7. BUSINESS OVERVIEW

7.1 Overview

We operate in the renewable energy sector as a provider of renewable energy systems that support companies in meeting their energy needs, including those seeking to achieve their decarbonisation and net-zero emissions targets. Our core business segment comprises the EPCC of steam energy systems and auxiliary facilities, the supply of steam turbine generator systems, as well as the provision of after-sales services for these systems.

We offer three types of steam energy systems: biomass, gas-fired, and HRSG. The biomass energy systems involve using a boiler to burn agricultural waste and byproducts such as EFB, palm kernel shells, palm fibre and wood chips to generate steam or heat, which is then used to power turbines for electricity generation or other processes. The gas-fired energy systems on the other hand, use natural gas as the fuel source. The HRSG is designed to capture waste heat from customers' gas turbines, which is used to heat up the boiler feedwater for steam energy systems. This process, commonly known as a cogeneration heat recovery system, enhances overall energy efficiency and reduces fuel consumption.

We have the expertise and capabilities to deliver steam energy systems together with all necessary auxiliary facilities as a complete package. Alternatively, we are able to fabricate standalone biomass or gas-fired steam energy systems or HRSG to meet specific project requirements of our customers. The auxiliary equipment that supports the steam energy systems are also part of our scope of services and are mainly sourced from suppliers or external subcontractors.

Our fabrication and assembly of steam energy systems and auxiliary facilities are carried out in our WTSB Factory, which has a total production and storage area measuring approximately 147,250 sq. ft. as at the LPD. For the Financial Years Under Review and up to the LPD, we have completed a total of 46 steam energy system projects with design capacity ranging from 3.2 TPH to 55.0 TPH

We leverage on our in-house engineering strength and knowledge in our role as Shinko's appointed distributor for the supply of steam turbine generator systems. These steam turbine generator systems are sourced from our principal, Shinko Ind. Ltd. in Malaysia and Japan, and may be supplied to customers individually or integrated into our renewable energy system offerings. Our steam turbine generator systems are designed to convert high-pressure steam into mechanical energy and the turbines rotate a shaft, that powers a generator to produce electricity. For the Financial Years Under Review and up to the LPD, we have supplied a total of 297 steam turbine generator systems with output capacities ranging from 0.50 MW to 3.75MW.

We also provide after-sales services for steam energy systems, auxiliary facilities, and steam turbine generator systems. These services typically include repair and maintenance services and parts sales, all of which support our renewable energy system business.

As at the LPD, we have:

(i) 86 technical personnel for the EPCC of steam energy systems and auxiliary facilities (including after-sales services) in Malaysia;

(ii) 107 technical personnel for steam turbine generator systems (including after-sales services), comprising 54 personnel in Malaysia and 53 personnel in Indonesia; and

(iii) 84 technical personnel for palm oil milling equipment (including after-sales services), comprising 81 personnel in Malaysia and 3 personnel in Indonesia.

We are also involved in the design and manufacture of various palm oil milling equipment such as, EFB press machines, palm kernel oil machines, twin screw press machines, separators, rotary

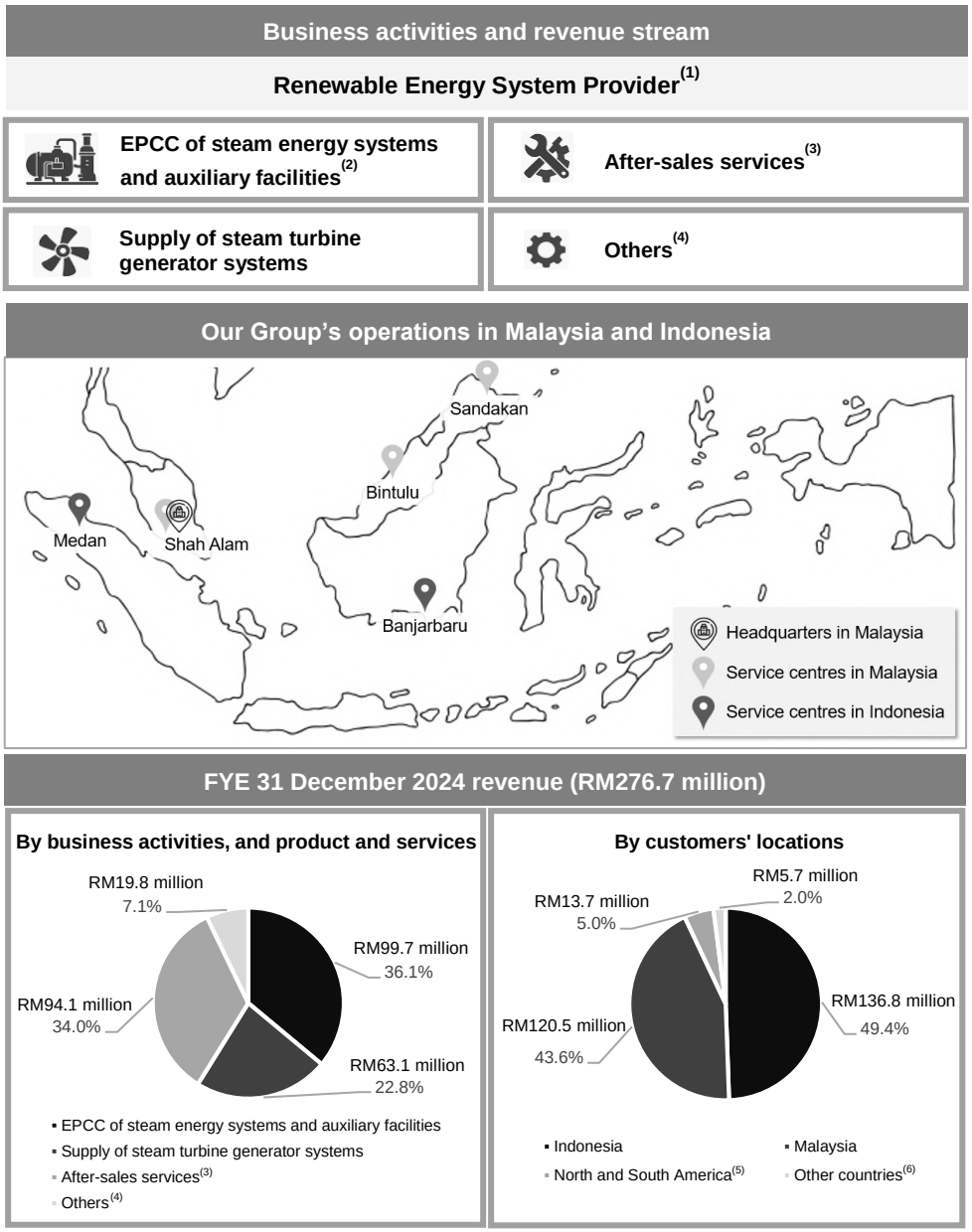
7. BUSINESS OVERVIEW *(Cont'd)*

brush strainers, and de-sanding cyclones. We also source third-party fabricated palm oil milling equipment, including EFB press machines and other oil milling equipment.

As at the LPD, we operate in two countries. Our headquarters and operational facilities are located in Shah Alam, Selangor, Malaysia and is supported by three service centres in Malaysia, and two service centres in Indonesia.

7.1.1 Our business model

Our current business model is as follows:



Notes:

(1) Revenue from the renewable energy system segment accounted for 89.0%, 85.9% and 85.3% of our total revenue for FYE 31 December 2022, 2023 and 2024, respectively. The remaining was accounted by the industrial energy and equipment segment, which contributed 11.0%, 14.1% and 14.7% for FYE 31 December 2022, 2023 and 2024, respectively. Please refer to Section 7.1.2 below for further details on the segmentation.

(2) Steam energy systems and auxiliary facilities that we offer comprise renewable energy systems including biomass steam energy systems, and auxiliary facilities including emission control systems, efficiency enhancement systems, water treatment systems, boiler process control and automation and HRSG. We also offer other steam energy systems, namely gas-fired steam energy systems.

(3) Include repair and maintenance services, and sales of parts for steam turbine generator systems, steam energy systems and auxiliary facilities, and palm oil milling equipment.

(4) Include the sales of palm oil milling equipment which are in-house manufactured and externally sourced.

(5) Includes countries from North and South America, such as Colombia, Mexico, Guatemala, and Honduras.

(6) Other countries include countries from Africa such as Uganda, Liberia, Ghana, Gabon, Ivory Coast, Cameroon and Nigeria; and Asia Pacific countries such as Thailand, Singapore, Bangladesh, Japan and Myanmar.

Our Group has historically been engaged in the provision of EPCC services, specialising in steam energy systems and auxiliary facilities and the supply of steam turbine generator systems mainly to the palm oil industry. Leveraging our engineering expertise and industry experience, we have delivered a wide range of turnkey biomass solutions to clients across Malaysia, Indonesia as well as North and South America.

In line with our strategic growth plans to diversify our revenue base, we plan to expand our current business model to include ownership and operation of energy assets in particular biomass steam power plants and related infrastructure under a BOOT and/or BOO framework. The ownership and operation of a biomass steam power plant represents a natural extension of our value chain, from designing and constructing biomass steam energy systems to operating them for long-term recurring income.

This new segment complements our existing business model by enabling us to capture greater value across the biomass energy value chain. It also enhances our competitive positioning by differentiating us as an integrated biomass energy solutions provider, offering both project delivery and long-term utility services. For further details on our expansion strategy relating to the asset ownership model, see Section 7.2.2.1 of this Prospectus.

7.1.2 Revenue contribution by segment, business activities, and products and services

7.1.2.1 Revenue contribution by segment

	FYE 31 December					
	2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%
Renewable energy segment	**237,113**	**89.0**	**248,007**	**85.9**	**235,994**	**85.3**
- After-sales services[(1)]	88,595	33.2	80,526	27.9	94,099	34.0
- EPCC of steam energy systems and auxiliary facilities[(2)]	93,446	35.1	94,212	32.6	78,800	28.5
- Supply of steam turbine generator systems	55,072	20.7	73,269	25.4	63,095	22.8
Industrial energy and equipment segment[(3)]	**29,452**	**11.0**	**40,837**	**14.1**	**40,721**	**14.7**
Total revenue	**266,565**	**100.0**	**288,844**	**100.0**	**276,715**	**100.0**

Notes:

(1) Include repair and maintenance services, and sales of parts for steam turbine generator systems, steam energy systems and auxiliary facilities, and palm oil milling equipment.

7. BUSINESS OVERVIEW *(Cont'd)*

(2) Include biomass steam energy systems, and auxiliary facilities including emission control systems, efficiency enhancement systems, water treatment systems, and boiler process control and automation, and HRSG. In FYE 31 December 2022, it included a supply and installation project for palm oil milling equipment.

(3) Include the EPCC of gas-fired energy systems and the sales of palm oil milling equipment which are in-house manufactured and externally sourced.

