (Sarawak) Sdn. Bhd.	Malaysia	49	49	Design, supply and installation of solar PV systems and power plants in Sarawak.
Sunway Pekat Solar Sdn. Bhd.^	Malaysia	40	40	Design, supply and installation of solar PV systems and power plants for Sunway group of companies.
J8K Energy Sdn. Bhd.^	Malaysia	49	49	Dormant.
MFP Solar Sdn. Bhd.^	Malaysia	45	45	Build, own and operate solar PV power plants.
UP Solar Sdn. Bhd.^	Malaysia	40	40	To undertake solar photovoltaic business activities.
MFP Solar International Ltd.^	British Virgin Islands	45	45	Investment holding.

^ Associates not audited by Grant Thornton Malaysia PLT.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

7. ASSOCIATES (CONT'D)

Investment in associates (cont'd)

The summary of financial information of the associates, not adjusted for the proportion of ownership interest held by the Group are as follows:-

Group	Pekata Energy (Sarawak) Sdn. Bhd. RM	Sunway Pekata Solar Sdn. Bhd. RM	JBK Energy Sdn. Bhd. RM	MFP Solar Sdn. Bhd. RM	UP Solar Sdn. Bhd. RM	MFP Solar International Ltd. RM	Total RM
Summary of financial position as at 31 December 2023							
Non-current assets	962,683	-	-	69,204,262	4,825,308	160,650	75,152,903
Current assets	2,517,904	1,162,227	2,903	4,486,046	1,235,366	2,936,907	12,341,353
Non-current liabilities	(480,082)	-	-	(47,219,652)	-	-	(47,699,734)
Current liabilities	(1,819,982)	(320,086)	(39,081)	(5,751,762)	(3,715,753)	(3,372,705)	(15,019,369)
Net assets/(liabilities)	1,180,523	842,141	(36,178)	20,718,894	2,344,921	(275,148)	24,775,153
Summary of financial performance for the financial year ended 31 December 2023							
Revenue	5,306,837	(839,420)	-	8,062,048	226,193	-	12,755,658
Total comprehensive income/ (loss)	419,452	(265,539)	(8,110)	1,057,095	(51,163)	(113,979)	1,037,756

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

7. ASSOCIATES (CONT'D)

Investment in associates (cont'd)

The summary of financial information of the associates, not adjusted for the proportion of ownership interest held by the Group are as follows (cont'd):-

Group	Pekata Energy (Sarawak) Sdn. Bhd. RM	Sunway Pekat Solar Sdn. Bhd. RM	JBK Energy Sdn. Bhd. RM	MFP Solar Sdn. Bhd. RM	UP Solar International Sdn. Bhd. RM	MFP Solar Ltd. RM	Total RM
Reconciliation of net assets to carrying amount as at 31 December 2023							
Carrying amount of proportion of the Group's ownership	578,456	336,857	-	9,323,502	937,968	-	11,176,783
Group's share of results for the financial year ended 31 December 2023							
Group's share of post-acquisition profit/(loss)	205,531	(106,216)	-	475,693	(20,465)	-	554,543
Other information							
Dividend paid	-	1,717,017	-	-	-	-	1,717,017

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

7. ASSOCIATES (CONT'D)

Investment in associates (cont'd)

The summary of financial information of the associates, not adjusted for the proportion of ownership interest held by the Group are as follows (cont'd):-

Group	Pekat Energy (Sarawak) Sdn. Bhd.	Sunway Pekat Solar Sdn. Bhd.	J8K Energy Sdn. Bhd.	MFP Solar Sdn. Bhd.	UP Solar International Sdn. Bhd.	MFP Solar Ltd.	Total
	RM	RM	RM	RM	RM	RM	RM
Summary of financial position as at 31 December 2022							
Non-current assets	1,099,623	-	-	54,966,551	4,308,686	153,650	60,528,510
Current assets	4,777,351	4,603,814	2,913	2,399,449	1,283,357	2,814,438	15,881,322
Non-current liabilities	(537,628)	(21,979)	-	(35,055,191)	-	-	(35,614,798)
Current liabilities	(4,578,275)	(1,757,138)	(30,981)	(5,449,010)	(3,195,959)	(3,129,257)	(18,140,620)
Net assets/(liabilities)	761,071	2,824,697	(28,068)	16,861,799	2,396,084	(161,169)	22,654,414
Summary of financial performance for the financial year ended 31 December 2022							
Revenue	7,289,009	3,634,846	-	5,980,708	-	-	16,904,563
Total comprehensive (loss)/income	(459,522)	(280,207)	(6,905)	777,942	(94,147)	(86,782)	(149,621)
Reconciliation of net assets to carrying amount as at 31 December 2022							
Carrying amount of proportion of the Group's ownership	372,925	1,129,879	-	7,587,810	958,433	-	10,049,047
Group's share of results for the financial year ended 31 December 2022							
Group's share of post-acquisition (loss)/profit	(225,166)	(112,083)	-	350,074	(37,659)	-	(24,834)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

7. ASSOCIATES (CONT'D)

Investment in associates (cont'd)**Contingent liabilities and capital commitments**

The associates have no contingent liabilities and capital commitments as at the reporting date.

The Group has not recognised loss related to J8K Energy Sdn. Bhd. and MFP Solar International Ltd. totalling RM3,974 and RM51,290 (2022: RM2,483 and RM37,332) and cumulatively RM17,727 and RM123,816 (2022: RM13,753 and RM72,526), since the Group has no obligation in respect of these losses.

Amount due from associates

	Group	
	2023 RM	2022 RM
Non-current		
- Non-trade balance	1,329,875	1,270,583
Current		
- Trade balance	3,471,420	7,382,015
- Non-trade balance	387,499	247,230
	3,858,919	7,629,245
	5,188,794	8,899,828

The amount due from associates are trade related, unsecured, interest free and subject to credit term ranging from cash term to 90 days (2022: cash term to 90 days).

The amount due from associates are non-trade related, unsecured, interest free and repayable on demand except for RM1,250,956 (2022: RM1,235,956) bears interest rates at a rate of 3.30% (2022: ranging from 2.60% to 2.80%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

8. OTHER INVESTMENTS

	Group	
	2023 RM	2022 RM
Money market funds in Malaysia		
At fair value:-		
Financial assets at FVTPL	4,412,566	4,617,737
Fair value of quoted investment (Level 1)	4,412,566	4,617,737

9. INVENTORIES

	Group	
	2023 RM	2022 RM
Consumables	7,683,062	11,705,351
Input materials	6,755,203	2,343,386
Trading goods	10,435,732	11,546,860
	24,873,997	25,595,597
Recognised in profit or loss:-		
Inventories recognised as cost of sales	171,708,275	127,492,255
Inventories written down	92,100	286,439
Inventories written off	13,916	-
Reversal of inventories written down	(379,333)	(184,976)

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

The reversal of inventories written down was made and recognised in profit or loss when the related inventories were subsequently used or were sold above their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

10. TRADE RECEIVABLES

	Group	
	2023 RM	2022 RM
Trade receivables	45,120,255	39,142,321
Retention sum	6,072,463	5,358,062
Less: Allowance for ECLs	(3,604,955)	(3,948,069)
	47,587,763	40,552,314

Trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

The credit term granted by the Group to trade receivables ranging from cash term to 180 days (2022: cash term to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

The movements in the allowance for ECLs in respect of trade receivables are as follows:-

	Individual impairment RM	Collective impairment RM	Total RM
Group			
At 1 January 2022	3,493,324	559,470	4,052,794
Additions	1,482,203	-	1,482,203
Reversal	(1,586,928)	-	(1,586,928)
At 31 December 2022	3,388,599	559,470	3,948,069
Additions	1,245,762	-	1,245,762
Reversal	(1,588,876)	-	(1,588,876)
At 31 December 2023	3,045,485	559,470	3,604,955

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

11. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023 RM	2022 RM
Contract assets		
Accrued billings	31,152,945	39,983,025
Less: Provision for foreseeable losses	(12,960)	(221,113)
Less: Allowances for ECLs	(1,995,460)	(1,069,616)
	29,144,525	38,692,296
Contract liabilities		
Deposits received	12,091,199	20,296,355

Contract assets primarily relate to the Group's rights to consideration for work completed on installation services but not yet billed at the reporting date. Typically, the amount will be billed based on the signed contract.

Contract liabilities primarily relate to the advance consideration received from customers for the goods or services which is yet to transfer or perform by the Group as at the reporting date.

Contract value yet to be recognised as revenue

As at the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of the Group is RM158,135,794 (2022: RM146,791,416). The Group expected to recognised this revenue over the next 12 to 48 months (2022: 12 to 48 months).

The movements in the allowance for ECLs in respect of contract assets are as follows:-

	Group	
	2023 RM	2022 RM
At 1 January	1,069,616	923,526
Additions	1,305,827	365,695
Reversal	(379,983)	(219,605)
At 31 December	1,995,460	1,069,616

The impairment loss on contract assets is included in other expenses and the reversal of impairment loss on contract assets is included in other income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

12. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-trade receivables	71,976	228,387	-	-
Less: Allowance for ECLs	-	(900)	-	-
	71,976	227,487	-	-
Staff advances	13,176	30,186	-	-
Deposits	872,227	696,260	10,800	-
Deposits for purchase of inventories	5,582,370	4,339,595	-	-
Prepayments	848,358	678,475	60,000	69,375
Goods and services tax recoverable	45,500	52,800	-	-
	7,433,607	6,024,803	70,800	69,375

The movements in the allowance for ECLs in respect of other receivables are as follows:-

	Group	
	2023 RM	2022 RM
At 1 January	900	-
Additions	-	900
Reversal	(900)	-
At 31 December	-	900

Included in deposits is rental deposit paid to a related party which amounted to RM243,000 (2022: RM243,000).

