

SDC

Solar District Cooling

SOLAR DISTRICT COOLING GROUP BERHAD

(Registration No. 202301015665 (1509587-U))



2024

ANNUAL REPORT

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About Us

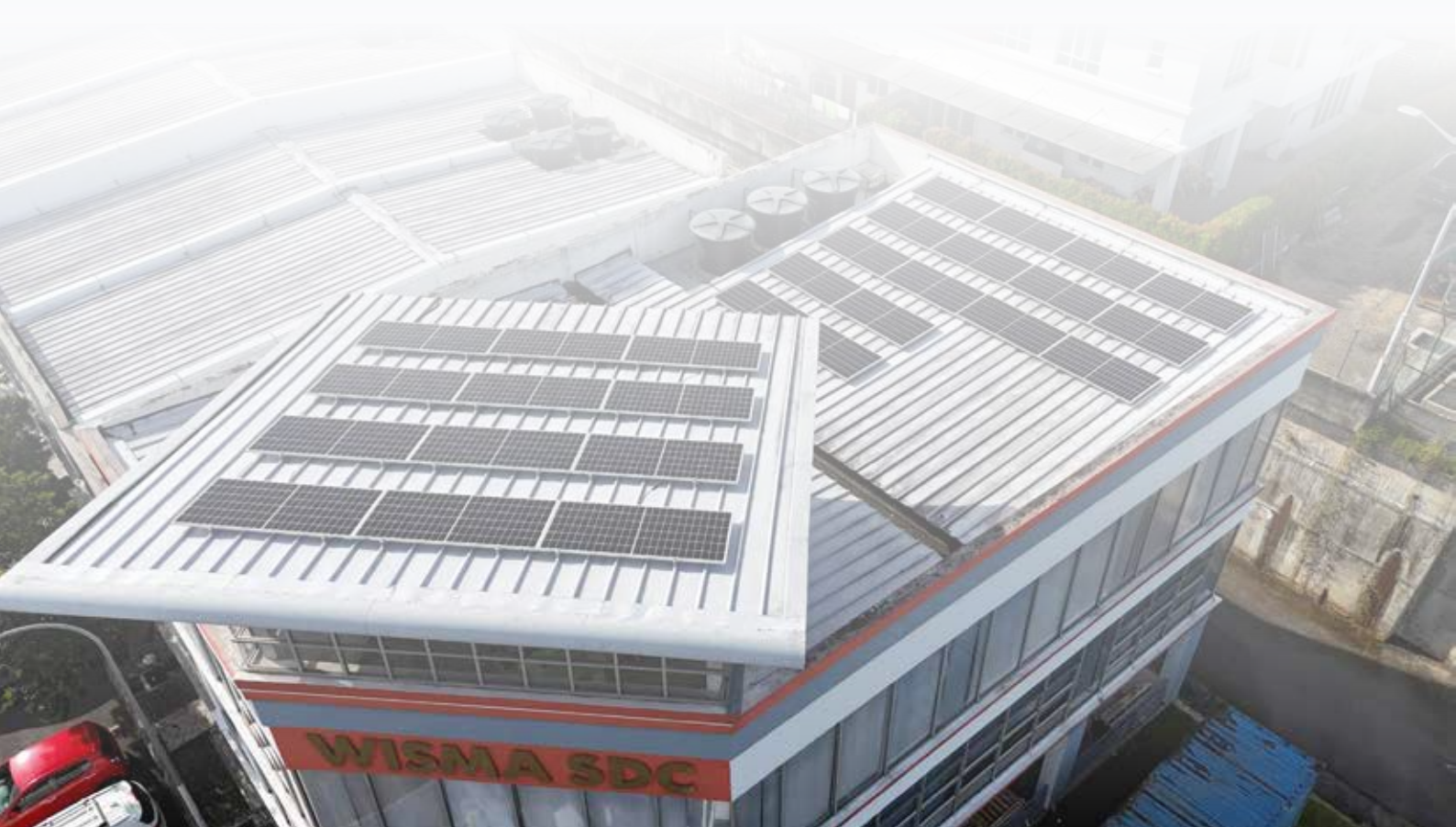
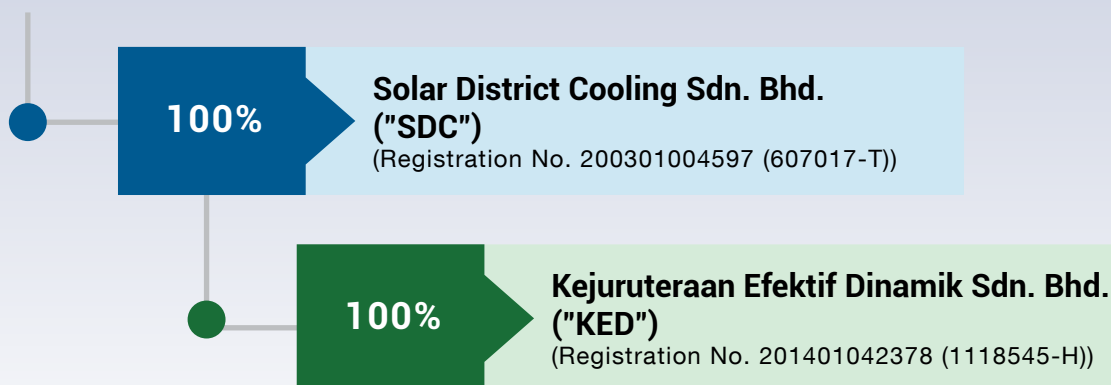
"Our core expertise lies in the provision and maintenance of Building Management Systems (BMS), solar thermal systems, and energy-saving services. We are dedicated to optimizing energy efficiency and sustainability in commercial, industrial and residential buildings. In addition to these primary services, we also specialise in the maintenance of gas-fired chillers, ensuring reliable and efficient cooling solutions."

CORPORATE STRUCTURE

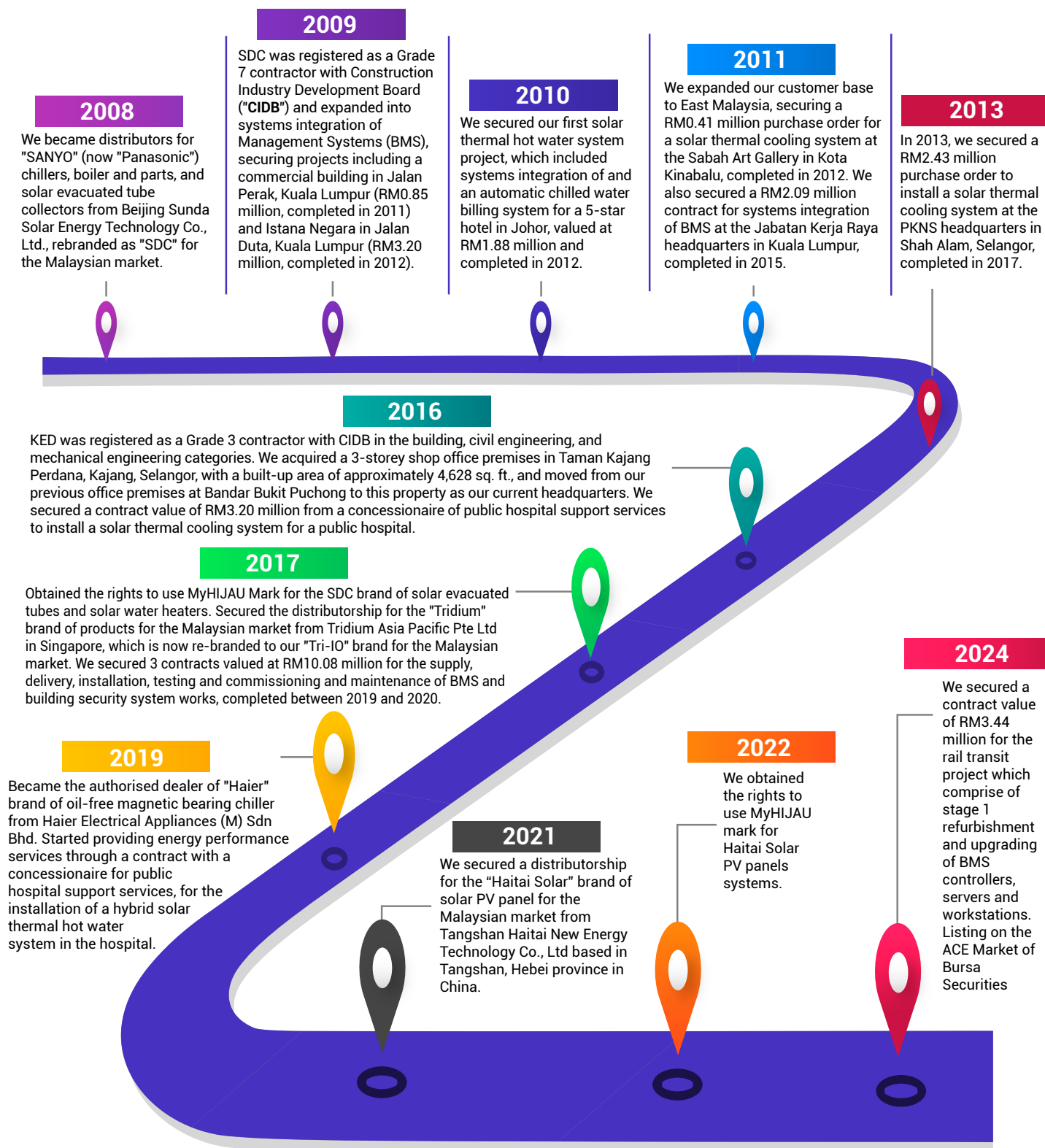
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(Registration No. 202301015665 (1509587-U))



KEY EVENTS AND MILESTONES



CORPORATE INFORMATION

BOARD OF DIRECTORS

Ir. Dr. Khairul Azmy Bin Kamaluddin
Independent Non-Executive Chairman

Kong Kam Onn
Managing Director

Liuk Ing Hong
Executive Director

YM Raja Nor Azlina Binti Raja Azhar
Independent Non-Executive Director

Wong Poh May
Independent Non-Executive Director

Wong Keng Fai
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Wong Poh May - *Chairperson*
YM Raja Nor Azlina Binti Raja Azhar - *Member*
Wong Keng Fai - *Member*

REMUNERATION COMMITTEE

Wong Keng Fai - *Chairman*
YM Raja Nor Azlina Binti Raja Azhar - *Member*
Wong Poh May - *Member*

NOMINATION COMMITTEE

YM Raja Nor Azlina Binti Raja Azhar - *Chairperson*
Wong Poh May - *Member*
Wong Keng Fai - *Member*

COMPANY SECRETARIES

Lim Li Heong
(MAICSA 7054716)
(SSM Practising Certificate No.: 202008001981)

Wong Mee Kiat
(MAICSA 7058813)
(SSM Practising Certificate No.: 202008001958)

REGISTERED OFFICE

Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur, Malaysia

Tel : (603) 2280 6388
Fax : (603) 2280 6399
Email : listcomalaysia@acclime.com

CORPORATE OFFICE

Wisma SDC
No. 25 Jalan Kajang Perdana 3/2
Taman Kajang Perdana
43000 Kajang, Selangor
Malaysia

Tel : (603) 8741 9885
Fax : (603) 8741 9860
Web : <https://sdc.my>
Email : enquiry@sdc.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
(197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

Tel : (603) 2783 9299
Fax : (603) 2783 9222
Email : is.enquiry@my.tricorglobal.com

PRINCIPAL ADVISER AND SPONSOR

Mercury Securities Sdn. Bhd.
(198401000672 (113193-W))
L-7-2, No 2, Jalan Solaris
Solaris Mont Kiara
50480 Kuala Lumpur, Malaysia

Tel : (603) 6203 7227
Fax : (603) 6203 7117

EXTERNAL AUDITORS

Crowe Malaysia PLT
(201906000005 (LLP0018817-LCA) & AF 1018)
Level 16, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Tel : (603) 2788 9999

PRINCIPAL BANKERS

CIMB Bank Berhad
CIMB Islamic Bank Berhad
RHB Bank Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

The ACE Market of Bursa Malaysia Securities Berhad
Stock Name : SDCG
Stock Code : 0321

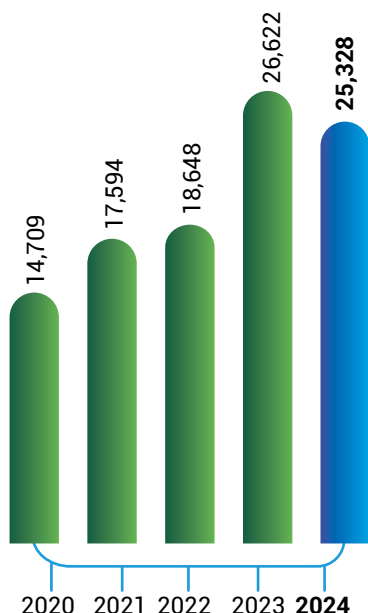
FINANCIAL HIGHLIGHTS

	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
Revenue	14,709	17,594	18,648	26,622	25,328
Gross Profit	6,031	9,059	10,678	14,352	13,961
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	3,645	7,764	8,171	10,431	7,264
Profit Before Tax	2,761	6,291	6,459	8,680	5,924
Profit After Tax	1,984	4,225	5,184	6,345	4,286
Gross Profit Margin (%)	41.00	51.49	57.26	53.91	55.12
Profit Before Tax Margin (%)	18.77	35.76	34.64	32.60	23.39
Basic Earnings Per Share ⁽²⁾ (sen)	0.47	0.99	1.23	1.50	1.01

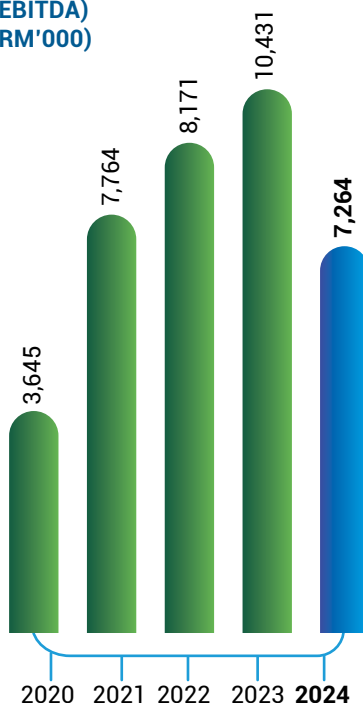
Notes:

- (1) Based on the Accountant's Report set out in Section 13 of the Prospectus of the Company dated 28 August 2024.
- (2) To facilitate a 5-year snapshot for comparison purpose only, basic earnings per share is calculated by dividing the profit after taxation attributable to owners of the Company by number of ordinary shares after the initial public offering of 423,822,460.

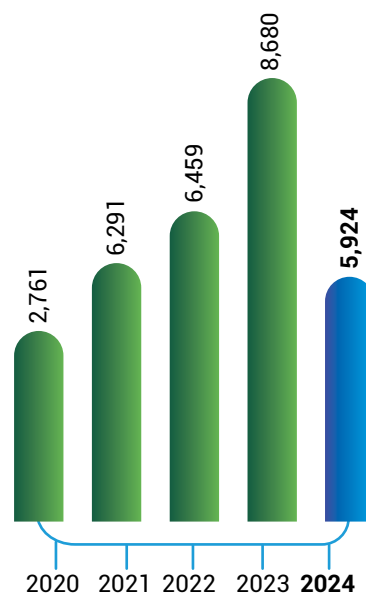
Revenue
(RM'000)



Earnings before Interest, Tax,
Depreciation & Amortisation
(EBITDA)
(RM'000)

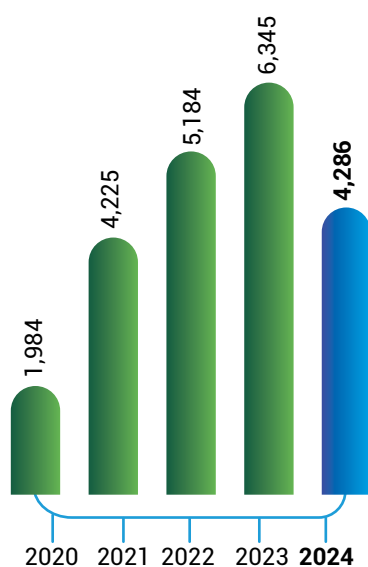


Profit before tax
(RM'000)

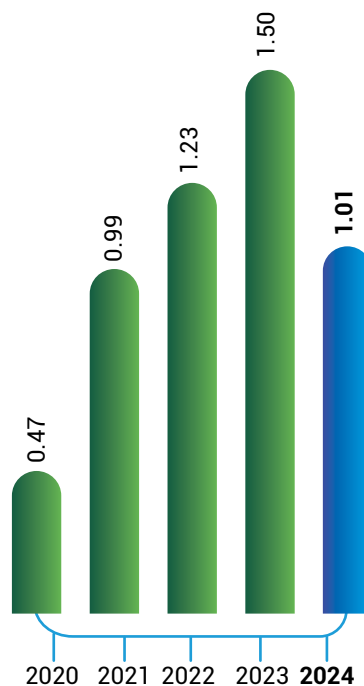


FINANCIAL HIGHLIGHTS (CONT'D)

Profit After Tax
(RM'000)



Basic Earnings Per Share



DIRECTORS' PROFILE

Sit in a chair, from left to right:

Kong Kam Onn
Managing Director

Ir. Dr. Khairul Azmy Bin Kamaluddin
Independent Non-Executive Chairman

Wong Keng Fai
Independent Non-Executive Director

Standing, from left to right:

Wong Poh May
Independent Non-Executive Director

Ed Kamil Bin Md Bashah
Project Director

Liuk Ing Hong
Executive Director

Gan Yee Shan
Finance Controller

Khoirol Suhardi Bin Shaaban
Technical Director

Mohd Hanafy Bin Rasimon
Project Director

YM Raja Nor Azlina Binti Raja Azhar
Independent Non-Executive Director



DIRECTORS' PROFILE (CONT'D)



IR. DR. KHAIRUL AZMY BIN KAMALUDDIN

Independent Non-Executive Chairman

Male, Malaysian, 62

Ir. Dr. Khairul Azmy bin Kamaluddin, a Malaysian, aged 62, is our Independent Non-Executive Chairman. He was appointed to the Board of Directors on 14 August 2023.

He graduated with a Bachelor of Science in Electrical Engineering (Power) from the Southern Illinois University in March 1985. His other qualifications include a Master of Science in Building Services Engineering from Brunel University in July 1997 and a Doctor of Philosophy in Electrical and Electronic from University Malaysia Sabah in November 2017. He is presently a holder of several committee memberships, amongst others, a member and a qualified professional engineer in electrical engineering awarded by the Board of Engineers, Malaysia (BEM), the president of the Biomedical Engineering Association of Malaysia (BEAM), a member of the Institute of Engineering Malaysia (IEM) and the annual council meeting member of the International Federation of Healthcare Engineers (IFHE). He is also currently a holder of several accreditations, namely a certified energy manager by the Malaysian Green Technology and Climate Change Corporation, a certified healthcare facility manager by the International Advisory Council for Healthcare Facility Management and a certified MyCREST Facilitator and Assessor by Construction Industry Development Board.

He began his career in August 1985 with the Ministry of Health ("MOH") as an Acting Chief Engineer at the Hospital Kota Bharu, where he was involved in the management of the hospital's engineering support unit and provision of maintenance work on hospital support services. While continuing to pursue his career, during which time he was positioned as the Senior Electrical Engineer at the hospital, he was granted by MOH a full-time study leave to pursue a Master of Science in Building Services Engineering from Brunel University from 1995 to 1997. During his tenure with MOH, he held various positions from August 1985 to November 2022. The last position that he held before his retirement was Senior Deputy Director (Services), where he was responsible for provision of strategic directions for the development, implementation and monitoring of all programs and activities for hospital support and clinic support services, biomedical engineering services and the MOH's engineering sustainability program.

In May 2023, he had established his own sole proprietorship, HCES Consultant, which is involved in technical consultation for healthcare engineering, facility management, building surface condensation and mold, energy management and sustainability in design, a position he currently holds.

In October 2024, he was also appointed as the Chairman and holds a directorship of TNL Services Sdn Bhd, a private limited company in the provision of providing linen laundering services.

DIRECTORS' PROFILE (CONT'D)



KONG KAM ONN

Managing Director

Male, Malaysian, 44

Kong Kam Onn, a Malaysian, aged 44, is our Managing Director. He was appointed to the Board of Directors on 25 April 2023 and is responsible for establishment and executing the overall strategic direction of our Group.

He graduated with a Bachelor of Mechanical Engineering from the University Tun Hussein Onn, Malaysia in August 2003. He was admitted into the Board of Engineers Malaysia in November 2008 as a graduate engineer and the Institution of Engineers Malaysia in March 2009 as a graduate member. In October 2009, he was registered with Green Building Index Sdn Bhd as an accredited Green Building Index Facilitator. He is also registered with ASEAN Centre for Energy under the ASEAN Energy Management Scheme as a Certified Energy Manager in June 2010 and the Malaysia Building Automation System Association ("BASAM") as a BASAM System Integrator in November 2018.

He began his career in July 2003 with Sigma Elevator (M) Sdn Bhd as a Sales Engineer, where he was involved in sales and marketing of lift and escalator services, advising consultants or clients on lift and escalator design and human traffic analysis on buildings. He left Sigma Elevator (M) Sdn Bhd in June 2004 and joined PFT Worldwide Corporation Sdn Bhd in the same month as a Project Engineer, where he was responsible for marketing and business development, project coordination, supervision and overseeing projects until March 2007, when he left as Senior Project Engineer. In April 2007, he joined Formis Automation Sdn Bhd as a Building Automation System Support Specialist, where he was in charge of marketing and business development, pre-sales and post-sales support, building automation system design and document for project tenders, product sourcing and management of a team of pre-sales and system implementers. He left Formis Automation Sdn Bhd in August 2008.

In September 2008, he joined Solar District Cooling Sdn Bhd ("SDC") as the Head of Mechanical and Engineering Department/Director of Services, where he was responsible for sales, project management, conducting seminars and providing solutions to clients for renewable energy projects and building management system until April 2010. He was appointed as SDC's Deputy Managing Director in May 2010, where he was responsible for securing projects in the building management system and solar energy, managing and overseeing SDC's operations. In January 2011, he was appointed as the Acting Managing Director of SDC where he oversaw SDC's business development, project management and operations. In June 2011, he assumed the position of Managing Director of SDC where he is responsible for formulating and directing the overall strategy, growth and business of our Group.

DIRECTORS' PROFILE (CONT'D)



LIUK ING HONG

Executive Director

Female, Malaysian, 45

Liuk Ing Hong, a Malaysian, aged 45, is our Executive Director. She was appointed to the Board of Directors on 14 August 2023, and is responsible for the overall sales and business development of our Group.

She graduated with a Bachelor of Mechanical Engineering from the University Tun Hussein Onn, Malaysia in August 2003.

She began her career in August 2003 with M & C Engineering and Trading Sdn Bhd as a Sales Engineer, where she assisted in preparing tender documents for building management system services as well as sales and marketing services until March 2004. In April 2004, she joined Formis Automation Sdn Bhd as an Account Manager, where she was responsible for project account management, managing sales activities of designated accounts, costings and tenders, sales and marketing, market research and analysis, material sourcing and price negotiation. She left Formis Automation Sdn Bhd in July 2009.

In September 2009, she joined SDC as Business Manager, where she reported to the former Managing Director. She was primarily responsible to lead the marketing and business development function of the company, as well as material sourcing and price negotiation. In May 2010, she was promoted as SDC's Sales Director.

DIRECTORS' PROFILE (CONT'D)



YM RAJA NOR AZLINA BINTI RAJA AZHAR

Independent Non-Executive Director

Female, Malaysian, 57

YM Raja Nor Azlina Binti Raja Azhar, a Malaysian, aged 57, is our Independent Non-Executive Director. She was appointed to the Board of Directors on 14 August 2023. She is also the Chairperson of our Nomination Committee and a member of our Remuneration Committee and Audit and Risk Management Committee.

YM graduated with a Bachelor of Laws from the University of Bristol, United Kingdom in June 1990. YM was called to the Bar of England and Wales as a Barrister-at-Law of the Honourable Society of Lincoln's Inn in July 1991.