7.1.2.2 Revenue contribution by business activities, and product and services

	FYE 31 December					
	2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%
EPCC of steam energy systems and auxiliary facilities[(1)]	**109,566**	**41.1**	**120,920**	**41.8**	**99,757**	**36.1**
- Biomass energy systems	50,744	19.1	63,814	22.1	62,267	22.5
- Gas-fired energy systems	16,120	6.0	26,708	9.2	20,957	7.6
- HRSG systems	21,357	8.0	17,330	6.0	14,428	5.2
- Auxiliary facilities	21,345	8.0	13,068	4.5	2,105	0.8
Supply of steam turbine generator systems	**55,072**	**20.7**	**73,269**	**25.4**	**63,095**	**22.8**
After sales services[(2)]	**88,595**	**33.2**	**80,526**	**27.9**	**94,099**	**34.0**
Others[(3)]	**13,332**	**5.0**	**14,129**	**4.9**	**19,764**	**7.1**
Total revenue	**266,565**	**100.0**	**288,844**	**100.0**	**276,715**	**100.0**

Notes:

(1) Include biomass energy systems, gas-fired energy systems and auxiliary facilities including emission control systems, efficiency enhancement systems, water treatment systems, and boiler process control and automation, and HRSG. In FYE 31 December 2022, it included a supply and installation project for palm oil milling equipment.

(2) Include repair and maintenance services, and sales of parts for steam turbine generator systems, steam energy systems and auxiliary facilities, and palm oil milling equipment.

(3) Include the sales of palm oil milling equipment which are in-house manufactured and externally sourced.

7.1.3 Principal markets

As at the LPD, we serve customers in Malaysia and foreign countries. For the Financial Years Under Review, revenue contribution by the location of customers (based on customers' delivery and/or project site address) is set out below:

	FYE 31 December					
Revenue by customers' locations	2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%
Indonesia[(1)]	113,666	42.6	138,030	47.8	136,799	49.4
Malaysia[(2)]	122,182	45.9	123,797	42.9	120,510	43.6
North and South America[(3)]	22,490	8.4	21,099	7.3	13,732	5.0
Others[(4)]	8,227	3.1	5,918	2.0	5,674	2.0
Total revenue	**266,565**	**100.0**	**288,844**	**100.0**	**276,715**	**100.0**

***Notes**:*

(1) Transactions in Indonesia are conducted in IDR, USD, and JPY.

(2) Transactions in Malaysia are conducted in MYR.

(3) Includes countries from North and South America, such as Colombia, Mexico, Guatemala, and Honduras. Transactions in North and South America are conducted in USD and JPY.

(4) Others include countries from Africa such as Uganda, Liberia, Ghana, Gabon, Ivory Coast, Cameroon and Nigeria; and Asia Pacific countries such as Thailand, Singapore, Bangladesh, Japan and Myanmar. Transactions in these countries are conducted in USD, JPY, EUR (Euro), and SGD (Singapore Dollar).

For the Financial Years Under Review, we served a pool of more than 1,400 customers across three continents, namely Asia, North and South America and Africa. Of these, approximately 1,414 customers were located in Asia, 50 in North and South America and 27 in Africa. Within Asia, our Group had around 576 customers in Malaysia and 804 customers in Indonesia, which is our Group's largest overseas market.

We have two appointed agents in Indonesia and one in North and South America to leverage on their local networks and market reach to provide an integrated and comprehensive range of renewable energy systems.

Indonesia is currently our largest overseas market and accounted for approximately 42.6%, 47.8% and 49.4% of the Group's total revenue for FYE 31 December 2022, 2023 and 2024, respectively and is expected to remain our largest export market moving forward. In addition, as part of our strategies outlined in Section 7.2.2 of this Prospectus, we plan to further expand and strengthen our market presence in Indonesia.

7.1.4 Distribution channels and customers

We primarily adopt a direct distribution channel strategy, marketing and selling our products and services directly to customers who are users of our products and services, including operators and owners of palm oil mills, oil palm plantations and other industrial plants such as oleochemical plants, pulp and paper mills, and sugar refineries. Working closely with direct users allows us to gain an in-depth technical understanding of their needs and build long-term business relationships.

Our direct distribution channel strategy provides us with strategic advantages by allowing greater control over our marketing, sales and pricing processes, while at the same time, fostering closer relationships with our customers. This approach deepens our understanding of our customers' operational needs and technical requirements, which enables us to respond faster and with greater flexibility in customisation of products. By eliminating reliance on intermediaries, we are able to reduce the risk of miscommunication. Further, this strategy strengthens our market presence, supports brand loyalty and trust with our customers, and drives repeat business and positive word-of-mouth in the marketplace.

Our Group also uses sales agents to provide sales, marketing and support to expand its market outreach in Indonesia and North and South America. As at the LPD, we have appointed two third-party agents in Indonesia, one for steam energy systems and another for steam turbine generator systems, and one agent covering both steam energy systems and steam turbine generator systems in North and South America. These agents leverage their local networks and market expertise to promote our products and introduce potential customers to our Group. While they assist in facilitating the sales process by identifying prospects and supporting initial engagements, all sales transactions are entered into directly between the customers and our Group. The agents are compensated through commissions for successful referrals that result in completed sales. In addition to sales and marketing support, the agents also assist our Group in obtaining the necessary regulatory approvals and permits required for the sale and delivery of our products in their respective regions.

In addition to our direct approach, we also leverage from indirect distribution channels to expand our market reach and drive scalability. We are engaged by EPCC contractors to design and construct steam energy systems and auxiliary facilities for palm oil mills and industrial plants. We also collaborate with engineering firms and resellers to manufacture customised products for their clients. These indirect channels enable us to tap into the existing network of these intermediaries, helping us to reach and serve a wider customer base without the need for significant investments in human resources or infrastructure.

7. BUSINESS OVERVIEW *(Cont'd)*

7.1.5 Modes of operations

7.1.5.1 EPCC of steam energy systems and auxiliary facilities

We carry out our EPCC of steam energy systems and auxiliary facilities mainly based on fixed lump sum contracts. These contracts are secured either through direct submission of competitive proposals directly to prospective customers or participating in tender exercises. A contract is awarded by the customer once the technical specifications and commercial terms have been agreed upon.

Typically, our fixed lump-sum contracts contain the following key terms:

(i) Deliverables: These include products, services, scope of work, and technical specifications and requirements;
(ii) Financial terms: These include pricing, total contract value, progress billing, and payment schedule;

(iii) Site information: This includes details about the installation site along with operational environment and conditions that may impact system design and performance.

(iv) Project timeline: This includes the overall project schedule, key milestone delivery dates targeted project completion date, and milestone delivery schedules.

Our EPCC contracts for steam energy systems and auxiliary facilities typically span between 11 to 24 months, depending on the scale and technical complexity of the systems involved. Depending on the specific terms of the contract, our fixed lump-sum agreements may also include one or more of the following commitments:

(i) Warranty: We provide a warranty on the equipment, accessories and parts of the steam energy systems and auxiliary facilities which cover defects in materials and workmanship attributable to our scope of work. The warranty period typically applies from the earlier of either 12 months from the date of project handover or upon completion of testing and commissioning, or 18 months from the date of delivery of system. During this period, we are responsible for rectifying any defects identified in our work, including carrying out repairs or replacements, in accordance with warranty terms in our EPCC contracts.

(ii) Performance guarantee: Subject to contract terms, we may be required to guarantee that our steam energy systems meet specified performance parameters such as steaming capacity, superheater temperature, steam dryness, and continuous operational capability. If our steam energy systems do not meet these benchmarks, we are obligated to carry out the necessary rectification works within the timeframe specified in the contract.

(iii) Liquidated ascertained damages (LAD): Subject to contract terms, we may also be subject to LAD provisions in the event of project delays or performance shortfalls. LAD for delays in completion of a project are intended to compensate the customer for losses incurred due to late completion or delivery based on the contractual project timeline. Similarly, LAD may also apply if the steam energy systems and auxiliary facilities fail to meet specified performance criteria such as steaming capacity, superheater temperature, steam dryness, and the ability to operate continuously.

If a delay occurs, the customer may claim LAD based on a predetermined amount or an agreed rate as stipulated in the contract. For performance-related LAD, compensation is provided at an agreed rate for any shortfall against the guaranteed parameters. The total LAD liability is typically capped at a negotiated percentage of the contract value as specified in the contract.

7.1.5.2 Supply of steam turbine generator systems

Our supply of steam turbine generator systems is governed by purchase orders and/or customer procurement agreements. These purchase orders outline key details such as the system model, technical specifications, quantity required, delivery location, and timeline. Following the fulfilment of an order, we will issue invoices to our customers. The typical lead time for delivering a steam turbine generator system ranges from approximately 6 to 15 months.

We provide a warranty for steam turbine generator systems which is valid for either 12 months from the date of completion of testing and commissioning, or 18 months from the date of delivery of system, whichever the earlier. During these periods, we are responsible for addressing any defects that may arise at our own cost and expense.

7.1.5.3 After-sales services

Our after-sales services for steam energy systems and their auxiliary facilities, and steam turbine generator systems, are carried out based on purchase orders issued by our customers.

These purchase orders typically outline key details including scope of work, pricing and payment terms, service schedule, and other terms and conditions related to the service. Services provided may include routine and/or preventive maintenance, repairs, full system overhaul and/or shutdown support, as well as the supply of spare parts with or without accompanying services.

Our Group's after-sales service teams are primarily based in Malaysia and provide support to our customers located in Africa, North and South America, and other parts of Asia, which includes deploying personnel to these countries to assist with on-site after-sales services as and when needed. In Indonesia, after-sales services are mainly managed by our local subsidiary, PT WATI, with occasional assistance from the Malaysian team as needed. This arrangement ensures effective and timely support tailored to the specific needs of our customers in each region.

7.1.5.4 Others

Our sales of palm oil milling equipment, whether manufactured in-house or sourced from third party suppliers, are typically based on customers' purchase orders. These purchase orders generally outline key details such as the equipment type, technical specifications, required quantities, and delivery arrangements. Invoices are issued upon fulfilment of the orders, typically upon delivery. We do not enter into long-term contracts with our customers for the sale of our palm oil milling equipment.

For palm oil milling equipment which is manufactured in-house, we will address any issues arising from our workmanship at our own cost and expense, while for equipment sourced from third party suppliers, any manufacturing defects in such equipment have been typically resolved by them.

7. BUSINESS OVERVIEW *(Cont'd)*

7.2 Competitive strengths, future plans and strategies

7.2.1 Competitive advantages and key strengths

Our competitive advantages and key strengths will provide us the platform to grow our business. These are as follows:

7.2.1.1 We are a market-leading renewable energy systems provider in Malaysia and well-positioned to capitalise on opportunities within the growing renewable energy space to drive business growth

According to the IMR Report, WTSB and WATSB are the key players in Malaysia's biomass steam energy systems and steam turbine markets, having established our reputation in the palm oil industry as a biomass specialist that can provide an integrated biomass solution which is customised to the needs of our customers. We are the largest provider of steam turbine generator systems and second largest provider of biomass steam energy systems in Malaysia in 2024, with a market share of 16.8% and 14.2% respectively, based on revenue. Within the non-utility end-user segment of the steam turbine market in Malaysia, our leading market share, based on revenue, is further enhanced to an estimated 30.2% in 2024. Our leadership position in Malaysia is contributed by our strong local presence, technical and industry know-how in designing and customising biomass boilers to offer end-to-end turnkey solutions to our customers, as well as substantial expertise in providing after-sales services for these systems and equipment. In Indonesia, we have a market share of approximately 22.0% and less than 5.0% for the steam turbine and the biomass boiler markets respectively in 2024. With similar capabilities in Indonesia, we are among the top industry players in the country's steam turbine market, making us one of the prominent players, particularly within the palm oil industry segment. Furthermore, in the non-utility end-user segment of Indonesia's steam turbine market, we are the leading player with a commanding market share of 67.3%, based on revenue, in 2024.