13. AMOUNT DUE FROM RELATED PARTIES

Related parties refer to companies in which a Director has interest, companies in which the shareholders of the Company have interest or companies in which a Director of the subsidiaries has interest.

In prior financial year, the amount due from related parties are trade related, unsecured, interest free and subject to credit term ranging from cash term to 90 days.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group have been pledged for banking facilities granted to the Group.

The interest rates of fixed deposits with licensed banks of the Group ranging from 2.30% to 3.60% (2022: 0.60% to 3.40%) per annum and maturity period ranging at 365 days (2022: 30 to 570 days).

15. SHARE CAPITAL

	Group and Company	
	2023 RM	2022 RM
Issued and fully paid with no par value:-		
644,968,200 units of ordinary shares	93,515,918	93,515,918

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

16. MERGER DEFICIT

The merger deficit arises as and when the combination take place, it comprises the difference between the cost of merger and the nominal value of shares acquired in Pekat Teknologi Sdn. Bhd. and its subsidiaries as disclosed in Note 6 to the financial statements.

17. LEASE LIABILITIES

	Group	
	2023 RM	2022 RM
Non-current	2,588,990	2,439,065
Current	851,560	611,625
	3,440,550	3,050,690

The maturity analysis of lease liabilities is disclosed in Note 32 to the financial statements.

The total cash outflows for leases of the Group amounted to RM3,112,140 (2022: RM3,942,079).

The effective interest rates of lease liabilities of the Group are ranging from 4.14% to 6.91% (2022: 4.14% to 6.94%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

18. BORROWINGS

	Group	
	2023 RM	2022 RM
Secured:-		
Non-current		
Term loan	600,362	1,555,804
Current		
Bankers' acceptance	-	18,508,633
Term loan	976,233	916,776
	976,233	19,425,409
	1,576,595	20,981,213

The borrowings of the Group are secured by the following:-

- (i) A legal charge over freehold land as disclosed in Note 3 to the financial statements;
- (ii) Corporate guarantee by the Company and certain subsidiaries;
- (iii) Fixed deposits of the Group as disclosed in Note 14 to the financial statements; and
- (iv) Deed of assignment of contract proceeds.

The interest rates of the Group's borrowings are as follows:-

	Group	
	2023 %	2022 %
Bankers' acceptance	4.60 - 5.00	3.03 - 5.05
Term loan	6.51 - 8.66	5.69 - 7.22

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. DEFERRED TAX LIABILITIES

	Group	
	2023 RM	2022 RM
At 1 January	293,000	263,000
Recognised in profit or loss	(17,451)	30,000
At 31 December	275,549	293,000

The deferred tax liabilities are made up of temporary differences arising from:-

	Property, plant and equipment RM	Intangible assets RM	Allowance for impairment loss RM	Total RM
Group				
At 1 January 2022	209,000	56,000	(2,000)	263,000
Recognised in profit or loss	28,000	2,000	-	30,000
At 31 December 2022	237,000	58,000	(2,000)	293,000
Recognised in profit or loss	6,249	(24,000)	300	(17,451)
At 31 December 2023	243,249	34,000	(1,700)	275,549

20. TRADE PAYABLES

The normal trade credit terms granted to the Group by the suppliers ranging from cash term to 90 days (2022: cash term to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

21. OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-trade payables	1,901,342	841,479	6,435	16,003
Deposits received	900	3,150	-	-
Accruals of expenses	8,029,853	4,495,375	482,130	210,884
Sales and service tax payable	126,524	1,923	-	-
	10,058,619	5,341,927	488,565	226,887

22. REVENUE

	Group	
	2023 RM	2022 RM
Revenue from contracts with customers in Malaysia		
Installation of earthing and lightning protection systems	33,035,058	33,742,037
Installation of on-grid and off-grid photovoltaic systems:		
- Commercial and industrial	127,767,366	95,607,934
- Residential	26,510,352	11,964,226
Sales from development and distribution of software applications	292,859	-
Trading, maintenance services and others	39,854,378	37,912,151
	227,460,013	179,226,348
Timing of recognition		
- At a point in time	40,147,237	37,951,967
- Over time	187,312,776	141,274,381
	227,460,013	179,226,348

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

22. REVENUE (CONT'D)

22.1 Performance obligations

Information about the Group's performance obligations are summarised below:-

Installation of earthing, lightning and protection equipment

The performance obligation is satisfied upon delivery of the equipment. The payment is generally due within cash term to 90 days (2022: cash term to 90 days) from delivery of equipment.

Installation of on-grid and off-grid photovoltaic systems and maintenance services

The Group designs, engineers, install, testing and provide maintenance of the photovoltaic systems for construction customers. The timeline for each project usually ranged from 3 to 6 months (2022: 3 to 6 months), depends on the complexity of the design and area covered by the projects. The performance obligations are satisfied over time for commercial and industrial as the customers simultaneously received and consumes the benefits provided by the Group. The performance obligations are satisfied a point in time for residential as the duration each of project is within few days.

Trading, maintenance services and others

The performance obligation is satisfied over time and payment is generally due upon complete of installation and acceptance of customer.

Revenue from the installation, protection and maintenance of earthing and lightning equipment system is recognised by reference to the stage of completion.

Sales from development and distribution of software applications

Revenue from service provider is recognised at a point in time when the services have been transferred to the customers and coincides with the delivery of services and acceptance by customer.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

23. FINANCE INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income:				
- Associates	58,002	34,899	-	-
- Bank balances	191,287	88,525	33,737	539
- Fixed deposits	156,874	227,295	-	-
- Gain on financial assets carries at amortised costs	11,675	40,831	-	-
- Repurchase agreement	50,323	27,508	-	-
- Subsidiaries	-	-	578,904	429,761
- Other	27,018	1,060	-	-
	495,179	420,118	612,641	430,300

24. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expenses:				
- Bank guarantees	124,794	349,780	-	-
- Bank overdraft	28,538	5,072	18,493	-
- Bankers' acceptance	451,196	1,038,269	-	-
- Lease liabilities	180,339	194,897	-	-
- Letter of credit	546,632	20,319	-	-
- Term loan	153,859	195,369	-	-
- Revolving credit	97,971	-	-	-
- Subsidiaries	-	-	-	858
	1,583,329	1,803,706	18,493	858

NOTES TO THE FINANCIAL STATEMENTS

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25. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst other, the following:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
- Statutory audit	194,000	134,000	28,000	22,000
- Other	3,000	2,000	3,000	2,000
Amortisation of intangible assets	157,023	152,606	-	-
Bad debts recovered	(3,752)	-	-	-
Bad debts written off	118,476	56,167	-	-
Depreciation of investment property	3,200	3,200	-	-
Depreciation of property, plant and equipment	1,660,825	1,521,872	-	-
Directors' fee	224,500	272,000	224,500	227,000
Dividend income:				
- Subsidiary	-	-	(9,100,000)	-
- Other investments	(1,222)	(18,552)	-	-
Expenses arising from leases:				
- Expenses relating to short-term lease	2,205,161	2,367,163	-	-
Fair value gain on other investments	(143,607)	(181,376)	-	-
Gain on disposal of property, plant and equipment	(301,208)	(25,695)	-	-
Gain on termination of lease contracts	-	(17,097)	-	-
Impairment loss on trade receivables	1,245,762	1,482,203	-	-
Impairment loss on contract assets	1,305,827	365,695	-	-
Impairment loss on other receivables	-	900	-	-
Inventories written down	92,100	286,439	-	-
Inventories written off	13,916	-	-	-
Property, plant and equipment written off	1	464	-	-
Rental income	(99,508)	(10,400)	-	-
Reversal of impairment loss on trade receivables	(1,588,876)	(1,586,928)	-	-
Reversal of impairment loss on contract assets	(379,983)	(219,605)	-	-
Reversal of impairment loss on other receivables	(900)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

25. PROFIT BEFORE TAX (CONT'D)

Profit before tax has been determined after charging/(crediting), amongst other, the following (cont'd):-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Reversal of provision for foreseeable losses	(208,153)	(15,176)	-	-
Reversal of inventories written down	(379,333)	(184,976)	-	-
Realised loss/(gain) on foreign exchange	517,056	(452,978)	-	-
Unrealised (gain)/loss on foreign exchange	(97,742)	142,770	-	-
Waiver of debts	(10,513)	-	-	-

26. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax				
- Current financial year	4,933,431	4,604,000	225,000	242,000
- Over provision in prior financial year	(523,647)	(224,982)	(78,579)	-
	4,409,784	4,379,018	146,421	242,000
Deferred tax				
- Current financial year	(7,721)	6,000	-	-
- (Over)/Under recognised in prior financial year	(9,730)	24,000	-	-
	(17,451)	30,000	-	-
	4,392,333	4,409,018	146,421	242,000

Malaysian income tax is calculated at statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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26. TAX EXPENSE (CONT'D)

The numerical reconciliation between the effective tax rate and the statutory tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	18,145,311	14,434,301	9,542,701	121,374
Tax at Malaysian statutory tax rate of 24%	4,354,875	3,464,232	2,290,248	29,130
Tax effect in respect of:-				
Expenses not deductible for tax purposes	730,532	1,097,153	118,752	212,870
Income not subject to tax	(593,419)	(89,625)	(2,184,000)	-
Movement of deferred tax assets not recognised	433,722	138,240	-	-
Over provision of tax expense in prior financial year	(523,647)	(224,982)	(78,579)	-
(Over)/Under recognised of deferred tax liabilities in prior financial year	(9,730)	24,000	-	-
	4,392,333	4,409,018	146,421	242,000

NOTES TO THE FINANCIAL STATEMENTS

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26. TAX EXPENSE (CONT'D)

Deferred tax assets have not been recognised in respect of these items (stated as gross) as it is not probable that future taxable profits will be available against which the subsidiaries can utilise the benefits therefrom.