YM undertook her pupillage with Messrs Raja Azhar & Husain Safri in September 1991 and was admitted as an Advocate and Solicitor of the High Court of Malaya in July 1992. Following completion of her pupillage, YM commenced her legal career with Messrs Raja Azhar & Husain Safri as a Managing Partner, a position she continues to hold till present. YM is currently involved in providing consultancy and corporate advisory work in relation to litigation, conveyancing and commercial matters.

DIRECTORS' PROFILE (CONT'D)



WONG POH MAY

Independent Non-Executive Director

Female, Malaysian, 45

Wong Poh May, a Malaysian, aged 45, was appointed as our Independent Non-Executive Director on 14 August 2023. She serves as the Chairperson of the Audit and Risk Management Committee and is a member of the Remuneration and Nomination Committees.

She holds an Advanced Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, Malaysia (2003) and completed the Association of Chartered Certified Accountants (ACCA) qualification in December 2003. She became an ACCA Member in 2007 and a Fellow in 2012. She has been a Chartered Accountant with the Malaysian Institute of Accountants since 2010 and obtained her Practising Certificate in 2018. Additionally, she is an Associate Member of the Chartered Tax Institute of Malaysia (since 2019) and a Chartered Tax Practitioner (since 2021). She is also a registered company secretary with the Companies Commission of Malaysia.

She began her career in 2003 as an Audit Assistant at Khoo Wong & Chan and left as Audit Semi-Senior. She later joined Ernst & Young (Malaysia) in 2005, where she handled statutory and special purpose audit of both public and private companies in various industries. She left Ernst & Young (Malaysia) as Senior Associate 1 in December 2007. In 2008, she had a brief stint at Deloitte (Singapore) before rejoining Ernst & Young (Singapore) as an Audit Senior.

In 2009, she transitioned to BP Asia Pacific (Malaysia) Sdn Bhd as an Accountant, handling financial forecasting and compliance. She then joined Focus Point Holdings Berhad in 2010 as a Group Accountant, where she supported the company's initial public offerings process. She left Focus Point Holdings Berhad in January 2011 after completion of the initial public offerings and took a maternity break until August 2011.

In August 2011, she joined Opus Group Berhad as a Finance Manager, where she was responsible for group financial reporting matters. Opus Group Berhad, Propel Berhad and Faber Group Berhad were amalgamated to be known as UEM Edgenta Berhad in October 2014. During her tenure with UEM Edgenta Berhad, she held various positions from August 2011 to September 2018. The last position that she held was Head of Finance Operation (Asset Consultancy), where she was responsible for reporting to the Chief Financial Officer and Managing Director of Asset Consultancy as well as leading and coaching a team supporting the business unit of the asset consultancy and geotechnical infra services of UEM Edgenta Berhad in several areas, which included finance operation, group reporting, project accounts, budgeting, taxation, corporate finance and treasury.

In 2017, she founded WPM Corporate Services Sdn Bhd, offering accounting, tax, advisory, and secretarial services. In 2019, she co-founded Ace Alpine Advisory Sdn Bhd, where she currently oversees business activities related to accounting, company secretarial services, and tax consultancy.

DIRECTORS' PROFILE (CONT'D)



WONG KENG FAI

Independent Non-Executive Director

Male, Malaysian, 34

Wong Keng Fai, a Malaysian, aged 34, is our Independent Non-Executive Director. He was appointed to the Board of Directors on 6 December 2023. He is also the Chairman of our Remuneration Committee and a member of our Audit and Risk Management Committee and Nomination Committee.

He graduated with a Bachelor of Science in Mathematics with Physics from the University of Southampton in June 2014. He is a Chartered Financial Analyst and has been a member of the CFA Institute since November 2019.

He began his career in August 2014 with E2 Power Sdn Bhd, a subsidiary of Oversea-Chinese Banking Corporation as an Associate, where he assisted in operational projects and management matters in the Loan Operation Department, Information Technology Department, Financial Controller Department and Head of Operation and Technology Office. He was subsequently promoted to Manager in February 2016 where he led multiple operational improvement projects in the Loan Operation Department.

In September 2016, he left E2 Power Sdn Bhd and joined Mercury Securities Sdn. Bhd within the same month as an Associate in the Corporate Finance Department, where he assisted his team in several corporate exercises such as takeovers, merger and acquisitions, initial public offerings, private placements and rights issues for Malaysian public listed companies. He left Mercury Securities Sdn. Bhd. in May 2018.

In June 2018, he joined Visionnaires Capital Pte Ltd, Singapore ("**Visionnaires**") as a Senior Associate in the Corporate Finance Department, where he was involved in mergers and acquisitions exercises, fundraising deals and provision of strategic advisories.

In May 2019, he left Visionnaires and subsequently joined QuantePhi Sdn Bhd ("**QuantePhi**") as a Team Lead in the Merger and Acquisition and Corporate Finance Department, where he was responsible for the management of a team of analysts in deal structuring, negotiation and execution process along with provision of advisories in respect of mergers and acquisitions, fundraising and debt restructuring exercises.

In February 2024, he left QuantePhi and joined Capbright Sdn Bhd ("**Capbright**") as chief executive officer and is currently the responsible person approved by Securities Commission Malaysia ("**SC**") for Capbright. Capbright is a venture capital management corporation registered under the SC. He is a director and shareholder of Capbright. He currently also serves on the board of Hiap Huat Holdings Berhad, a public listed company on the ACE Market of Bursa Securities.

DIRECTORS' PROFILE (CONT'D)

Notes:-

1. **Family Relationship with Director and/or Major Shareholder**
Save for Kong Kam Onn and Liuk Ing Hong, none of the Directors has any family relationship with any Director and/or major shareholder of the Group.
2. **Conflict of Interest**
None of the Directors has any conflict of interest with the Group.
3. **Conviction of Offences**
None of the Directors has any conviction for offences within the past 5 years other than traffic offences (if any) or public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. **Attendance at Board Meetings**
The attendance of the Directors at Board Meetings held during the financial year is disclosed in the Corporate Governance Overview Statement of this Annual Report.
5. **Directors' Shareholdings**
The details of the Directors' interest in the securities of the Company are set out in the Analysis of Shareholdings of this Annual Report.
6. **Directorships in Public Companies and Listed Issuers**
Save for Wong Keng Fai, none of the Directors hold any other directorship of public companies and listed issuers.

KEY SENIOR MANAGEMENT'S PROFILE

ED KAMIL BIN MD BASHAH

Project Director
Male, Malaysian, 46

Ed Kamil Bin Md Bashah, a Malaysian, aged 46, is our Project Director. He is responsible for the management of BMS projects of our Group.

He graduated with a Bachelor of Electrical Engineering from Universiti Teknologi Mara in September 2005.

He started his career as a Floor Manager for an outlet under Golden Arches Restaurant Sdn Bhd in August 2005, where he was responsible in planning, organizing, controlling various operational tasks performed in the outlet until March 2006. In April 2006, he joined Dancomair Engineering Sdn Bhd as a Service and Project Executive, where he was responsible for managing the maintenance teams in performing compressor maintenance works at clients' premises. He left Dancomair Engineering Sdn Bhd in August 2006.

Thereafter, he started his career as a project engineer in September 2006 at Metronic Engineering Sdn Bhd where he was responsible ensuring timely completion of assigned projects until August 2008. In September 2008, he joined Formis Automation Sdn Bhd as a Senior Project Engineer where he was responsible for leading a team of engineers and project management. He left Formis Automation Sdn Bhd in July 2009.

In August 2009, he joined Solar District Cooling Sdn Bhd ("SDC") as a Project Engineer, where he was responsible for managing projects assigned to him. He was subsequently promoted to Project Manager of SDC in October 2014, where he was involved in leading project teams to monitor all projects and ensure timely completion of the same, successful implementation, testing and handover to clients. In November 2014, he was appointed as director of Kejuruteraan Efektif Dinamik Sdn Bhd. Prior to his departure from SDC in December 2017, he, together with Khoirol Suhardi Bin Shaaban incorporated Sinar Perintis Ehsan Sdn Bhd ("SPE"), which was principally involved in consultancy in building automation systems and Sinar Perintis Makmur Sdn Bhd ("SPM"), which was principally involved in consultancy and trading in building automation systems, in February 2016 and May 2017, respectively. During his tenure in SPE and SPM, he was a director and responsible for project management. In December 2022, he left SPE and re-joined SDC in January 2023 as a Project Director, where he assumes his current responsibilities. In June 2023, the application to strike off SPM under Section 550 of the Companies Act 1965 was submitted to the Companies Commission of Malaysia and was successful struck off in January 2024. In July 2023, Ed Kamil Bin Md Bashah resigned as a director in SPE and dispose of his shareholdings.

KHOIROL SUHARDI BIN SHAABAN

Technical Director
Male, Malaysian, 46

Khoirol Suhardi Bin Shaaban, a Malaysian, aged 46, is our Technical Director. He is responsible for the management of the technical and servicing department of our Group which oversees the testing and commissioning of our projects and providing support services to our clients upon the handover.

He graduated with a Bachelor of Communications and Computer Engineering from Universiti Kebangsaan Malaysia in October 2002. He was admitted into the Board of Engineers Malaysia in July 2003 as a graduate engineer. He was certified by Tridium University with Niagara 4 Technical Certification in July 2017 and Niagara 4 Analytics Certification in July 2018. He was also registered with BASAM as a BASAM System Integrator since November 2018.

He began his career as a Project Engineer in Metronic Engineering Sdn Bhd in January 2002 where he was responsible for project management on building automation systems projects for Berjaya Times Square. In November 2003, he left Metronic Engineering Sdn Bhd and joined Berjaya Times Square Management Sdn Bhd as a Maintenance Executive where he was responsible for handling building automation systems of Berjaya Times Square. He was promoted as an Assistant Manager in January 2005 where he was responsible for overseeing the building operations of Berjaya Times Square until April 2006.

In April 2006, he joined Formis Automation Sdn Bhd as a Project Engineer where he was responsible for project management for building automation systems projects. In November 2008, he left Formis Automation Sdn Bhd and joined Dunham-Bush Holding Berhad as a Branch Manager for its Bangladesh operations where he was involved in project management for air conditioning system and building automation system in a shopping complex.

In February 2011, he left Dunham-Bush Holding Berhad and returned to Malaysia. In February 2011, he joined SDC as a Mechanical and Engineering Manager where he was responsible for managing the project department in respect of solar energy and building automation system projects. In November 2014, he was appointed as director of KED. Prior to his departure from SDC in December 2017, he, together with Ed Kamil Bin Md Bashah incorporated SPE, which was principally involved in consultancy in building automation systems and SPM, which was principally involved in consultancy and trading in building automation systems in February 2016 and May 2017, respectively. During his tenure in SPE and SPM, he was a director and responsible for managing the technical department and financial operations. In December 2022, he left SPE and re-joined SDC in January 2023 as a Technical Director, where he assumed his current responsibilities. In June 2023, the application to strike off SPM under Section 550 of the Companies Act 1965 was submitted to the Companies Commission of Malaysia and was successfully struck off in January 2024. In July 2023, Khoirol Suhardi Bin Shaaban resigned as a director in SPE and dispose of his shareholdings.

KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

MOHD HANAFY BIN RASIMON

Project Director
Male, Malaysian, 38

Mohd Hanafy Bin Rasimon, a Malaysian, aged 38, is our Project Director. He is responsible for the overall implementation and management for our Group's BMS projects.

He graduated with a Bachelor of Electrical Engineering from Universiti Teknikal Malaysia Melaka in October 2009. He also obtained an Executive Master in Operation and Project Management with Honors from Universiti Malaysia Pahang in November 2019.

In June 2009, he started his career in ERL Maintenance Support Sdn Bhd as a Project Engineer, where he was in charge of monitoring and coordinating project installation as well as mechanical and engineering services for the Express Railway Link stations from Kuala Lumpur International Airport to Kuala Lumpur Sentral until May 2010. In July 2010, he joined Metronic Engineering Sdn Bhd as an Engineer where he was responsible for project management. He was promoted as a Senior Project Engineer in June 2013 where he assumed similar responsibilities.

In November 2014, he left Metronic Engineering Sdn Bhd and joined SDC as an Assistant Project Manager in December 2014 and promoted to Project Manager in January 2018, where he was responsible for leading project teams to monitor all projects and ensure timely completion of the same, successful implementation, testing and handover to clients. In January 2023, he was promoted to Project Director, where he assumed his current responsibilities.

GAN YEE SHAN

Finance Controller
Female, Malaysian, 37

Gan Yee Shan, a Malaysian, aged 37, is our Finance Controller. She is responsible for the reporting of our Group's financial statements to our Board, as well as supervision of our Group's finance department.

She graduated with a Bachelor of Accounting with Honours from the University Tenaga Nasional, Malaysia in October 2011. She is registered as a Chartered Accountant and has been a member of the Malaysian Institute of Accountants since September 2014.

She began her career in December 2009 with Grant Thornton Malaysia as an intern, where she assisted the senior auditors in audit fieldwork. She completed her internship in May 2010 and proceeded to complete the final semester of her accounting degree. She re-joined Grant Thornton Malaysia in July 2011 as a Junior Associate Auditor, where she was involved in the audit of public listed and private companies and initial public offering exercises as reporting accountant. She left Grant Thornton Malaysia in September 2014 as a Senior Associate Auditor.

In November 2014, she joined Bioalpha Holdings Berhad as an Assistant Finance Manager, where she assisted in the preparation of financial statements and supervision of the finance department. She was promoted to Finance Manager in January 2016 where she was responsible for the preparation of financial statements and supervision of the day-to-day operations of the finance department. She left Bioalpha Holdings Berhad in October 2016 and joined CIMB Bank Berhad in November 2016 as an Assistant Sales Manager, where she was responsible for marketing and sales of retail banking products. In August 2019, she left CIMB Bank Berhad.

In October 2019, she joined SDC as our Finance Manager and promoted to Finance Controller in 2025 where she assumed her current responsibilities.

Notes:-

1. Family Relationship with Director and/or Major Shareholder
None of the Key Senior Management has any family relationship with any Director and/or major shareholder of the Group.
2. Conflict of Interest
None of the Key Senior Management has any conflict of interest with the Group.
3. Conviction of Offences
None of the Key Senior Management has any conviction for offences within the past 5 years other than traffic offences (if any) or public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. Directorships in Public Companies and Listed Issuers
None of the Key Senior Management hold any directorship of public companies and listed issuers.

MANAGING DIRECTOR'S STATEMENT

“*Dear Valued Shareholders,*

It is with great pleasure that I present to you the inaugural Annual Report for the financial year ended 2024 (“**FYE 2024**”) for Solar District Cooling Group Berhad (“**SDCG**” or “**Company**”), following our successful listing on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) during the year. This landmark event marks a new chapter in our Company's history, one that we approach with pride, optimism, and a deep commitment to delivering value for our stakeholders.

”

Financial Performance

While the year presented us with a series of challenges, we have made significant progress, positioning ourselves for sustainable growth and continued success in the years ahead. I am pleased to report that our Company has demonstrated resilience and has remained focused on our long-term strategy of providing cutting-edge and sustainable energy saving solutions.

As we transition into our new phase as a public listed company, our financial results for the year reflect both the inherent challenges of this transformation and the strength of our underlying business model. For the FYE 2024, our overall revenue has decreased compared to the preceding year, this was primarily due to the natural fluctuations in project timelines and a temporary slowdown in some of our expansion initiatives. However, when excluding the one-off, non-recurring corporate listing expenses, we are pleased to report that our profitability has actually strengthened. Our profit margins remained robust, reflecting the continued demand for our products and services. The growth in our net profit (excluding the exceptional costs associated with our corporate listing exercise) underscores the underlying health of our core business and the strong operational performance of our teams.

This improved profitability, despite one-off expenses, highlights our ability to adapt and fulfil our commitment to shareholders: to grow the business in a sustainable and profitable manner, while maintaining a sharp focus on efficiency, cost management, and innovation.

KONG KAM ONN
Managing Director



MANAGING DIRECTOR'S STATEMENT (CONT'D)

Achievement

We are pleased to share that we have achieved a significant milestone in our solar PV system business, reinforcing our expansion into renewable energy solutions. Our proposal for a solar PV system project has been successfully accepted (subject to the signing of the relevant agreements including the power purchase agreement ("PPA") with the utility company), marking the first step in this exciting new venture. Under the PPA mode of operation, we will provide the whole or partial initial capital investment required to design, supply, install, and maintain solar PV system at customer premises throughout the contract period. This achievement reinforces our commitment to offering energy-efficient and environmentally sustainable solutions. By targeting enterprises seeking to reduce electricity costs and lower their carbon footprint, we are confident that this new business segment will contribute positively to our revenue streams and strengthen our position as a leader in the sustainable energy sector.

Outlook and Strategy

Looking forward, we remain confident in the future prospects of SDCG. The global trend towards energy efficiency and sustainability continues to accelerate, and as one of the leading providers of energy saving solutions and services in Malaysia, we are well-positioned to capitalise on these trends.

Our strategy remains focused on expanding our footprint both locally and regionally, while continuing to innovate and enhance our service offerings. We are also committed to improving operational efficiency, reducing costs, and ensuring that our services remain at the cutting edge of technology. These initiatives will enable us to deliver consistent and profitable growth for the Company in the years to come.

We are particularly optimistic about the strong pipeline of projects in our portfolio and the expanding demand for environmentally sustainable solutions in both the private and public sectors. As we look to the future, we believe that the combination of our expertise, innovation, and commitment to sustainability will position us as the industry leader in the region.

Acknowledgements

I would like to extend my sincere thanks to our employees, whose hard work and dedication have been integral to our achievements thus far. Your commitment to excellence is the foundation of our success. I also express my deep gratitude to our Board of Directors for their invaluable guidance and strategic oversight throughout the listing exercise and beyond.

To our shareholders, I thank you for your trust and support as we embark on this exciting new chapter. We are committed to delivering value and enhancing your investment, and we look forward to updating you on our continued progress in the coming year.

In conclusion, while the past year presented us with unique challenges, we remain confident in the strength of our business, the resilience of our team, and the vast opportunities that lie ahead. With a solid foundation established, we are optimistic about the future and look forward to building on our success.

Thank you for your continued trust and partnership.

Sincerely,

Kong Kam Onn
Managing Director
Solar District Cooling Group Berhad

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Esteemed Shareholders,

On behalf of the Board of Directors, I am pleased to present Solar District Cooling Group Berhad's ("SDCG" or "Company") inaugural Annual Report and Audited Financial Results for the financial year ended 31 December 2024 ("FYE 2024").

Business Overview

SDCG is a pioneering leader in sustainable cooling solutions, energy efficiency services, and building management systems. Since our successful listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") Berhad on 19 September 2024, our Group has strategically expanded its operations, reinforcing its commitment to innovation, sustainability, and technological advancement.

SDCG operates in three key business segments:-

• Building Management Systems ("BMS")

Our BMS focuses on systems integration of building facilities to provide automation, energy-saving services, and centralised management of essential building facilities, such as centralised air conditioning, lighting, elevator, escalator, electrical, communication devices, process utilities, security and building access. These systems are typically linked to an on-site centralised control room within the building, and in some cases, they are also connected to our command-and-control center at our Headquarters in Kajang, Selangor.

BMS has been a dominant revenue driver, contributing significantly to our financial performance over the years (FYE 2023 : 75.54% of revenue; FYE 2024 : 60.84% of total revenue).

Within this business segment, we are primarily involved in:

- Systems integration of BMS – Providing design, implementation, and maintenance of BMS solutions; and
- Maintenance of BMS – Ensuring longevity and operational efficiency of and integrated systems.

• Solar Thermal Systems & Energy Saving Services

Our solar thermal systems and energy-saving services focus on delivering high-efficiency energy solutions, particularly for large-scale hot water usage. This segment primarily serves industries such as healthcare, where significant amounts of hot water are required daily. In some cases, it also involves retrofitting fluorescent lighting to LED lights, reducing fossil fuel and electricity consumption. Our solar thermal hot water system utilises direct sunlight to heat water, providing a sustainable and cost-effective alternative to traditional heating methods. This segment plays a vital role in assisting our customers to reduce their operational carbon footprint while achieving significant energy savings.

The solar thermal systems and energy-saving services have contributed 20.84% of our total revenue in FYE 2024 (FYE 2023: 21.53% of total revenue). This segment comprises the following key services:

- Energy performance services – Implementing tailored energy-saving solutions to optimise efficiency;
- Installation of solar thermal hot water systems and solar PV systems – Providing sustainable energy infrastructure for commercial and industrial applications; and
- Maintenance of solar thermal hot water and cooling systems – Ensuring continuous and optimal performance of installed energy solutions.

• Maintenance of Other Systems and Equipment

Under this segment, we provide maintenance of other systems and equipment, comprising gas-fired chillers and chilled water systems. This segment has played a growing role in our overall revenue, contributing 18.32% of total revenue in FYE 2024 (FYE 2023: 2.93% of total revenue). This segment complements our core business by ensuring that critical cooling infrastructure continues to operate efficiently, reducing downtime and energy wastage for our clients.

Our mission is to drive sustainability in cooling technologies, enhance operational efficiencies, and create long-term value for our stakeholders.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Business and Operational Highlights

FYE 2024 was a pivotal year for SDCG, defined by significant achievements and operational milestones. Our dedication to excellence and strategic growth further strengthened our position as a leading provider in the industry. Key highlights include:

- **Successful Listing on Bursa Securities:** On 19 September 2024, SDCG was officially listed on the ACE Market of Bursa Securities, raising RM45.09 million in Initial Public Offering ("IPO") proceeds.
- **Expansion in Brunei & Singapore:** Secured and completed the Brunei Gas Fired Chiller Maintenance Project, contributing RM2.94 million to total revenue.
- **Strengthened Market Position in Malaysia:** Increased involvement in large-scale infrastructure and overseas projects.
- **Headquarters Expansion Initiative:** Plans in place for the construction of a new extension to increase the built-up area from 8,320 sq. ft. to approximately 14,000 sq. ft.
- **Investments in Digital Transformation:** Implemented ICT software to enhance operational efficiency, data analytics, and system integration.

Utilisation of IPO Proceeds

The Group raised RM45.09 million through its IPO, allocated as follows as at 31 March 2025:

Allocation	Proposed (RM'000)	Utilised (RM'000)	Remaining (RM'000)	Expected Timeline ⁽¹⁾
Expansion of the Headquarters	1,900	34	1,866	24 Months
Tender bonds and/or performance bonds for future projects	5,000	26	4,974	24 Months
Purchase of materials for BMS segment, and solar thermal systems and energy saving services segment	18,700	3,112	15,588	36 Months
General Working Capital	12,673	4,956	7,717	36 Months
Capital Expenditure	2,522	827	1,695	36 Months
IPO Expenses	4,300	4,300	-	3 Months
Total	45,095	13,255	31,840	

Note:

⁽¹⁾ From the date of listing of the Company on 19 September 2024.

FYE 2024 Performance Summary

Revenue Breakdown by Business Segment and Profit

Business Segment	FYE 2024		FYE 2023		Variance	
	RM million	%	RM million	%	RM million	%
BMS	15.41	60.84	20.11	75.54	(4.70)	(23.37)
Solar Thermal Systems & Energy Saving Services	5.28	20.84	5.73	21.53	(0.45)	(7.85)
Maintenance of Other Systems and Equipment	4.64	18.32	0.78	2.93	3.86	494.87
Total Revenue	25.33	100.00	26.62	100.00	(1.29)	(4.85)
Gross Profit ("GP") (RM)	13.96		14.35		(0.39)	(2.72)
Profit Before Tax (RM)	5.92		8.68		(2.76)	(31.80)
Profit After Tax (RM)	4.29		6.35		(2.06)	(32.44)
GP Margin (%)	55.12		53.91		1.21	2.24

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FYE 2024 Performance Summary (Cont'd)

Revenue Analysis

Our Group revenue decreased by RM1.29 million, or 4.85%, to RM25.33 million in FYE 2024, compared to RM26.62 million in FYE 2023. This was mainly due to a decrease in the BMS segment, which declined by RM4.70 million to RM15.41 million (FYE 2023: RM20.11 million). However, the decrease was partially offset by an increase in revenue from the maintenance of other systems and equipment segment, which rose by RM3.86 million to RM4.64 million (FYE 2023: RM0.78 million). This increase was primarily attributed to the commencement and completion of the Brunei Gas Fired Chiller Maintenance Project, which contributed RM2.94 million in revenue. Revenue from the solar thermal systems and energy-saving service segment decreased by RM0.45 million to RM5.28 million (FYE 2023: RM5.73 million), mainly due to the completion of the energy performance service contract for the hospital concessionaire.