According to the IMR Report, biomass energy remains a significant component of Southeast Asia's renewable energy mix, primarily due to the region's abundant agricultural waste and byproducts. Biomass-derived energy is projected to represent about 22% of the total global primary energy supply by 2050, highlighting its growing importance in the energy transition. The estimated market size of biomass boiler equipment and after-sales services in Malaysia was valued at USD129.8 million collectively in 2024 and projected to grow to USD195.7 million by 2029, representing a CAGR of 8.6% which is more than double the CAGR of 3.9% between 2020 and 2024. On the other hand, Malaysia's steam turbine equipment and after-sales services market is expected to grow from USD42.2 million to USD61.2 million over the same period, representing a CAGR of 7.7% which is also more than double the CAGR of 3.6% between 2020 and 2024. Specifically in the non-utility end-user segment of the steam turbine market where we have a leading market share of 30.2%, the market size is estimated at USD23.4 million in 2024 or 55.5% of the overall market size. Although significant growth is expected to be attributable to the palm oil sector, additional demand is also expected from other industrial sectors such as rubber and latex, pulp and paper, wood processing and furniture, textile and apparels and food and beverage. According to Frost & Sullivan, we are able to benefit from our leading position in the biomass boiler equipment market within the palm oil industry by leveraging our expertise to further expand into other industrial sectors to reach a broader customer base. This will also allow us to expand our presence in the steam turbine segment, as industrial customers tend to engage with companies that can provide a turnkey solution for their biomass power plant. The capability to supply both biomass boilers and steam turbines is a key competitive advantage for us, as most of our competitors are only able to supply either biomass boilers or steam turbines.

Frost & Sullivan estimates the market size of biomass boiler equipment and after-sales services in Indonesia to be valued at USD416.0 million in 2024 and USD706.3 million in 2029, representing a CAGR of 11.2% which is more than double the CAGR of 5.7% between 2020 and 2024. The steam turbine equipment and after-sales services market in Indonesia is estimated to be valued at USD97.8 million in 2024 and USD147.9 million in 2029, representing a CAGR of 8.6% which is significantly higher than the CAGR of 4.6% between 2020 and 2024. Within this, the non-utility

end-user segment of the steam turbine market where we have a dominant of market share of 67.3%, the market size is estimated at USD27.2 million in 2024 or 27.8% of the overall market size. In Indonesia, we are able to leverage on our technical strength and expertise in biomass boiler technology. By focusing on high-end boilers, we are able to compete on technological performance rather than price, which allows us to position ourselves as a premium brand in the Indonesia market, according to Frost & Sullivan.

Given our established geographical footprint in Malaysia and Indonesia, we are well-positioned to capture the growing demand for renewable energy alternatives such as biomass, which is becoming a preferred renewable source to help public and private organisations achieve their ESG goals in these markets, according to Frost & Sullivan. Indonesia and Malaysia are the largest markets that we operate in, contributing 49.4% and 43.6% of our total revenue by customers' locations for the FYE 31 December 2024 respectively. We are also able to leverage on our strong execution track record across our renewable energy segment, with EPCC of steam energy systems (including biomass steam energy systems), supply of steam turbine generator systems and after-sales services contributing 28.5%, 22.8% and 34.0% of our total revenue for the FYE 31 December 2024 respectively. During the Financial Years Under Review and up to the LPD, we supplied a total of 297 steam turbines with a combined installed capacity of 454.4 MW. Meanwhile, we also completed a total of 46 steam energy system projects, with design capacity ranging from 3.2 TPH to 55.0 TPH.

7.2.1.2 We design and deliver customised energy systems and engineering solutions that optimise energy efficiency and performance

We are involved across multiple stages of the steam energy system value chain, with in-house expertise in EPCC, the supply of steam turbine generator systems, and after-sales services. Our engineering process includes conceptualising various system options, followed by detailed engineering design and specifications for the selected system concept. This enables us to deliver fully integrated steam energy systems, including all necessary auxiliary facilities and steam turbine generators, as complete turnkey solutions tailored to meet specific customer requirements. According to Frost & Sullivan, one of the barriers to entry for this industry is technical complexity. Leading players are known for their ability to deliver customised biomass steam energy system solutions that are reliable and specifically designed for end-users, for example, turbines with smaller capacity (5.0 MW to 10.0 MW) to suit the needs of biomass or other industrial sectors. This is the segment where we have the technical expertise in and track record to deliver. Our steam energy systems are fully customisable to support various fuel inputs such as biomass, gas-fired, and heat recovery options, and are designed with output capacities tailored to meet diverse energy requirements. For the Financial Years Under Review and up to the LPD, we have completed a total of 46 steam energy system projects with design capacity ranging from 3.2 TPH to 55.0 TPH.

Our expertise in designing and engineering biomass steam energy systems in particular allows us to meet specifications that ensure continuous operation and high availability. According to Frost & Sullivan, our biomass boilers are widely recognised to demonstrate strong product performance, with combustion efficiency of more than 80% and the capability to operate continuously for up to 90 days. Our boiler designs are customisable and built to withstand high temperatures and corrosive elements in EFB. We integrate a pre-processing EFB chamber to enhance the fuel's combustion efficiencies and our boiler design is able to improve EFB burning efficiency by optimising airflow, controlling oxygen levels for complete combustion, and reducing unburned carbon losses. Furthermore, our designs also incorporate automated fuel feeding and ash handling systems to minimise manual intervention and ensure stable combustion. In addition to the electricity purpose, our biomass boilers can also be utilised in other industrial applications (and in this case not coupled with steam turbines), such as sterilising fresh fruit bunches and providing steam for palm oil mills, which are common use cases according to Frost & Sullivan.

As the appointed distributor of Shinko-brand steam turbine generator systems, we have the ability to integrate our steam turbines with our steam energy systems and auxiliary facilities to deliver complete renewable energy generation solutions which are suitable for industries such as palm oil

milling, paper mills, sugar refineries and others. Our supplier Shinko Ind. Ltd, who currently operates a steam turbine assembly plant domestically through Shinko Wasco Turbine provides us a key advantage in the market as it allows us to offer competitively priced steam turbines compared to two other major players, who mainly supply imported steam turbines to the Malaysia market, according to Frost & Sullivan. Besides that, we are also able to customise auxiliary facilities to integrate into our customers' existing steam energy systems to address any environmental requirements such as ESP, which is a critical environmental system to mitigate harmful emissions. Our ability to offer fully integrated, customised steam energy system solutions is further strengthened by our strong after-sales support services through our team of technical personnel based in Malaysia and Indonesia, as recognised in the IMR Report. One of the key success factors identified by Frost & Sullivan includes local presence for service advantage. Leading players with manufacturing and assembly lines, testing facilities, and repair workshops can enable quick project turnaround and a prompt response to clients' needs at competitive prices. They can offer prompt after-sales services to meet clients' requests, through either in-house service teams or local partners.

As of the LPD, our team comprises:

(i) 86 technical personnel for the EPCC of steam energy systems and auxiliary facilities (including after-sales services) in Malaysia;

(ii) 107 technical personnel for steam turbine generator systems (including after-sales services), comprising 54 personnel in Malaysia and 53 personnel in Indonesia; and

(iii) 84 technical personnel for palm oil milling equipment (including after-sales services), comprising 81 personnel in Malaysia and 3 personnel in Indonesia.

Our in-house after-sales support include preventive maintenance, on-site repairs, system upgrades and retrofitting, and the supply of spare parts such as grates, blowers, valves, and gauges. Furthermore, according to Frost & Sullivan, due to the long-established biomass industry in Malaysia and Indonesia, many old biomass boilers and steam turbines have been installed for more than 10 years. Each year, aging machines need extra after-sales services, leading to higher maintenance revenue. Our after-sales services revenue, although less significant than equipment revenue, is driven by returning customers who purchased our systems and such contributions increase proportionally as we develop a larger installed base in the market.

We are a registered company with DOSH, a government agency under the Ministry of Human Resources which provides authorisation to design and fabricate steam energy systems in Malaysia. We are also in full compliance with international standards such ASME, whose requirements ensure that our equipment and processes meet demanding safety, performance and environmental criteria.

7.2.1.3 We serve a broad customer base by leveraging our direct and indirect distribution channels, strengthening customer loyalty and expanding our market reach

For the Financial Years Under Review, we have a broad customer base of more than 1,400 customers. Our ability to utilise both direct and indirect distribution channels enables us to broaden our market reach to maximise sales. We benefit from returning customers for our steam energy and steam turbine generator systems as well as after-sales service for these systems, providing a stable revenue foundation.

According to Frost & Sullivan, the biomass boiler and steam turbine markets are mature, with both international and local players dominating the market share as these players have established local relationships and partnerships with major palm oil mill owners and government entities. Many also have an existing installed base in the country that can generate ongoing service revenue, hence it will be challenging for newcomers to compete in the market. Our customer portfolio includes well-established players in the plantation industry. Importantly, we are not subject to customer concentration risk, as we have a large pool of customers and no single customer accounted for more than 10.0% of our total revenue during the Financial Years Under Review. Please refer to Section 7.5 of this Prospectus for further information on our major customers.

7.2.1.4 We have secured contracts that provide strong revenue visibility in the near to mid-term, underpinned by our robust financial track record and solid foundation, which positions us well for securing new projects

Within our renewable energy segment, our order book consists of confirmed contracts, mainly for the provision of steam energy systems and steam turbine generator systems. Our order book provides us with clear revenue visibility and a strong degree of earnings certainty over the near to mid-term, supporting the continuity and sustainability of our operations. As at the LPD, we have a total outstanding order book of RM267.5 million. We expect to recognise our order book within the next three financial years, up to FYE 31 December 2027. We have also submitted tenders and proposals for steam energy systems and auxiliary facilities as well as steam turbine generator systems. If we are successful in securing these projects, this would enable us to replenish our order book and potentially expand it further.

Our ability to deliver on past projects for our customers has enabled us to build our executional track record and attract larger and more complex projects. Some of our notable products include securing our largest capacity steam turbine generator system project to date in 2018, to supply a 10MW steam turbine coupled with generator and completed other components and accessories to a palm oil product manufacturer in Indonesia. In 2020, we secured a project to design, supply and install a HRSG system with hot water capacity of 860.0 TPH for a rubber glove manufacturer in Sepang, Malaysia, marking the highest hot water capacity system we have delivered for large-scale industrial operations. In 2022, we secured a project to design, supply and install a 90.0 TPH gas-fired steam energy system for a sugar refinery in Johor, Malaysia, marking the highest steam capacity system in our track record.

During the Financial Years Under Review, we recorded steady growth in both revenue and profitability, underpinned by consistent sales performance and our strategic focus on expanding higher-value segments. This includes the EPCC of steam energy systems and HRSG, the supply of steam turbine generator systems, gas-fired steam energy systems, as well as sales of palm oil milling equipment. In parallel, our after-sales services segment also experienced growth, reflecting our ability to deepen customer relationships and build complementary revenue streams across our installed base. Our GP margin, increased from 23.7% in the FYE 31 December 2022 to 28.0% in the FYE 31 December 2024, driven by higher contribution and improved GP margins from after sales service . As a result, this translated into robust earnings growth, with EBITDA and profit after tax growing at CAGR of 27.5% and 24.6%, respectively during the same period. Furthermore, we maintained a net cash position throughout the Financial Years Under Review.