	Group	
	2023 RM	2022 RM
Advance received	1,342,110	250,257
Contract assets	1,995,396	1,069,906
Contract liabilities	991,056	367,770
Intangible assets	-	53,000
Inventories	311,862	571,096
Property, plant and equipment	16,238	53,956
Provisions	189,239	275,988
Trade receivables	3,598,444	3,940,921
Unabsorbed capital allowance	3,238	57,515
Unutilised tax losses	126,503	126,503
	8,574,086	6,766,912

The expiry of the unutilised tax losses is as follows:-

	Group	
	2023 RM	2022 RM
Unutilised tax losses		
- expiring year of assessment 2030	102,224	102,224
- expiring year of assessment 2032	24,279	24,279
	126,503	126,503

NOTES TO THE FINANCIAL STATEMENTS

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27. EARNINGS PER SHAREBasic/Diluted earnings per ordinary share

Basic earnings per share are calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per ordinary share equals to basic earning per share as there are no dilutive potential ordinary shares.

Profits attributable to equity holders of the Company

	Group	
	2023	2022
Profit used for the computation of basic/diluted:		
- Profit attributable to equity holders of the Company (RM)	13,724,131	10,036,694
<i>Weighted average number of ordinary shares in issue</i>		
Weighted average number of ordinary shares	644,968,200	644,968,200
Basic/Diluted earnings per ordinary shares (sen)	2.13	1.56

28. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries and other emoluments	21,871,298	15,646,141	2,669,820	1,174,349
Defined contribution plans	2,391,584	1,779,013	411,470	192,521
Social security contribution	202,795	167,037	4,634	3,083
	24,465,677	17,592,191	3,085,924	1,369,953

NOTES TO THE FINANCIAL STATEMENTS

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28. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Included in the employee benefits expense is the Directors' emoluments as below:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Executive Directors:-</u>				
Directors of the Company				
Salaries and other emoluments	2,135,115	1,758,375	2,135,115	934,155
Defined contribution plans	338,851	305,364	338,851	157,248
Social security contribution	3,475	6,659	3,475	2,503
	2,477,441	2,070,398	2,477,441	1,093,906
Directors of the subsidiaries				
Salaries and other emoluments	1,681,764	1,151,528	-	-
Defined contribution plans	183,310	117,507	-	-
Social security contribution	6,679	4,087	-	-
	1,871,753	1,273,122	-	-
	4,349,194	3,343,520	2,477,441	1,093,906
<u>Non-executive Directors:-</u>				
Directors of the Company				
Salaries and other emoluments	20,500	35,500	20,500	35,500
	4,369,694	3,379,020	2,497,941	1,129,406

NOTES TO THE FINANCIAL STATEMENTS

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29. DIVIDEND

	Group and Company	
	2023 RM	2022 RM
In respect of the financial year ended 31 December 2023:-		
First interim single tier dividend of RM0.01 per ordinary share, paid on 21 September 2023	6,449,682	-

The Directors do not recommend any final dividend payment for the current financial year.

30. RELATED PARTY DISCLOSURES

Transactions with related parties

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Accounting fee charged to an associate	60,000	-	-	-
Advances from subsidiaries	-	-	6,280	620,198
Advances to subsidiaries	-	-	54,087	7,300,060
Advances to associates	1,729,917	295,817	-	-
Interest expense charged by subsidiaries	-	-	-	858
Interest income charged to subsidiaries	-	-	578,904	429,761
Interest income charged to associates	58,002	34,899	-	-
Management fee charged to an associate	-	161,195	-	-
Management fee charged to subsidiaries	-	-	3,840,000	1,932,000
Progress billing issued to related parties	90,300	2,922,446	-	-
Purchase from a subsidiary's corporate shareholder	159,000	320,014	-	-
Purchase from an associate	7,200	72,000	-	-
Rental expense charged by a related party	972,000	972,000	-	-
Rental expense charged by a subsidiary	-	-	32,400	-
Sales to a related party	-	18,270	-	-
Sales to associates	24,649,951	23,833,290	-	-
Utilities expense charged by a related party	-	338	-	-

NOTES TO THE FINANCIAL STATEMENTS

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30. RELATED PARTY DISCLOSURES (CONT'D)

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 6, 7, 12 and 13 to the financial statements.

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly and entity that provides key management personnel services to the Group and the Company.

Key management includes all the Directors of the Group and of the Company and certain members of senior management of the Group and of the Company.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' remuneration:-				
Directors' fee	224,500	272,000	224,500	227,000
Directors' emoluments	4,369,694	3,379,020	2,497,941	1,129,406
	4,594,194	3,651,020	2,722,441	1,356,406
Key management personnel:-				
Salaries and other emoluments	511,620	442,000	511,620	200,640
Defined contribution plans	72,618	64,407	72,618	35,273
Social security contribution	1,159	1,041	1,159	579
	585,397	507,448	585,397	236,492
	5,179,591	4,158,468	3,307,838	1,592,898

NOTES TO THE FINANCIAL STATEMENTS

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31. OPERATING SEGMENT

General information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the activities of the Group. The Group's operating segments are as follows:-

Segment I : Design, supply and installation of on-grid and off-grid solar photovoltaic systems and power plants which also includes the entire scope of work up to delivering of system or plant to customers and operations and maintenance of the systems or plants. Solar photovoltaic systems and power plants convert sunlight into electricity for use at a facility, supply to the power grid, or storage in a battery pack for later use.

Segment II : Supply and installation of earthing and lightning protection systems for buildings, facilities and structures to protect people, property and equipment from unintended electric current as well as providing specialist subcontractors for earthing and lightning protection systems to main contractors or mechanical and electrical contractors.

Segment III : Distribution of electrical products and accessories which includes sales and marketing of Pekat own brand and other third party brands electrical products and accessories, namely for earthing and lightning related products, solar photovoltaic related products, surge protection devices, and aviation warning light systems.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements. Transactions between reportable segments are measured on the basis that is similar to those external customers. There are no significant changes from prior financial year in the measurement methods used to determine reported segment results.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, associate companies and current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

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31. OPERATING SEGMENT (CONT'D)

Measurement of reportable segments (cont'd)

Analysis of the Group's revenue, results, assets, liabilities and other information by operating segment are shown below:-

Group	Note	Segment I RM	Segment II RM	Segment III RM	Eliminations RM	Total RM
2023						
Revenue						
External revenue		156,151,048	33,288,293	38,020,672	-	227,460,013
Inter-company revenue	A	12,834,857	86,158	23,642,621	(36,563,636)	-
Total revenue		168,985,905	33,374,451	61,663,293	(36,563,636)	227,460,013
Results						
Segment results	B	5,192,925	4,186,541	18,192,962	(13,285,843)	14,286,585
Finance income		219,206	28,345	1,310,811	(1,063,183)	495,179
Finance costs		(2,227,297)	(57,565)	(361,650)	1,063,183	(1,583,329)
Depreciation and amortisation		(964,671)	(286,294)	(608,243)	38,160	(1,821,048)
Share of profit of associates		-	-	-	554,543	554,543
Tax expense		(1,240,506)	(1,163,981)	(1,987,846)	-	(4,392,333)
Other non-cash (expense)/income	C	(408,644)	103,944	337,725	-	33,025
Assets						
Segment assets	D	78,497,516	36,182,453	169,939,384	(115,186,825)	169,432,528
Investment in associates		-	-	11,176,783	-	11,176,783
Included in segment assets are:-						
Additions to non-current assets other than deferred tax assets	E	1,138,259	238,084	640,651	(228,960)	1,788,034
Liabilities						
Segment liabilities	F	52,047,764	9,222,033	7,628,953	(29,776,729)	39,122,021

NOTES TO THE FINANCIAL STATEMENTS

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31. OPERATING SEGMENT (CONT'D)*Measurement of reportable segments (cont'd)*

Analysis of the Group's revenue, results, assets, liabilities and other information by operating segment are shown below (cont'd):-