Profit Analysis

SDCG achieved a gross profit of RM13.96 million, representing an improved margin of 55.12%, compared to 53.91% in FYE 2023. Despite the decline in total revenue, the growth in gross profit margin was mainly attributed to the Brunei Gas Fired Chiller Maintenance Project, although it was partially offset by increased costs for materials and installation for the Precinct 8 Putrajaya Project and the ongoing BMS project, which is expected to be completed by FYE 2025. Profit after tax stood at RM4.29 million, with a one-time IPO-related expense of RM2.32 million impacting overall profitability. Excluding the IPO-related expenses, the Group's adjusted profit after tax would have been RM6.61 million, providing a more accurate representation of operational profitability.

Allocation	FYE 2024	FYE 2023	Variance	
	RM million	RM million	RM million	%
Total Assets	65.90	24.22	41.68	172.09
Total Liabilities	3.22	4.61	(1.39)	(30.15)
Total Equity	62.69	19.60	43.09	219.85

Financial Position

SDCG's financial position strengthened significantly in FYE 2024. Total assets increased to RM65.90 million, marking a substantial growth of 172.09% from FYE 2023. This was primarily driven by IPO proceeds and increased in trade receivables. Total equity rose to RM62.69 million, a notable increase from RM19.60 million in FYE 2023, demonstrating the Group's enhanced financial stability and shareholder value creation.

Strategies and Priorities

SDCG remains focused on driving sustainable growth through strategic initiatives. Our primary strategies include:-

- **Solar PV System Business:** As part of our business strategy, we intend to commence the solar PV System business based on the power purchase agreement ("PPA") mode of operation. Under this mode of operation, we will enter into a PPA with the customer. We will provide the whole or partial initial capital investment to design, supply, install and maintain the solar PV System at the customer's premises during the contract period. We intend to target prospective customers that wish to reduce electricity costs, as well as reduce the carbon footprint of their operations.
- **Geographical Expansion:** We are committed to strengthening our foothold in ASEAN markets, with a particular focus on Singapore and Brunei. This strategic expansion involves deepening our market presence, forging strong partnerships, and leveraging regional opportunities to drive sustainable growth.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Strategies and Priorities (Cont'd)

SDCG remains focused on driving sustainable growth through strategic initiatives. Our primary strategies include (cont'd):-

- **Headquarters Expansion:** As part of our growth strategy, we are expanding our headquarters to enhance operational capacity and strengthen workforce capabilities. This expansion will enable us to accommodate a larger, more skilled workforce, improve efficiency, and optimise resource allocation to support business growth. Key initiatives include upgrading infrastructure, adopting advanced technologies, and streamlining workflows to foster greater collaboration and productivity. Additionally, we are investing in talent development programs, leadership training, and employee upskilling to ensure our team remains equipped with the expertise needed to navigate an evolving business landscape. By reinforcing our headquarters' capabilities, we aim to create a dynamic and innovative work environment that supports scalability, improves service delivery, and positions us for long-term success in a competitive market.
- **Digital Innovation:** Enhance system integration through ICT solutions and automation. By leveraging advanced technology, we aim to enhance efficiency, reduce operational costs, and improve service delivery.
- **Sustainable Growth Initiatives:** We are committed to driving long-term sustainable growth by enhancing our Environmental, Social, and Governance commitments and embedding sustainability into our operations. Our initiatives focus on responsible business practices, environmental stewardship, and fostering positive societal impact while ensuring strong governance frameworks.

On the environmental front, we are actively reducing our carbon footprint by optimising energy efficiency, adopting renewable energy solutions, and implementing waste reduction strategies. We are also exploring sustainable supply chain practices to promote responsible sourcing and minimise environmental impact. From a social perspective, we are dedicated to fostering a diverse, inclusive, and safe workplace while supporting community development initiatives. This includes employee well-being programs, corporate social responsibility activities, and partnerships with local organisations to drive meaningful social change. Governance remains a core pillar of our strategy, ensuring transparency, ethical business practices, and regulatory compliance. By strengthening risk management, maintaining high standards of corporate integrity, and fostering accountability at all levels, we build trust with stakeholders and reinforce long-term business resilience.

Through these initiatives, we aim to create sustainable value for our stakeholders while contributing to a greener, more inclusive, and ethically responsible future.

Dividend

In November 2024, our Group has declared a single-tier interim dividend of RM0.01 per ordinary share in respect of the FYE 2024. This dividend was in line with the Group's commitment to providing sustainable returns to its shareholders while maintaining a prudent approach to capital management.

The interim dividend reflects the Group's confidence in its financial performance and positive future prospects. The total amount of the interim dividend declared and paid was RM 4,238,224.60 and was paid on 30 December 2024.

This payout highlights our ongoing efforts to balance the needs for reinvestment into the business with rewarding our shareholders for their continued support.

Risk and Mitigation Efforts

At SDCG, we recognise the evolving risks in the business landscape and has implemented proactive mitigation measures.

Market Risk

To address market risk, we have implemented a strategic diversification approach by expanding our revenue streams across multiple business segments and geographies. This enables us to mitigate the impact of economic fluctuations, regulatory changes, and industry-specific challenges. By leveraging a well-balanced portfolio of businesses and markets, we enhance resilience, reduce dependency on any single sector, and capitalise on emerging growth opportunities. Additionally, continuous market analysis and risk assessments allow us to adapt swiftly to evolving conditions, ensuring long-term stability and sustainable performance.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Risk and Mitigation Efforts (Cont'd)

Operational Risk

We manage this risk through a comprehensive strategy that includes continuous workforce training and the adoption of cutting-edge technology to enhance service reliability. By investing in ongoing skill development programs, we ensure that our employees remain equipped with the latest industry knowledge and best practices. Simultaneously, integrating advanced technologies enables us to streamline operations, enhance efficiency, and minimize service disruptions. Additionally, we proactively monitor industry trends and emerging innovations, allowing us to adapt swiftly and maintain a competitive edge in delivering high-quality, reliable services.

Regulatory Compliance Risk

This risk remains a key priority, as compliance with industry standards and legal requirements is essential to maintaining operational integrity and business sustainability. We have established robust governance frameworks that encompass strict internal controls, comprehensive policies, and rigorous compliance monitoring. Our approach includes continuous regulatory assessments, proactive engagement with authorities, and regular audits to ensure full adherence to evolving laws and industry guidelines. Additionally, we invest in ongoing employee training programs to enhance awareness and accountability at all levels of the organisation. By fostering a strong culture of compliance, we mitigate potential legal and reputational risks while reinforcing stakeholder confidence in our commitment to ethical business practices.

Financial Stability Risk

To mitigate financial stability risk, we implement a proactive approach focused on maintaining strong liquidity and adhering to conservative financial policies. This includes prudent cash flow management, diversified funding sources, and strategic cost controls to ensure financial resilience. Additionally, we continuously assess market conditions and financial exposures to make informed decisions that safeguard long-term stability and sustainable growth.

Prospect and Outlook

We remain confident in the industry's promising outlook, driven by the accelerating demand for sustainable energy solutions and the widespread adoption of green technologies. The expansion into solar PV and smart energy management solutions is expected to provide long-term value and revenue growth. Additionally, government initiatives supporting energy efficiency and carbon reduction will further create opportunities for SDCG to expand its market share and establish itself as a leading player in the industry.

Furthermore, we also aim to expand our technological capabilities by investing in advanced innovations, enhancing operational efficiency, and integrating cutting-edge solutions. This strategic approach will enable us to elevate our service offerings, deliver greater value to clients, and stay ahead in an evolving industry landscape.

Appreciation

The Board of Directors extends its heartfelt gratitude to our shareholders, employees, business partners, and stakeholders for their unwavering trust and support. The success of SDCG is a testament to the dedication and hard work of our team, and we remain committed to driving sustainable growth, innovation, and long-term value creation for all our stakeholders.

Sincerely,

Kong Kam Onn
Managing Director
Solar District Cooling Group Berhad

SUSTAINABILITY STATEMENT

INTRODUCTION

Solar District Cooling Group Berhad ("**SDCG**" or "**Company**") was listed on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 19 September 2024.

Our Company is principally an investment holding company. The principal activities of our subsidiaries are as follows:

Company	Principal activities
Subsidiary of our Company:	
Solar District Cooling Sdn Bhd (" SDC ")	Provision and maintenance of building management systems, solar thermal systems, other systems and equipment, and other energy services.
Subsidiary of SDC:	
Kejuruteraan Efektif Dinamik Sdn Bhd	Mechanical and electrical works, and project management services.

SUSTAINABILITY STATEMENT (CONT'D)

SCOPE AND MATERIAL BOUNDARIES

We are principally involved in the provision and maintenance of Building Management Systems ("**BMS**"), solar thermal systems and energy saving services.

BMS are integrated platforms used to monitor and control the mechanical, electrical, and electromechanical services in a building. BMS plays a crucial role in ensuring efficient operations, reducing environmental impacts, and enhancing occupant comfort. Their role in supporting Environmental, Social, and Governance ("**ESG**") initiatives is becoming increasingly significant as organizations prioritize sustainability, social responsibility, and effective governance.

BMS play an essential role in advancing ESG goals. They enhance environmental sustainability by reducing energy consumption and emissions, contribute to social responsibility by improving the health and comfort of occupants, and support sound governance by enabling compliance and transparency. As ESG considerations become central to business strategies, BMS are vital tools for organizations to meet their sustainability targets and build a responsible future.

Solar thermal systems and energy-saving services, particularly focusing on solar thermal hot water systems and solar PV systems, contribute significantly to ESG goals by reducing carbon emissions, enhancing energy efficiency, and promoting the use of renewable energy. Solar thermal systems provide an environmentally friendly solution for water heating, while solar PV systems generate clean electricity, reducing reliance on fossil fuels and grid power. These technologies help mitigate climate change, lower dependence on non-renewable resources, and improve social outcomes by providing affordable energy, creating green jobs, and improving health through cleaner air.

REPORTING GUIDELINES

This report is prepared in accordance with key sustainability frameworks, including the following:

Principle Guide:	Reference:
<ul style="list-style-type: none">Bursa Malaysia Sustainability Reporting Guide, 3rd EditionMalaysian Code on Corporate Governance 2021Task Force on Climate-Related Financial Disclosures ("TCFD")	<ul style="list-style-type: none">United Nations Sustainable Development GoalsGlobal Reporting Initiative ("GRI") Standards 2021ISO Standards (e.g. ISO 14001 for Environment Management)

The ACE Market Listing Requirements of Bursa Securities ensure compliance with local regulatory requirements, while the GRI standards provide a globally recognized framework to disclose performance in areas such as resource efficiency, supply chain practices, and employee well-being. Additionally, alignment with TCFD recommendations supports the identification and disclosure of climate-related risks and opportunities, ensuring transparency in governance, strategy, and risk management.

REPORTING PERIOD AND CYCLE

The sustainability reporting period is for the financial year ended 31 December ("**FYE**") 2024, unless specified otherwise. This includes statistical data for most disclosures, where applicable, to establish meaningful trend lines that allow readers to better monitor and understand the comparative performance achieved.

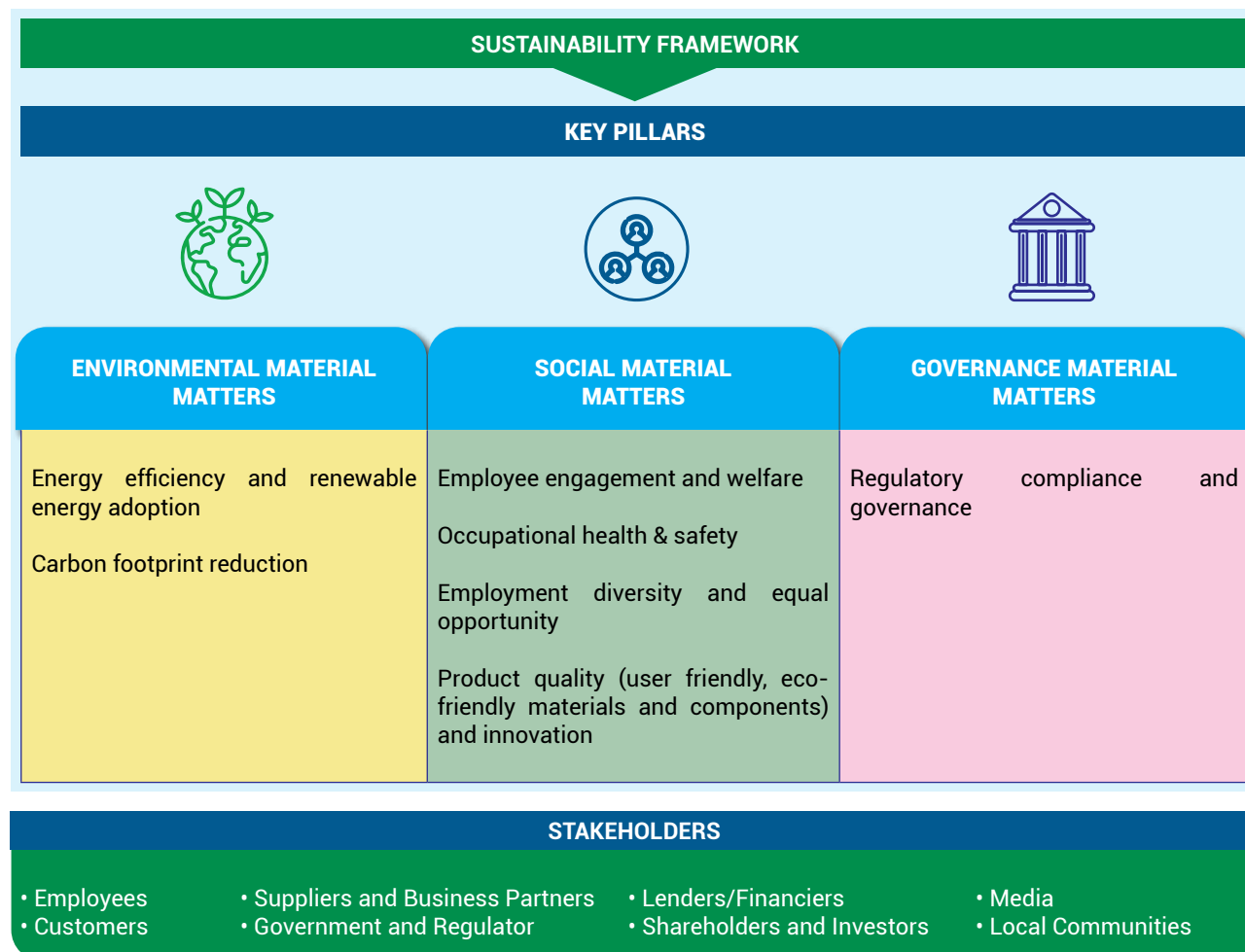
ASSURANCE STATEMENT

The information presented in this sustainability statement has not been verified by our internal audit function or any external assurance provider. However, we conduct internal reviews and independent assessments to validate our data, ensuring it accurately reflects our sustainability impacts, risks, and opportunities. This commitment to validation strengthens stakeholder trust and underscores our dedication to accountability and ongoing improvement.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY FRAMEWORK

Our sustainability framework is grounded in three interconnected pillars:



Our alignment with the United Nations Sustainable Development Goals:



SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE STRUCTURE



SDCG's sustainability efforts are governed through a structured and transparent approach. The Sustainability Committee is responsible for overseeing the implementation of the sustainability framework, with the following governance structure: Shareholders and Investors

Board of Directors:

The Board ensures that sustainability is integrated into the overall corporate strategy, making high-level decisions on sustainability-related issues.

Audit and Risk Management Committee:

This committee supports the Board by monitoring the implementation of the strategic plans by Management and provide independent assurance on the sustainability disclosures.

Sustainability Committee:

This committee, led by the Managing Director supported by the Head of respective Departments, develops sustainability policies, monitors progress, and reviews key performance indicators (KPIs) and provides status updates on sustainability performance to the Audit and Risk Management Committee.

Heads of Departments:

Represented by Heads of Departments and representatives from various departments across all business divisions. Sets the scope of sustainability management measures and drive the implementation and monitoring of sustainability management across all business division whilst promoting interdepartmental collaboration. Raises awareness of sustainability management, establishes and maintains communication with external stakeholders. Identifies, assess and reports on sustainability risk and opportunities relevant to operations, providing progress updates on sustainability activities performance and oversees the production of sustainability disclosures to ensure compliance with regulatory requirements and recommends for approval.

Regular reviews and reporting by the Sustainability Committee ensure accountability, and the Board provides guidance on strategic decision-making aligned with sustainability objectives.


SUSTAINABILITY STATEMENT (CONT'D)

Reporting Frequency






Reporting party	Reporting to	Reports to be prepared and submitted	Frequency of reporting
Sustainability Committee	Board of Directors	<ul style="list-style-type: none"> Sustainability disclosures for Board's approval 	Yearly
	Audit and Risk Management Committee	<ul style="list-style-type: none"> Summary of key stakeholders and their concerns Summary of sustainability matters Summarised action plans/ initiatives for the Group and the status on the implementation of the key action plans Summary statement of embedment of completion action plans 	Yearly
Heads of Departments	Sustainability Working Group	<ul style="list-style-type: none"> Perform key stakeholders' engagement and materiality assessment Monitor the progress and update sustainability initiatives, measurement results, goals and targets achievements and arising sustainability matters Status update on progress of the implementation of key action plans Unresolved issues or challenges faced in the achievement of the targets or implement the sustainability initiatives shall be highlighted Updated stakeholder and material matter register 	Quarterly
Internal Audit	Audit and Risk Management Committee	<ul style="list-style-type: none"> Independent assurance statement on the sustainability disclosure 	Upon request from Audit and Risk Management Committee

STAKEHOLDER ENGAGEMENT

We use various methods and channels of engagement to maximize our reach to stakeholders. Each business unit is responsible for determining the most appropriate approach and defining the level and frequency of involvement that works best for their respective needs. We recognize the value of stakeholder engagement in building strong relationships, earning trust, and addressing concerns. The frequency of engagement varies based on the needs of each stakeholder group, with ongoing communication occurring as needed. Some engagements are scheduled periodically, while others take place annually, bi-annually, monthly, or quarterly, depending on the circumstances.

Stakeholder	Key Engagement / Channels of Communication	Frequency	Area of Concern
Shareholders and Investors 	<ul style="list-style-type: none"> Annual general meeting Extraordinary general meeting Annual reports Bursa Securities and website announcements when required 	<ul style="list-style-type: none"> Annually As and when required Annually Ongoing 	<ul style="list-style-type: none"> Financial performance Business strategy Stable income distribution

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder	Key Engagement / Channels of Communication	Frequency	Area of Concern
Supplier, Vendor, Contractor, Sales Agent 	<ul style="list-style-type: none"> Evaluation and performance review Site inspections Continuous networking Consultation/ contractor meeting Sales agency meeting Supplier/contractor evaluation process before contract awarding 	<ul style="list-style-type: none"> Annually Monthly Ongoing Biannually Fortnightly As and when required 	<ul style="list-style-type: none"> Transparent procurement practices Payment schedule Pricing of services Health, Safety and Environment (HSE) compliance Timely completion and delivery
Customers 	<ul style="list-style-type: none"> Regular customer appreciation and loyalty programmes Newsletter and website Feedback sessions and survey upon vacant possession Community and networking events during festive seasons Certification Customer care portal 	<ul style="list-style-type: none"> Ongoing Ongoing Ongoing As and when required Ongoing 	<ul style="list-style-type: none"> Efficient complaint management Customer-company relations Safety and security Product Quality
Local community 	<ul style="list-style-type: none"> Regular community engagement Financial and sustainability reporting Charitable contributions to schools organisations, and people in need 	<ul style="list-style-type: none"> Ad-Hoc Annually Ad-Hoc 	<ul style="list-style-type: none"> Impact of business operations Transparency and accountability Environmental impacts
Employees 	<ul style="list-style-type: none"> Staff appraisal Regular training programmes Circulation of internal policies Staff activities Group's newsletter Annual gathering event 	<ul style="list-style-type: none"> Annually As and when required Ongoing Annually Annually 	<ul style="list-style-type: none"> Performance management Training and development Ethics and integrity Remuneration
Regulatory bodies 	<ul style="list-style-type: none"> Regular site inspection Corporate governance meeting Meeting with local regulator Progress and site reports Fortnightly site meeting Internal audits to ensure compliance with local authorities 	<ul style="list-style-type: none"> Ongoing Annually As and when required Monthly Fortnightly Ongoing 	<ul style="list-style-type: none"> Compliance and adherence Security and safety issues Transparency and accountability Environmental impacts Public issues Labour practices

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT

Materiality assessment is the process of identifying the key ESG themes where our actions can influence sustainable development, based on assessments from both the Group and our stakeholders. While preparing our first sustainability statement, we conducted a materiality assessment to identify the most relevant and emerging sustainability issues for our organization. These issues will be incorporated into our transformation plan. We reviewed these material issues and aligned them with our focus areas. The review confirmed that the identified material issues align with the activities we are currently undertaking. As there have been no significant changes to our business scope, these material issues remain consistent in this sustainability statement.

Materiality Process

The materiality assessment process allows SDCG to identify and prioritize key sustainability issues that have the most significant impact on the Company's operations and stakeholders.

The process includes:

Identifying potential issues:

We identified our key stakeholders and the sustainability issues that are considered significant by both them and our Group. This process highlights how we incorporate our stakeholders' needs and expectations into the determination of our material issues. The material topics are prioritized based on their importance to each stakeholder group.

Assessing impact and importance:

This step involves evaluating the potential ESG impacts of identified issues, considering both positive and negative effects on stakeholders and the broader community. We assess how each issue aligns with our sustainability goals and long-term objectives, including environmental, social, and economic factors.

Prioritizing material matters:

Issues are then ranked based on their significance, helping us prioritize those that most affect our sustainability performance and stakeholder relations. This evaluation ensures that material issues are incorporated into our strategies for informed decision-making and effective sustainable development.

This assessment is performed annually to ensure that the Company's sustainability focus is current and aligned with the evolving business environment.

Materiality Matrix

Management recognizes the importance of considering relevant industry and economic trends to accurately reflect the interests and concerns of both internal and external stakeholders. As this is our first year preparing the sustainability statement, we are committed to continuously enhancing our materiality assessment and reporting any new material issues that are relevant and impactful for both the Company and our stakeholders.

The focus and priorities of the material issues, based on our initial impact assessment, remain consistent for the first year. These material issues for 2024 were identified through various internal discussions involving the Sustainability Working Group.

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder interest / dependency	High interest		1 2		1 1
	Some interest		3		4 2
	Low interest				
	No interest				
		No Power	Low Power	Some Power	High Power
		Stakeholder Power / Influence			

Environmental

- 1 Energy efficiency and renewable energy adoption
- 2 Carbon footprint reduction

Governance

- 1 Regulatory compliance and governance

Social

- 1 Employee engagement and welfare
- 2 Occupational health & safety
- 3 Employment diversity and equal opportunity
- 4 Product quality (user friendly, eco-friendly materials and components) and innovation



ENVIRONMENTAL MATERIAL MATTERS

SDCG operates in the building management and energy services industry, focusing on systems such as building management systems and solar thermal systems. Our operations primarily rely on energy and water resources, and we are committed to minimizing environmental impact by implementing energy-saving practices across all areas of our business. This dedication to sustainability and reducing our carbon footprint remains a core aspect of our operations and continues to guide our efforts throughout the reporting year.

Electricity Usage

At SDCG, managing and reducing greenhouse gas (GHG) emissions is a central aspect of our sustainability efforts. We focus specifically on Scope 2 emissions, which relate to the indirect consumption of purchased energy. This approach allows us to effectively measure and address our environmental impact while ensuring transparency in our efforts to reduce our carbon footprint.

SUSTAINABILITY STATEMENT (CONT'D)

These emissions mainly result from electricity consumption at our facilities and the energy used for water treatment and supply. SDCG is committed to reducing Scope 2 emissions by implementing energy efficiency measures, such as adopting energy-saving technologies, improving operational practices, and installing solar panels on the rooftop of our headquarters to harness renewable energy.