Our historical financial performance and established operational track record reflect our consistent ability to deliver quality outcomes across our projects. This is underpinned by the successful and timely completion of numerous contracts within our renewable energy segment. This proven track record acts as a strong reference point in commercial negotiations and tender processes, strengthening our position for securing new projects and orders, while providing a solid platform for the continued growth of our business. According to Frost & Sullivan, biomass power plant project owners tend to select players who have strong project financing capabilities, as biomass solutions including boilers, steam turbines and other machinery parts are usually capital-intensive. Newcomers without solid capital backing or proven financial capabilities struggle to gain traction in the market as project owners are generally unwilling to take risks on high-value investments with unproven suppliers.

7.2.1.5 We have an experienced key senior management team with vast industry experience to drive our business growth and strategies which is further backed by our corporate shareholder

Our Group is managed by our experienced key senior management team to grow and operate our business. We are led by our Group Chief Executive Officer, Lee Yee Chong with approximately 32 years of experience in mechanical and engineering areas for renewable energy systems. He spearheads the formulation of our Group's strategies and manages overall financial performance, which includes the planning, execution, and monitoring of budgets and resource allocation. Our Group Chief Executive Officer is backed by other key senior management members, each bringing extensive experience in their areas of expertise, including:

(i) Ooi Giap Hwa (Group Head of Finance) with approximately 28 years of experience in finance and accounting. He is currently responsible for overseeing our Group's overall finance functions; and

(ii) Tee Kian Lim (Chief Operating Officer of WTSB) with approximately 30 years of experience in mechanical and engineering design for systems. He is currently responsible for overseeing the operations of WTSB in relation to our steam energy system operations.

We believe our experienced management team will help sustain our business. Please refer to Section 9.3.2 of this Prospectus for the profiles of our key senior management.

Our business is also supported by our corporate shareholder and Promoter, Wasco Berhad, which provides benefits, including enhancing our corporate credibility that supports our funding efforts, as well as access to their broad network of financial resources, facilitating new opportunities and strategic collaborations.

7.2.2 Our future plans and growth strategies

We specialise in the EPCC of steam energy systems and auxiliary facilities and the supply of steam turbine generator systems. By leveraging on our core competencies as well as our experienced and dedicated in-house after-sales services help to reinforce our market position and are well-positioned to seize growth and expansion opportunities across the region, particularly in Malaysia and Indonesia.

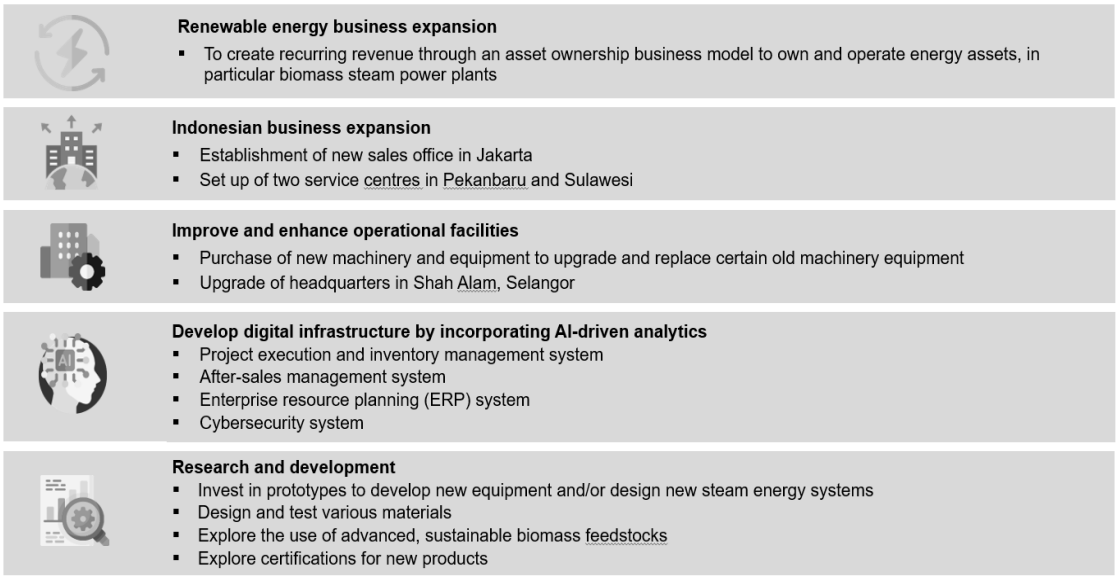
Our future plans and growth strategies include expanding our renewable energy business to include direct ownership and operation of energy assets. This asset ownership model is a natural growth progression for our Group to build a recurring income base.

To strengthen our market presence in Indonesia, we also intend to expand our operations in Indonesia by establishing a new sales office in Jakarta and two service centres in Pekanbaru and Sulawesi.

In terms of operations, we plan to integrate our existing management systems with AI-driven analytics to streamline our business processes and enhance operational productivity and efficiencies as well as support better decision-making across business functions. As we expand our operations across Malaysia, Indonesia, and into regional markets, we also plan to improve and enhance our operations through the replacement of our ageing equipment with new and/or automated ones as well as the upgrade of our headquarters to cater for increased operational requirements, functionality and space.

7. BUSINESS OVERVIEW *(Cont'd)*

The summary of our future plans and strategies are as follows:



We target to implement our strategies and plans over the next three years upon our Listing. According to Frost & Sullivan, these initiatives will not only strengthen our competitiveness in the wider renewable energy for biomass industry but also reinforce our commitment in delivering integrated solutions across the markets we operate in.

7.2.2.1 We intend to expand our renewable energy business through an asset ownership model that generates recurring revenue streams

Historically, for the Financial Years Under Review, our revenue model has been driven by fixed lump-sum EPCC contracts and purchase orders, with revenue recognition concentrated around milestones and delivery obligations. While our project pipeline has demonstrated resilience and strong technical delivery, this structure exposes us to inherent cyclicality in earnings, driven by the pace of our ability to secure contracts and project execution timelines.

Therefore, as part of our long-term plan, our growth strategy focuses on expanding our renewable energy business by adopting an asset ownership model to own and operate energy assets, in particular biomass steam power plants and related infrastructure under a BOOT and/or BOO framework. This strategy shift is intended to facilitate our transition towards a more stable and recurring revenue model, thereby reducing our dependency on standalone purchase orders and further enhance the long-term sustainability and resilience of our business operations. Most players in Malaysia and Indonesia adopt the equipment sales or EPCC business model, according to Frost & Sullivan, where revenue is derived from purchase orders and lump-sum contracts which are typically non-recurring after the handover of projects. Under an asset-owner model, companies can generate recurring revenue by owning biomass boilers and steam turbines to provide steam and energy, and charging customers a periodic fee for the use of these facilities.

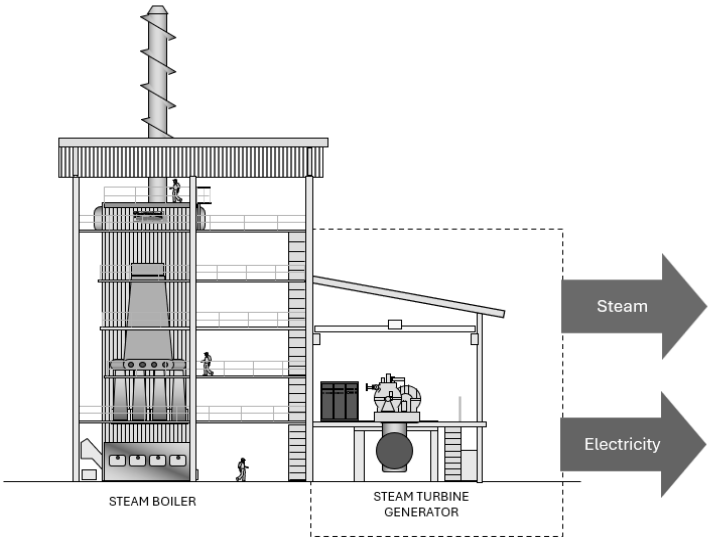
Accordingly, we are embarking on a new business venture within our Group's area of expertise as we seek to deepen our integration within the sector through leveraging on our proven capabilities in engineering and our renewable energy systems to operate these assets with improved efficiency, reliability and cost control. Under the asset ownership model, our Group will:

(i) own, operate and maintain biomass steam energy systems and auxiliary facilities to provide steam energy to industrial users; and/or

7. BUSINESS OVERVIEW *(Cont'd)*

(ii) enter into strategic partnerships or joint ventures to own and operate biomass steam power plants and related energy assets to supply steam and/or produce electricity to the grid.

Sample biomass plant for steam and/or power generation



Our BOOT and/or BOO framework under our asset ownership model will be based on the key arrangements outlined below:

(i) **Financing:** We will fund the entire cost of the EPCC of steam energy systems and auxiliary facilities and/or cost to build the biomass steam power plant and related energy assets.

(ii) **Regulatory approvals:** We will secure all necessary regulatory approvals where required including building plans and certificates of fitness for operations.

(iii) **Operation and maintenance (O&M):** We will operate and maintain the steam energy systems and auxiliary facilities and/or the steam power plants to ensure high efficiency and reliability. Dedicated O&M teams will be established to manage daily operations, perform both scheduled and unscheduled maintenance, minimise operational disruptions, and ensure compliance with environmental and emission standards throughout the contract.

For BOOT contracts: Upon contract expiration, we no longer own the asset and will transfer ownership of the system/power plant including its related facilities to the customer/offtaker at an agreed-upon sum.

For BOO contracts: Upon contract expiration, we will remove all assets (i.e. the system/power plant including its related facilities) from the customer's site at our own cost.

Our business model going forward will be anchored on BOOT and BOO frameworks whereby our Group will fund, develop, and commission biomass steam systems and related energy infrastructure that we will continue to operate and maintain throughout the tenure of long-term steam purchase agreements and/or power purchase agreements. Depending on the opportunities available at such point in time, we may enter into contracts with industrial customers seeking renewable steam supply for process heat applications, and/or with national utilities and offtakers under government-supported renewable energy programmes such as the Feed-in Tariff (FiT). We expect the terms and duration of such contracts to be around 10 to 20 years with stable contractual revenue streams backed by either commercial or regulatory offtake structures.

7. BUSINESS OVERVIEW *(Cont'd)*

Further, our decision to venture into an asset ownership model, in particular the ownership of biomass power plants augurs well with the growing biomass industry in the next four years up to 2029. According to Frost & Sullivan, the total installed capacity of biomass power plants in Malaysia is forecasted to grow at a compounded annual growth rate of 6.6% from 614.5 MW in 2025 to 799.5 MW in 2029.

Strategic alignment and business impact

This strategy aligns with our plans to support industrial customers who are seeking reliable, low-carbon energy alternatives to natural gas. With rising gas prices, emissions taxes under consideration, and increasing customer and regulatory scrutiny around environmental performance, we are able to assist industrial users in sectors such as food manufacturing, rubber processing and chemical production, amongst others, who are looking for ways to decarbonise their energy use. Our steam energy systems and steam turbine generator systems offer a viable, scalable, and cost-effective solutions for these industries.