Group	Note	Segment I RM	Segment II RM	Segment III RM	Eliminations RM	Total RM
2022						
Revenue						
External revenue		108,385,767	33,757,812	37,082,769	-	179,226,348
Inter-company revenue	A	3,113,695	189,528	24,183,141	(27,486,364)	-
Total revenue		111,499,462	33,947,340	61,265,910	(27,486,364)	179,226,348
Results						
Segment results	B	3,202,832	4,786,540	3,627,135	(182,802)	11,433,705
Finance income		273,485	37,114	1,116,773	(1,007,254)	420,118
Finance costs		(1,882,884)	(70,941)	(857,135)	1,007,254	(1,803,706)
Depreciation and amortisation		(815,973)	(189,464)	(672,241)	-	(1,677,678)
Share of loss of associates		-	-	-	(24,834)	(24,834)
Tax expense		(879,592)	(1,675,134)	(1,854,292)	-	(4,409,018)
Other non-cash (expense)/income	C	(43,446)	207,952	(313,986)	20,000	(129,480)
Assets						
Segment assets	D	88,356,066	31,895,565	184,305,749	(125,976,612)	178,580,768
Investment in associates		-	-	10,049,047	-	10,049,047
Included in segment assets are:-						
Additions to non-current assets other than deferred tax assets	E	3,578,754	915,185	562,326	(76,572)	4,979,693
Liabilities						
Segment liabilities	F	47,790,818	8,951,576	23,146,935	(45,097,996)	34,791,333

NOTES TO THE FINANCIAL STATEMENTS

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31. OPERATING SEGMENT (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

- A. Intersegment revenues are eliminated on consolidation.
- B. The following items are added to/(deducted from) segment profit to arrive at "profit after tax" presented in the profit or loss:-

	2023 RM	2022 RM
Segment profit	14,286,585	11,433,705
Finance income	495,179	420,118
Finance costs	(1,583,329)	(1,803,706)
Share of profit/(loss) of associates	554,543	(24,834)
Profit after tax	13,752,978	10,025,283

- C. Other major non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:-

	2023 RM	2022 RM
Bad debts written off	(118,476)	(56,167)
Fair value gain on other investments	143,607	181,376
Gain on termination of lease contracts	-	17,097
Impairment loss on trade receivables	(1,245,762)	(1,482,203)
Impairment loss on contract assets	(1,305,827)	(365,695)
Impairment loss on other receivables	-	(900)
Inventories written down	(92,100)	(286,439)
Inventories written off	(13,916)	-
Property, plant and equipment written off	(1)	(464)
Reversal of impairment loss on trade receivables	1,588,876	1,586,928
Reversal of impairment loss on contract assets	379,983	219,605
Reversal of impairment loss on other receivables	900	-
Reversal of inventories written down	379,333	184,976
Reversal of provision for foreseeable losses	208,153	15,176
Unrealised gain/(loss) on foreign exchange	97,742	(142,770)
Waiver of debts	10,513	-
	33,025	(129,480)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

31. OPERATING SEGMENT (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.
(cont'd)

- D. The following items are added to segment assets to arrive at total assets reported in the statements of financial position:-

	2023	2022
	RM	RM
Segment assets	169,432,528	178,580,768
Investment in associates	11,176,783	10,049,047
Tax recoverable	1,760,205	979,427
Total assets	182,369,516	189,609,242

- E. Additions to non-current assets other than financial instruments and deferred tax assets consists of:-

	2023	2022
	RM	RM
Property, plant and equipment	1,769,828	4,948,427
Intangible assets	18,206	31,266
	1,788,034	4,979,693

- F. The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:-

	2023	2022
	RM	RM
Segment liabilities	39,122,021	34,791,333
Lease liabilities	3,440,550	3,050,690
Borrowings	1,576,595	20,981,213
Tax payable	1,177,072	1,018,573
Deferred tax liabilities	275,549	293,000
Total liabilities	45,591,787	60,134,809

NOTES TO THE FINANCIAL STATEMENTS

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31. OPERATING SEGMENT (CONT'D)Geographical information

Revenue and non-current assets are all derived from Malaysia.

Non-current assets information presented above consist of the following items as presented in the statements of financial position:-

	2023	2022
	RM	RM
Property, plant and equipment	23,436,188	23,329,178
Investment property	144,000	147,200
Intangible assets	183,135	321,952
Investment in associates	11,176,783	10,049,047
Amount due from an associate	1,329,875	1,270,583
	36,269,981	35,117,960

Major customers

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue in current financial year.

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

- (a) Financial assets and financial liabilities measured at amortised cost (“AC”); and
 (b) Financial assets at fair value through profit or loss (“FVTPL”).

	Carrying amount RM	AC RM	FVTPL RM
Group			
2023			
Financial assets			
Other investments	4,412,566	-	4,412,566
Trade receivables	47,587,763	47,587,763	-
Other receivables	6,539,749	6,539,749	-
Amount due from associates	5,188,794	5,188,794	-
Fixed deposits with licensed banks	3,083,633	3,083,633	-
Cash and bank balances	23,944,320	23,944,320	-
	90,756,825	86,344,259	4,412,566
Financial liabilities			
Trade payables	16,972,203	16,972,203	-
Other payables	9,932,095	9,932,095	-
Borrowings	1,576,595	1,576,595	-
	28,480,893	28,480,893	-

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

- (a) Financial assets and financial liabilities measured at amortised cost ("AC"); and
 (b) Financial assets at fair value through profit or loss ("FVTPL").

	Carrying amount RM	AC RM	FVTPL RM
Group (cont'd)			
2022			
Financial assets			
Other investments	4,617,737	-	4,617,737
Trade receivables	40,552,314	40,552,314	-
Other receivables	5,293,528	5,293,528	-
Amount due from associates	8,899,828	8,899,828	-
Amount due from related parties	1,278,700	1,278,700	-
Fixed deposits with licensed banks	14,906,727	14,906,727	-
Cash and bank balances	14,214,436	14,214,436	-
	89,763,270	85,145,533	4,617,737
Financial liabilities			
Trade payables	9,153,051	9,153,051	-
Other payables	5,340,004	5,340,004	-
Borrowings	20,981,213	20,981,213	-
	35,474,268	35,474,268	-

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

- (a) Financial assets and financial liabilities measured at amortised cost ("AC"); and
 (b) Financial assets at fair value through profit or loss ("FVTPL").

	Carrying amount RM	AC RM	FVTPL RM
Company			
2023			
Financial assets			
Amount due from subsidiaries	12,189,430	12,189,430	-
Other receivables	10,800	10,800	-
Cash and bank balances	671,262	671,262	-
	12,871,492	12,871,492	-
Financial liability			
Other payables	488,565	488,565	-
2022			
Financial assets			
Amount due from subsidiaries	11,768,420	11,768,420	-
Cash and bank balances	424,695	424,695	-
	12,193,115	12,193,115	-
Financial liability			
Other payables	226,887	226,887	-

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL INSTRUMENTS (CONT'D)**32.2 Financial risk management**

The Group and the Company are mainly exposed to credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Group and the Company have formal risk management policies and guidelines, as approved by the Board of Directors, which set out its overall business strategies, its tolerance for risks and its general risk management philosophy. Such policies are monitored and undertaken by the management.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

32.2.1 Credit risk

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the Group and the Company. For other financial assets, the Group and the Company adopt the policy of dealing with reputable institutions.

Following are the areas where the Group and the Company are exposed to credit risk.

Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date as summarised below:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Classes of financial assets:-				
Trade receivables	47,587,763	40,552,314	-	-
Contract assets	29,144,525	38,692,296	-	-
Other receivables	6,539,749	5,293,528	10,800	-
Amount due from subsidiaries	-	-	12,189,430	11,768,420
Amount due from associates	5,188,794	8,899,828	-	-
Amount due from related parties	-	1,278,700	-	-
Fixed deposits with licensed banks	3,083,633	14,906,727	-	-
Cash and bank balances	23,944,320	14,214,436	671,262	424,695
	115,488,784	123,837,829	12,871,492	12,193,115

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.1 Credit risk (cont'd)

Trade receivables and contract assets

Recognition and measurement of impairment loss

In managing credit risk of trade receivables and contract assets, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group's debt recovery processes are as follows:-

- (a) Above 180 days in Segment I and III and 360 days in Segment II past due after credit term, the Group will start to initiate together with management team a structured debt recovery process which is monitored by the management team; and
- (b) The Group will commence a legal proceeding against the customers who having dispute or does not adhere to the restructure of the repayment scheme.

The Group uses provision matrix to measure ECLs for all the past due debts. Credit term which are past due more than 180 days in Segment I and III and past due more than 360 days in Segment II will be considered as credit impaired.

The Group assessed the risk of loss (including the trade balances due from associates) based on the following factors:-

- (a) Overall past trend payments of customers;
- (b) Financial performances of each individual customers; and
- (c) Gross domestic product growth rate and base lending rate.

None of the Group's financial assets are secured by collateral or other credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.1 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment loss (cont'd)

Set out below is the information about the credit risk exposure and ECLs on the Group's trade receivables and contract assets:-

	Days past due					Total RM
	Current RM	1 to 30 days RM	31 to 60 days RM	61 to 90 days RM	More than 90 days RM	
2023						
Trade receivables	16,833,638	12,343,031	9,193,800	1,783,236	11,039,013	51,192,718
Individually impaired	-	-	-	-	(3,045,485)	(3,045,485)
Collectively impaired	(94,043)	(30,115)	(17,735)	(5,848)	(411,729)	(559,470)
Net balance	16,739,595	12,312,916	9,176,065	1,777,388	7,581,799	47,587,763
Contract assets	31,139,985	-	-	-	-	31,139,985
Individually impaired	(1,995,460)	-	-	-	-	(1,995,460)
Net balance	29,144,525	-	-	-	-	29,144,525
2022						
Trade receivables	14,195,156	12,601,288	3,758,602	4,352,398	9,592,939	44,500,383
Individually impaired	-	-	-	-	(3,388,599)	(3,388,599)
Collectively impaired	(93,668)	(35,299)	(20,581)	(11,208)	(398,714)	(559,470)
Net balance	14,101,488	12,565,989	3,738,021	4,341,190	5,805,626	40,552,314
Contract assets	39,761,912	-	-	-	-	39,761,912
Individually impaired	(1,069,616)	-	-	-	-	(1,069,616)
Net balance	38,692,296	-	-	-	-	38,692,296

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.1 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment loss (cont'd)

Credit risk concentration profile

In prior financial year, 10% and 13% of the Group's trade receivables and contract assets are due from 1 customer.