Electricity remains the primary energy source for SDCG. We actively encourage our staff to be mindful of their electricity and water consumption, fostering a culture of awareness that is reflected in their actions. We continuously upgrade corporate office equipment with energy-saving devices whenever possible.

	Emission Factor	Electricity Usage (kWh)	Emissions (kg CO ₂)
FYE 2022	0.758kg/kWh ^(a)	45,953	34,832.37
FYE 2023		34,557	26,194.21
FYE 2024		34,958	26,498.16

^(a) Purchased Electricity Peninsular Malaysia - 0.758kg/kWh

Over the FYE 2022 to 2024, SDCG has demonstrated varying electricity consumption levels, which have directly impacted associated emissions. Electricity usage decreased from 45,953 kWh in FYE 2022 to 34,557 kWh in FYE 2023, resulting in a corresponding decrease in emissions from 34,832.37 kg CO₂ to 26,194.21 kg CO₂. However, FYE 2024 saw a marginal increase in electricity consumption to 34,958 kWh, leading to an increase in emissions to 26,498.16 kg CO₂. This increase was mainly due to the increase in the number of staffs from 53 personnels to 58 personnels, however was reduced by the Net Energy Metering (NEM) which allow the Company to offset the electricity bill with the excess energy generated from the office installation of solar panels.

Water Usage

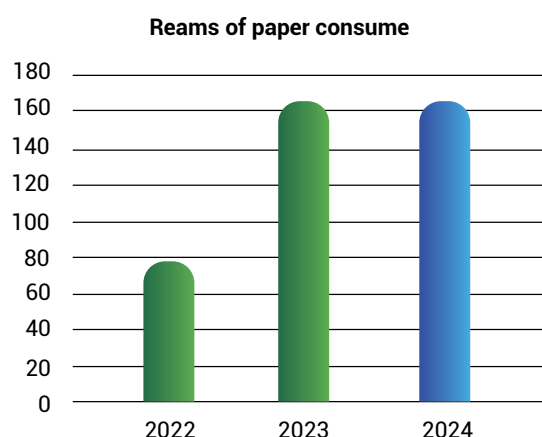
Water Usage	Emission Factor	Water Usage (m ³)	Emissions (kg CO ₂)
FYE 2022	0.15311kg/m ³ ^(a)	223	34.14
FYE 2023		288	44.10
FYE 2024		428	65.53

^(a) UK Government GHG Conversion Factors for Company Reporting

Over the financial years FYE 2022 to FYE 2024, SDCG has experienced a consistent increase in water consumption and the associated carbon emissions. Water usage rose from 223 m³ in FYE 2022 to 288 m³ in FYE 2023, and further to 428 m³ in FYE 2024. Correspondingly, emissions from water usage increased from 34.14 kg CO₂ in FYE 2022 to 44.10 kg CO₂ in FYE 2023, and to 65.53 kg CO₂ in FYE 2024. This upward trend indicates that the company has not yet made significant improvements in water efficiency. Moving forward, we will prioritize efforts to reduce water consumption and associated emissions to better align with our sustainability goals and ensure more effective resource management.

Waste Management

At SDCG, we prioritise sustainability in everything we do. Our team is encouraged to be mindful of resource consumption and adopt environmentally friendly practices. We are actively working to reduce paper usage, recycle ink cartridges and toners, and explore innovative ways to minimise our environmental impact. Together, we are committed to building a more sustainable future.

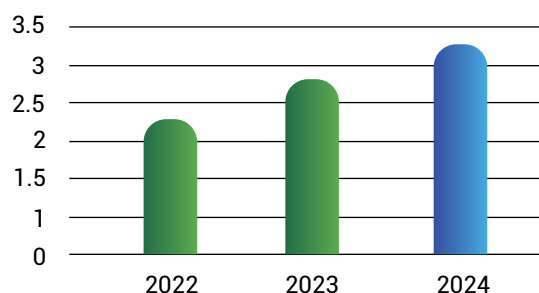


SUSTAINABILITY STATEMENT (CONT'D)

The paper consumption nearly doubled from 78 reams in 2022 to 165 reams in 2023. This sharp increase was attributed by an increase in printing demands or projects requiring more printed materials. The paper consumption increased slightly at 174 reams in 2024, indicating that we may have reached a plateau in our paper usage or made efforts to manage consumption. However, given that 2023 showed a substantial increase, we will continue to assess whether this is an optimal level or if further reductions can be made through sustainability efforts.

Based on the printer/toner consumption data from 2022 to 2024, the trend shows a slight increase in the amount of toner used over the years.

Printer of toner consumption
(kg)



SOCIAL MATERIAL MATTERS

Our Company is dedicated to fostering a positive and supportive work environment for our employees, recognizing that they are our most valuable asset. We prioritize their development and well-being through ongoing investment. In compliance with all local employment laws and regulations, we ensure the protection of our employees' rights.

Labour Practice and Standards

Our Code of Conduct and Business Ethics Policy reinforces our commitment to integrity and ethical practices. We have a strict policy against child labour and forced labour, and this policy is clearly communicated to all our contractors and suppliers.

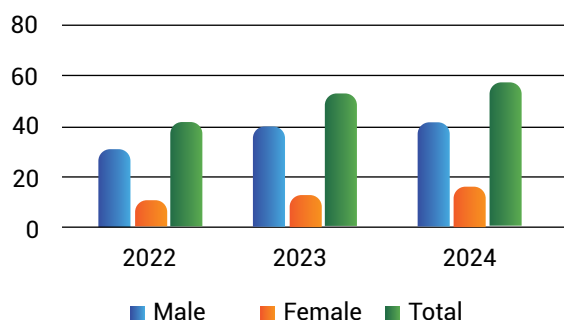
SDCG is committed to hiring employees who meet the job requirements in terms of experience and skills, reinforcing our dedication to equal opportunity. Ensuring equal pay is a key component of our policies, alongside our commitment to supporting employees' rights to a fair and decent living wage.

Diversity, Equity and Inclusion

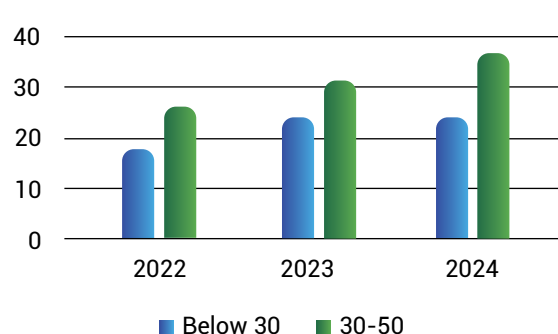
In 2024, our workforce consisted of 27.59% females and 72.41% males, reflecting the nature of the jobs, which are more suited to male employees, while still emphasizing our commitment to diversity. Most of our employees are between the ages of 30 and 50, contributing to a stable and dynamic work environment. We believe this age diversity fosters collaboration and innovation, which ultimately benefits SDCG and promotes a thriving organizational culture.

At SDCG, we prioritize diversity and strive to create a workplace where all employees feel respected and empowered. We are dedicated to maintaining a culture that is free from discrimination and bullying of any kind. To effectively address employee concerns, we have established open communication channels and a collaborative grievance resolution process. Over the past year, there have been no reports of human rights grievances within the Company's team.

Employees by Gender



Employees by Age Group



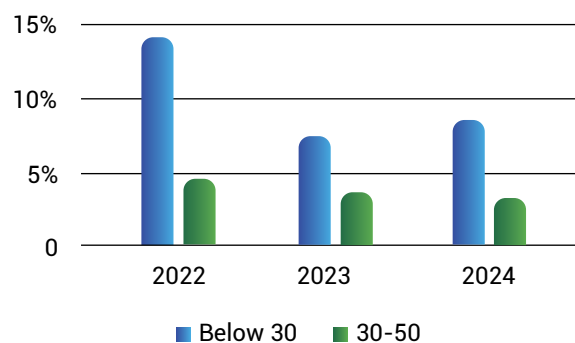
SUSTAINABILITY STATEMENT (CONT'D)

For FYE 2024, SDCG's Board of Directors reflects a commitment to diversity through its gender and age composition. The board includes three male directors and three female directors, ensuring the equal level of gender representation. In terms of age diversity, the board comprises four directors aged 30–50 and two directors above 50, with no directors under 30. This age distribution highlights a blend of mid-career and seasoned professionals contributing to the board's expertise.

Training and Development

We are committed to providing training and development opportunities that enable our employees to realize their full potential. This includes on-the-job training, online seminars, and sessions delivered via virtual platforms, either internally or by external consultants. The table below provides an overview of our training initiatives:

Employees Turnover Rate by Age Group



	Description	Male	Female	Senior Management	Middle Management	Executive
FYE 2022	Total Training Hours	40	24	16	-	48
	% of staff	10%	7%	5%	-	12%
FYE 2023	Total Training Hours	160	-	-	80	80
	% of staff	8%	-	-	2%	6%
FYE 2024	Total Training Hours	136	24	60	56	44
	% of staff	5%	16%	4%	5%	12%

Occupational Safety and Health

SDCG places a high priority on the safety and health of its employees, understanding that a safe and healthy work environment is essential for both operational success and employee well-being. The company is dedicated to upholding rigorous safety standards and taking proactive steps to prevent workplace hazards.

It has established comprehensive occupational health and safety policies to ensure compliance with regulatory requirements and industry best practices. Regular safety audits, risk assessments, and employee training programs are carried out to increase awareness and readiness in addressing potential risks.

Safety and Health	FYE 2022	FYE 2023	FYE 2024
Number of work-related fatalities	0	0	0
Loss time incident rate	0	0	0
Number of employees trained for health and safety standards	42	53	58

SUSTAINABILITY STATEMENT (CONT'D)

Employee Engagement

At SDCG, employee engagement is a key element in cultivating a positive, inclusive, and motivated workplace culture. The company recognizes its employees as vital contributors to its success and actively organizes initiatives to strengthen relationships, acknowledge achievements, and celebrate diversity.

SDCG introduces reward and recognition programs to honour employees' dedication and hard work. These initiatives include awards for outstanding performance, service milestones, and team accomplishments, creating an atmosphere of appreciation and motivation.

Furthermore, SDCG enriches employee engagement by organizing an annual dinner, alternating between local and overseas destinations, providing a unique opportunity for employees to connect, relax, and enjoy themselves.

Through these meaningful activities and recognition efforts, SDCG cultivates an engaged and vibrant workplace, ensuring employees feel valued, connected, and inspired to contribute to the company's continued success.

SDC Penang Dinner



Badminton Friendly Match



SUSTAINABILITY STATEMENT (CONT'D)

Sponsorship

In FYE 2024, SDCG contributed RM24,382 in charitable sponsorship events, which a sizeable portion were directed towards two key beneficiary organizations: Persatuan Kejuruteraan Biomedikal Malaysia and Asia Pacific Accreditation Cooperation Incorporated (APAC). These sponsorships were thoughtfully allocated to initiatives aimed at fostering community welfare and promoting positive societal change.

By supporting these organizations, SDCG demonstrates its ongoing commitment to causes that align with its core values of compassion and corporate responsibility. This effort highlights the company's dedication to meaningful community engagement and its role as a responsible corporate citizen, advocating for initiatives that contribute to a more inclusive and supportive society.

Supply Chain Management

SDCG remains dedicated to optimizing its supply chain by balancing local and international sourcing to ensure efficiency, quality, and sustainability. Over the past three financial years, the Company has gradually shifted towards local procurement, demonstrating its commitment to supporting domestic suppliers and mitigating supply chain risks.

Suppliers	FYE 2022	FYE 2023	FYE 2024
Local	71%	49%	75%
International	29%	51%	25%

This table reflects the trend in SDCG's spending on local suppliers over the past three years, showcasing the company's commitment to supporting local businesses while also optimizing its supply chain for efficiency and sustainability.



GOVERNANCE MATERIAL MATTERS

Corporate governance is pivotal in guiding the Group towards becoming an ESG-driven company. By embracing and adhering to robust corporate governance principles, we ensure the preservation of integrity, corporate responsibility, and accountability across all our operations.

In support of these principles, we have established stringent Group policies that promote ethical business practices and uphold standards of organisational integrity. Key policies such as the Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy, and Data Privacy Policy offer comprehensive guidance to employees at every level within the Group.

Anti-Bribery and Anti-Corruption

SDCG is committed to maintaining the highest standards of integrity and ethical conduct in all its business dealings. The company enforces a strict zero-tolerance policy toward bribery and corruption, ensuring full compliance with the Malaysian Anti-Corruption Commission (MACC) Act 2009 and other applicable regulations.

Our Anti-Bribery and Anti-Corruption Policy explicitly prohibits offering, giving, soliciting, or receiving any form of bribes or improper advantages. This policy applies to all employees, directors, and third parties acting on behalf of SDCG, covering interactions with customers, suppliers, regulators, and other stakeholders.

To uphold this commitment, SDCG provides regular training and communication on anti-corruption practices, ensuring that all employees are fully aware of their responsibilities in maintaining ethical standards. Furthermore, the company has implemented robust internal controls and monitoring systems to identify and address any risks associated with bribery and corruption.

SUSTAINABILITY STATEMENT (CONT'D)

Through these efforts, SDCG fosters a culture of transparency, accountability, and trust in every aspect of its operations.

Anti Bribery and Anti-Corruption	FYE 2022	FYE 2023	FYE 2024
Percentage of employees who have received training on anti-corruption	0	100%	100%
Percentage of operations assessed for corruption-related risks	0	0	0
Confirmed incidents of corruption and action taken	0	0	0

Whistleblowing Policy

SDCG is committed to promoting a culture of transparency, integrity, and accountability. To support this, the company has implemented a Whistleblowing Policy that provides a confidential and secure platform for employees, stakeholders, and other parties to report any unethical behaviour, policy violations, or legal non-compliance.

The policy ensures that concerns related to fraud, corruption, harassment, or other misconduct can be raised without fear of retaliation. SDCG is committed to protecting the identity of whistleblowers and safeguarding them from any form of discrimination or reprisal for reporting in good faith.

All reports are handled impartially and reviewed by the designated whistleblowing committee to ensure that appropriate actions are taken to address the issues raised. This policy reflects SDCG's unwavering dedication to maintaining ethical practices and building trust with all stakeholders.

Fair Labour Practice

SDCG is committed to maintaining a workplace that upholds fair labour practices and respects human rights across all its operations. Our policies are designed to promote equality, non-discrimination, and inclusivity, creating a safe and supportive environment for all employees.

Over the past three financial years, SDCG has shown its dedication to these principles, with no substantiated complaints regarding human rights violations. This reflects our proactive approach to adhering to fair labour standards, prohibiting forced labour, child labour, or any form of exploitation, and ensuring compliance with both local and international regulations.

Data Privacy and Data Breach

We prioritize the protection of personal and business data as a core aspect of our commitment to ethical practices and stakeholder trust. We adhere to stringent Data Privacy policies that align with applicable data protection laws, ensuring sensitive information is collected, stored, and processed securely and responsibly.

To safeguard data, we implement robust cybersecurity measures, including regular audits, employee training, and advanced technology to prevent unauthorized access, misuse, or breaches. In the event of a data breach, we follow a structured response plan to mitigate risks, address vulnerabilities, and notify affected parties and regulators promptly, as required by law.

Over the past three years from FYE 2022 to FYE 2024, there have been no reported data breaches, further reflecting our strong commitment to data privacy and security.

By prioritizing data privacy and maintaining effective breach management protocols, we uphold our commitment to transparency, accountability, and stakeholder trust in the digital age.

MOVING FORWARD

As we navigate an ever-evolving business landscape, SDCG is committed to strengthening our efforts on our sustainability journey. We aim to align our strategic directions with emerging ESG developments and opportunities while staying aligned with international standards and best practices.

Recognizing that transparent communication of our growing sustainability efforts is key to maintaining the trust our stakeholders have placed in us; we will focus on enhancing the depth and scope of our disclosures on sustainability matters. These initiatives are integral to our corporate culture and value proposition, and we will continue to build upon them in the years ahead.

SUSTAINABILITY STATEMENT (CONT'D)

This Sustainability Statement is generated using the Bursa Malaysia ESG Reporting Platform, adhering to the enhanced sustainability reporting criteria.

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	24,382
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	18.00
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category:		
Management Under 30	Percentage	1.72
Management Between 30-50	Percentage	13.79
Management Above 50	Percentage	0.00
Executive Under 30	Percentage	13.79
Executive Between 30-50	Percentage	18.97
Executive Above 50	Percentage	0.00
Non-executive/Technical Staff Under 30	Percentage	24.14
Non-executive/Technical Staff Between 30-50	Percentage	27.59
Non-executive/Technical Staff Above 50	Percentage	0.00
General Workers Under 30	Percentage	0.00
General Workers Between 30-50	Percentage	0.00
General Workers Above 50	Percentage	0.00
Gender Group by Employee Category:		
Management Male	Percentage	12.07
Management Female	Percentage	6.90
Executive Male	Percentage	22.41
Executive Female	Percentage	17.24
Non-executive/Technical Staff Male	Percentage	37.93
Non-executive/Technical Staff Female	Percentage	3.45
General Workers Male	Percentage	0.00
General Workers Female	Percentage	0.00

SUSTAINABILITY STATEMENT (CONT'D)

Indicator	Measurement Unit	2024
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	50.00
Female	Percentage	50.00
Under 30	Percentage	0
Between 30-50	Percentage	66.67
Above 50	Percentage	33.33
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	34,958
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	58
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	116
Executive	Hours	44
Non-executive/Technical Staff	Hours	0
General Workers	Hours	0
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	1.72
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	1
Executive	Number	5
Non-executive/Technical Staff	Number	1
General Workers	Number	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	75.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	428
(*) Restated		

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Director ("**Board**") of Solar District Cooling Group Berhad ("**SDCG**" or "**Company**") is pleased to present the Report of the Audit and Risk Management Committee Report ("**ARMC Report**") for the financial year ended 31 December 2024 ("**FYE 2024**"). The ARMC Report provides insights into the manner the ARMC has discharged its duties and responsibilities in accordance with its Terms of Reference for FYE 2024.

The ARMC was established to assist the Board in fulfilling its oversight responsibilities, specifically in the areas of corporate governance, risk management, internal control and financial reporting of SDCG and its subsidiary companies ("**Group**"), as well as other areas of responsibilities that may be promulgated by the ACE Market Listing Requirements ("**AMLR**") and the Malaysian Code on Corporate Governance 2021 ("**MCCG**") from time to time. The duties, responsibilities and authority of the ARMC are set out in Terms of Reference which have been approved by the Board, a copy of which is available for viewing on our website: <https://sdc.my>.

COMPOSITION & MEETING

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The composition of the ARMC complies with Rule 15.09 (1) of AMLR. The composition and the details of each ARMC member's attendance for FYE 2024 are set out below:

Name	Designation	Meeting Attendance
Ms. Wong Poh May	Chairperson	2/2
YM Raja Nor Azlina Binti Raja Azhar	Member	2/2
Mr. Wong Keng Fai	Member	2/2

The Chairperson of the ARMC is a fellow member of the Association of Chartered Certified Accountants (ACCA) and member of the Malaysian Institute of Accountants (MIA). Profiles of the ARMC members are set out in the Directors' Profile Section of this Annual Report.

The notice of the ARMC meeting and relevant meeting papers are distributed in advance, normally seven (7) days prior to the meetings to enable the ARMC to have sufficient time to review the materials and allow for better preparation and understanding of the issues to be discussed. The quorum for a meeting shall be two (2) members and the majority members present at the meeting must be independent.

The Company Secretary shall be the Secretary of the ARMC and shall be responsible, in conjunction with the Chairperson, for drawing up the agenda and circulating it prior to each meeting. The Company Secretary shall be responsible for recording the minutes of the ARMC meetings. Minutes of meetings will be circulated to all members of ARMC and table for confirmation at the next meeting.

The ARMC may call for a meeting as and when required with reasonable notice as deemed fit by the ARMC members. ARMC members may participate in a meeting by means of tele-conference, telephone call or any other similar communications method that allows participants to hear each other. Such participation in a meeting shall constitute presence in person at such meeting and shall satisfy the quorum requirement.

Our Managing Director, Executive Director and Finance Controller are invited to ARMC meetings to facilitate direct reporting by Executive Directors and management and to enable the provision of updates on the Group's operations, activities and financial performance. Representatives from the Sponsor, Internal Auditors, External Auditors and other representatives of the Group are also invited to attend the ARMC meetings to discuss specific matters which require their input and advice.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

COMPOSITION & MEETING (CONT'D)

The Chairperson of the ARMC reported on the key issues and matters discussed at the ARMC meetings as well as the ARMC's deliberations and recommendations in discharging its duties and responsibilities. The summary of the work and key matters considered by the ARMC during FYE 2024 are as follows:

1. Financial Reporting

- Reviewed and discussed the unaudited quarterly financial results of the Group with the Management and recommended them for our Board's consideration and approval before releasing to Bursa Securities;
- Reviewed and discussed the audited financial statements together with the Directors' and auditor's statements with the External Auditors and the Management and recommended them for our Board's consideration and approvals; and
- Discussed the key audit matters with External Auditors and the Management.

2. Internal Audit

- Reviewed and approved the Internal Audit Plan for the years 2025 and 2026 presented by Sterling Alignment Consulting Sdn. Bhd. ("**Sterling**"), the outsourced Internal Auditor and recommended it to the Board for approval, as appropriate.

3. External Audit

- Reviewed the External Auditors' terms of engagement, audit review memorandum, scope of work, audit fees and non-audit fees for the year under review;
- Reviewed the independence, performance and effectiveness of External Auditors and made recommendations to the Board on their re-appointment and remuneration; and
- Reviewed and discussed the significant issues arising from the financial audits for FYE 2024.

4. Related Party Transactions

- Reviewed if there is any related party transactions and recurrent related party transactions entered by our Group on a quarterly basis and assessed whether such transactions are carried out on arm's length basis and not detrimental to the Company's minority shareholders.

5. Conflict of Interest

- Reviewed if there is any conflict of interest/potential conflict of interest situations that may arise and the measure to mitigate the conflict of interest.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

Internal Audit Function

In preparation for the listing exercise, the Company engaged Sterling, an outsourced Internal Auditor, which is independent of the activities and operations of our Group as its Internal Control Review Consultant to review the adequacy and sufficiency of systems, procedures and controls of our Group.

The ARMC recognises the importance of an adequately resourced internal audit function to undertake a systematic and disciplined approach in assessing, evaluating and enhancing the effectiveness of the Group's risk management, internal control and governance systems and processes. This function provides reasonable assurance that such systems and processes continue to operate effectively and in compliance with the Group's established objectives.

Subsequent to the successful listing on the ACE Market of Bursa Securities on 19 September 2024, our Group continued to outsource the internal audit function to Sterling to provide the internal audit services of our Group. Sterling reports directly to the ARMC and to assist the ARMC in undertaking independent assessment on the adequacy, efficiency and effectiveness of the Group's system of risk management and internal control.

The risk management and internal controls are ongoing, which are undertaken by each department within our Group. Our Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

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

Total costs incurred on the outsourced of internal audit function of the Group for the FYE 2024 was approximately RM41,000.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of Solar District Cooling Group Berhad ("**SDCG**" or "**Company**") is pleased to present the Corporate Governance ("**CG**") Overview Statement for the financial year ended 31 December 2024 ("**FYE 2024**"), which has been prepared in compliance with Rule 15.25 of the ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and has set out an overview on the application of the Principles of corporate governance as promulgated by the Malaysian Code on Corporate Governance issued in April 2021 ("**MCCG**"). This CG Overview Statement should be read in conjunction with the Company's CG Report, which has set out details on how the Company has applied the Practices as set out in MCCG.