Accordingly, we aim to position ourselves as the energy partner of choice for these industrial customers, not just as a systems provider, but to own and operate energy assets to deliver steam and/or power under stable, bankable contracts. Our feasibility studies, which focused on plant sizes ranging from 30.0 TPH to 70.0 TPH of steam capacity, affirms the commercial and operational viability for such systems when designed for use in industrial clusters with accessible biomass supply and sustained process steam demand. The plants are designed to utilise shredded EFB and EFB pellets, both of which are renewable residues from the palm oil milling process. The selection of these biomass fuels offer an attractive fuel mix that balances cost, sustainability and combustion efficiency.

Prudent, risk-mitigation strategy

To manage risks, we intend to pursue a partnership-led approach in our expansion through our asset ownership model. This may include:

(i) joint ventures with feedstock suppliers to secure long-term fuel availability;

(ii) co-investment with experienced plant operators to manage operations in the early years; and/or

(iii) collaboration with industrial customers seeking customised steam solutions within their own facilities.

These partnerships allow us to diversify our risk exposure, accelerate market entry and enhance relationships with our potential customers. Further, it enables us to accelerate our growth and learning curve by leveraging on the expertise, market access and/or asset base of these partners.

On the contrary, we also recognise that asset ownership introduces new types of risks that our Group may not be exposed to in the past. These include, amongst others, biomass fuel price and supply risks, operational downtime risk, customer/offtaker credit risk as well as regulatory changes that may affect tariffs and/or permit renewals. See Section 5.2 of this Prospectus for further details on risks relating to our asset ownership model.

To manage such risks, we will evaluate each investment opportunity, including the following:

(i) Counterparty risk management –assessment on the counterparty's credit strength and contract enforceability;

(ii) Regulatory risk management – engaging with the relevant regulatory authorities and/or policy stakeholders from time to time, if required, to keep abreast and better understand new regulatory and policy updates relating to the asset; and

7. BUSINESS OVERVIEW *(Cont'd)*

(iii) Operational risk management – implementing predictive maintenance protocols, real-time system monitoring, and internal performance auditing of the asset.

Advocating ESG and sustainability

By venturing into asset ownership of biomass steam energy systems and power plants, our aim is also to support regional decarbonisation efforts. Biomass energy, when sustainably sourced, offers a low-carbon alternative to fossil fuels for industrial heat and power generation. Through our BOOT and/or BOO models, we provide industrial users an alternative to transition away from fossil-based energy by providing them with reliable, renewable steam energy. This not only reduces their greenhouse gas emissions but also strengthens energy resilience and compliance with environmental standards. Our long-term vision is to embed carbon-conscious infrastructure within industrial clusters, creating shared value by lowering emissions intensity while delivering stable, recurring revenue streams. In doing so, we are not just building energy assets but enabling cleaner industrial ecosystems.

Accordingly, we had on 21 April 2025 submitted a non-binding offer to acquire a share in a joint venture that owns and operates a biomass power plant in Malaysia. We are currently undertaking due diligence and expect to submit a binding offer tentatively by August 2025, subject to negotiations with the counterparty. If successful, the acquisition would mark the first step in our expansion plans to own and operate a biomass power plant. Notwithstanding the above, our Board will evaluate the opportunity, while making sure that any investment, acquisition or partnership in the joint venture is commercially viable and accretive to our Group.

In support of this strategy, we have allocated RM[●] million of the gross proceeds from our IPO towards asset ownership expansion over the next three years from our Listing.

7.2.2.2 We intend to expand our operations in Indonesia

We currently operate from our headquarters and operational facilities in Shah Alam, Selangor, Malaysia and is supported by three service centres in Malaysia and two service centres in Indonesia.

Indonesia is currently our largest overseas market, with its revenue contribution increasing from 42.6% in FYE 31 December 2022 to 47.8% in FYE 31 December 2023 and 49.4% in FYE 31 December 2024. According to Frost & Sullivan, Indonesia's market for biomass boiler equipment and after sales services is expected to grow at a CAGR of 11.2% from USD416.0million in 2024 to USD706.3 million 2029. The expected growth rate is more than double of the historical CAGR of 5.7% between 2020 and 2024. The market for steam turbine equipment and after sales services is forecasted to grow at a CAGR of 8.6% from USD97.8 million in 2024 to USD147.9 million in 2029. Likewise, the expected growth rate is significantly higher than the historical CAGR of 4.6% between 2020 and 2024.

As part of our growth strategy in Indonesia, we aim to open a new sales office in Jakarta, Indonesia and two new service centres in Pekanbaru and Sulawesi to further capitalise on opportunities in the EPCC of steam energy systems and auxiliary facilities, supply of steam turbine generator systems and the provision of after-sales services for these systems.

7. BUSINESS OVERVIEW *(Cont'd)*

Having a physical presence in the region will enable us to engage directly with prospective customers, better understand local market conditions, and more effectively address regulatory and environmental requirements. The addition of two new service centres in Pekanbaru and Sulawesi on the other hand allows our Group to broaden its customer reach and respond more promptly to requests from customers in Indonesia. According to Frost & Sullivan, establishing local service capability, either in-house or through partnerships with local service providers, is necessary to enable quick project turnaround and a prompt response to clients' needs at competitive prices. Both biomass boilers and steam turbines require periodic after-sales services to achieve maximum efficiency and extend equipment lifespan.

Hence, to support our expansion plan in Indonesia, we plan to lease and renovate an office space and two service centres, purchase the necessary equipment, hire local sales and technical support personnel as well as acquire service and logistic vehicles to effectively serve the Indonesian market.

As at the LPD, we have not commenced the process of identifying any suitable properties for our new sales office or service centres. Depending on availability as well as our operational requirements at such point in time, we expect the size of our sales office to be about 5,000 sq. ft. and our service centres to be about 15,000 sq. ft. each.

To equip our office space and service centres, we intend to purchase, amongst others, computers, diagnostic tools, furniture and fittings. Our recruitment plan includes country manager, business development/sales team, branch managers, administrative staff, technical and support staff for our new sales office and service centres. We intend to acquire six field service vehicles and one logistic vehicle to support our staff in carrying out the expanded operations in these new areas in Indonesia.

Accordingly, we have allocated RM[●] million of the gross proceeds from our Public Issue to fund the expansion of our operations in Indonesia which is expected to be utilised over the next 24 months from our Listing.

7.2.2.3 We intend to improve and enhance our operational facilities through the purchase of new equipment and machinery, and upgrade our headquarters

We recognise the need to upgrade our infrastructure, equipment, and machinery to remain competitive, fulfil customer demands, and align with the evolving sustainability standards as we continue to expand our operations in Malaysia, Indonesia and into the regional markets.

Our strategy is to purchase new machinery and equipment to upgrade and replace certain old machinery and equipment in our WATSB Factory and WTSB Factory. With the additional machinery and equipment, our Group would be able to enhance our production capabilities and consistency as well as improve operational efficiency as some of these machineries have automatic features which would reduce our reliance on manual labour. Moreover, these improvements are anticipated to strengthen our Group's ability to comply with strict customer expectations and regulatory standards.

Accordingly, we intend to purchase and install the following new machinery and equipment gradually over the next two years upon our Listing:

Types of machinery and equipment	Description	No. of units
Rolling machine	Standard industrial hydraulic 3-roller or 4-roller machine for steel plate forming, an essential component for our steam energy systems	1
Cutting machine	High-capacity blade or Computer Numerical Control ("**CNC**") laser cutter for metal sheets for the fabrication of our steam energy systems	1
Milling machine	Vertical milling machine for precision engineering and machining of components for our steam energy systems and the manufacture of our palm oil milling equipment	2
Automatic drilling machine	Automated CNC or magnetic drilling equipment to enhance precision and improve productivity of our drilling works relating to the fabrication of our steam energy systems	1
Automatic welding machine	Semi-automated or programmable welding machine for the production lines to fabricate our steam energy systems and manufacture of our palm oil milling equipment	2
Membrane wall welding machine	Large-scale industrial membrane wall panel welder used in the fabrication of our steam energy systems	1

The total cost for the purchase and installation of these new machines is estimated at about RM[●] million, which will be fully funded through the gross proceeds from our IPO.

Further, we also have plans to upgrade our headquarters in Shah Alam, Selangor, Malaysia as part of our overall plans to enhance our Group's operational facilities. Such renovation upgrade is intended to cater for the increased operational requirements of our Group and ensure that we have the necessary space and infrastructure to support our operations.

The upgrade of our headquarters is premised on the following key factors:

(i) **To enhance building functionality and efficiency**

(a) **Addressing structural wear and tear –** proactively managing and rectifying wear and tear in the building's structure and systems to ensure long-term safety, reliability, and functionality.

(b) **Enhancing workflows with flexible spaces** – redesigning work environments to include flexible workspaces that support hybrid work models, enable digital transformation, and provide dedicated zones that encourage collaboration and enhance productivity.

(c) **Integrating advanced technologies and sustainable systems** – implementing modern infrastructure upgrades, including energy-efficient solutions such as LED lighting and an optimised cooling system, to reduce energy usage and operational costs. Additionally, deploying a high-speed local area network to support seamless connectivity and digital workflows.

(ii) **To revitalise workspaces**

(a) **Enhancing workplace environment for employees –** upgrading interior finishes, improving lighting quality, and enhancing on-site amenities to create a more engaging and comfortable work environment.

(b) **Future-proofing with smart technologies and adaptive design –** Incorporating smart building technologies and flexible design solutions to ensure the facility can adapt to evolving operational demands and future technological advancements.

(iii) **To strengthen our Group's corporate image**

(a) **Enhanced corporate image** – aligning the appearance of our headquarters with our brand identity to create a strong first impression and enhance the overall experience for our customers and stakeholders.

We plan to allocate, in aggregate RM[●] million of our gross proceeds from the IPO to fund the purchase of new equipment and machinery, and upgrade of our headquarters over the next 24 months from our Listing.

7.2.2.4 We intend to develop our digital infrastructure by incorporating AI analytics to streamline our business processes

As part of our strategy, we aim to streamline our existing core business functions and processes by integrating and digitalising our project management, inventory management, and after-sales service, while also enhancing our ERP system with AI-driven analytics. Currently, our core business functions are still reliant on isolated systems or manual processes. As our Group continues to grow its operations and customer base, we understand the importance of adopting digital technologies and AI to strengthen our operations for the future, support better decision-making, and enhance operational efficiency.

(a) Project execution and inventory management system

The proposed system is intended to support our steam energy systems and auxiliary facilities, and steam turbine generator systems. The integration of such system enables our Group to undertake real-time monitoring of the work progress and inventory levels for each project. As an example, a typical EPCC project for steam energy systems encompasses managing the entire lifecycle, from engineering design and material procurement to fabrication and final product delivery or commissioning. Where applicable, the new system will integrate our WATSB Factory and WTSB Factory with project execution and inventory management modules, facilitating continuous monitoring and tracking of inventory flows and delivery status.

7. BUSINESS OVERVIEW *(Cont'd)*

Accordingly, we will incorporate customised software modules that are aligned with our operational demands, including:

(i) **Upgraded computer-aided design (CAD) integration with three-dimension (3D) modelling:** With 3D capabilities, our Group will be able to work on improved and more accurate designs for our steam energy systems covering piping and instrumentation diagrams, isometric drawings, and structural designs. The integration centralises CAD data management, enabling secure storage, version control, and streamlined collaboration across our business units.