The Group continuously monitors credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. External credit ratings and/or reports on customers and other counterparties may also be used.

Other receivables

As at the end of reporting year, there was no indication that other receivables are not recoverable except for those disclosed in Note 12 to the financial statements.

Intercompany balances

The Group and the Company have trade transactions and provide unsecured advances to subsidiaries, associates and related parties monitors their results regularly.

As at the end of the reporting year, there was no indication that amounts due from subsidiaries, associates and related parties are not recoverable.

Other investments

As at reporting date, the Group only invested in money market fund in Malaysia. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

Investments are mostly in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.1 Credit risk (cont'd)

Financial guarantee

The maximum exposure to credit risk of the Group and of the Company amounted to RM19,083,309 and RM18,771,242 (2022: RM47,945,299 and RM68,915,716) respectively, represented by the outstanding banking facilities of subsidiaries as at the end of the reporting year.

The Group and the Company provide unsecured financial guarantee to banks in respect of banking facilities granted to subsidiaries. The Group and the Company monitor on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting year, there was no indication that subsidiaries would default on repayment and under perform.

32.2.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due to shortage of funds.

In managing its exposures to liquidity risk arising principally from its various payables, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows:-

	Carrying amount RM	Contractual cash flows RM	Maturity	
			Current Within 1 year RM	Non-current 2 to 5 years RM
Group				
2023				
Non-derivative financial liabilities				
Trade payables	16,972,203	16,972,203	16,972,203	-
Other payables	9,932,095	9,932,095	9,932,095	-
Term loan	1,576,595	1,663,198	1,049,844	613,354
Lease liabilities	3,440,550	2,403,030	657,634	1,745,396
	31,921,443	30,970,526	28,611,776	2,358,750
Financial guarantee*	19,083,309	19,083,309	19,083,309	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.2 Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows (cont'd):-

	Carrying amount RM	Contractual cash flows RM	Maturity	
			Current Within 1 year RM	Non-current 2 to 5 years RM
Group (cont'd)				
2022				
Non-derivative financial liabilities				
Trade payables	9,153,051	9,153,051	9,153,051	-
Other payables	5,340,004	5,340,004	5,340,004	-
Bankers' acceptance	18,508,633	18,508,633	18,508,633	-
Term loan	2,472,580	2,690,014	1,049,844	1,640,170
Lease liabilities	3,050,690	3,281,929	726,562	2,555,367
	38,524,958	38,973,631	34,778,094	4,195,537
Financial guarantee*	47,945,299	47,945,299	47,945,299	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.2 Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows (cont'd):-

	Carrying amount RM	Contractual cash flows RM	Maturity	
			Current Within 1 year RM	Non-current 2 to 5 years RM
Company				
2023				
Non-derivative financial liability				
Other payables	488,565	488,565	488,565	-
Corporate guarantee*	18,771,242	18,771,242	18,771,242	-
2022				
Non-derivative financial liability				
Other payables	226,887	226,887	226,887	-
Corporate guarantee*	68,915,716	68,915,716	68,915,716	-

* This is exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting year.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.3 Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flow of financial instruments of the Group and of the Company. The Group's and the Company's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's borrowings are at fixed interest rates. The exposure to interest rates for the Group's short-term placement is considered immaterial.

The carrying amount of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed rate instruments				
<u>Financial asset</u>				
Fixed deposits with licensed banks	3,083,633	14,906,727	-	-
<u>Financial liabilities</u>				
Bankers' acceptance	-	(18,508,633)	-	-
Lease liabilities	(3,440,550)	(3,050,690)	-	-
	(3,440,550)	(21,559,323)	-	-
Net financial liabilities	(356,917)	(6,652,596)	-	-
Floating rate instruments				
<u>Financial assets</u>				
Amount due from an associate	1,250,956	1,235,956	-	-
Amount due from a subsidiary	-	-	10,900,000	10,900,000
	1,250,956	1,235,956	10,900,000	10,900,000
<u>Financial liability</u>				
Term loan	(1,576,595)	(2,472,580)	-	-
Net financial (liabilities)/assets	(325,639)	(1,236,624)	10,900,000	10,900,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.3 Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting year would not affect profit or loss and equity.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/-25 (2022: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Effects on profit/equity for the financial year	
	(Decrease)/Increase	
	RM	RM
Group		
2023 (+/-25bp)	(814)	814
2022 (+/-25bp)	(3,092)	3,092
Company		
2023 (+/-25bp)	27,250	(27,250)
2022 (+/-25bp)	27,250	(27,250)

32.2.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk mostly on its sales and purchases that are denominated in currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Renminbi ("RMB") and Euro ("EURO").

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.4 Foreign currency risk (cont'd)

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting year are as follows:-

	2023 RM	2022 RM
Group		
RM/USD		
<u>Financial assets</u>		
Trade receivables	210,259	66,437
Other receivables	1,139,236	2,244,668
Amount due from an associate	1,329,875	1,270,583
Cash and bank balances	24,706	14,706
	2,704,076	3,596,394
<u>Financial liability</u>		
Trade payables	(1,652,491)	(1,830,416)
Net exposure	1,051,585	1,765,978
RM/RMB		
<u>Financial assets</u>		
Trade receivables	18,400	-
Other receivables	3,696,276	1,953,741
Cash and bank balances	740	-
	3,715,416	1,953,741
<u>Financial liability</u>		
Trade payables	(1,000,673)	(394,148)
Net exposure	2,714,743	1,559,593

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.4 Foreign currency risk (cont'd)

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting year are as follows (cont'd):-

	2023 RM	2022 RM
Group (cont'd)		
RM/EURO		
<u>Financial asset</u>		
Other receivables	1,101	1,014
<u>Financial liability</u>		
Trade payables	(9,061)	(32,100)
Net exposure	(7,960)	(31,086)

Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit or loss and equity with regards to the Group's financial assets and financial liabilities and the RM/USD, RM/RMB and RM/EURO exchange rate assuming all other things being equal.

A +/-1% (2022: +/-1%) change in the RM/USD, RM/RMB and RM/EURO exchange rates at the reporting date is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.4 Foreign currency risk (cont'd)

Foreign currency sensitivity analysis (cont'd)

If the RM had strengthened/weakened against the USD, RMB and EURO, by 1% (2022: 1%), then the impact would be as follows:-

	Impact on profit/equity	
	Increase/(Decrease)	
	2023 RM	2022 RM
Group		
RM/USD		
Strengthened 1% (2022: 1%)	(10,516)	(17,660)
Weakened 1% (2022: 1%)	10,516	17,660
RM/RMB		
Strengthened 1% (2022: 1%)	(27,147)	(15,596)
Weakened 1% (2022: 1%)	27,147	15,596
RM/EURO		
Strengthened 1% (2022: 1%)	80	311
Weakened 1% (2022: 1%)	(80)	(311)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.5 Equity price risk

Equity price risk is the risk that the value of an equity instrument will fluctuate as a result of changes in market prices. The Group is exposed to equity price risk mainly through the Group's investment in quoted shares.

If the unit prices quoted 'fair value through profit or loss' financial assets increased by 10% (2022: 10%), with all other variables held constant, the Group's profit for the financial year and equity at the end of the reporting year would increase approximately by RM441,257 (2022: RM461,774).

If the unit prices for quoted fair value through profit or loss financial assets decreased by 10% (2022: 10%), with all other variables being held constant, it would have the equal but opposite effect on the amounts shown above.

32.2.6 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature, insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

32.2.7 Fair value hierarchy

Fair value measurement of financial instruments

The following table summarises the method used in determining the fair value of financial assets on a recurring basis as at 31 December 2023 and 31 December 2022:-

Financial asset	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	2023 RM	2022 RM		
Other investments	4,412,566	4,617,737	Level 1	Quoted bid prices in an active market.

There were no transfers between Level 1, 2 and 3 in financial years 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

33. DERIVATIVE FINANCIAL LIABILITIES

As at the reporting date, the contracted underlying principal amount of currency forward contract of the Group is RM5,039,842 (2022: RM16,103,505).

The currency forward contracts have not been recognised since the fair value on initial recognition was not material.

34. CAPITAL MANAGEMENT

The primary objective of the management of the Group's and of the Company's capital structure is to optimise the balance between debts and equity to achieve a low cost of capital and maximise the return to stakeholders.

The capital structure of the Group and of the Company consists of debts (comprising lease liabilities and borrowings) and equity (comprising issued ordinary shares, retained earnings/accumulated losses and other reserves). The Group and the Company monitor their capital using a gearing ratio, based on total borrowings divided by total capital. The Directors review the capital structure on a quarterly basis, and consider the cost of capital and the risks associated with each class of capital. During the current financial year, no significant changes were made in the objectives, policies or processes for managing capital.