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

This CG Overview Statement provides a summary of the corporate governance practices implemented by the Group during the FYE 2024 with reference to the three Principles of MCCG whilst explanations on how the Company has applied the Practices promoted by MCCG are disclosed in the CG Report. Where there is a departure from a Practice, explanations for the departure are provided in the CG Report with disclosure on the applicable alternative practice which the Group has adopted.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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

I. Board Responsibilities

The Company has an experienced Board that is primarily responsible for charting and reviewing the strategic direction of the Group and delegates the implementation of these directions to the management. The Board also ensures the implementation of appropriate risk management and internal control systems, including financial, operational and compliance to safeguard the shareholders' interest and the Group's assets. The Board has adopted certain responsibilities for effective discharge of its functions through formalising its Board Charter (available at the Company's website: <https://sdc.my>) which, inter alia, sets a list of specific functions that are reserved for the Board and Chairman; and the authorisation limit which defines relevant matters and applicable limits reserved for Chairman and Executive Directors that are further cascaded to senior management team within the Company.

The Board have established Board Committees namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee, which are entrusted with specific oversight responsibilities for the Group's affairs. The Board Committees are granted the authorities to act on each Board's behalf in accordance with their respective Terms of Reference ("**TOR**") and to report to the Board with the necessary recommendation. The TOR of the Board Committees are available at the Company's website <https://sdc.my>. Further, the Board is also responsible in ensuring compliance by the Company and the Group with the AMLR, the Companies Act 2016 and rules of other relevant authorities.

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

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as facilitator at the meetings and ensure that Board proceedings comply with good conduct and best practices. The Executive Directors are responsible for making and implementing operational and corporate decision as well as developing, coordinating and implementing business and corporate strategies. Whilst, the Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

All Directors have unrestricted access to all information pertaining to the Group's business and affair and has full access to management, Company Secretary and External Auditors for information needed to carry out their duties and responsibilities. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, in furtherance of their duties, at the Company's expenses.

The Board had adopted the Board Charter, Code of Conduct Policy, Anti-Bribery and Corruption Policy, Gender Diversity Policy, Board Diversity Policy, Anti-Money Laundering Policy, Conflict of Interest Policy, Fit and Proper Policy and Whistleblowing Policy, which is available at the Company's website <https://sdc.my>.

The Board has adopted a Board Charter on 19 January 2024 which sets out a list of specific roles and functions which are reserved to the Board and other matters that are important for good corporate governance. The Board Charter are made available at the Company's website <https://sdc.my>.

The Board has adopted a Code of Conduct Policy on 19 January 2024 for adopting best practices in corporate governance and observing high standards of behaviour and integrity in our businesses and activities, including dealings with customers, vendors, suppliers, contractors, government, regulators, investors, the business community as a whole and in the relationship of its own employees in which the Company conducts its operations. The Code of Conduct Policy are made available at the Company's website <https://sdc.my>.

The Board has adopted an Anti-Corruption and Bribery Policy on 19 January 2024 to comply with enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Anti-Corruption and Bribery Policy is to ensure that all Directors, management and employees are aware of their obligation to disclose and not to be involved in any corruption, bribes, conflict of interest or similar unethical acts that they may have in order to prevent the occurrence of bribery and corrupt practices in relation to the Group's business. The Anti-Bribery and Corruption Policy are made available at the Company's website <https://sdc.my>.

The Board has adopted a Gender Diversity Policy on 19 January 2024, with the aim to maintain a diverse workplace to recognise the benefits arising from board and employee diversity. Diversity includes, but not limited to age, gender, experience, education, background, expertise, origin, disability, race, nationality, and culture. Inclusion is a sense of belonging and behaviours to respond to the people in order to ensure that individual feel included, engaged and connected in the workplace. The Gender Diversity Policy are made available at the Company's website <https://sdc.my>.

The Board has adopted a Board Diversity on 19 January 2024, with the aim to maintain a Board comprising talented and dedicated directors with a diverse mix of skills, expertise, experience, gender, age and independence. The diversity collectively represented on the Board should reflect the diverse nature of the business environment in which the Company operates. The Board Diversity Policy are made available at the Company's website <https://sdc.my>.

The Board has adopted a Whistleblowing Policy on 19 January 2024, with the aim to provide a direction and a procedure to help the employees and stakeholders who find themselves having to deal with suspected cases of any known theft, fraud, corruption or wrongdoings. These documents provide a framework for a response and advice and information on various aspects and implications of an investigation. The Whistleblowing Policy are made available at the Company's website <https://sdc.my>.

The Company has adopted a Conflict-of-Interest Policy on 19 January 2024, with the aim to provide guidance in identifying and manage any actual, potential and perceived conflict of interest situations as they arise. This policy applies to all Directors and employees of the Group (including staff on contract terms, temporary staff, and those on internship). The Conflict-of-Interest Policy are made available at the Company's website <https://sdc.my>.

The Board has adopted a Fit and Proper Policy on 19 January 2024, with the aim to guide the Company's Nomination Committee and the Board in their review and assessment of candidates who are to be appointed onto the Board as well as directors who are seeking for re-election. The Fit and Proper Policy are made available at the Company's website at <https://sdc.my>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

The Board has adopted a Risk Management Framework on 25 April 2025, with the aim to ensure appropriate systems and processes are in place for the Company to monitor and manage identified risk effectively. The Risk Management Framework are made available at the Company's website at <https://sdc.my>.

II. Board Composition

As at the date of this report, the Board consists of six (6) Directors i.e. one (1) Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors and two (2) Executive Directors. The Independent Non-Executive Directors fulfilled the criteria of "Independence" as prescribed under the AMLR. This complies with the AMLR which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. All Independent Non-Executive Directors are independent of management and have no family or business relationships with the Executive Directors and major shareholders which would interfere with the exercise of their independent judgment.

SDCG has two (2) female Independent Non-Executive Directors and one (1) female Executive Director, providing a representation rate of 50% which complies with the AMLR of Bursa Securities to have at least one (1) woman Director on the Board.

The Board supports gender diversity by having three (3) female Directors to bring diversity to the Board's deliberation and decision-making process.

All the Directors have complied with the minimum attendance requirements as stipulated by the AMLR. The Board met on four (4) occasions during the FYE 2024 and the details of attendance at Board Meetings are set out below:-

Name of Directors	Attendance	Percentage of attendance (%)
Ir. Dr. Khairul Azmy Bin Kamaluddin	4/4	100%
Kong Kam Onn	4/4	100%
Liuk Ing Hong	3/4	75%
YM Raja Nor Azlina Binti Raja Azhar	3/4	75%
Wong Poh May	4/4	100%
Wong Keng Fai	4/4	100%

Prior to each meeting, notice of meetings and agenda was circulated to all Directors together with the draft minutes of the previous meeting, respective reports/papers and other board meeting reference materials such as management reports and financial reports to be discussed were furnished to the Directors at least seven (7) days prior to the Board meeting via e-mail so that each Director had ample time to review the papers to enable informed decision making. The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Training programmes and seminars attended by the Directors of the Company during the FYE 2024 are as follows:-

Name of Directors	Date	Training Programmes/Seminars/Workshops/ Conferences Attended
Ir. Dr. Khairul Azmy Bin Kamaluddin	1 to 5 July 2024	TM002 Basic Training Methodology for Instructors
	14 & 15 August 2024	Mandatory Accreditation Programme (MAP Part I)
Kong Kam Onn	17 & 18 July 2024	Mandatory Accreditation Programme (MAP Part I)
	28 & 29 October 2024	Efficient Operation and Troubleshooting of Centralized Chilled Water HVAC SYSTEM
Liuk Ing Hong	17 & 18 July 2024	Mandatory Accreditation Programme (MAP Part I)
YM Raja Nor Azlina Binti Raja Azhar	18 July 2024	E-Invoicing for Law Firms
	14 & 15 August 2024	Mandatory Accreditation Programme (MAP Part I)
	5 December 2024	Bank Negara Malaysia Data and Compliance Report Clinic 2024
Wong Poh May	27 April 2024	Updates On Beneficial Ownership Reporting
	14 & 15 August 2024	Mandatory Accreditation Programme (MAP Part I)
	10 September 2024	National Climate Governance
	24 September 2024	Tax Consideration in Financing of Corporations
	22 October 2024	Capital Reduction by Solvency Statement
	30 October 2024	2025 Budget Seminar
	27 November 2024	E-Invoice Implementation of Property Developers, Contractors and Related Industries
Wong Keng Fai	17 & 18 July 2024	Mandatory Accreditation Programme (MAP Part I)

During the FYE 2024, the External Auditors briefed the Board members on the changes to the Malaysian Financial Reporting Standards and their impact on the Group's and the Company's financial statements for the financial year. The Board was also briefed on the amendments to the AMLR.

Company Secretary

The Board is supported by two (2) external qualified and competent Company Secretaries, Lim Li Heong and Wong Mee Kiat. Both the Company Secretaries are qualified to act as Company Secretary under Section 235 of the Companies Act 2016. As the practising Company Secretaries, they have also attended continuous professional development programmes as required by Malaysian Institute of Chartered Secretaries and Administrators and the Companies Commission of Malaysia.

The Company Secretaries are also responsible for ensuring that the Company's Constitution, procedures, policies and regulations are complied with as well as ensuring that, all obligations required by the regulatory and under the AMLR are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretaries on corporate governance, AMLR and Companies Act 2016. The Company Secretaries ensure that the deliberations at meetings of the Board and Board Committees are properly captured and minuted. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties as required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharging their functions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Nomination Committee

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

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

1. YM Raja Nor Azlina Binti Raja Azhar (Chairperson)
2. Wong Poh May
3. Wong Keng Fai

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

The Company's Constitution provides that one third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all the Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. All the retiring Directors will abstain from deliberations and decisions on their own eligibility to stand for re-election at the Board Meeting.

In considering whether to recommend a Director who is eligible to stand for re-election, the NC would consider a variety of factors, including:

- the Director's contributions to the Board and ability to continue to contribute productively;
- the Director's attendance at Board and committee meetings;
- the Director's compliance with the MCGG;
- the Director's skills, knowledge, experience and expertise, professionalism and competencies;
- whether the Director continues to possess the attributes, capabilities and qualifications considered necessary or desirable for Board service; and
- the independence of the Director.

There was no committee meeting held during the FYE 2024 as the Company was only listed on the ACE Market of Bursa Securities on 19 September 2024 ("Listing"). However, the NC had on 25 February 2025 conducted the annual assessment on the effectiveness of the Board, the Board Committees and all individual Directors, based on their performance for the FYE 2024.

III. Directors' Remuneration

The Remuneration Committee ("RC") comprises exclusively Independent Non-Executive Directors as follows:-

1. Wong Keng Fai (Chairman)
2. YM Raja Nor Azlina Binti Raja Azhar
3. Wong Poh May

The RC is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices for the business the Company is in. The RC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Director and performance of the Group. Full details of the RC's duties and responsibilities are stated in its TOR which is available on the Company's website: <https://sdc.my>.

Individual Director does not participate in the discussion and decision making of his/her own remuneration to avoid conflict of interest.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Directors' Remuneration (Cont'd)

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

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

There was no RC meeting held during FYE 2024 as the Company was only listed on the ACE Market of Bursa Securities on 19 September 2024.

The annual review during the FYE 2024 on the Directors and Key Senior Management were conducted by the RC on 25 February 2025.

The remuneration of individual Directors of the Company, including the remuneration for services rendered to the Group and the Company for the FYE 2024 are as follows:-

Category	Salaries	Directors' Fees	Meeting Allowances	Bonuses	(a) Other Emoluments	Total
	RM	RM	RM	RM	RM	RM
Executive Directors						
Kong Kam Onn	252,000.00	20,000.00	0.00	21,000.00	54,808.00	347,808.00
Liuk Ing Hong	240,000.00	20,000.00	0.00	20,000.00	50,558.00	330,558.00
Non-Executive Directors						
Ir. Dr. Khairul Azmy Bin Kamaluddin	0.00	20,000.00	1,000.00	0.00	0.00	21,000.00
YM Raja Nor Azlina Binti Raja Azhar	0.00	20,000.00	750.00	0.00	0.00	20,750.00
Wong Poh May	0.00	20,000.00	1,000.00	0.00	0.00	21,000.00
Wong Keng Fai	0.00	20,000.00	1,250.00	0.00	0.00	21,250.00

Note

- (a) Consists of employee provident fund, social security organisation, employment insurance scheme and other allowances

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

Range of Remuneration (RM)	Designation of Key Senior Management
RM100,001 to RM150,000	Project Directors, Technical Director and Finance Controller

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Board is assisted by the Audit and Risk Management Committee ("ARMC") which comprises exclusively of three (3) Independent Non-Executive Directors, to oversee the integrity of the financial statements, compliance with relevant accounting standards and the Group's risk management and internal controls.

The members of ARMC are as follows:

1. Wong Poh May (Chairperson)
2. YM Raja Nor Azlina Binti Raja Azhar
3. Wong Keng Fai

The Chairperson of the ARMC is not the Chairman of the Board. The ARMC Chairperson has full and unrestricted access to the Executive Directors, Key Senior Management, External Auditors and Internal Auditors on all information necessary to enable them to discharge her duty. None of the members of the ARMC is a former partner of its external audit firm.

The composition of the ARMC is reviewed annually with the view to maintain an independent and effective ARMC, and in line with the Principles of the MCGG. The ARMC members are expected to continuously update their knowledge and enhance their skills. Based on the performance evaluation of the ARMC for the FYE 2024, the Board is pleased to confirm that the Chairperson and the members of ARMC have fulfilled their responsibilities effectively. Full details of the ARMC's duties and responsibilities are stated in its TOR which is available on the Company's website: <https://sdc.my>.

The independence, suitability and appointment/re-appointment of the External Auditors is reviewed by the ARMC annually.

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

II. Risk Management and Internal Control Framework

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

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

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

I. Engagement with Stakeholders

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance, Annual General Meeting ("AGM") and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities and the Company's website at <https://sdc.my>.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANING RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. Conduct of General Meetings

The AGM represents the principal forum for dialogue and interaction with shareholders. The Chairman together with other Directors and External Auditors will be present at the forthcoming AGM to answer any enquires from the shareholders. Shareholders who are unable to attend the AGM are allowed to appoint proxies to attend and vote on their behalf.

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

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

As the Company was only listed on the ACE Market of Bursa Securities on 19 September 2024, the upcoming AGM will be the Company's first AGM as a public listed company. Barring unforeseen circumstances, all Directors will present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns directly to the Board.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of financial year and of the results and cash flows of the Company and the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Company and the Group for the FYE 2024. The Company and the Group have used the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

COMPLIANCE STATEMENT

The Board is satisfied that the Company, though listed on the ACE Market of Bursa Securities on 19 September 2024, the Group has complied with the Principles of the Corporate Governance as contained in the MCCG save for the exception that disclosed in the Corporate Governance Report as departures in the opinion of the Directors, adequately suit the circumstances.

The Board will strike to ensure that the Group complies with the principles and practices of the MCCG. The Board will continuously improve procedures to ensure compliance.

This CG Overview Statement was approved by the Board on 25 April 2025.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("**Board**") of Solar District Cooling Group Berhad ("**Company**") and its subsidiaries ("**Group**") is pleased to present its Statement on Risk Management and Internal Control ("**Statement**") for the financial year ended 31 December 2024 ("**FYE 2024**"). This Statement has been compiled in compliance with Rule 15.26(b) of the ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), incorporating the principles and recommendations of the Malaysian Code on Corporate Governance 2021 ("**MCCG**") with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**Guidelines**").

Board Responsibility and Accountability

The Board acknowledges its responsibility to observe the MCCG in maintaining a sound system of risk management and internal control throughout the operations of the Group to safeguard shareholders' investments, stakeholders' interests and the assets of the Group.

Committed to foster an effective control environment, the Board continuously reviews the integrity and soundness of the risk management and internal control mechanisms. To streamline the process, the Board has delegated the task of reviewing the adequacy of the Group's risk management and internal control to the Audit and Risk Management Committee ("**ARMC**") in accordance with the terms of reference.

However, given the inherent limitations in any systems of internal controls and risk management, such systems are designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group. Hence, the Group's system of internal controls can only provide reasonable assurance but not absolute assurance against material misstatement or loss to the Group.

Risk Management Framework

In undertaking the functions of the Board regarding risk management and internal controls of the Group, the Board is supported by several established Board committees, namely the ARMC, the Nomination Committee, and the Remuneration Committee, each of which has clearly defined terms of reference.

The ARMC has been tasked by the Board with, amongst others, the duty of reviewing and monitoring the adequacy and effectiveness of the Group's risk management and internal controls. The day-to-day implementation of risk awareness and management as well as compliance under the Group's internal control processes and procedures are part of the responsibilities of the management team of the Group ("**Management**"). The Group has an organisational structure with clearly defined lines of accountability and responsibility as well as delegation of authority and reporting.

The Group's systems of internal controls and risk management primarily cover areas of operational efficiency, effectiveness and controls, financial controls and reporting, compliance monitoring, corporate governance, and process improvements. There are sets of policies, procedures, and manuals setting out amongst others the approved standard operating procedures for key operational areas and activities.

In addition, Board's approved financial limits and approving authorities were also put in place for key financial matters and decision-making for revenue, major operating and capital expenditures as well as acquisitions of the Group to ensure proper functioning and accountability at respective business units.

The Group is committed to embed strong risk management practices across all business operations, enabling informed decision-making and accountable management actions. The Group has adopted a Risk Management and Internal Control Framework and established a Risk Management Handbook, which outlines, among other things, the principles and reporting structure, risk management framework, enterprise risk assessment, risk measurement, and the risk management process implementation. This framework views risk as any event that could potentially hinder the realisation of objectives.

The policies of the Board for the risk management framework:

- To integrate risk management into the culture, business activities and decision-making processes. Risk management concept, thinking and initiatives must be embedded in the day-to-day business operations and decision-making process. Risks that can be managed through embedded, routine systems and processes should be managed and monitored. Where risks cannot be managed, they must be subjected to individualised risk management techniques tailored to address particular risk.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Risk Management Framework (Cont'd)

The policies of the Board for the risk management framework (cont'd):

- To anticipate and respond to the changing operational, social, environmental and regulatory requirements proactively. As far as reasonably possible, risks must be identified, analysed and dealt with by Management proactively based on their experience, industry knowledge and information available from the marketplace. The Group must not experience any crystallisation of any major risks that are unexpected by the Board. However, this does not mean that risk will not transpire, but comprehensive plans are in place to respond timely and address the risk impact.
- To require that all papers submitted to the Board by the Management relating to strategy, key project approval, significant action or investment must include a detailed risk assessment report.
- To manage risks pragmatically and to an acceptable level given the circumstances of each situation. In dealing with risks, the Board understand that it is not always possible, cost effective or desirable to manage or eliminate risk all together. A cost-benefit approach is needed where the returns must be commensurate with the risks taken and reduce cost of risk controls.

Internal Audit Function

During the financial year under review, in preparation for the listing of the Company on the ACE Market of Bursa Securities, the Company has engaged Sterling Business Alignment Consulting Sdn Bhd ("**Sterling**") as an independent Internal Control Review consultant. Sterling had performed the pre-listing internal control review, assessing the Group's internal control system in general and its compliance with the AMLR with respect to the internal control state, risk management, and corporate governance as stipulated under the MCCG, the AMLR and other relevant legal and regulatory requirements. Findings and recommendations from the Internal Control Review were reported to the Board, together with the Management's responses and actions taken, if any.

The Group continued to outsource its internal audit functions to Sterling to act as the Internal Auditors which provides the Board, through ARMC, with assurance on the adequacy and effectiveness of the Group's system of risk management and internal control. Sterling reports directly to the ARMC on the adequacy and effectiveness of the risk management and internal control system of the Group. No internal audit costs were incurred for the financial year ended 31 December 2024 except for the internal control review cost incurred for the listing of the Company on the ACE Market of Bursa Securities.

On a regular basis, the findings and recommendations from the internal audit reviews shall be presented to the ARMC. The Internal Auditors also monitor the status of corrective actions to address control weaknesses, ensuring the timely resolution and satisfactory implementation of outstanding issues. The Management team remains committed to taking the necessary actions to enhance and fortify the internal control environment.

Management Responsibilities and Assurance

The Management team is responsible for assisting the Board in identifying risks relevant to the business of the Group, implementing Board's policies and strategies, maintaining sound system of risk management and internal control, and monitoring and reporting to the Board on significant control deficiencies and changes in risks that could significantly affect the Group from achieving its objectives and performance.

The responsibilities of Management team in respect of risk management include but not limited to the following:

- identify the key risks relevant to the businesses of the Group and the achievement of the Group's objectives and strategies;
- design, implement and monitor the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identify changes to risk or emerging risks, take actions as appropriate, and promptly bring these to the attention of the ARMC and the Board.

The Board has received assurance from the Managing Director and Finance Controller that to the best of their knowledge, the Group's risk management and internal control system has been operating adequately and effectively in all material aspects, throughout the financial year under review and up to the date of issuance of this Statement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Review of the Statement by External Auditors

Pursuant to Rule 15.23 of the AMLR of Bursa Securities, the external auditors conducted a limited assurance engagement on the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the FYE 2024. Their review adhered to the guidelines outlined in the Audit and Assurance Practice Guide 3 ("**AAPG 3**") Guidance for Auditors on Engagements to Report on the Statement on Risk and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. It's important to note that under AAPG 3, auditors are not required to provide an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

Based on their prescribed procedures, the External Auditors have communicated to the Board of Directors that they have not identified any issues that would lead them to believe that the Statement on Risk Management and Internal Control deviates, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines nor is the Statement on Risk Management and Internal Control factually inaccurate.

Conclusion

For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system of the Group currently being put in place is adequate and effective to safeguard the Group's interests and assets.

The Board commits to have ongoing assessment and monitoring of the adequacy and effectiveness of the Group's risk management and internal control system. Furthermore, the Board pledges to enhance and fortify the system as needed, ensuring its continual alignment with the evolving needs and circumstances of the Group.

This Statement was approved by the Board on 25 April 2025.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the Listing Requirements of Bursa Securities:-

1.0 Material Contracts Involving Directors and/or Major Shareholders

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting at the end of the FYE 2024 or entered into since the end of the previous financial year.

2.0 Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised by the Company from any corporate proposal during the FYE 2024 save for the listing exercise, the Company undertook a public issue of 118,670,000 new ordinary shares at an issue price of RM0.38 per share, raising a gross proceeds of RM45.095 million which was utilised in the following manner as at 31 March 2025:

Details of utilisation of proceeds	Proposed utilisation (RM'000)	Amount utilised (RM'000)	Balance to be utilised (RM'000)	Estimated timeframe for utilisation ⁽¹⁾
Expansion of the Headquarters	1,900	34	1,866	Within 24 months
Tender bonds and/or performance bonds for future projects	5,000	26	4,974	Within 24 months
Purchase of materials for BMS segment, and solar thermal systems and energy saving services segment	18,700	3,112	15,588	Within 36 months
General working capital	12,673	4,956	7,717	Within 36 months
Capital expenditure	2,522	827	1,695	Within 36 months
Estimated listing expenses	4,300	4,300	-	Within 3 months
Total	45,095	13,255	31,840	

Note:

⁽¹⁾ From the date of listing of the Company on 19 September 2024

3.0 Contracts Relate to a Loan

There were no contracts which relate to a loan entered into by the Company and its subsidiaries during the FYE 2024.

4.0 Recurrent Related Party Transactions of Revenue or Trading Nature

During the FYE 2024, the Group has not entered into any recurrent related party transactions of a revenue or trading nature.

5.0 Audit and Non-Audit Fees

The auditors' remuneration including non-audit fees for the Company and the Group for the FYE 2024 is as follows:-

Details of Audit Fees	Group (RM)	Company (RM)
Audit fees:		
- statutory audit	88,000	35,000
- non-statutory audit	25,000	3,000
Non-Audit Fees ⁽¹⁾	20,000	20,000

Note:

⁽¹⁾ The non-audit fees of the Group and the Company were mainly incurred for the review of Quarterly Financial Statements for the financial period ended 30 June 2024.

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding.

The information on the name, principal place of business and country of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company are set out in the "Subsidiaries" section of this report.

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

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	4,286,042	4,430,872
Attributable to:- Owners of the Company	4,286,042	4,430,872

DIVIDENDS

The dividend paid or declared by the Company since 31 December 2023 is as follows:-

Ordinary Share

In respect of the financial year 31 December 2024

An interim dividend of RM0.01 per ordinary share, paid on 30 December 2024

RM

4,238,225

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIRECTORS' REPORT (CONT'D)

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM100 to RM58,294,274 by way of:-
 - (i) issuance of 305,152,360 new ordinary shares at an issue price of RM0.05 per ordinary share, for a total consideration of RM15,257,618 as full payment for the acquisition of the entire equity interest of Solar District Cooling Sdn. Bhd.; and
 - (ii) issuance of 118,670,000 new ordinary shares at an issue price of RM0.38 each in conjunction with the initial public offering of ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM45,094,600. The listing expenses arising from the issuance of new ordinary shares amounting to RM2,058,044 were offset against share capital of the Company.