(ii) **Project management and scheduling module:** The system will integrate project management features to enable us to plan, schedule and monitor the progress of our projects. It will include work breakdown tools to manage procurement, fabrication, and commissioning tasks for our steam energy systems or procurement, coordination and delivery tasks for our steam turbine generator systems.

(iii) **Construction and site management module**: This will monitor factory and on-site progress, providing real-time tracking of the equipment allocation and utilisation. A dedicated mobile application will be developed for engineers and technical personnel to report progress and issues directly from the site.

(iv) **Simulation module:** The system will allow our Group to simulate the various designs of steam energy systems, enabling early detection of potential fabrication or operational issues before they occur.

(v) **Fabrication monitoring module:** This module tracks the fabrication process, quantity of material used as well as parts and components used for our steam energy systems.

(vi) **Inventory and logistics management module:** This module includes features to oversee input materials, fabricated parts, and finished goods throughout the supply chain. Additionally, logistics tools will track the delivery of completed parts and components for our steam energy systems as well as the supply of steam turbine generator systems to the project site, ensuring efficient and timely delivery.

(vii) **Additional modules:** These include cost management tools to monitor project budgets against actual payments, optimising costs, as well as commissioning and handover management tools to manage commissioning checklists, test procedures, and performance validation. These tools will also facilitate the creation of backup versions to ensure operational continuity.

Accordingly, such system integration is expected to help streamline our workflows, improve efficiency, and deliver enhanced transparency throughout the project lifecycle.

(b) After-sales management system

This system will serve as a key communication channel between our customers and our steam energy system, steam turbine generator system and palm oil milling equipment business units in our headquarters in Shah Alam, Malaysia. This system comprises the following features:

(i) **Real-time communication:** Facilitates instant interaction between our customers and support teams.

7. BUSINESS OVERVIEW *(Cont'd)*

(ii) **Service scheduling:** Allows customers to conveniently schedule maintenance and service appointments and/or spare parts replacement.

(iii) **Maintenance tracking:** Tracks and monitors maintenance activities as well as parts replacement to ensure timely and effective servicing.

(iv) **Automated reminders:** Sends alerts for certification renewals and key service milestones to maintain compliance and ensure system reliability.

This comprehensive system will simplify customer engagement, improve service delivery, and provide higher level of support to ensure our customers' needs are addressed quickly and managed effectively.

(c) ERP system

We intend to enhance our current ERP system to improve its functionality and unify core business processes across various departments, such as accounting, order processing, purchasing, and inventory or warehouse management across our different business segments. This upgrade will introduce new features to optimise operations, boost efficiency, and promote better coordination amongst our business units.

Key improvements from the ERP system upgrade will include:

(i) **Data collection and analysis:** Improve data accuracy and integrity to support real-time tracking and gain useful business insights.

(ii) **Transaction processing:** Streamline financial transactions and order-related workflows to reduce our processing time and minimise errors.

(iii) **Management reporting:** Improve our reporting capabilities to enable better decision-making and strengthen oversight of operations.

(iv) **Business analytics:** Leverage advanced analytics tools to uncover trends, forecast performance, and support strategic planning.

In addition, the upgraded ERP system will integrate seamlessly with our project execution and inventory management system as well as our after-sales management system, and further improve coordination across all business functions.

Such upgrade is expected to optimise our Group's operational processes, boost operational efficiency and provide a solid foundation for future business growth.

(d) Cybersecurity system

In today's increasingly digital and interconnected environment, we recognise the growing threats from cyberattacks, data breaches, and ransomware, which can result in significant financial loss, regulatory penalties, and reputational damage to our Group.

As such, investing in a robust cybersecurity system is one of our business priority to safeguard our Group's digital assets as well as enhance data and information integrity. A robust cybersecurity system ensures protection of sensitive data, supports compliance with evolving regulations and safeguards operational continuity. Further, effective cybersecurity measures also strengthen customer trust, enhance brand credibility, and enable the secure adoption of digital technologies like cloud services, Internet of Things, and remote work environments.

We plan to allocate about RM[●] million of the gross proceeds from our IPO to fund the digitisation of our business systems and processes over the next 36 months from our Listing.

7.2.2.5 We intend to formalise and strengthen our R&D efforts to enhance product innovation and support industrial decarbonisation

Historically, our R&D-related activities have been embedded within our project development and engineering functions. These efforts were not tracked as standalone R&D expenditure but were instead expensed through project costs. Despite this, they have played a vital role in improving system performance, enhancing design optimisation, and customising energy solutions for varied customer applications. These engineering-led initiatives have allowed us to remain responsive to project-specific requirements and improve outcomes across the project lifecycle. According to Frost & Sullivan, continuous research and development is a crucial effort for leading players to stay competitive in the market.

As we scale our business and transition towards our long-term asset ownership model, a more structured R&D approach is essential. By formalising our R&D capabilities, we aim to deepen our engineering know-how and accelerate product development in areas that directly support industrial decarbonisation. This includes developing next-generation steam energy systems that feature better fuel flexibility, higher thermal efficiency, and modular configurations. These attributes are increasingly important to meet the demands of industrial users seeking to reduce carbon intensity while improving energy resilience.

In line with this, our R&D programme will focus on prototyping new equipment, testing design improvements, and incorporating new material technologies. We intend to study high-temperature resistant alloys and composite materials that offer improved durability, corrosion resistance, and compatibility with high-performance biomass combustion environments. The goal is to develop systems that are not only robust and energy efficient but also more compact, easier to transport, and suitable for decentralised or space-constrained installations.

We will also expand our R&D efforts to explore advanced and sustainable biomass feedstocks that comply with more stringent emissions and sustainability requirements. This includes assessing alternative feedstock types with superior combustion efficiency, better moisture and ash profiles, and lower lifecycle emissions. These innovations are intended to ensure our systems remain adaptable and cost-effective across a wider range of market conditions, while supporting customers' efforts to decarbonise their operations.

To enhance the commercial readiness and market acceptance of these innovations, we will also pursue relevant certifications for our new products, ensuring alignment with global regulatory standards and enhancing trust among customers and industry stakeholders.

We plan to allocate RM[●] million of the gross proceeds of our IPO, towards R&D investments. These funds will be utilised over the next 24 months from our Listing to enable prototype development, material testing, feedstock research, and certification processes, positioning us to deliver cleaner, more efficient energy solutions for a low-carbon future.

7. BUSINESS OVERVIEW *(Cont'd)*

7.3 Key milestones

The table below sets out the key events and milestones in the history and development of our business:

Year	Key events and milestones
2002	▪ Wah Seong Industrial Holdings Sdn Bhd, a wholly-owned subsidiary of Wasco Berhad, acquired a controlling stake in WATSB through the acquisition of WPE which wholly-owns WATSB.
	▪ WATSB has been involved in the supply of steam turbine generator systems and parts as well as the manufacture of palm oil milling equipment and spare parts since its incorporation in 1991. WPE had acquired WATSB in 1998.
2003	▪ WATSB acquired a controlling stake in PT WATI, which operates a service centre in Medan, Indonesia, focusing on after-sales services for steam turbine generator systems, including repair and maintenance.
2006	▪ WTSB commenced business and was involved in its first biomass steam energy system projects for palm oil mills and its first HRSG system project for a paper mill in Malaysia.
	▪ WTSB ventured overseas after it secured projects to design, supply and install biomass steam energy systems for a total of four palm oil mills in Indonesia and Thailand.
2007	▪ WTSB made its maiden foray into the Americas when it secured a project to design and supply a biomass steam energy system in Guatemala.
	▪ WTSB expanded its customer base to include industrial customers after it secured a project to design and supply a HRSG system for a pharmaceutical plant in Singapore.
2008	▪ WTSB entered the African market after it secured a project to design and supply a biomass steam energy system in Cameroon.
	▪ WTSB became a licensed partner of ERK Energy Systems, gaining access to advanced steam energy systems technologies and a global network of expertise.
2009	▪ WTSB further penetrated the Americas and African markets after it secured biomass steam energy system projects in Costa Rica and Ivory Coast.
2012	▪ WTSB was involved in its 100th steam energy systems project since commencing business.
2013	▪ WTSB secured a project to design, supply and install a gas-fired steam energy system for a sugar refinery, and a project to design, supply and install two steam energy systems with high pressure capacity of up to 65 Bar(g) for an oleo-chemical plant in Klang Valley, Malaysia.
	▪ WATSB partnered with Shinko Ind. Ltd. for the assembly of steam turbine generator systems in Malaysia through the incorporation of Shinko Wasco Turbine.
2015	▪ WATSB delivered its 1000th steam turbine generator system since commencing business.

7. BUSINESS OVERVIEW *(Cont'd)*

Year	Key events and milestones
2016	▪ WTSB ventured into Papua New Guinea when it secured a biomass steam energy system project.
	▪ WTSB continued to grow its industrial customer base after it secured a gas–fired steam energy system project for a customer in the food and beverage industry, and another three high pressure steam energy systems of up to 65 Bar(g) for customers in the oleo-chemical and refinery industry in Indonesia.
2017	▪ WTSB ventured into Bangladesh when it secured a natural gas-fired steam energy system project for a sugar refinery.
	▪ WTSB secured a breakthrough contract to design, supply and install a high pressure gas-fired steam energy system of up to 75 Bar(g) for a customer in the oleo-chemical industry in Malaysia.
2018	▪ WTSB commenced the sale of ESP to its customers primarily in the palm oil industry.
	▪ WATSB partnered with Saito Separator Limited to collaborate on the manufacturing and development of palm oil milling equipment through the incorporation of Wasco Saito.
	▪ WATSB secured its largest capacity steam turbine generator system project, to supply a 10MW steam turbine coupled with generator and completed with other components and accessories to a palm oil product manufacturer in Indonesia.
2019	▪ WATSB established an upgraded service centre in Sandakan to enhance support for customers in Sabah, focusing on steam turbine generator system repair and maintenance services.
2020	▪ WTSB secured a project to design, supply and install a HRSG system with hot water capacity of 860 TPH for a rubber glove manufacturer in Sepang, Malaysia, marking the highest hot water capacity system delivered by the Company for large-scale industrial operations.
2022	▪ WTSB secured a project to design, supply and install a 90 TPH gas-fired steam energy system for a sugar refinery in Johor, Malaysia, marking the highest steam capacity system in the Company's track record.
	▪ WTSB secured three contracts to supply high-efficient biomass steam energy systems burning high composition of EFB (80% or more) with continuous running of more than 90 days for paper mills and palm oil mills in Malaysia.
2023	▪ WTSB acquired the existing premises located at Lot 1944 and 1945, Jalan Sungai Terap 32/173, Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor.

7. BUSINESS OVERVIEW *(Cont'd)*

7.4 Our business

7.4.1 Energy systems

7.4.1.1 EPCC of steam energy systems and auxiliary facilities

For the Financial Years Under Review, revenue from our EPCC of steam energy systems comprising biomass energy systems, gas-fired energy systems and HRSG systems, and auxiliary facilities accounted for 41.1% (RM109.6 million), 41.8% (RM120.9 million) and 36.1% (RM99.8 million) of our total revenue.