The gearing ratio at the end of the reporting year was as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Lease liabilities	3,440,550	3,050,690	-	-
Borrowings	1,576,595	20,981,213	-	-
	5,017,145	24,031,903	-	-
Equity attributable to owners of the Company	136,661,761	129,387,312	93,941,681	90,995,083
Gearing ratio (times)	0.04	0.19	-	-

There were no changes in the Group's and the Company's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

35. CAPITAL COMMITMENT

	Group	
	2023	2022
	RM	RM
Authorised and contracted for in respect of:		
- Purchase of plant and machinery	6,808	-

36. EVENT AFTER THE REPORTING PERIOD

On 29 February 2024, Pekat Teknologi Sdn. Bhd., a wholly-owned subsidiary of the Company, has entered into a Sale and Purchase Agreement with a third party to dispose a freehold land for a total cash consideration of RM21,000,000.

ANALYSIS OF SHAREHOLDINGS

AS AT 02 APRIL 2024

STATISTIC OF ORDINARY SHAREHOLDINGS

Class of Shares : Ordinary Shares
 Total Number of Issued Shares Capital : 644,968,200

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	6	0.126	200	0.00
100 – 1,000	575	12.118	346,400	0.053
1,001 – 10,000	2,170	45.732	12,923,100	2.003
10,001 – 100,000	1,676	35.321	58,871,800	9.127
100,001 – 32,248,409*	315	6.638	274,352,843	42.537
32,248,410 and above**	3	0.063	298,473,857	46.277
Total	4,745	100.000	644,968,200	100.00

* Less than 5% of Issued Shares

** 5% and above of Issued Shares

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

(This is an aggregation of securities from different securities accounts belonging to the same registered holders)

Name	Direct Interests	%	Indirect Interests	%
Chin Soo Mau	225,061,800	34.895	0	0.000
Tai Yee Chee	66,776,900	10.354	0	0.000
Wee Chek Aik	55,638,300	8.627	609,000*	0.094

* Deemed interested by virtue of his interest in Best Shine Avenue Sdn Bhd pursuant to Section 8 of the Companies Act 2016 ("the Act").

ANALYSIS OF SHAREHOLDINGS

AS AT 02 APRIL 2024

INFORMATION ON DIRECTORS' HOLDINGS

(This is an aggregation of securities from different securities accounts belonging to the same registered holders)

Name	Direct Interests	%	Indirect Interests	%
Chin Soo Mau	225,061,800	34.895	0	0.000
Tai Yee Chee	66,776,900	10.354	0	0.000
Kok Kong Chin	10,150,000	1.574	0	0.000
Ong Keng Siew	100,000	0.016	0	0.000
Datin Shelina Binti Razaly Wahi	100,000	0.016	0	0.000
Yeong Siew Lee	100,000	0.016	0	0.000

ANALYSIS OF SHAREHOLDINGS

AS AT 02 APRIL 2024

LIST OF TOP 30 HOLDERS AS AT 02/04/2024

(Without aggregating securities from different securities accounts belonging to the same registered holders)

No.	Name	Holdings	%
1	Chin Soo Mau	217,061,800	33.654
2	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tai Yee Chee (PB)	48,109,916	7.459
3	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wee Chek Aik (E-SS2/KDA)	33,302,141	5.163
4	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account For Loh Chen Yook (MY4545)	19,000,000	2.945
5	Tai Yee Chee	18,666,984	2.894
6	Wee Chek Aik	15,436,159	2.393
7	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Kok Kong Chin (PB)	10,150,000	1.573
8	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad - Kenanga Growth Fund	9,896,500	1.534
9	Action Venture Sdn Bhd	8,000,000	1.240
10	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Soo Mau (7003720)	8,000,000	1.240
11	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Loh Chen Yook (8089132)	6,830,000	1.058
12	CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund	6,234,200	0.966
13	Chu Beng Han	6,100,000	0.945
14	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Loh Chen Yook	6,000,000	0.930
15	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)	5,784,400	0.896
16	Ooi Han Ewe	5,160,000	0.800
17	Cartaban Nominees (Tempatan) Sdn Bhd CN CIMB Commerce Trustee Berhad For Kenanga Growth Fund Series 2	4,825,700	0.748
18	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Kenanga SyariahEXTRA Fund (N14011960240)	4,687,500	0.726
19	Low Khok Heng @ Low Choon Huat	3,700,000	0.573

ANALYSIS OF SHAREHOLDINGS

AS AT 02 APRIL 2024

No.	Name	Holdings	%
20	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wee Chek Aik (7000825)	3,500,000	0.542
21	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wee Chek Aik	3,400,000	0.527
22	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Kenanga OnePRS Growth Fund (420119)	3,277,000	0.508
23	Grand Terrace Sdn Bhd	3,200,000	0.496
24	Universal Trustee (Malaysia) Berhad TA Dana Fokus	3,200,000	0.496
25	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Kay Chong (E-SS2//DUA)	3,100,000	0.480
26	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Growth Opportunities Fund (50154 TR01)	3,062,400	0.474
27	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad - Kenanga Malaysian Inc Fund	3,047,600	0.472
28	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad For PMB Shariah Equity Fund	2,474,000	0.383
29	RHB Capital Nominees (Tempatan) Sdn Bhd Mohammed Zhakri Bin Mohammed Azlan	2,100,000	0.325
30	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Kenanga Amanah Saham Wanita (N14011980040)	1,985,300	0.307
Total Holdings		469,291,600	72.761

LIST OF PROPERTIES

No	Date of Acquisition	Property Address/ Location	Description/ Existing Use	Net Book Value (RM'000)	Tenure/ Date of Expiry of Lease	Land Area/ Built-up area (Square feet)	Revaluation	Age of Building
1.	8 July 2020	No. 4 Jalan Meteor U16/149, Elmina East, 40160 Shah Alam, Selangor	Vacant Industrial Land	17,822	Freehold	137,928 square feet	N/A	N/A
2.	8 May 2018	B-2-2B, Prima Klang Avenue, Jalan Kota/KS1, 41000 Klang, Selangor	Office Unit	144	99 Year (expiry 6 May 2108)	792 square feet	N/A	14 years

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING



Pekat Group Berhad
201901011563 (1320891-U)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the **Fifth Annual General Meeting** of Pekat Group Berhad (“the Company”) will be held on a virtual basis by way of live streaming from the **broadcast venue at Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia** on Tuesday, 11 June 2024 at **10.00 a.m.** for the transaction of the following businesses:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors’ and Auditors’ Reports thereon.

(Please refer to Explanatory Note (a) below)

2. To re-elect the following Directors retiring in accordance with Clause 128 of the Constitution of the Company and being eligible, have offered themselves for re-election:

- i. Mr Ong Keng Siew; and
- ii. Ms Yeong Siew Lee.

(Ordinary Resolution 1)

(Ordinary Resolution 2)

(Please refer to Explanatory Note (b) below)

3. To approve the payment of Directors’ fees of up to RM287,000.00 for the financial year ending 31 December 2024.

(Ordinary Resolution 3)

(Please refer to Explanatory Note (c) below)

4. To approve the payment of Directors’ benefits of up to RM63,000.00 from 1 July 2024 until the next Annual General Meeting of the Company.

(Ordinary Resolution 4)

(Please refer to Explanatory Note (d) below)

5. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

(Ordinary Resolution 5)

(Please refer to Explanatory Note (e) below)

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING

As Special Business:

To consider and if thought fit, to pass, with or without modifications, the following resolutions:

6. **Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 And 76 of the Companies Act, 2016** **(Ordinary Resolution 6)**

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company (“Proposed Mandate”).

THAT such approval on the Proposed Mandate shall continue to be in force until:-

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed Mandate.”

[Refer to Explanatory Note (f) below]

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING

7. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

BY ORDER OF THE BOARD

Ong Wai Leng (SSM PC No. 202208000633) (MAICSA 7065544)
Choo Sook Fun (SSM PC No. 202008000567) (LS 0009607)
Company Secretaries

Kuala Lumpur
29 April 2024

NOTES:

1. The Fifth Annual General Meeting ("5th AGM") will be conducted on a virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia and online remote voting through the Remote Participation and Voting ("RPV") facilities via TIIH Online website at <https://tjih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd ("Share Registrar", "Tricor" or "TIIH") in Malaysia.

For the purpose of complying with Section 327(2) of the Companies Act 2016, the Chairman of the meeting is required to be present at the main venue of the Annual General Meeting. MEMBERS/PROXIES/CORPORATE REPRESENTATIVES WILL NOT BE ALLOWED TO BE PHYSICALLY PRESENT AT THE BROADCAST VENUE ON THE DAY OF THE 5TH AGM.

2. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 5th AGM via RPV facilities provided by Tricor via its TIIH Online website at <https://tjih.online>. Please read the Administrative Guide for the 5th AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 5th AGM of the Company.
3. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint not more than two (2) proxies in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (“SICDA”), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
7. A member who has appointed a proxy or attorney or corporate representative to attend and vote at the 5th AGM must request his/her proxy or attorney or corporate representative to submit their RPV registration at TIIH Online website at <https://tiih.online> no later than **Sunday, 9 June 2024 at 10.00 a.m.** Please follow the Procedures to Remote Participation and Voting via RPV Facilities in the Administrative Guide for the 5th AGM.
8. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.
9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 5th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company’s Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.
 - (ii) By electronic form

The Proxy Form can be electronically lodged via **TIIH Online** website at <https://tiih.online>. Kindly refer to the Administrative Guide for further information on the procedure for electronic submission of Proxy Form.
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (9) above not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING

11. For a corporate member who has appointed a representative, please deposit the ORIGINAL OR DULY CERTIFIED certificate of appointment with the share registrar in accordance with Note (9) above. The certificate of appointment should be executed in the following manner:
 - a. If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - b. If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - i. at least two (2) authorised officers, of whom one (1) shall be a director; or
 - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
12. For the purpose of determining who shall be entitled to participate in this 5th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at Tuesday, 4 June 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 5th AGM or appoint proxies to attend and vote in his stead.

Explanatory Notes:

a. Agenda No. 1 – Audited Financial Statements

This item is meant for discussion only. The provisions of Section 340(1)(a) of the Companies Act 2016 require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

b. Ordinary Resolutions No. 1 to 2 – Re-election of Retiring Directors

The Board through its Nominating Committee (“NC”) had assessed the retiring Directors, in the areas of performance, contribution to interaction, quality of input, understanding of their roles and independence of Independent Directors. A fit and proper assessment was also conducted by the NC on the Directors who are standing for re-election pursuant to Clause 128 of the Constitution to ensure that they have the essential quality and integrity as well as the relevant character, experience, competence, time and commitment to discharge their roles as Directors.

Based on the results of the Board Effectiveness Assessment together with fit and proper assessment for the financial year ended 31 December 2023, the NC concluded that Mr Ong Keng Siew and Ms Yeong Siew Lee have the requisite competence, caliber to serve on the Board and Board Committees and had demonstrated their commitment to the Group in terms of time, participation and discussion during the current year under review. The NC also agreed that their performances are satisfactory, and the Directors have met the Board’s expectation in the discharge of their duties and responsibilities. They have the relevant mix of experience, skills, expertise and finance knowledge that are beneficial to the Company. They also devote adequate time in discharging their duties and responsibilities as Directors, work constructively with other Board members, attend meetings with well preparation and will continue to bring value and insight to the Board.

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING

The Board supported and approved the NC's recommendation on the re-election of the aforesaid Directors who are due to retire at the 5th AGM in accordance with Clause 128 of the Company's Constitution. The retiring Directors, being eligible, have expressed their willingness for re-election at the 5th AGM. The Directors standing for re-election have abstained from deliberations and decisions on their own eligibility to stand for re-election. Their profiles are set out on pages 42 to 47 of the Annual Report 2023.

c. Ordinary Resolutions No. 3 – Payment of Directors' Fees

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

The proposed resolution is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current Board size. In the event the Directors' fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

d. Ordinary Resolution No. 4 – Payment of Directors' benefits

This resolution is to facilitate payment of Directors' benefits from 1 July 2024 until the next Annual General Meeting of the Company in 2025. In the event the Directors' benefits proposed are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

Directors' benefits include meeting allowance for directors and other emoluments payable to Directors and in determining the estimated total the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees, and covers the period from 1 July 2024 until the next Annual General Meeting of the Company.

e. Ordinary Resolution No. 5 – Re-appointment of Grant Thornton Malaysia PLT

The Board had its meeting held on 23 February 2024 approved the recommendation by the Audit and Risk Management Committee ("ARMC") to re-appoint Grant Thornton Malaysia PLT ("GT"). The Board and ARMC collectively agreed that GT has met the relevant criteria prescribed by Paragraph 15.21 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

f. Ordinary Resolution No. 6 – Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 And 76 of the Companies Act, 2016

The proposed resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed Mandate").

The authority for the Proposed Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 4th AGM held on 13 June 2023 and will lapse at the conclusion of the 5th AGM to be held on 11 June 2024. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29(2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

- The Directors who retire in accordance with Clause 128 of the Constitution of the Company, and being eligible for re-election at the upcoming Annual General Meeting (“AGM”) are Mr Ong Keng Siew and Ms Yeong Siew Lee.

The Board, through its Nominating Committee, carried out the Board Effectiveness Assessment on all Directors for the financial year ended 31 December 2023 and agreed that all Directors meet the criteria as prescribed by Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) on character, experience, integrity, competence and time commitment to effectively discharges their role as Directors. The Independent Directors have also declared that they met the criteria of independence as defined in the Listing Requirements.

In addition, a fit and proper assessment pursuant to the Fit and Proper Policy adopted by the Company was carried out on the Directors who are due to retire and being eligible for re-election at the forthcoming AGM.

Overall, the Board (save for Mr Ong Keng Siew and Ms Yeong Siew Lee who have, at the Board meeting, abstained from deliberation relating to their own re-election) supports the re-election of the retiring Directors as it believes that the retiring Directors have discharged their duties and responsibilities effectively, demonstrated commitment to their role, and will continue to draw on their extensive experience to make significant contribution to the work of the Board and to the long-term sustainable success of the Company.

The Board (save for Mr Ong Keng Siew and Ms Yeong Siew) hereby recommends the re-election of the retiring Directors for the shareholders’ approval.

The profiles of the Directors who are standing for re-election as per Agenda 2 of the Notice of the 5th AGM are as follow:

(i) **Ordinary Resolution 1**

MR ONG KENG SIEW

(Independent Non-Executive Director)

Gender : Male
 Nationality : Malaysia
 Age : 67
 Date of Appointment : 7 May 2019

Membership of Board Committees

- Chairman of Audit and Risk Management Committee
- Member of Nominating Committee
- Member of Remuneration Committee

Directorship/Present Appointments (other than Pekat Group Berhad)

- Paramount Corporation Berhad
- United Malacca Berhad
- PRL Group Limited
- Perbadanan Aset Keretapi

Interests in the Securities in Pekat Group Berhad (as at 2 April 2024)

- 100,000 Ordinary Shares

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29(2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

Relevant Qualification and Experience

Mr. Ong Keng Siew (“Mr. Ong”) is a Fellow member of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Malaysian Institute of Accountants (MIA). He has also completed the Wharton Advance Management Program conducted by Wharton Business School, University of Pennsylvania.

Mr. Ong had an impressive career spanning over 30 years at Paramount Corporation Berhad (“Paramount”), a company listed on the Main Market of Bursa Malaysia Securities Berhad. Mr. Ong joined Paramount as an Accountant in 1981 and he rose through the ranks of Finance and Administration Manager and General Manager.

He was appointed to the Board of Paramount on 14 November 1994. He assumed the posts of Deputy Group Managing Director & Deputy Group CEO in 1997 and was appointed as Managing Director & CEO of Paramount on 1 December 2008. Mr. Ong retired as the Managing Director & CEO of Paramount on 18 June 2012.

Mr. Ong is a Senior Independent Non-Executive Director of Paramount and an Independent Non-Executive Director of United Malacca Berhad. He is also an Independent Non-Executive Director of PRL Group Limited, a company listed on the Australian Securities Exchange. Recently, he was appointed as a Director of Perbadanan Aset Keretapi (Railway Assets Corporation), a federal statutory body under the Ministry of Transport, established under the Railway Act 1991 (Act 463).

Family Relationship with Director/Major Shareholder of the Group

- Nil

Conflict of Interest

- No business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director of Pekat which would be disadvantageous to Group.

Conviction of Offenses within the Past Five (5) Years

- Nil, other than traffic offences (if any)
- No public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2023.

Meeting Attendance

- Attended eight (8) out of nine (9) Board meetings held during the financial year under review.

(ii) Ordinary Resolution 2

MS YEONG SIEW LEE

(Independent Non-Executive Director)

Gender : Female
Nationality : Malaysia
Age : 46
Date of Appointment : 17 September 2020

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29(2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

Membership of Board Committees

- Chairperson of Remuneration Committee
- Member of Audit Risk and Management Committee
- Member of Nominating Committee

Directorship/Present Appointments (other than Pekat Group Berhad)

- TFP Solutions Berhad
- AppAsia Berhad
- Sinmah Capital Berhad

Interests in the Securities in Pekat Group Berhad (as at 2 April 2024)

- 100,000 Ordinary Shares

Relevant Qualification and Experience

Ms. Yeong Siew Lee (“Ms. Yeong”) graduated from University of Wales College (United Kingdom) with a degree of Bachelor of Science (Honours) (Accounting and Finance) in 1999 and completed her Association of Chartered Certified Accountants (United Kingdom) in 2001.

She is a Chartered Accountant and also a member of the Malaysian Institute of Accountants (MIA). She began her career with GHL Systems Berhad (“GHL”), a company listed on the Main Market of Bursa Malaysia Securities Berhad as an Assistant Accountant in 2003 and moved up the ranks and became Head/Assistant General Manager of Finance in 2008 to supervise the company’s local and overseas accounting teams. She left GHL in August 2009 to venture into business in the consumer and architectural industry and was working as a finance adviser for SMR HR Group Sdn Bhd.

Ms. Yeong is also an Independent Non-Executive Director of TFP Solutions Berhad, AppAsia Berhad and Sinmah Capital Berhad.

Family Relationship with Director/Major Shareholder of the Group

- Nil

Conflict of Interest

- No business or other relationship which could materially pose a conflict of interest or interfere with the exercise of her judgement when acting in the capacity of a Director of Pekat which would be disadvantageous to Group.