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

- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value 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 which would render the values attributed to the current assets in the financial statements misleading.

DIRECTORS' REPORT (CONT'D)

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities 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.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Kong Kam Onn
IR. Dr. Khairul Azmy Bin Kamaluddin
Raja Nor Azlina Binti Raja Mohammad @ Raja Azhar
Wong Poh May
Liuk Ing Hong
Wong Keng Fai

The names of directors of the Company's subsidiary who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Ed Kamil Bin Md Bashah
Khoirol Suhardi Bin Shaaban
Mohd Hanafy Bin Rasimon

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares or debentures of the Company and its related corporations during the financial year are as follows:-

	<----- Number of Ordinary Shares ----->			
	At 1.1.2024	Bought/Allotted	Sold	At 31.12.2024
The Company				
<i>Direct Interests</i>				
Kong Kam Onn	51	274,637,173	-	274,637,224
IR. Dr. Khairul Azmy Bin Kamaluddin	-	555,000	(555,000)	-
Raja Nor Azlina Binti Raja Mohammad @ Raja Azhar	-	370,000	-	370,000
Wong Poh May	-	370,000	(270,000)	100,000
Liuk Ing Hong	-	30,515,236	-	30,515,236
Wong Keng Fai	-	370,000	-	370,000

By virtue of his shareholdings in the Company, Kong Kam Onn is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" section of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM	The Company RM
Fees	120,000	120,000
Salaries, bonuses and allowances	538,780	4,000
Defined contribution benefits	101,270	-
Others	2,316	-
	<hr/>	<hr/>
	762,366	124,000
	<hr/>	<hr/>

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

DIRECTORS' REPORT (CONT'D)

SUBSIDIARIES

- (a) The details of the subsidiaries' name, principal place of business and country of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed as follows:-

Name of Subsidiary	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent %	Principal Activities
<i>Subsidiary of the Company:-</i>			
Solar District Cooling Sdn. Bhd. ("SDC")	Malaysia	100	Engaged in the business of providing provision and maintenance of building management systems, solar thermal systems, other systems and equipment, and other energy services.
<i>Subsidiary of SDC:-</i>			
Kejuruteraan Efektif Dinamik Sdn. Bhd.	Malaysia	100	Engaged in the business of providing mechanical and electrical works, and project management services.

- (b) The available auditors' report on the financial statements of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

In conjunction with, and as an integral part of the listing of the Company's shares on the ACE Market of Bursa Malaysia Securities Berhad, the following listing scheme was undertaken by the Company:-

- (a) Issuance of 305,152,360 new ordinary shares pursuant to acquisition of a subsidiary, Solar District Cooling Sdn. Bhd. on 15 July 2024.
- (b) Public issue of 118,670,000 new ordinary shares in the Company at an issue price of RM0.38 per share allocated in the following manner on 18 September 2024:-
- (i) 21,192,000 new shares made available for application by the Malaysian Public;
 - (ii) 21,192,000 new shares made available for application by the eligible directors and employees and persons contributed to the success of the Group; and
 - (iii) 76,286,000 new shares made available by way of private placement to selected investors.

The Company's entire enlarged issued and paid-up share capital comprising 423,822,460 ordinary shares were listed on the ACE Market of Bursa Malaysia Securities Berhad on 19 September 2024.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM	The Company RM
Audit fees:		
- statutory audit	88,000	35,000
- non-statutory audit	25,000	3,000
Non-audit fees	20,000	20,000
	<hr/>	<hr/>
	133,000	58,000
	<hr/>	<hr/>

Signed in accordance with a resolution of the directors dated 25 April 2025.

Kong Kam Onn
Managing Director

Liuk Ing Hong
Executive Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Kong Kam Onn and Liuk Ing Hong, being two of the directors of Solar District Cooling Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 70 to 141 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2024 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 25 April 2025.

Kong Kam Onn
Managing Director

Liuk Ing Hong
Executive Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Kong Kam Onn, being the director primarily responsible for the financial management of Solar District Cooling Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 70 to 141 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Kong Kam Onn, NRIC Number: 810124-14-5119
at Kuala Lumpur
in the Federal Territory
on this 25 April 2025

Kong Kam Onn
Managing Director

Before me
Shaiful Hilmi Bin Halim
License No.: W 804
Commissioner of Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Solar District Cooling Group Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2024, 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 policy information, as set out on pages 70 to 141.

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 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition Refer to Note 24 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue from construction contracts amounting to approximately RM22.15 million represents 87% of the Group's revenue for the financial year ended 31 December 2024.</p> <p>Revenue from construction contracts is recognised over time in the period in which the services are rendered using the output by reference to the construction progress based on the physical proportion of construction work certified by professional consultants or project customers.</p> <p>This is an area of focus given that significant judgement by the management is required in determining the progress towards complete satisfaction of the performance obligation.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Read key contracts and discussed with management to obtain full understanding of terms and risks to assess our consideration of whether revenue was appropriately recognised; • Evaluated the revenue from construction contracts which has been rendered using output method by reference to the construction progress based on the physical proportion of the construction work certified by professional consultants or project customers; and • Recomputed the progress towards complete satisfaction of performance obligations determined by management for revenue recognition based on contract work certified to-date and budgeted total contract sum.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Recoverability of trade receivables Refer to Notes 10 and 36.1(b)(iii) to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>As at 31 December 2024, trade receivables of the Group amounted to approximately RM9.3 million of which RM3.01 million was past due but not impaired. The details of trade receivables and its credit risk are disclosed in Notes 10 and 36.1(b)(iii) to the financial statements.</p> <p>The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:-</p> <ul style="list-style-type: none"> • customers' payment profiles of past sales and corresponding historical credit losses; • Specific known facts or circumstances on customers' ability to pay; or • By reference to past default experience. <p>The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. Hence, we determined this to be a key audit matter.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Obtained and understanding of:- <ul style="list-style-type: none"> • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment • Reviewed the ageing analysis of trade receivables and testing the reliability thereof; • Reviewed subsequent cash collections for major receivables and overdue amounts; • Made inquiries of management regarding the action plans to recover overdue amounts; • Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection; and • Evaluated the reasonableness and adequacy of the allowance for impairment loss recognised.

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

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

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

OTHER MATTERS

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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

25 April 2025

Lam Chan Moi
03835/05/2026 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		The Group		The Company	
	Note	2024 RM	2023* RM	2024 RM	2023 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary	5	-	-	15,257,618	-
Property, plant and equipment	6	4,230,550	4,972,236	-	-
Intangible asset	7	6,487	-	-	-
Deferred tax assets	8	621,422	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		4,858,459	4,972,236	15,257,618	-
		<hr/>	<hr/>	<hr/>	<hr/>
CURRENT ASSETS					
Inventories	9	3,125,566	3,240,212	-	-
Trade receivables	10	9,305,979	7,363,140	-	-
Other receivables, deposits and prepayments	11	745,233	1,892,423	-	-
Amount owing by a subsidiary	12	-	-	7,205,365	-
Short-term investments	13	44,977,575	-	35,175,307	-
Current tax assets		13,966	60,799	-	-
Fixed deposits with licensed banks	14	250,088	549,849	-	-
Cash and bank balances		2,627,681	6,138,407	916,163	100
		<hr/>	<hr/>	<hr/>	<hr/>
		61,046,088	19,244,830	43,296,835	100
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS		65,904,547	24,217,066	58,554,453	100

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

(CONT'D)

		The Group		The Company	
	Note	2024 RM	2023* RM	2024 RM	2023 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	58,294,274	100	58,294,274	100
Invested capital	15	-	1,000,000	-	-
Reorganisation deficit	16	(14,257,618)	-	-	-
Retained profits/(Accumulated losses)		18,650,540	18,602,723	177,478	(15,169)
TOTAL EQUITY		62,687,196	19,602,823	58,471,752	(15,069)
NON-CURRENT LIABILITIES					
Hire purchase payables	17	58,235	123,195	-	-
Term loans	18	87,138	429,012	-	-
		145,373	552,207	-	-
CURRENT LIABILITIES					
Trade payables	19	1,375,254	2,614,022	-	-
Contract liabilities	20	179,800	-	-	-
Other payables and accruals	21	1,296,722	1,173,354	80,301	6,754
Amount owing to a related party	22	-	-	-	8,415
Hire purchase payables	17	64,961	61,884	-	-
Term loans	18	2,665	208,875	-	-
Bank overdrafts	23	-	10	-	-
Current tax liabilities		152,576	3,891	2,400	-
		3,071,978	4,062,036	82,701	15,169
TOTAL LIABILITIES		3,217,351	4,614,243	82,701	15,169
TOTAL EQUITY AND LIABILITIES		65,904,547	24,217,066	58,554,453	100

Note:-

* As disclosed in Note 4.3 to the financial statements, the comparative figures in the Group's financial statements are presented as if the internal reorganisation had occurred before the start of the earliest period presented.

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	The Group		The Company	
		1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
REVENUE	24	25,327,968	26,621,655	6,738,225	-
COST OF SALES		(11,366,731)	(12,269,326)	-	-
GROSS PROFIT		13,961,237	14,352,329	6,738,225	-
OTHER INCOME		497,281	25,272	347,960	-
		14,458,518	14,377,601	7,086,185	-
ADMINISTRATIVE EXPENSES		(8,118,881)	(5,033,595)	(2,652,913)	(15,169)
OTHER EXPENSES		(407,930)	(343,545)	-	-
FINANCE COSTS		(29,237)	(59,748)	-	-
REVERSAL OF/(NET) IMPAIRMENT LOSSES ON FINANCIAL ASSETS	25	21,173	(260,719)	-	-
PROFIT/(LOSS) BEFORE TAXATION	26	5,923,643	8,679,994	4,433,272	(15,169)
INCOME TAX EXPENSE	27	(1,637,601)	(2,334,889)	(2,400)	-
PROFIT/(LOSS) AFTER TAXATION		4,286,042	6,345,105	4,430,872	(15,169)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		4,286,042	6,345,105	4,430,872	(15,169)

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

		The Group		The Company	
		1.1.2024 to 31.12.2024	25.4.2023 to 31.12.2023*	1.1.2024 to 31.12.2024	25.4.2023 (date of incorporation) to 31.12.2023
		RM	RM	RM	RM
Note					
PROFIT/(LOSS) AFTER TAXATION/ TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
	Owners of the Company	4,286,042	6,345,105	4,430,872	(15,169)
EARNINGS PER SHARE (SEN):					
	- Basic	1.26	2.08		
	- Diluted	1.26	2.08		

Note:-

* As disclosed in Note 4.3 to the financial statements, the comparative figures in the Group's financial statements are presented as if the internal reorganisation had occurred before the start of the earliest period presented.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Group	Note	Share Capital RM	Invested Capital RM	Reorganisation Deficit RM	Retained Profits RM	Total Equity RM
Balance at 1.1.2023		-	1,000,000	-	14,257,618	15,257,618
Profit after taxation/Total comprehensive income for the financial year		-	-	-	6,345,105	6,345,105
Contribution by owners of the Company:		100	-	-	-	100
- Initial issuance of shares on incorporation						
Distribution to owners of the Company:	29	-	-	-	(2,000,000)	(2,000,000)
- Dividend						
Balance at 31.12.2023		100	1,000,000	-	18,602,723	19,602,823

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

STATEMENTS OF CHANGES IN **EQUITY (CONT'D)**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Group	Note	Share Capital RM	Invested Capital RM	Reorganisation Deficit RM	Retained Profits RM	Total Equity RM
Balance at 1.1.2024		100	1,000,000	-	18,602,723	19,602,823
Profit after taxation/Total comprehensive income for the financial year		-	-	-	4,286,042	4,286,042
Transaction with owners:						
- Issuance of shares for the acquisition of a subsidiary	15	15,257,618	(1,000,000)	(14,257,618)	-	-
- Issuance of shares pursuant to an initial public offering	15	45,094,600	-	-	-	45,094,600
- Share issuance expenses	15	(2,058,044)	-	-	-	(2,058,044)
- Dividend	29	-	-	-	(4,238,225)	(4,238,225)
Total contributions by and distributions to owners		58,294,174	(1,000,000)	(14,257,618)	(4,238,225)	38,798,331
Balance at 31.12.2024		58,294,274	-	(14,257,618)	18,650,540	62,687,196

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Share Capital RM	(Accumulated Losses)/ Retained Profits RM	Total Equity RM
The Company				
Balance at 25.4.2023 (date of incorporation)		100	-	100
Loss after taxation/Total comprehensive expenses for the financial year		-	(15,169)	(15,169)
Balance at 31.12.2023/1.1.2024		100	(15,169)	(15,069)
Profit after taxation/Total comprehensive income for the financial year		-	4,430,872	4,430,872
Transaction with owners:				
- Issuance of shares for the acquisition of a subsidiary	15	15,257,618	-	15,257,618
- Issuance of shares pursuant to an initial public offering	15	45,094,600	-	45,094,600
- Share issuance expenses	15	(2,058,044)	-	(2,058,044)
- Dividend	29	-	(4,238,225)	(4,238,225)
Total contributions by and distributions to owners		58,294,174	(4,238,225)	54,055,949
Balance at 31.12.2024		58,294,274	177,478	58,471,752

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL 31 DECEMBER 2024

	The Group		The Company	
	1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
Note				
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	5,923,643	8,679,994	4,433,272	(15,169)
Adjustments for:-				
Bad debt written off	-	71,654	-	-
Depreciation on property, plant and equipment	1,532,381	1,703,631	-	-
Amortisation of intangible asset	721	-	-	-
Fair value gain on short- term investments	(46,925)	-	(40,412)	-
Reversal of impairment losses on trade receivables	(21,173)	-	-	-
Inventories written down	26,803	-	-	-
Impairment losses on trade receivables	-	260,719	-	-
Interest expenses	29,237	59,748	-	-
Unrealised (gain)/loss on foreign exchange	151,957	(110)	-	-
Property, plant and equipment written off	-	21	-	-
Interest income	(221,838)	(12,740)	(173,210)	-
Dividend income from short-term investments	(207,658)	-	(134,338)	-
Operating profit/(loss) before working capital changes	7,167,148	10,762,917	4,085,312	(15,169)

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

STATEMENTS OF **CASH FLOWS (CONT'D)**

FOR THE FINANCIAL 31 DECEMBER 2024

	The Group		The Company	
	1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
Note				
Operating profit/(loss) before working capital changes	7,167,148	10,762,917	4,085,312	(15,169)
Decrease/(Increase) in inventories	87,843	(1,229,678)	-	-
Increase in trade and other receivables	(774,476)	(1,780,139)	-	-
(Decrease)/Increase in trade and other payables	(1,115,400)	1,950,831	73,547	6,754
Increase in contract liabilities	179,800	-	-	-
CASH FROM/(FOR) OPERATIONS	5,544,915	9,703,931	4,158,859	(8,415)
Income tax refunded	248,001	26,114	-	-
Income tax paid	(2,311,506)	(2,680,135)	-	-
NET CASH FROM/ (FOR) OPERATING ACTIVITIES	3,481,410	7,049,910	4,158,859	(8,415)

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

STATEMENTS OF **CASH FLOWS (CONT'D)**

FOR THE FINANCIAL 31 DECEMBER 2024

	The Group		The Company	
	1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
Note				
CASH FLOW FOR INVESTING ACTIVITIES				
Advances to a subsidiary	-	-	(7,205,365)	-
Withdrawal/(Placement) of fixed deposits with tenure more than 3 months	4,480	(4,369)	-	-
Purchase of property, plant and equipment	(790,695)	(59,622)	-	-
Acquisition of intangible asset	(7,208)	-	-	-
Interest received	221,838	-	173,210	-
Dividend received	207,658	-	134,338	-
Decrease in fixed deposit pledged with licensed banks	319,864	-	-	-
NET CASH FOR INVESTING ACTIVITIES	(44,063)	(63,991)	(6,897,817)	-

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

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL 31 DECEMBER 2024

		The Group		The Company	
		1.1.2024 to 31.12.2024	25.4.2023 to 31.12.2023*	1.1.2024 to 31.12.2024	25.4.2023 (date of incorporation) to 31.12.2023
	Note	RM	RM	RM	RM
NET CASH FROM/ (FOR) FINANCING ACTIVITIES					
Advances from a related party		-	-	-	8,415
Proceed from issuance of shares:-					
- Upon corporation		-	100	-	100
- Pursuant to an initial public offering, net of listing expenses		43,036,556	-	43,036,556	-
Repayment to a former related party		-	-	(8,415)	-
Repayment of hire purchase payables	30(a)	(61,883)	(58,806)	-	-
Repayment of term loans	30(a)	(548,084)	(179,782)	-	-
Dividend paid	29	(4,238,225)	(2,000,000)	(4,238,225)	-
Interest paid		(29,237)	(59,748)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		38,159,127	(2,298,236)	38,789,916	8,515
NET INCREASE IN CASH AND CASH EQUIVALENTS		41,596,474	4,687,683	36,050,958	100
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(105,032)	110	40,412	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		6,138,397	1,450,604	100	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30(b)	47,629,839	6,138,397	36,091,470	100

Note:-

* As disclosed in Note 4.3 to the financial statements, the comparative figures in the Group's financial statements are presented as if the internal reorganisation had occurred before the start of the earliest period presented.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:-

Registered office : Level 5, Tower 8, Avenue 5,
Horizon 2, Bangsar South City,
59200 Kuala Lumpur.

Principal place of business : No. 25, Wisma SDC, Jalan Kajang Perdana 3/2,
Taman Kajang Perdana,
43000 Kajang,
Selangor Darul Ehsan.

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as “the Group”.

The financial statements of the Company and of the Group are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 April 2025.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

3. BASIS OF PREPARATION (CONT'D)

- 3.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

- 3.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Effective Date

MFRS 18: Presentation and Disclosure in Financial Statements

1 January 2027

MFRS 19: Subsidiaries without Public Accountability: Disclosures

1 January 2027

Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments

1 January 2026

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Deferred

Amendments to MFRS 121: Lack of Exchangeability

1 January 2025

Annual Improvements to MFRS Accounting Standards - Volume 11

1 January 2026

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application except as follows:-

MFRS 18 Presentation and Disclosure of Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Group and of the Company have yet to be assessed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Property, Plant and Equipment

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 9 to the financial statements.

(c) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress based on the physical proportion of contract work certified by professional consultant or project customers. Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation based on the contract work certified to date corroborated by the level of completion of the construction based on actual costs incurred to date over the estimated total contract costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amount of contract liabilities as at the reporting date is disclosed in Note 20 to the financial statements.

(e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

(f) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 8 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(b) Financial Liabilities

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 BASIS OF CONSOLIDATION

The Company was incorporated as part of the restructuring exercise under the listing scheme for the listing and quotation of its entire issued share capital on the ACE Market of Bursa Malaysia Securities Berhad.

On 15 July 2024, the Company had undertaken a restructuring exercise via:-

- (a) acquisition of the entire issued share capital of Solar District Cooling Sdn. Bhd. ("SDC"); and
- (b) internal reorganisation upon completion of the acquisition of the entire issued capital of SDC.

As the Company did not constitute a business as defined in MFRS 3 *Business Combinations*, the acquisition was accounted for as a capital reorganisation arising from a transaction under common control, as the ultimate controlling shareholder remain unchanged before and after the internal reorganisation. Accordingly, the consolidated financial statements of the Company represent a continuation of the acquired entity, i.e. SDC and the results of the entity are presented as if reorganisation had occurred from the beginning of the earliest period presented in the financial statements.

In the consolidated financial statements of the Company, the Company incorporated the assets of the and liabilities of SDC at its pre-internal reorganisation carrying amounts without fair value uplift on the basis that there is no substantive economic change resulting from the internal restructuring. No new goodwill was recorded. The difference between the shares issued by the Company to acquire SDC and the share capital of SDC was recorded in the capital reorganisation reserve or reorganisation deficit in equity, as applicable.

4.4 INVESTMENT IN A SUBSIDIARY

Investment in a subsidiary which is eliminated on consolidation, is stated in the financial statements of the Company at cost less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.5 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Freehold office building	2%
Computers	20%
Furniture and fittings	20%
Office equipment	20%
Machineries	20%
Motor vehicles	20%
Renovation	10%
Concession assets	17% - 21%
Solar photovoltaic system	20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

4.6 INTANGIBLE ASSET

Intangible asset is initially measured at cost. Subsequent to the initial recognition, the intangible asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible Assets with Definite Useful Life

The intangible asset is amortised using the straight-line method to allocate its depreciable amount over the following period:-

Trademark	10 years
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4.7 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.8 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Sales of Parts

Revenue from sale of parts is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of Maintenance Services

Revenue from providing maintenance services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.8 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(c) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the output by reference to the construction progress based on the physical proportion of construction work certified by professional consultants. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

4.9 OTHER INCOME

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Dividend Income

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

5. INVESTMENT IN A SUBSIDIARY

	The Company	
	2024	2023
	RM	RM
Unquoted shares, at cost	15,257,618	-

The details of the subsidiary are as follows:-

Name of Subsidiary	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2024 %	2023 %	
<i>Subsidiary of the Company:-</i> Solar District Cooling Sdn. Bhd. ("SDC")	Malaysia	100	-	Engaged in the business of providing provision and maintenance of building management systems, solar thermal systems, other systems and equipment, and other energy services.
<i>Subsidiary of SDC:-</i> Kejuruteraan Efektif Dinamik Sdn. Bhd.	Malaysia	100	-	Engaged in the business of providing mechanical and electrical works, and project management services.

During the current financial year, the Company had acquired 1,000,000 ordinary shares of SDC, representing 100% of the total issued share capital of SDC by issuance of 305,152,360 new ordinary shares at RM0.05 per share amounting to RM15,257,618 as disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2024 RM	Additions RM	Transfers RM	Depreciation Charges (Note 26) RM	At 31.12.2024 RM
2024					
<i>Carrying Amount</i>					
Freehold office building	2,605,612	-	-	(17,000)	2,588,612
Computers	46,958	286,305	-	(22,854)	310,409
Furniture and fittings	2,309	3,090	-	(957)	4,442
Office equipment	13,732	21,380	-	(14,810)	20,302
Machineries	11,657	284,038	-	(14,673)	281,022
Motor vehicles	317,144	-	-	(109,523)	207,621
Renovation	81,155	150,000	-	(19,067)	212,088
Concession assets	1,859,836	-	-	(1,325,318)	534,518
Solar photovoltaic system	-	-	54,531	(8,179)	46,352
Capital work-in-progress	33,833	45,882	(54,531)	-	25,184
	4,972,236	790,695	-	(1,532,381)	4,230,550

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

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

The Group	At 1.1.2023 RM	Additions RM	Written Off RM	Depreciation Charges (Note 26) RM	At 31.12.2023 RM
2023					
<i>Carrying Amount</i>					
Freehold office building	2,622,612	-	-	(17,000)	2,605,612
Computers	48,284	16,710	-	(18,036)	46,958
Furniture and fittings	2,904	927	-	(1,522)	2,309
Office equipment	19,007	-	-	(5,275)	13,732
Machineries	6,312	8,152	-	(2,807)	11,657
Motor vehicles	461,315	-	-	(144,171)	317,144
Renovation	100,221	-	-	(19,066)	81,155
Concession assets	3,355,611	-	(21)	(1,495,754)	1,859,836
Capital work-in-progress	-	33,833	-	-	33,833
	6,616,266	59,622	(21)	(1,703,631)	4,972,236

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

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

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2024			
Freehold office building	2,724,612	(136,000)	2,588,612
Computers	406,087	(95,678)	310,409
Furniture and fittings	27,752	(23,310)	4,442
Office equipment	110,923	(90,621)	20,302
Machineries	300,642	(19,620)	281,022
Motor vehicles	1,029,872	(822,251)	207,621
Renovation	340,664	(128,576)	212,088
Concession assets	6,497,868	(5,963,350)	534,518
Solar photovoltaic system	54,531	(8,179)	46,352
Capital work-in-progress	25,184	-	25,184
	11,518,135	(7,287,585)	4,230,550
2023			
Freehold office building	2,724,612	(119,000)	2,605,612
Computers	119,782	(72,824)	46,958
Furniture and fittings	24,662	(22,353)	2,309
Office equipment	89,543	(75,811)	13,732
Machineries	16,604	(4,947)	11,657
Motor vehicles	1,029,872	(712,728)	317,144
Renovation	190,664	(109,509)	81,155
Concession assets	6,497,868	(4,638,032)	1,859,836
Capital work-in-progress	33,833	-	33,833
	10,727,440	(5,755,204)	4,972,236

- (a) The freehold office building of the Group has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 18(b) and 23(a) to the financial statements.
- (b) Included in the property, plant and equipment of the Group were motor vehicles held under hire purchase arrangements, with a total carrying amount of RM81,120 (2023 - RM144,643). These assets are pledged as security for the hire purchase payables of the Group as disclosed in Note 17(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

7. INTANGIBLE ASSET

	The Group	
	2024 RM	2023 RM
Cost:-		
At 1 January	-	-
Addition during the financial year	7,208	-
	<hr/>	<hr/>
At 31 December	7,208	-
Accumulated amortisation:-		
At 1 January	-	-
Amortisation during the financial year (Note 26)	(721)	-
	<hr/>	<hr/>
At 31 December	(721)	-
	<hr/>	<hr/>
	6,487	-
	<hr/>	<hr/>

Trademark represents the value paid for the rights to use certain brand names for the building automation control systems, equipment and advisory services which belong to the building management system engineering work and services segment. Their amortisation charge are recognised in profit or loss under the "Other Expenses" line item.