Steam energy system overview

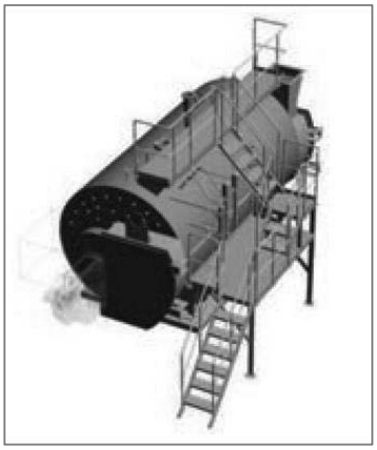
A steam energy system is a collection of equipment designed primarily to generate steam, which can serve as a direct steam or heat source across a wide range of industrial processes, such as manufacturing, chemical production, or food processing. Additionally, steam generated from the steam energy system can also be used to drive turbines connected to power generators or alternators for electricity production. A typical steam energy system comprises key components such as a fuel source, a furnace, a tube bank, and steam and water drums, all working together to efficiently convert water into steam for thermal and power applications.

Depending on the steam energy system design and intended application, the drum is typically heated using various energy sources, including natural gas, diesel, fuel oil, coal, biomass, or electricity. The choice of fuel is influence by multiple factors such as availability, cost efficiency, environmental considerations, and the specific operational requirements of the facility. Each fuel type offers distinct combustion properties and efficiency profiles, which impacts the performance, emissions and cost-effectiveness of the steam energy system.

The combustion segment forms the core of a biomass steam energy system and plays a critical role in steam generation. Our steam energy systems are designed around three primary types of combustion systems, each suited to different operational needs and performance requirements, as follows:

(i) Firetube boiler system

Firetube boiler system



A firetube boiler is a type of boiler where hot gases (air) generated by burning fuel pass through tubes immersed in water. This process transfers heat to the water turning it into steam. Our firetube boiler systems primarily operate on gas, though oil can also be used as an alternative fuel. A firetube boiler system typically produces steam at low to medium-pressure making it ideal for heating applications and various industrial processes.

A firetube boiler consists of a pressure vessel housing multiple tubes (usually made of copper or steel) that are positioned and connected to the vessel's end compartments. As heated air or combustion gases pass through these tubes the surrounding water absorbs the heat to produce steam.

The furnace is located at the base of the pressure vessel, where fuel is burned to produce hot gases. These gases flow through the tubes, transferring heat to the surrounding water, which then is converted into steam.

7. BUSINESS OVERVIEW *(Cont'd)*

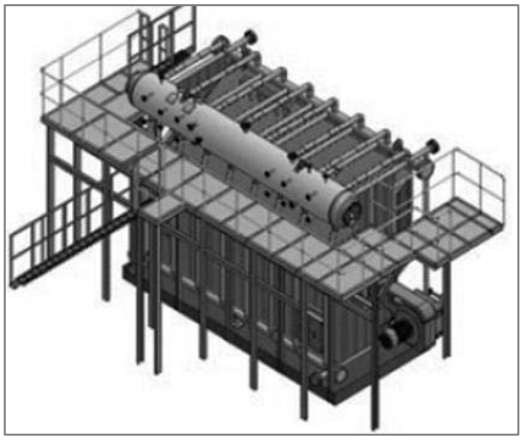
After steam is produced, it is channelled out of the pressure vessel for use in a range of applications, including industrial heating and processing . The system maintains efficiency by continuously circulating hot gases through the tubes while the surrounding water absorbs heat, ensuring consistent steam production.

Our firetube boiler is typically designed for low to medium pressure which can reach up to 22 bar, with design capacities ranging from 2.5 TPH to 32.0 TPH.

(ii) Water-tube boiler system

A water-tube boiler system is a type of boiler in which water flows through tubes absorbing heat by hot gases produced by burning fuel. Our water-tube boilers use biomass as the primary fuel source. As the water inside the tubes heats up, it turns into steam, which can be used for heating, industrial processes, or power generation. Water-tube boilers are ideal more medium to large-scale power generation as they are designed to handle higher pressures and larger capacities of steam.

Water-tube boiler system



The furnace is usually located at the base, where fuel is burned to produce high-temperature gases that heat the water-filled tubes above. These gases flow through the surrounding space transferring heat to the water inside the tubes. As the water absorbs the heat, it boils and turns into steam.

The steam generated inside the tubes rises and is collected in a steam drum, before being directed to its intended application. Meanwhile, the remaining water in the tubes flows back down to the bottom for reheating, ensuring a continuous cycle of steam production.

This design excels in producing steam at higher pressures and temperatures, making it highly efficient. It is typically used in large-scale industrial applications, power plants, and situations that demand high-capacity steam generation.

Our water-tube boilers that we design can reach up to 100 bar, with design capacities ranging from 3.5 TPH to 90.0 TPH.

7. BUSINESS OVERVIEW *(Cont'd)*

A water-tube boiler system also contains the following components:

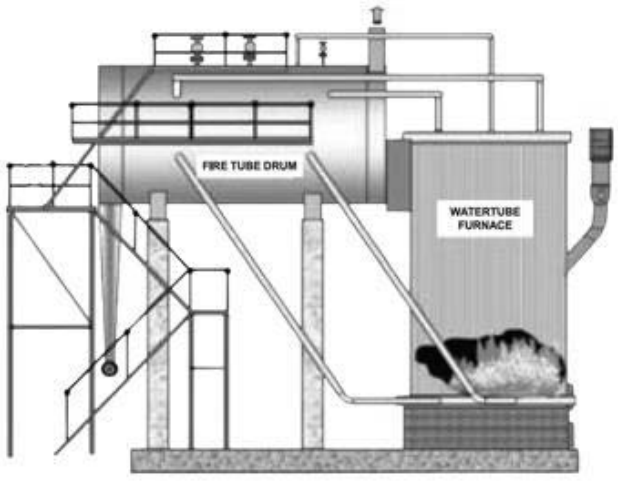
(a) Vibrating grate: This stable platform ensures a level surface for the biomass fuel as it burns, allowing for optimal combustion conditions. It continuously vibrates or shakes to prevent fuel from forming clumps, which could obstruct airflow and cause uneven burning. By maintaining constant fuel movement, the vibrating grate promotes uniform distribution across the furnace, ensuring even and efficient combustion. This constant fuel movement helps regulate temperature across the grate, minimising the risk of hot spots that may lead to incomplete combustion or inefficient burning.

Vibrating grate

(b) Air supply system: This system includes primary air blowers that introduce air beneath the grates to support fuel combustion, while secondary air blowers inject air above the fuel bed to promote and complete the combustion process. Other components help regulate airflow into the chamber and facilitate the movement of flue gases from the combustion zone to the stack or exhaust system.

(c) Air Preheater and economiser: These heat recovery components enhance efficiency by recovering heat from the flue gases. An air preheater is a heat exchanger that transfers heat from flue gases to the incoming combustion air before it enters the furnace, improving fuel efficiency. Meanwhile, an economiser (which is also a heat exchanger) redirects waste heat from the flue gases to pre-heat feedwater before it enters the boiler.

(iii) Combination boiler system



A combination boiler system combines both the features of a firetube and water-tube boiler system design. In this system, the hot gases from burning fuel pass through firetubes, while water flows through separate water tubes that absorb heat from these gases. This dual approach enhances efficiency, enabling the boiler to operate at higher pressures and produce steam more effectively, making it suitable for industrial applications and power generation.

7. BUSINESS OVERVIEW *(Cont'd)*

In this combined system, the firetube section is used to generate steam at low- to medium-pressure. Hot gases from combustion pass through a series of tubes immersed in water, transferring heat to the surrounding water. This process results in steam production. The firetube section is usually located in the lower part of the boiler.

The water-tube section is designed to withstand higher pressures and meet more demanding steam generation needs. In this section, water flows through tubes, while hot gases from the furnace flow around the exterior of these tubes, transferring heat. As the water inside the tubes absorbs this heat, it transforms into steam.

By combining both systems, this design enables efficient steam generation across a range of both low and high pressures. The firetube section is well-suited for lower pressure requirements, while the water-tube section is capable of producing steam at higher pressures, making this system versatile for diverse operational needs.

The steam produced by both sections is collected in a common steam drum before being directed to its intended application, whether for industrial processes, heating, or power generation. The hybrid system enhances efficiency, flexibility, and reliability making it well suited for operations with fluctuating steam requirements or varying capacity requirements.

Our boiler systems are specifically designed for industrial applications, including steam generation for manufacturing and electricity production. These systems are built to meet the demands and operational requirements of large-scale industries and are not intended for residential, commercial, or institutional heating purposes. These systems are optimised for efficiency, reliability, and performance in industrial settings, ensuring consistent steam supply for production, heating, and power generation.
We design and fabricate the following types of steam energy systems:

(i) biomass steam energy systems;

(ii) gas-fired steam energy systems; and

(iii) heat recovery steam generator (HRSG) systems.

Our steam energy systems are predominantly used in the palm oil milling industry. However, we also serve various other industries such as oleochemical plants, pulp and paper mills, sugar refineries, and power plants.

Auxiliary facilities overview

Auxiliary facilities support the operation of the steam energy systems and ensure their operational efficiency, effectiveness, and safety while minimising environmental impact. Key auxiliary facilities include:

- emission control system;
- efficiency enhancement system;
- water treatment system; and
- boiler process control and automation

We have the expertise and capabilities to provide fully integrated steam energy systems complete with all necessary auxiliary equipment and facilities. Alternatively, we can design and fabricate standalone steam energy systems or individual auxiliary components tailored to meet specific project requirements. Our team ensures that each component is designed, engineered, and installed to meet our customers specific operational needs and providing seamless integration and optimal performance.

7. BUSINESS OVERVIEW *(Cont'd)*

EPCC of steam energy systems

Under our EPCC of steam energy systems and/or auxiliary facilities, our contracts may be structured in one of the following ways:

(i) end-to-end system covering all stages from engineering, procurement, construction, installation and commissioning (EPCC); and

(ii) engineering, procurement and commissioning (EPC).

Our steam energy system projects in Indonesia and Malaysia are predominantly delivered under the EPCC model, whilst in North and South America and other countries, we typically operate under the EPC model, with construction and installation often managed separately by our customers.

Our engineering capabilities cover the following:

- Feasibility study and technical assessments are conducted to evaluate the site conditions and energy requirements, ensuring appropriate determination of boiler capacity, pressure specifications, and fuel requirements.
- System development and sizing involving the detailed design of key components, including the furnace, tube bank, steam and water drums, economiser, and various sub-systems such as the fuel supply, feedwater systems, air supply, flue gas systems, control and instrumentation, and safety controls. Thermal and efficiency calculations help guide the selection of system capacity to optimise steam or heat output.

- Designs that adhere to local and international standards, including those established by the ASME or other equivalent standards such as British Standards (BS). We also integrate environmental compliance systems, such as flue gas treatment facilities (e.g., ESPs) and water treatment systems (e.g., purification or depuration systems), to meet stringent operational and environmental requirements.

We source all the necessary materials and equipment required for constructing steam energy systems and/or auxiliary facilities, which are delivered to our WTSB Factory in Selangor, Malaysia. We also fabricate both the steam energy systems and auxiliary facilities at our WTSB Factory, primarily in modular or pre-fabricated form to ensure convenient transportation and installation at our customer's site.

For on-site installation and commissioning, we handle site preparation and system assembly, as well as the installation of mechanical, electrical, instrumentation, and process control systems. After installation, we conduct testing and calibration, including hydrostatic boiler testing, functional evaluations of valves, controls, and instrumentation, and comprehensive system performance tests to assess efficiency, effectiveness, capacity, and safety. The details of our EPCC process are illustrated in Section 7.13.1 of this Prospectus.