Conviction of Offenses within the Past Five (5) Years

- Nil, other than traffic offences (if any)
- No public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2023.

Meeting Attendance

- Attended all nine (9) Board meetings held during the financial year under review.

2. General Mandate for Issue of Securities

Ordinary Resolution 6

Kindly refer to the Explanatory Notes on Special Business – Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under Explanatory Note (f) to the Notice of the 5th AGM.

ADMINISTRATIVE GUIDE FOR THE FIFTH ANNUAL GENERAL MEETING

ADMINISTRATIVE GUIDE FOR THE FIFTH ANNUAL GENERAL MEETING (“AGM”)

Date	: Tuesday, 11 June 2024
Time	: 10.00 a.m.
Broadcast Venue	: Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia
Meeting Platform	: TIIH Online website at https://tiih.online

Mode of Meeting

- In line with the Guidance Note and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (including any amendment(s) that may be made from time to time) (SC Guidance), the 5th AGM of Pekat Group Berhad (“Pekat” or “the Company”) will be conducted virtually through live streaming from the Broadcast Venue at **Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia** and online remote voting via Remote Participation and Voting (“RPV”) facilities which are available on Tricor Investor & Issuing House Services Sdn. Bhd.’s (“Tricor”) TIIH Online website at <https://tiih.online>. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Member(s) or proxy(ies) or authorised representative(s) or attorney(s) WILL NOT BE ALLOWED to attend the AGM in person at the Broadcast Venue on the day of the meeting.
- Members are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, “participate”) remotely at this AGM via RPV facilities provided by Tricor.
- We strongly encourage you to attend the AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the AGM.

Remote Participation and Voting

- The RPV facilities are available on Tricor’s **TIIH Online** website at <https://tiih.online>.
- Members are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 5th AGM using RPV facilities from Tricor.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 5th AGM using the RPV facilities:

ADMINISTRATIVE GUIDE FOR THE FIFTH ANNUAL GENERAL MEETING

Before the AGM Day

Procedure	Action
i. Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access to website at https://tiih.online. Register as a user under the “e-Services” select the “Sign Up” button and followed by “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
ii. Submit your request to attend AGM remotely	<ul style="list-style-type: none"> Registration is open from Monday, 29 April 2024 until the day of AGM on Tuesday, 11 June 2024. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate the AGM using the RPV facilities. Login with your user ID (i.e. e-mail address) and password and select the corporate event: “(REGISTRATION) PEKAT 5TH AGM”. Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at Tuesday, 4 June 2024, the system will send you an e-mail on or after 9 June 2024 to approve or reject your registration for remote participation. (Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).

On the AGM Day

Procedure	Action
i. Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of meeting at 10.00 a.m. on Tuesday, 11 June 2024.
ii. Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) PEKAT 5TH AGM” to engage in the proceedings of the AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
iii. Online remote voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Tuesday, 11 June 2024 until a time when the Chairman announces the end of the session. Select the corporate event: “(REMOTE VOTING) PEKAT 5TH AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
iv. End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the conclusion of the AGM, the Live Streaming will end.

ADMINISTRATIVE GUIDE FOR THE FIFTH ANNUAL GENERAL MEETING

Note to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at Tuesday, 4 June 2024 shall be eligible to attend, speak and vote at the AGM or appoint proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.
- In view that the AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
- If you wish to participate in the AGM yourself, please do not submit any Form of Proxy for the AGM. You will not be allowed to participate in the AGM together with a proxy appointed by you.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Sunday, 9 June 2024 at 10.00 a.m.:

(i) In Hard copy:

By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

(ii) By Electronic form:

All shareholders can have the option to submit proxy forms electronically via TIH Online and the steps to submit are summarised below:

ADMINISTRATIVE GUIDE FOR THE FIFTH ANNUAL GENERAL MEETING

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. Select the corporate event: "PEKAT 5TH AGM – SUBMISSION OF PROXY FORM". Read and agree to the Terms and Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(ies) appointment. Print the form of proxy for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online. Select the corporate event name: "PEKAT 5TH AGM – SUBMISSION OF PROXY FORM". Agree to the Terms & Conditions and Declaration. Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Login to TIIH Online, select corporate event name: "PEKAT 5TH AGM – SUBMISSION OF PROXY FORM". Proceed to upload the duly completed proxy appointment file. Select "Submit" to complete your submission. Print the confirmation report of your submission for your record.

ADMINISTRATIVE GUIDE FOR THE FIFTH ANNUAL GENERAL MEETING

Voting at Meeting

- The voting at the 5th AGM will be conducted on a poll pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Company has appointed Tricor to conduct the poll voting electronically (“e-voting”) via Tricor’s TIIH Online.
- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 5th AGM at 10.00 a.m. Kindly refer to “Procedures to Remote Participation and Voting via RPV Facilities” provided above for guidance on how to vote remotely via TIIH Online.

Door Gift or Food Voucher

- There will be no door gifts or food vouchers for attending the 5th AGM.

No Recording or Photography

- Unauthorised recording and photography are strictly prohibited at the 5th AGM.

Pre-Meeting Submission of Questions to the Board of Directors

- The Board recognises that the AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 5th AGM, shareholders may in advance, before the 5th AGM, submit questions to the Board of Directors via Tricor’s TIIH Online website at <https://tiih.online>, by selecting “e-Services” to login, post your questions and submit it electronically no later than Sunday, 9 June 2024 at 10.00 a.m. The Board of Directors will endeavor to address the questions received at the 5th AGM.

Enquiry

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday).



Pekat Group Berhad
201901011563 (1320891-U)
(Incorporated in Malaysia)

PROXY FORM

(Before completing this form please refer to the notes below)

Number of Shares held	
CDS Account	

I/We*, NRIC/Passport/Company No.

Tel/Mobile No. of being a member

of the **PEKAT GROUP BERHAD**, hereby appoint.....and/or*.....

NRIC/ Passport/Company* No.

or failing whom, the Chairman of the Meeting as my/our* proxy(ies) to vote for me/us and on my/our behalf at the **Fifth Annual General Meeting** of the Company to be held on a virtual basis through live streaming from the **broadcast venue** at **Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W.P. Kuala Lumpur Malaysia** on **Tuesday, 11 June 2024** at **10.00 a.m.** and at every adjournment thereof.

My/our proxy/proxies is/are to vote as indicated hereunder:

No	Ordinary Resolutions	FOR	AGAINST
1.	Re-election of Mr Ong Keng Siew as Director of the Company		
2.	Re-election of Ms Yeong Siew Lee as Director of the Company		
3.	Payment of Directors' fees of up to RM287,000.00 for the financial year ending 31 December 2024		
4.	Payment of Directors' benefits of up to RM63,000.00 from 1 July 2024 until the next Annual General Meeting of the Company		
5.	Re-appointment of Grant Thornton Malaysia PLT as Auditors of the Company		
6.	Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 And 76 of the Companies Act, 2016		

Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Signed this day of 2024.

.....
Signature^
Members

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:			
Proxy No.	No. of Shares	Percentage	
Proxy 1			%
Proxy 2			%
Total		100%	%

* To delete, whichever not applicable

^ Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one (1) shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. The Fifth Annual General Meeting ("5th AGM") will be conducted on a virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia and online remote voting through the Remote Participation and Voting ("RPV") facilities via TIIH Online website at <https://tjih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd ("Share Registrar", "Tricor" or "TIIH") in Malaysia.
For the purpose of complying with Section 327(2) of the Companies Act 2016, the Chairman of the meeting is required to be present at the main venue of the Annual General Meeting. MEMBERS/PROXIES/CORPORATE REPRESENTATIVES WILL NOT BE ALLOWED TO BE PHYSICALLY PRESENT AT THE BROADCAST VENUE ON THE DAY OF THE 5th AGM.
2. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 5th AGM via RPV facilities provided by Tricor via its TIIH Online website at <https://tjih.online>. Please read the Administrative Guide for the 5th AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 5th AGM of the Company.
3. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint not more than two (2) proxies in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
7. A member who has appointed a proxy or attorney or corporate representative to attend and vote at the 5th AGM must request his/her proxy or attorney or corporate representative to submit their RPV registration at TIIH Online website at <https://tjih.online> no later than **Sunday, 9 June 2024 at 10.00 a.m.** Please follow the Procedures to Remote Participation and Voting via RPV Facilities in the Administrative Guide for the 5th AGM.

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STAMP

The Share Registrar of
PEKAT GROUP BERHAD
Registration No.: 201901011563 (1320891-U)
**TRICOR INVESTOR & ISSUING HOUSE
SERVICES SDN BHD**
Registration No.: 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3,
Bangsar South No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

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8. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.
9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 5th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.
 - (ii) By electronic form
The Proxy Form can be electronically lodged via **TIIH Online** website at <https://tjih.online>. Kindly refer to the Administrative Guide for further information on the procedure for electronic submission of Proxy Form.
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (9) above not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. For a corporate member who has appointed a representative, please deposit the ORIGINAL OR DULY CERTIFIED certificate of appointment with the share registrar in accordance with Note (9) above. The certificate of appointment should be executed in the following manner:
 - a. If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - b. If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - i. at least two (2) authorised officers, of whom one (1) shall be a director; or
 - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
12. For the purpose of determining who shall be entitled to participate in this 5th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at Tuesday, 4 June 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 5th AGM or appoint proxies to attend and vote in his stead.



Pekat Group Berhad

Registration No.: 201901011563 (1320891-U)

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