8. DEFERRED TAX ASSETS

	The Group	
	2024 RM	2023 RM
At 1 January	-	-
Recognised in profit or loss (Note 27)	621,422	-
	<hr/>	<hr/>
At 31 December	621,422	-
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

8. DEFERRED TAX ASSETS (CONT'D)

The details of the deferred tax assets recognised at the end of the reporting period are as follows:-

	The Group	
	2024 RM	2023 RM
Property, plant and equipment	325,580	-
Unrealised exchange losses	36,470	-
Provisions	259,372	-
	<u>621,422</u>	<u>-</u>

The deferred tax assets on deductible temporary differences have been recognised by a subsidiary on the basis of the Company's previous history of recording profits and to the extent that it is probable that future profits will be available against which the temporary differences can be utilised.

9. INVENTORIES

	The Group	
	2024 RM	2023 RM
Trading goods	<u>3,125,566</u>	<u>3,240,212</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	5,884,038	7,669,553
Amount written down to net realisable value	<u>26,803</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

10. TRADE RECEIVABLES

	The Group	
	2024 RM	2023 RM
Trade receivables	10,367,801	8,446,135
Allowance for impairment losses (Note 36.1(b)(iii))	(1,061,822)	(1,082,995)
	9,305,979	7,363,140

- (a) The Group's normal trade credit terms range from 1 to 90 (2023 - 1 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.
- (b) Included in the Group's trade receivables are retention sums totaling RM2,727,788 (2023 - RM2,182,134). These retention sums are expected to be collected within the periods of 30 to 365 (2023 - 30 to 365) days.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	2024 RM	2023 RM
Other receivables:		
- third parties	208,041	2,813
Deposits	435,960	494,802
Prepayments	101,232	1,394,808
	745,233	1,892,423

12. AMOUNT OWING BY A SUBSIDIARY

	The Company	
	2024 RM	2023 RM
<u>Current</u>		
Non-trade balance	7,205,365	-

The amount owing is unsecured and interest-free, except for an advance of RM4,660,000 (2023 - Nil) bearing an interest rate of 5.08% (2023 - Nil) per annum at the end of reporting period.

The amount owing is repayable on demand and is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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13. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Money market funds, at fair value (Note 30(b))	44,977,575	-	35,175,307	-

The money market funds represent investments in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with 3 to 10 days notice at known amounts of cash, and are subject to an insignificant risk of changes in value.

14. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.25% to 2.65% (2023 - 2.55% to 2.60%) per annum. The fixed deposits have maturity periods ranging from 7 to 365 (2023 - 365) days.
- (b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period were an amount of RM225,505 (2023 - RM545,369) which have been pledged to licensed banks as security for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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15. SHARE CAPITAL AND INVESTED CAPITAL

Share Capital

Share Capital	The Group/The Company		The Group/The Company	
	2024	2023	2024	2023
	Number of Shares		RM	
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January/25 April 2023 (date of incorporation)	100	100	100	100
Issuance of shares for the acquisition of a subsidiary	305,152,360	-	15,257,618	-
Issuance of shares pursuant to an initial public offering	118,670,000	-	45,094,600	-
Share issuance expenses	-	-	(2,058,044)	-
At 31 December	423,822,460	100	58,294,274	100

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) During the financial year, the Company increased its issued and paid-up share capital from RM100 to RM58,294,274 by way of:-
- (i) issuance of 305,152,360 new ordinary shares at an issue price of RM0.05 per share, for a total consideration of RM15,257,618 as full payment for the acquisition of the entire equity interest of Solar District Cooling Sdn. Bhd. as disclosed in Note 5 to the financial statements;
 - (ii) issuance of 118,670,000 new ordinary shares at an issue price of RM0.38 each in conjunction with the initial public offering of ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM45,094,600. The listing expenses arising from the issuance of new ordinary shares amounting to RM2,058,044 were offset against share capital of the Company;
 - (iii) the listing expenses arising from the issuance of new shares amounting to RM2,058,044 were offset against the share capital and the remaining listing expenses of RM2,318,161 were expensed off to profit or loss; and
 - (iv) the new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

15. SHARE CAPITAL AND INVESTED CAPITAL (CONT'D)

Invested Capital

	The Group			
	2024	2023	2024	2023
	Number of Shares		RM	RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	1,000,000	1,000,000	1,000,000	1,000,000
Effect of acquisition of a subsidiary	(1,000,000)	-	(1,000,000)	-
At 31 December	-	1,000,000	-	1,000,000

In the previous financial year, invested capital comprised the aggregate number of issued and paid-up ordinary shares of a subsidiary, SDC. During the financial year, the amount has been reversed pursuant to the completion of the acquisition of a subsidiary.

16. REORGANISATION DEFICIT

The reorganisation deficit arise from the difference between the carrying value of the investment and the nominal value of shares of the direct subsidiaries upon consolidation under the pooling-of-interest method of accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

17. HIRE PURCHASE PAYABLES

	The Group	
	2024 RM	2023 RM
At 1 January	185,079	243,885
Interest expense recognised in profit and loss (Note 26)	7,393	10,469
Repayment of principal	(61,883)	(58,806)
Repayment of interest expense	(7,393)	(10,469)
At 31 December	123,196	185,079
Analysed by:-		
Current liabilities	64,961	61,884
Non-current liabilities	58,235	123,195
	123,196	185,079

- (a) The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase arrangements as disclosed in Note 6(b) to the financial statements. The hire purchase arrangements are expiring between 1 to 2 (2023 - 2 to 3) years.
- (b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rate of 4.18% (2023 - 4.18%) per annum. The interest rate is fixed at the inception of the hire purchase arrangements.

18. TERM LOANS

	The Group	
	2024 RM	2023 RM
Current liabilities	2,665	208,875
Non-current liabilities	87,138	429,012
	89,803	637,887

- (a) The term loans of the Group at the end of the reporting period bore an effective interest rate of 4.85% (2023 - 3.50% to 4.55%) per annum.
- (b) The term loans are secured by:-
- (i) a first party open charge under National Land Code of 1965 over the Group's freehold office building as disclosed in Note 6(a) to the financial statements;
 - (ii) a guarantee from the Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP"); and
 - (iii) joint and several guarantees by the directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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19. TRADE PAYABLES

- (a) The normal trade credit terms granted to the Group range from 30 to 90 (2023 - 30 to 60) days.
- (b) Included in the trade payables are retention sums totaling RM91,996 (2023 - RM241,364). The retention sums are expected to be settled within the periods ranging from 30 to 365 (2023 - 30 to 365) days.

20. CONTRACT LIABILITIES

	The Group	
	2024 RM	2023 RM
At 1 January	-	-
Contract liabilities at the beginning of financial year recognised as revenue	-	-
Performance obligations performed	-	-
Cash received/Amounts billed for unfulfilled performance obligations	179,800	-
At 31 December	179,800	-

- (a) The contract liabilities primarily relate to advances received from customers where the Group has billed or collected the payment before the goods are delivered or services are provided to the customers. The amount will be recognised as revenue when the performance obligations are satisfied.
- (b) The transaction price allocated to unsatisfied and/or partially unsatisfied performance obligations as at reporting date are as below:-

	The Group	
	2024 RM	2023 RM
Within 1 year	16,584,428	20,665,883
Between 2 to 3 years	4,900,400	2,031,371
	21,484,828	22,697,254

The amounts disclosed above do not have variable consideration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Other payables	55,248	150,988	5,301	3,754
Accruals	1,241,474	1,022,366	75,000	3,000
	<u>1,296,722</u>	<u>1,173,354</u>	<u>80,301</u>	<u>6,754</u>

22. AMOUNT OWING TO A RELATED PARTY

	The Company	
	2024 RM	2023 RM
<u>Current</u>		
Non-trade balance	-	8,415
	<u>-</u>	<u>8,415</u>

In the previous financial year, the non-trade balance represented payments on behalf which were interest free, unsecured and repayable on demand. The amount owing was settled in cash.

23. BANK OVERDRAFTS

In the previous financial year, the bank overdrafts of the Group was secured by a fixed charge over certain of the Group's property, plant and equipment and fixed deposits with licensed banks as disclosed in Note 6(a) to the financial statements and the bank overdrafts of the Group at the end of the reporting period bore floating interest rates ranged from 7.10% to 7.40% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

24. REVENUE

	The Group		The Company	
	1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
Revenue from Contracts with Customers				
<u>Recognised at a point in time</u>				
Sales of parts	29,924	160,967	-	-
<u>Recognised over time</u>				
Construction contracts	22,153,930	23,606,657	-	-
Maintenance services	3,144,114	2,854,041	-	-
	25,298,044	26,460,698	-	-
	25,327,968	26,621,655	-	-
Revenue from Other Sources				
Dividend income from a subsidiary	-	-	6,738,225	-
	25,327,968	26,621,655	6,738,225	-

- (a) The information on the disaggregation of revenue by geographical market is disclosed in Note 33.2 to the financial statements.
- (b) The information on transaction price allocated to unsatisfied and/or partially unsatisfied performance obligations as at the reporting date is disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

25. REVERSAL OF/(NET) IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group	
	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
Impairment losses on trade receivables (Note 36.1(b)(iii))	(337,112)	(260,719)
Reversal of impairment losses on trade receivables (Note 36.1(b)(iii))	358,285	-
	<u>21,173</u>	<u>(260,719)</u>

26. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
Profit/(Loss) before taxation is arrived after charging/(crediting):-				
Auditors' remuneration:				
- statutory audit fees:				
- current financial year	113,000	50,000	38,000	6,000
- overprovision in the previous financial year	-	(5,000)	-	-
- non-statutory audit fees	20,000	-	20,000	-
Directors' remuneration (Note 31(a))	1,127,734	1,018,781	124,000	1,000
Material Expenses/(Income)				
Bad debt written off	-	71,654	-	-
Depreciation on property, plant and equipment (Note 6)	1,532,381	1,703,631	-	-
Amortisation of intangible asset (Note 7)	721	-	-	-
Loss/(Gain) on foreign exchange:				
- realised	48,189	63,993	-	-
- unrealised	151,957	(110)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

26. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
Profit/(Loss) before taxation is arrived after charging/(crediting):- (cont'd)				
Material Expenses/(Income) (Cont'd)				
Short-term lease expenses	5,850	21,350	-	-
Listing expenses	2,318,161	-	2,296,661	-
Property, plant and equipment written off (Note 6)	-	21	-	-
Staff costs (including other key management personnel as disclosed in Note 31(b)):				
- short-term employee benefits	2,696,840	2,217,152	-	-
- defined contribution benefits	284,132	236,890	-	-
- others	305,290	324,766	-	-
Interest expenses:				
- bank overdrafts	125	305	-	-
- hire purchase payables	7,393	10,469	-	-
- term loans	21,719	48,974	-	-
Dividend income:				
- subsidiary	-	-	(6,738,225)	-
- short-term investments	(207,658)	-	(134,338)	-
Fair value gain on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investments	(46,925)	-	(40,412)	-
Interest income on financial assets measured at amortised costs:				
- fixed deposits with licensed banks	(195,083)	(12,740)	(123,359)	-
- advances to a subsidiary	-	-	(49,294)	-
- others	(26,024)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

26. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
Profit/(Loss) before taxation is arrived after charging/(crediting):- (cont'd)				
Material Expenses/(Income) (Cont'd)				
Interest income on financial assets measured at fair value through profit or loss:				
- overnight interest	(731)	-	(557)	-

27. INCOME TAX EXPENSE

Income Tax Expenses Recognised in Profit or Loss

	The Group		The Company	
	1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
Current tax expense	2,173,400	2,330,260	2,400	-
Underprovision in the previous financial year	85,623	4,629	-	-
	<u>2,259,023</u>	<u>2,334,889</u>	<u>2,400</u>	<u>-</u>
Deferred tax (Note 8):				
- origination and reversal of temporary differences	(188,419)	-	-	-
- overprovision in the previous financial year	(433,003)	-	-	-
	<u>(621,422)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,637,601</u>	<u>2,334,889</u>	<u>2,400</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

27. INCOME TAX EXPENSE (CONT'D)

Income Tax Expenses Recognised in Profit or Loss (Cont'd)

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
Profit/(Loss) before taxation	5,923,643	8,679,994	4,433,272	(15,169)
Tax at the statutory tax rate of 24% (2023 - 24%)	1,421,674	2,083,199	1,063,985	(3,641)
Tax effects of:-				
Non-deductible expenses	635,098	50,178	572,091	3,641
Non-taxable income	-	-	(1,629,005)	-
Differential in tax rates	(71,791)	(64,740)	(4,671)	-
Deferred tax assets not recognised during the financial year	-	268,185	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	-	(6,562)	-	-
Under/(Over)provision in the previous financial year:				
- current tax	85,623	4,629	-	-
- deferred tax	(433,003)	-	-	-
	1,637,601	2,334,889	2,400	-

The Group and the Company are subject to the Malaysian income tax rates of 15% for the first RM150,000 of chargeable income, 17% for the first chargeable income ranging between RM150,001 up to RM600,000 and 24% on the remaining chargeable income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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28. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2024	2023
Profit after taxation attributable to owners of the Company (RM)	4,286,042	6,345,105
Weighted average number of ordinary shares in issue*	338,872,897	305,152,460
Basic earnings per share (sen)	1.26	2.08

Note:-

* In determining the weighted average number of ordinary shares issued by the Company, the issuance of shares pursuant to group restructuring exercise is treated as if it had been in issue since the beginning of the earliest period presented.

(b) Diluted Earnings Per Share

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares as at the end of reporting period.

29. DIVIDEND

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ordinary Shares				
First interim dividend of RM2.00 per ordinary share in respect of the previous financial year	-	2,000,000	-	-
First interim dividend of RM0.01 per ordinary share in respect of the current financial year	4,238,225	-	4,238,225	-
	<u>4,238,225</u>	<u>2,000,000</u>	<u>4,238,225</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

30. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM	Hire Purchase Payables RM	Total RM
2024			
At 1 January	637,887	185,079	822,966
<u>Changes in Financing Cash Flows</u>			
Repayment of principal	(548,084)	(61,883)	(609,967)
Repayment of interests	(21,719)	(7,393)	(29,112)
	(569,803)	(69,276)	(639,079)
<u>Other Changes</u>			
Interest expense recognised in profit or loss (Note 26)	21,719	7,393	29,112
At 31 December	89,803	123,196	212,999

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

30. CASH FLOW INFORMATION (CONT'D)

(a) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

The Group	Term Loans RM	Hire Purchase Payables RM	Total RM
2023			
At 1 January	817,669	243,885	1,061,554
<u>Changes in Financing Cash Flows</u>			
Repayment of principal	(179,782)	(58,806)	(238,588)
Repayment of interests	(48,974)	(10,469)	(59,443)
	(228,756)	(69,275)	(298,031)
<u>Other Changes</u>			
Interest expense recognised in profit or loss (Note 26)	48,974	10,469	59,443
At 31 December	637,887	185,079	822,966

(b) The cash and cash equivalents comprise the following:-

	The Group	The Group	The Company	The Company
	2024	2023	2024	2023
	RM	RM	RM	RM
Fixed deposits with licensed banks	250,088	549,849	-	-
Cash and bank balances	2,627,681	6,138,407	916,163	100
Bank overdrafts	-	(10)	-	-
Short-term investments (Note 13)	44,977,575	-	35,175,307	-
	47,855,344	6,688,246	36,091,470	100
Less: Fixed deposits pledged to licensed banks (Note 14)	(225,505)	(545,369)	-	-
Less: Fixed deposit with tenure of more than 3 months	-	(4,480)	-	-
	47,629,839	6,138,397	36,091,470	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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31. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
(a) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	120,000	-	120,000	-
- salaries, bonuses, allowances and other benefits	538,780	533,580	4,000	1,000
- others	2,316	2,278	-	-
Defined contribution benefits	101,270	99,560	-	-
	<u>762,366</u>	<u>635,418</u>	<u>124,000</u>	<u>1,000</u>
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- salaries, bonuses, allowances and other benefits	325,876	345,179	-	-
Defined contribution benefits	39,492	38,184	-	-
	<u>365,368</u>	<u>383,363</u>	<u>-</u>	<u>-</u>
Total directors' remuneration (Note 26)	<u>1,127,734</u>	<u>1,018,781</u>	<u>124,000</u>	<u>1,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

31. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial year are as follows:- (Cont'd)

	The Group		The Company	
	1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
(b) Other Key Management Personnel				
Short-term employee benefits	105,159	97,097	-	-
Defined contribution benefits	12,480	11,412	-	-
Total compensation for other key management personnel (Note 26)	117,639	108,509	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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32. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The subsidiaries as disclosed in Note 5 to the financial statements.

(b) Significant Related Party Transaction and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	1.1.2024 to 31.12.2024 RM	25.4.2023 to 31.12.2023* RM	1.1.2024 to 31.12.2024 RM	25.4.2023 (date of incorporation) to 31.12.2023 RM
Construction services rendered by a former related party	-	169,763	-	-
Management fees paid or payable to a former related party	-	29,507	-	-
Dividend received from a subsidiary	-	-	6,738,225	-
Interest charged to a subsidiary	-	-	49,294	-
	<u>-</u>	<u>-</u>	<u>6,787,519</u>	<u>-</u>

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

33. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective.

The Group is organised into 3 main reportable segments as follows:-

- (i) Provision of building management system engineering works and services ("BMS")
- (ii) Provision of solar thermal systems and energy saving services engineering works and services ("SOLAR")
- (iii) Provision of maintenance of other systems and equipment ("M")

Chief operating decision makers monitor the segment results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis but exclude tax asset and liabilities.

Segment assets and liabilities information are not provided to the chief operating decision makers. Hence, no disclosure is made on segment assets and liabilities.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
(CONT'D)

33. OPERATING SEGMENTS (CONT'D)									
33.1 BUSINESS SEGMENTS (CONT'D)									
		SOLAR		BMS		M		Total	
		Malaysia RM	Brunei RM	Malaysia RM	Brunei RM	Singapore RM	Malaysia RM	Brunei RM	RM
The Group									
2024									
Revenue									
External revenue		5,284,467		15,388,377	1,403	16,255	1,695,133	2,942,333	25,327,968

NOTES TO **THE FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
(CONT'D)

33. OPERATING SEGMENTS (CONT'D)						
33.1 BUSINESS SEGMENTS (CONT'D)						
Results	SOLAR Malaysia RM	<-----BMS----->		<-----M----->		Total RM
		Malaysia RM	Brunei RM	Singapore RM	Malaysia RM	
Segment results	3,740,941	8,341,511	302	2,950	308,481	13,961,237
Depreciation on concession assets	(1,325,318)	-	-	-	-	(1,325,318)
Finance costs	-	-	-	-	-	(29,237)
Unallocated income	-	-	-	-	-	518,454
Unallocated expenses	-	-	-	-	-	(7,201,493)
Consolidated profit before taxation						5,923,643
Income tax expense						(1,637,601)
Consolidated profit after taxation						4,286,042

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
(CONT'D)

33. OPERATING SEGMENTS (CONT'D)	33.1 BUSINESS SEGMENTS (CONT'D)		SOLAR Malaysia RM	<-----BMS----->		<-----M----->		Total RM
				Malaysia RM	Brunei RM	Malaysia RM	Brunei RM	
		<u>Other information</u>						
		Depreciation and amortisation						1,533,102
		Interest income						(221,838)
		Interest expenses						29,237
		Reversal of impairment of trade receivables						(21,173)
		Unrealised foreign exchange loss						151,957
		Fair value gain on short-term investments						(46,925)
		Dividend income on short-term investments						(207,658)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

	The Group				Total	
	2023				RM	
	Revenue					
	SOLAR Malaysia RM	BMS Malaysia RM	< -----M-----> Malaysia RM	Brunei RM	RM	
External revenue	5,735,232	20,107,507	635,780	143,136	26,621,655	
Results						
Segment results	3,797,757	10,146,606	301,185	106,781	14,352,329	
Depreciation on concession assets	(1,495,754)	-	-	-	(1,495,754)	
Finance costs	-	-	-	-	(59,748)	
Unallocated income	-	-	-	-	25,272	
Unallocated expenses	-	-	-	-	(4,142,105)	
Consolidated profit before taxation					8,679,994	
Income tax expense					(2,334,889)	
Consolidated profit after taxation					6,345,105	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

	SOLAR Malaysia RM	BMS Malaysia RM	< ----- M -----> Malaysia RM	Brunei RM	Total RM
Other information					
Depreciation					1,703,631
Interest income					(12,740)
Interest expenses					59,748
Impairment loss on trade receivables					260,719
Unrealised foreign exchange gain					(110)

33.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

	The Group	
	2024 RM	2023 RM
Malaysia	22,367,977	26,478,519
Singapore	16,255	-
Brunei	2,943,736	143,136
	25,327,968	26,621,655

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

33. OPERATING SEGMENTS (CONT'D)

33.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

	Revenue		Segment
	2024 RM	2023 RM	
Customer #1	4,044,313	3,447,180	SOLAR
Customer #2^	529,187	2,407,649	BMS
Customer #3	2,750,320	-	BMS
Customer #4	2,942,333	-	M

Note:-

^ The customer accounted for more than 10% of the total revenue in the previous financial year.

34. CAPITAL COMMITMENTS

	The Group	
	2024 RM	2023 RM
Construction and expansion of a freehold office building	80,000	-

35. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group	
	2024 RM	2023 RM
Bank guarantees extended by a subsidiary to third parties	1,201,621	414,997

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

36. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

36.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	United States Dollar RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
2024				
<u>Financial Assets</u>				
Trade receivables	887,377	-	8,418,602	9,305,979
Other receivables	-	-	208,041	208,041
Short-term investments	6,772,055	-	38,205,520	44,977,575
Fixed deposits with licensed banks	-	20,043	230,045	250,088
Cash and bank balances	16,144	2,595	2,608,942	2,627,681
	<u>7,675,576</u>	<u>22,638</u>	<u>49,671,150</u>	<u>57,369,364</u>
<u>Financial Liabilities</u>				
Hire purchase payables	-	-	(123,196)	(123,196)
Term loans	-	-	(89,803)	(89,803)
Trade payables	(511,049)	(27,409)	(836,796)	(1,375,254)
Other payables and accruals	-	-	(1,296,722)	(1,296,722)
	<u>(511,049)</u>	<u>(27,409)</u>	<u>(2,346,517)</u>	<u>(2,884,975)</u>
Net financial assets/(liabilities)	7,164,527	(4,771)	47,324,633	54,484,389
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(47,324,633)	(47,324,633)
Currency Exposure	<u>7,164,527</u>	<u>(4,771)</u>	<u>-</u>	<u>7,159,756</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
2023				
<u>Financial Assets</u>				
Trade receivables	-	-	7,363,140	7,363,140
Other receivables	-	-	2,813	2,813
Fixed deposits with licensed banks	-	-	549,849	549,849
Cash and bank balances	2,529	-	6,135,878	6,138,407
	2,529	-	14,051,680	14,054,209
<u>Financial Liabilities</u>				
Hire purchase payables	-	-	(185,079)	(185,079)
Term loans	-	-	(637,887)	(637,887)
Trade payables	(1,679,980)	(220,536)	(713,506)	(2,614,022)
Other payables and accruals	-	-	(1,173,354)	(1,173,354)
Bank overdrafts	-	-	(10)	(10)
	(1,679,980)	(220,536)	(2,709,836)	(4,610,352)
Net financial (liabilities)/assets	(1,677,451)	(220,536)	11,341,844	9,443,857
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(11,341,844)	(11,341,844)
Currency Exposure	(1,677,451)	(220,536)	-	(1,897,987)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2024 RM	2023 RM
Effects on Profit After Taxation		
USD/RM - strengthened by 5%	272,252	(63,743)
- weakened by 5%	(272,252)	63,743
SGD/RM - strengthened by 5%	(181)	(8,380)
- weakened by 5%	181	8,380
	<hr/>	<hr/>

There is no impact on the Group's equity.

The Company does not have any transaction or balance denominated in foreign currency and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 18 and 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

An increase of 100 basis points in interest rates of floating rate term loans and overdrafts at the end of the reporting period would have decreased the Group's profit after taxation by RM683 (2023 - RM4,848). The analysis assumes that all other variables remain constant. A decrease of 100 basis points in the interest rates would have had an equal but opposite effect on the Group's profit after taxation.

There is no impact on the Group's equity.

The Company does not have any interest-bearing, borrowing and hence is not exposed to interest rate risk and no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group and the Company do not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 customers which constituted approximately 40% of its trade receivables at the end of the reporting period.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 210 days past due. The Group uses a more lagging past due criterion for trade receivables as it is more appropriate to reflect their loss patterns.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The expected loss rates are based on the payment profiles of sales over 12 months (2023 - 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using linear regressive analysis. The Group has identified the Gross Domestic Product as the key microeconomic factor of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

The reconciliations of allowance for impairment losses are as follows:-

	Non-credit Impaired RM	Credit Impaired RM	Total RM
The Group			
<u>Trade Receivables</u>			
Balance at 1.1.2023	474,284	347,992	822,276
Additions (Note 25)	9,885	250,834	260,719
Balance at 31.12.2023/ 1.1.2024	484,169	598,826	1,082,995
Additions (Note 25)	-	337,112	337,112
Reversals (Note 25)	(358,285)	-	(358,285)
Balance at 31.12.2024	125,884	935,938	1,061,822

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Allowance for Impairment Losses

The information about the credit exposure and loss allowances recognised for trade receivables are as follows:-

The Group	Gross Amount RM	Lifetime Individual Impairment RM	Lifetime Collective Impairment RM	Carrying Amount RM
2024				
Current (not past due)	6,295,964	-	(11)	6,295,953
1 to 30 days past due	1,772,929	-	(8)	1,772,921
31 to 60 days past due	406,325	-	(3)	406,322
61 to 90 days past due	437,761	-	(7)	437,754
More than 90 days	518,884	-	(125,855)	393,029
Credit impaired	935,938	(935,938)	-	-
Trade receivables	10,367,801	(935,938)	(125,884)	9,305,979
2023				
Current (not past due)	4,616,334	-	(5,230)	4,611,104
1 to 30 days past due	1,857,023	-	(5,140)	1,851,883
31 to 60 days past due	285,994	-	(807)	285,187
61 to 90 days past due	182,580	-	(3,142)	179,438
More than 90 days	905,378	-	(469,850)	435,528
Credit impaired	598,826	(598,826)	-	-
Trade receivables	8,446,135	(598,826)	(484,169)	7,363,140

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Trade receivables that are individually determined to be impaired relate to debtors who are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

Trade receivables that are collectively determined to be impaired relate to expected credit losses measured based on the Group's observed default rates.

There has not been any significant change in the gross amounts of trade receivables that impacted the allowance for impairment losses.

Other Receivables and Amount Owing by A Subsidiary

The Group and the Company apply the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by a subsidiary.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables and amount owing by a subsidiary as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group and the Company consider the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS

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36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2024						
<u>Non-derivative Financial Liabilities</u>						
Hire purchase payables	4.18	123,196	128,764	69,276	59,488	-
Term loans	4.85	89,803	136,710	6,696	26,780	103,234
Trade payables	-	1,375,254	1,375,254	1,375,254	-	-
Other payables and accruals	-	1,296,722	1,296,722	1,296,722	-	-
		2,884,975	2,937,450	2,747,948	86,268	103,234

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2023						
<u>Non-derivative Financial Liabilities</u>						
Hire purchase payables	4.18	185,079	198,041	69,277	128,764	-
Term loans	3.50 - 4.55	637,887	685,512	228,828	375,866	80,818
Trade payables	-	2,614,022	2,614,022	2,614,022	-	-
Other payables and accruals	-	1,173,354	1,173,354	1,173,354	-	-
Bank overdrafts	7.10 - 7.40	10	10	10	-	-
		4,610,352	4,670,939	4,085,491	504,630	80,818

NOTES TO THE FINANCIAL STATEMENTS

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36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

The Company	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2024				
<u>Non-derivative Financial Liability</u>				
Other payables and accruals	-	80,301	80,301	80,301
2023				
<u>Non-derivative Financial Liabilities</u>				
Amount owing to a related party	-	8,415	8,415	8,415
Other payable and accrual	-	6,754	6,754	6,754
		15,169	15,169	15,169

NOTES TO THE FINANCIAL STATEMENTS

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36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 CAPITAL RISK MANAGEMENT

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group and of the Company at the end of the reporting period are as follows:-

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Hire purchase payables	123,196	185,079	-	-
Term loans	89,803	637,887	-	-
Bank overdrafts	-	10	-	-
	<u>212,999</u>	<u>822,976</u>	<u>-</u>	<u>-</u>
Less: Cash and cash equivalent (Note 30(b))	<u>(47,629,839)</u>	<u>(6,138,397)</u>	<u>(36,091,470)</u>	<u>(100)</u>
Net cash	<u>(47,416,840)</u>	<u>(5,315,421)</u>	<u>(36,091,470)</u>	<u>(100)</u>
Total equity	<u>62,687,196</u>	<u>19,602,823</u>	<u>58,471,752</u>	<u>(15,069)</u>
Debt-to-equity ratio	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>

* Not applicable as the cash and cash equivalents of the Group and of the Company exceed their borrowings.

There was no change in the approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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36. FINANCIAL INSTRUMENTS (CONT'D)

36.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments (Note 13)	44,977,575	-	35,175,307	-
<u>Amortised Cost</u>				
Trade receivables (Note 10)	9,305,979	7,363,140	-	-
Other receivables (Note 11)	208,041	2,813	-	-
Amount owing by a subsidiary (Note 12)	-	-	7,205,365	-
Fixed deposits with licensed banks (Note 14)	250,088	549,849	-	-
Cash and bank balances	2,627,681	6,138,407	916,163	100
	<u>12,391,789</u>	<u>14,054,209</u>	<u>8,121,528</u>	<u>100</u>
Financial Liability				
<u>Amortised Cost</u>				
Hire purchase payables (Note 17)	123,196	185,079	-	-
Term loans (Note 18)	89,803	637,887	-	-
Trade payables (Note 19)	1,375,254	2,614,022	-	-
Other payables and accruals (Note 21)	1,296,722	1,173,354	80,301	6,754
Amount owing to a related party (Note 22)	-	-	-	8,415
Bank overdrafts (Note 23)	-	10	-	-
	<u>2,884,975</u>	<u>4,610,352</u>	<u>80,301</u>	<u>15,169</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	46,925	-	40,412	-
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	195,083	12,740	123,359	-
Financial Liability				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(29,237)	(59,748)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value					Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM		
2024										
Financial Asset										
Short-term investments:										
- money market funds	-	44,977,575	-	-	-	-	-	-	44,977,575	44,977,575
Financial Liabilities										
Hire purchase payables	-	-	-	-	123,196	-	-	-	123,196	123,196
Term loans:										
- floating rate	-	-	-	-	89,803	-	-	-	89,803	89,803

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:- (Cont'd)

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2023								
Financial Liabilities								
Hire purchase payables	-	-	-	-	185,079	-	185,079	185,079
Term loans:								
- floating rate	-	-	-	-	637,887	-	637,887	637,887
Bank overdrafts:								
- floating rate	-	-	-	-	10	-	10	10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:- (Cont'd)

The Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2024								
<u>Financial Asset</u>								
Short-term investments:								
- money market funds	-	35,175,307	-	-	-	-	35,175,307	35,175,307

Fair Value of Financial Instruments Carried at Fair Value

The fair values above have been determined using the following basis:-

- (i) The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into at the end of the reporting period.
- (ii) There were no transfers between level 1 and level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 FAIR VALUE INFORMATION (CONT'D)

Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the Group's term loans and bank overdrafts that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair value of hire purchase payables that carry fixed interest rates approximated their carrying amounts as the impact of discounting is not material. The fair value is determined by discounting the relevant cash flows using current market interest rate of 4.18% (2023 - 4.18%) for similar instrument and the fair value is within level 2 of the fair value hierarchy.

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

INITIAL PUBLIC OFFERING ("IPO")

In conjunction with, and as an integral part of the listing of the Company's shares on the ACE Market of Bursa Malaysia Securities Berhad, the following listing scheme was undertaken by the Company:-

- (a) Issuance of 305,152,360 new ordinary shares pursuant to acquisition of a subsidiary, Solar District Cooling Sdn. Bhd. on 15 July 2024.
- (b) Public issue of 118,670,000 new ordinary shares in the Company at an issue price of RM0.38 per share allocated in the following manner on 18 September 2024:-
 - (i) 21,192,000 new shares made available for application by the Malaysian Public;
 - (ii) 21,192,000 new shares made available for application by the eligible directors and employees and persons contributed to the success of the Group; and
 - (iii) 76,286,000 new shares made available by way of private placement to selected investors.

The Company's entire enlarged issued and paid-up share capital comprising 423,822,460 ordinary shares were listed on the ACE Market of Bursa Malaysia Securities Berhad on 19 September 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(CONT'D)

38. COMPARATIVE FIGURES

(a) The Group

The comparative figures of the Group were presented based on the financial statements of the Company and SDC, as if the restructuring had occurred before the start of the earliest period presented.

(b) The Company

The comparative figures of the Company covered for the financial period from 25 April 2023 (date of incorporation) to 31 December 2023. Consequently, the comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable to that for the current 12-month period ended 31 December.

LIST OF PROPERTIES

No.	Name of Registered Owner	Title details / Postal address	Description of property/ Existing use	Tenure	Total built-up area / Land area based on title (sq ft)	Date of acquisition	Approximate Age of Building	Audited Net Book Value as at 31 December 2024 (RM'000)
1.	Solar District Cooling Sdn Bhd	Title Details H.S.(D) 102744, PT 17930, in the Mukim of Semenyih, District of Ulu Langat, State of Selangor Darul Ehsan Postal Address No 25, Wisma SDC Jalan Kajang Perdana 3/2, Taman Kajang Perdana, 43000 Kajang Selangor	Description and Existing Use Three storey shop office / Headquarters	Freehold	8,320 /4,628	11 January 2017	9 years ⁽¹⁾	2,589

Note

⁽¹⁾ The approximate age of building is computed based on the date of Certificate of Completion and Compliance which is on 14 November 2014.

ANALYSIS OF SHAREHOLDINGS

AS AT 26 MARCH 2025

Issued Share Capital	:	RM60,352,318.00
Number of Issued Shares	:	423,822,460 ordinary shares
Class of Shares	:	Ordinary shares
Number of Shareholders	:	724
Voting Rights	:	One (1) vote per ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 26 MARCH 2025

Size of Shareholdings	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Less than 100	11	1.52	285	0.00
100 – 1,000	189	26.10	77,914	0.02
1,001 – 10,000	290	40.06	1,669,500	0.39
10,001 – 100,000	149	20.58	4,492,701	1.06
100,001 – 21,191,122*	83	11.46	112,429,600	26.53
21,191,123 and above**	2	0.28	305,152,460	72.00
TOTAL	724	100.00	423,822,460	100.00

Notes:-

* Less than 5% of the issued share capital.

** 5% and above of the issued share capital.

DIRECTORS' SHAREHOLDINGS

AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 26 MARCH 2025

Name of Directors	(Direct)		(Indirect)	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Ir. Dr. Khairul Azmy Bin Kamaluddin	-	-	-	-
Kong Kam Onn	274,637,224	64.80	30,515,236	7.20
Liuk Ing Hong	30,515,236	7.20	274,637,224	64.80
YM Raja Nor Azlina Binti Raja Azhar	370,000	0.09	-	-
Wong Poh May	100,000	0.02	-	-
Wong Keng Fai	370,000	0.09	-	-

SUBSTANTIAL SHAREHOLDERS

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 26 MARCH 2025

Name of Substantial Shareholders	(Direct)		(Indirect)	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Kong Kam Onn	274,637,224	64.80	30,515,236	7.20
Liuk Ing Hong	30,515,236	7.20	274,637,224	64.80

ANALYSIS OF SHAREHOLDINGS

AS AT 26 MARCH 2025

(CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 26 MARCH 2025

Name of Shareholders	No. of Shares	Percentage (%)
1. Kong Kam Onn	274,637,224	64.80
2. Liuk Ing Hong	30,515,236	7.20
3. Citigroup Nominees (Tempatan) Sdn. Bhd. Urusharta Jamaah Sdn. Bhd. (2)	20,000,000	4.72
4. HSBC Nominees (Asing) Sdn. Bhd. J.P. Morgan Securities PLC	8,183,200	1.93
5. CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Loy Siong Hay (My4612)	8,020,000	1.89
6. Citigroup Nominees (Asing) Sdn. Bhd. UBS AG	7,122,900	1.68
7. Ed Kamil Bin Md Bashah	3,206,000	0.76
8. Cartaban Nominees (Asing) Sdn. Bhd. Exempt An For Barclays Capital Securities Ltd (Sbl/Pb)	2,936,600	0.69
9. Mohd Hanafy Bin Rasimon	2,820,700	0.67
10. CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Yee Sin (My3431)	2,640,000	0.62
11. CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Sim Poh Sean (My4366)	2,640,000	0.62
12. Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Chyi Boon	2,114,000	0.50
13. Teoh Yin Ping	1,676,000	0.40
14. Wong Ying Sing	1,600,000	0.38
15. Teoh Sze Jiang	1,500,000	0.35
16. Oh Hup Chin	1,395,500	0.33
17. Yeap Chong Guan	1,378,000	0.32
18. Khoirol Suhardi Bin Shaaban	1,358,300	0.32
19. Logeswarann a/l Subramaniam	1,280,000	0.30
20. Liew Jiun Sien	1,265,500	0.30
21. Lim Sew Kim	1,256,500	0.30
22. Inter-Pacific Securities Sdn. Bhd. IVT (020808) Chiew Tien Tiam	1,255,100	0.30
23. Tan Xia Xin	1,220,000	0.29
24. Cartaban Nominees (Tempatan) Sdn. Bhd. RHB Trustees Berhad for Eac Fund	1,200,000	0.28
25. Ng Kuan Hua	1,200,000	0.28
26. Lim Siw Lan	1,197,500	0.28
27. Lee Chong Wang	1,119,500	0.26
28. Lai Yuan Jau	1,088,000	0.26
29. Lim Liang Sing	1,056,000	0.25
30. Khoo Mee Ying	1,005,500	0.24
TOTAL	387,887,260	91.52

NOTICE OF THE SECOND ANNUAL GENERAL MEETING (“2ND AGM”)

NOTICE IS HEREBY GIVEN THAT the 2nd AGM of the Company will be held at Monkeys Canopy, Lot 683, Jalan Persiaran Bukit Enggang Sg Long Hill, Sungai Long, 43200 Cheras, Selangor on Monday, 23 June 2025 at 10.00 a.m. to transact the following business:

AGENDA

As Ordinary Business

- | | | |
|----|--|------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. | Please refer to Note B |
| 2. | To approve the payment of Directors' Fees and Benefits payable to the Non-Executive Directors of RM84,000 for the financial year ended 31 December 2024. | Ordinary Resolution 1 |
| 3. | To approve the payment of Directors' Fees and Benefits payable to the Non-Executive Directors of up to RM374,000 for the period from 1 January 2025 until the date of the next Annual General Meeting of the Company to be held in 2026. | Ordinary Resolution 2 |
| 4. | To re-elect the following Directors who retire in accordance with Clause 95.1 of the Company's Constitution and being eligible, offer themselves for re-election:- | |
| | (a) Ir. Dr. Khairul Azmy Bin Kamaluddin | Ordinary Resolution 3 |
| | (b) Mr. Kong Kam Onn | Ordinary Resolution 4 |
| 5. | To re-appoint Messrs. Crowe Malaysia PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

As Special Business

To consider and, if thought fit, to pass with or without modifications, the following Resolutions:

ORDINARY RESOLUTION

- | | | |
|----|--|-----------------------|
| 6. | Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”) | Ordinary Resolution 6 |
|----|--|-----------------------|

“THAT pursuant to Sections 75 and 76 of the Act, and the approvals of the relevant government and/or regulatory authorities, the Directors of the Company be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue.

THAT pursuant to Section 85 of the Act to be read together with Clause 52 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offer new shares in the Company ranking equally to the existing issued shares of the Company arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Act **AND THAT** the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General 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.

NOTICE OF THE SECOND ANNUAL GENERAL MEETING (“2ND AGM”) (CONT'D)

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 General Mandate."

8. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Act.

By Order of the Board

LIM LI HEONG
(MAICSA 7054716)
(SSM Practising Certificate No.: 202008001981)
WONG MEE KIAT
(MAICSA 7058813)
(SSM Practising Certificate No.: 202008001958)
Company Secretaries

Kuala Lumpur
30 April 2025

Notes:-

A. Appointment of Proxy

1. A proxy may but need not be a member of the Company.
2. 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 24 hours before the time appointed for holding the 2nd AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (a) In hard copy form
To be deposited with the Company's 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, Malaysia or alternatively, the drop-in box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (b) By electronic means via TIIH Online website at <https://tiih.online>
Please refer to the Administrative Guide of the 2nd AGM for further information on electronic submission of proxy form via TIIH Online.
3. A member may appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an attorney duly authorised.
7. Only depositors whose names appear in the Record of Depositors as at 16 June 2025 shall be entitled to attend the 2nd AGM.

B. Audited Financial Statements

Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

NOTICE OF THE SECOND ANNUAL GENERAL MEETING (“2ND AGM”) (CONT'D)

C. Resolutions 1&2 – Payment of Directors' Fees and Benefits Payable

Shareholders' approval is sought at this AGM for the payment of Directors' Fees and Benefits Payable to the Non-Executive Directors of the Company of up to an amount of RM458,000 for the financial year ended 31 December 2024 and the period from 1 January 2025 until the next AGM of the Company to be held in 2026. The Directors' Fees and Benefits Payable consist of Directors' Fee paid monthly for duties performed as Directors and attendance allowance for Board, Board Committee and general meetings attended.

The total amount of RM458,000 is estimated based on the current Board size and the estimated number of scheduled and additional unscheduled Board, Board Committees and general meetings to be held.

D. Resolutions 3 & 4 – Re-election of Directors

Mr. Dr. Khairul Azmy Bin Kamaluddin and Mr. Kong Kam Onn are retiring by rotation pursuant to Clause 95.1 of the Constitution of the Company and are standing for re-election at this AGM. Their profiles are provided in the Directors' Profile of this Annual Report 2024.

In recommending their re-election, the Nomination Committee (“NC”) of the Company had assessed the contribution and the fit and proper criteria of the respective Directors. The Board had endorsed the NC's recommendation that Mr. Dr. Khairul Azmy Bin Kamaluddin and Mr. Kong Kam Onn be re-elected as Directors of the Company.

Explanatory Notes on Special Business

E. Resolution 6 – Authority to allot and issue shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 6 proposed under Item 6 above, if passed, will give the Directors of the Company flexibility to allot and issue new shares up to an amount not exceeding ten per centum (10%) of the Company's total number of issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a separate general meeting so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions.

The Board is of the opinion that the issue and allot shares up to an amount not exceeding ten per centum (10%) is in the best interest of the Company.

The general mandate sought for issue of shares is a new mandate. This authority will expire at the conclusion of the next AGM of the Company or at the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Act shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Clause 52 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Act and Clause 52 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of Act, which will result in a dilution to their shareholding percentage in the Company.

NOTICE OF THE SECOND ANNUAL GENERAL MEETING (“2ND AGM”) (CONT'D)

STATEMENT ACCOMPANYING THE NOTICE OF AGM

1. 2nd AGM of the Company will be held at Monkeys Canopy, Lot 683, Jalan Persiaran Bukit Enggang Sg Long Hill, Sungai Long, 43200 Cheras, Selangor on Monday, 23 June 2025 at 10:00 a.m..
2. The Directors who are standing for re-election at the 2nd AGM of the Company pursuant to Clause 95.1 of the Company's Constitution are:

- (i) Ir. Dr. Khairul Azmy Bin Kamaluddin
- (ii) Mr. Kong Kam Onn

Ir. Dr. Khairul Azmy Bin Kamaluddin and Mr. Kong Kam Onn have no conflict of interest or potential conflict of interest including any interest in any competitor business with SDCG or its subsidiaries.

The profiles of the above Directors who are standing for re-election are set out in the Directors' Profile of this Annual Report.

3. The details of the above Directors' interest in the securities of the Company are set out in the Analysis of Shareholdings of this Annual Report.
4. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 December 2024 are disclosed in the Statement on Corporate Governance of this Annual Report.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:-

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the member disclose the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained prior consent of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SOLAR DISTRICT COOLING GROUP BERHAD
Registration No. 202301015665 (1509587-U)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of Shares Held	

*I/We _____ *NRIC/Passport /Company. No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

Telephone No. _____ Email Address: _____

being a *member / members of Solar District Cooling Group Berhad [Registration No. 202301015665 (1509587-U)] ("the Company"), hereby appoint the following person(s):

Name of Proxy	NRIC/Passport No.	Address	No. of Shares to be represented
1.			
2.			

or failing him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Second Annual General Meeting of the Company to be held at Monkeys Canopy, Lot 683, Jalan Persiaran Bukit Enggang Sg Long Hill, Sungai Long, 43200 Cheras, Selangor on Monday, 23 June 2025 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Resolution 1	To approve the payment of Directors' Fees and Benefits payable to the Non-Executive Directors of RM84,000 for the financial year ended 31 December 2024.				
Resolution 2	To approve the payment of Directors' Fees and Benefits payable to the Non-Executive Directors of up to RM374,000 for the period from 1 January 2025 until the date of the next Annual General Meeting of the Company to be held in 2026.				
Resolution 3	Re-election of Ir. Dr. Khairul Azmy Bin Kamaluddin				
Resolution 4	Re-election of Mr. Kong Kam Onn				
Resolution 5	Re-appointment of Messrs. Crowe Malaysia PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration				
Resolution 6	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016				

(Please indicate with an "X" in the spaces provided above on how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion).

*Strike out whichever is not desired.

Dated this _____ day of _____ 2025

Signature of Member / Common Seal of Shareholder

Notes

- A proxy may but need not be a member of the Company.
- 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 24 hours before the time appointed for holding the 2nd AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - In hard copy form
To be deposited with the Company's 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, Malaysia or alternatively, the drop-in box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - By electronic means via TIH Online website at <https://tiah.online>
Please refer to the Administrative Guide of the 2nd AGM for further information on electronic submission of proxy form via TIH Online.
- A member may appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an attorney duly authorised.
- Only depositors whose names appear in the Record of Depositors as at 16 June 2025 shall be entitled to attend the 2nd AGM.

Fold this flap for sealing

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AFFIX
STAMP

THE SHARE REGISTRAR
SOLAR DISTRICT COOLING GROUP BERHAD
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

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Solar District Cooling Group Berhad

(Registration No. 202301015665 (1509587-U))

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