7.4.1.2 Our steam energy systems

(i) **Biomass steam energy systems**

Overview

For the FYE 31 December 2022, 2023 and 2024, revenue generated from our EPCC of biomass steam energy systems whether integrated with necessary auxiliary facilities as a package, or delivered as standalone biomass steam energy systems accounted for 19.1% (RM50.7 million), 22.1% (RM63.8 million) and 22.5% (RM62.3 million) of our total revenue, respectively.

Our biomass steam energy system is a type of renewable energy system that uses agricultural waste or byproducts as fuel. Some common sources include:


EFB


Palm kernel


Palm fibres


Wood chips

Our biomass steam energy systems are primarily designed for steam generation. The generated steam drives steam turbines and power generation equipment to generate electricity. Steam is also used directly, or its heat is utilised, in manufacturing processes. Our biomass steam energy systems are widely used in palm oil mills to generate electricity, and to supply steam and heat at the same time.

For the Financial Years Under Review and up to the LPD, our biomass steam energy systems are mainly sold to palm oil mills as they rely on steam and heat for their milling processes and often need on-site electricity generation due to their remote locations, which limit access to the power grid. In palm oil mills, steam is mainly used in the following processes:

(i) sterilisation of fresh fruit bunches;

(ii) digestion of palm fruits; and

(iii) pressing of palm fruit pulp.

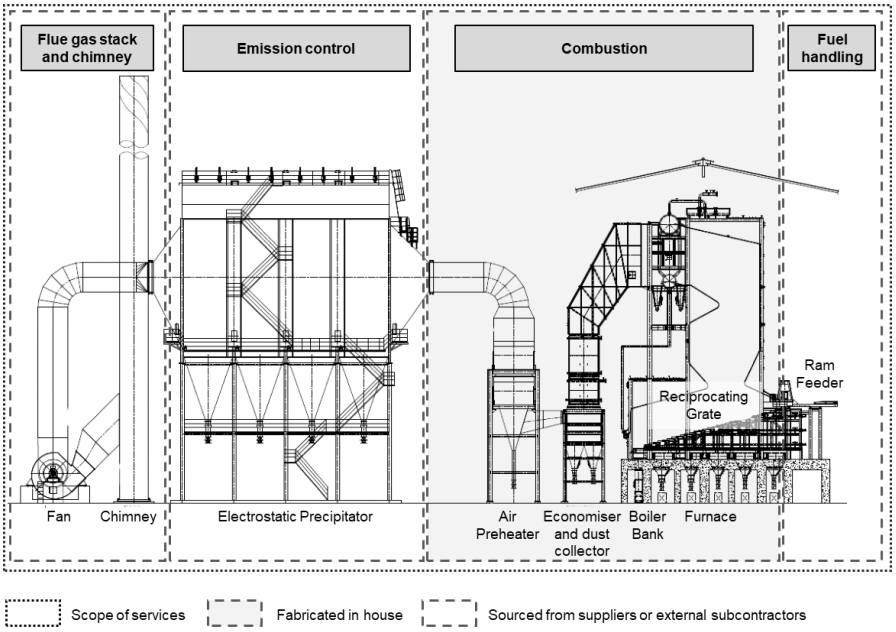
In palm oil mills, heat is mainly used for drying processes, especially for drying palm kernels.

Additionally, palm oil mills have access to readily available agricultural waste and byproducts from their milling operations such as EFB, palm kernel shells, and palm fibres, providing them with a sustainable fuel source. Similarly, a small portion of our biomass boiler systems are also sold to pulp and paper mills, where wood chips which are generated as part of their waste products can be used as fuel.

The capacity of our biomass steam energy systems is measured in TPH, which indicates the amount of steam the boiler can generate per hour. The capacity of our biomass steam energy systems varies based on the specific project requirements and applications. We design and fabricate biomass steam energy systems across a broad range of capacities. For the Financial Years Under Review and up to the LPD, the capacities for both of our completed and ongoing biomass steam energy systems ranges from 6.0 TPH to 70.0 TPH.

7. BUSINESS OVERVIEW *(Cont'd)*

Sample design of the total biomass steam energy system package



Our biomass steam energy system package comprises four integrated main segments as follows:

(i) fuel handling;

(ii) combustion;

(iii) emission control;

(iv) flue gas stack and chimney; and

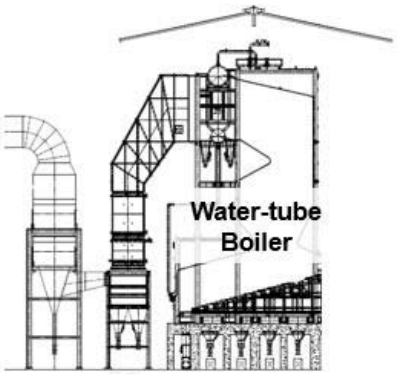
(v) control and instrumentation.

- **Fuel handling**: The fuel handling subsystem ensures the efficient operation of a biomass steam energy system by storing, transporting, and feeding the biomass fuel into the furnace for combustion. Monitoring and control equipment helps maximise energy production while ensuring the safety and longevity of the biomass steam energy system. Efficient fuel handling is essential for optimising combustion efficiency, reducing emissions, and maintaining consistent heat output.

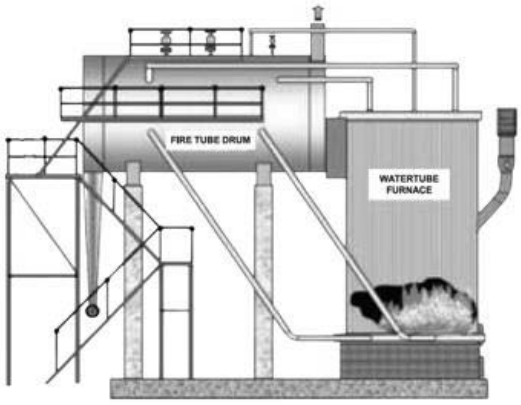
- **Combustion**: We provide two types of combustion systems for our biomass steam energy systems. These are the water-tube boiler system and combination boiler system as depicted in the diagram below:

7. BUSINESS OVERVIEW *(Cont'd)*

Water-tube boiler



Combination boiler



- **The emission control system** is designed to minimise air pollution by efficiently capturing and treating pollutants from the flue gas. A key component of this system is the ESP, which removes fine particles from emissions using an electrostatic charge. The ESP comprises of several components, including, among others:

  (i) discharge electrodes that emit a high-voltage electrical charge to ionise the flue gas particles and collection electrodes to capture the charged particles;

  (ii) power supply unit to provide direct current electricity to create an electric field within the ESP;

  (iii) gas distribution system to ensure uniform flow of flue gases through the ESP to optimise particle collection efficiency; and

  (iv) rapping and collection, where the collecting plates are mechanically rapped to dislodge trapped particles from the electrodes which fall into hoppers at the bottom of the ESP for disposal.

  Others include cyclone separators to capture larger particles before it reaches the ESP, scrubbers to remove sulphur dioxide (SO_2) and other gases from the emissions, filters to trap fine particles through fabric filters, and an ash handling system to collect and transport ash residue from the process to a designated disposal area.

- **Flue gas stack and chimney** provide a safe path for directing the combustion gases out of the biomass steam energy system, maintain the necessary pressure and draft for efficient combustion while minimising the environmental impact by dispersing emissions safely into the atmosphere. The flue gas stack is a vertical pipe for venting exhaust gases while the chimney houses the flue gas stack which provides structural support and helps facilitate controlled emissions dispersion.

- **Control and instrumentation** system comprises sensors and transmitters to monitor various parameters like temperature, pressure, flow rate and emission levels, as well as controllers to regulate the operation of the entire boiler steam energy system based on readings from the sensors and transmitters.

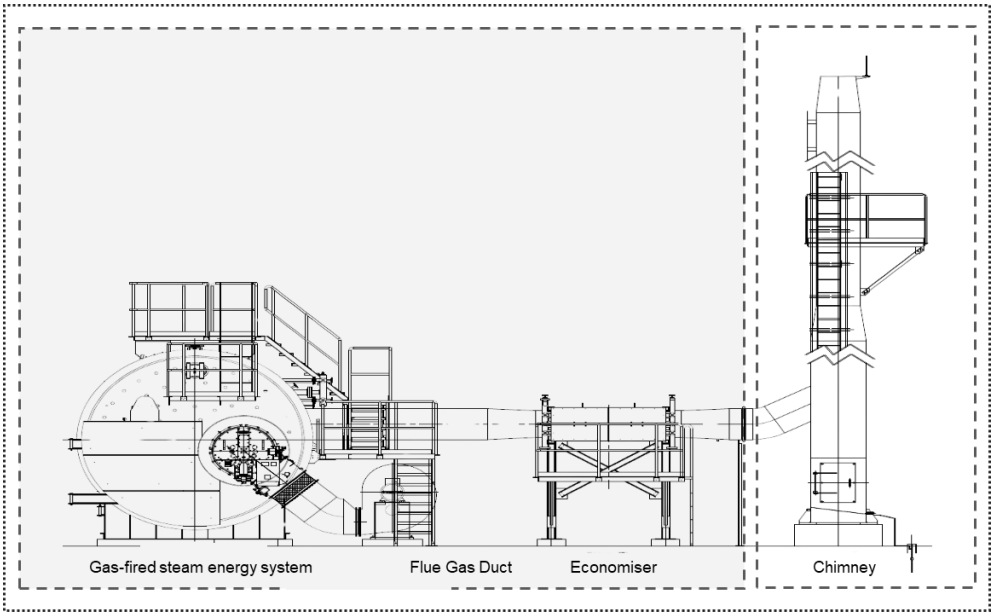
7. BUSINESS OVERVIEW *(Cont'd)*

(ii) Gas-fired steam energy systems

For the FYE 31 December 2022, 2023 and 2024, revenue from our EPCC of our gas-fired boiler systems accounted for 6.0% (RM16.1 million), 9.2% (RM26.7 million) and 7.6% (RM21.0 million) of our total revenue, respectively.

A gas-fired boiler system operates by burning natural gas in a furnace to generate heat which is transferred to water to produce steam. This steam is used in various applications, including heating, industrial processes, or power generation.

Sample design of the gas-fired steam energy system



Based on specific technical requirements and applications, we design, fabricate, and integrate auxiliary systems, such as fuel handling, emission control, efficiency enhancement system, water treatment system, and control and instrumentation into a complete gas-fired boiler system package.

For the Financial Years Under Review and up to the LPD, the capacities for both of our completed and ongoing gas-fired steam energy systems that we design and fabricate ranges from 4.5 TPH to 90.0 TPH.

Some key differences between biomass and gas-fired boiler systems are as follows:

Subsystems/ components	Gas-fired boiler systems	Biomass boiler systems
Fuel handling	Liquefied natural gas	Onsite fuel storage bins and feeding system
Combustion	Burner without grate	Burner incorporating grate and air supply system
Ash handling	Not applicable as negligible solid waste is produced	Ash collection and removal system required
Emission control	Simple requirement for flue gas recirculation	Specialised design flue gas treatment facilities such as ESP
Maintenance	Simple maintenance	Higher frequency due to ash buildup and potential fuel blockages

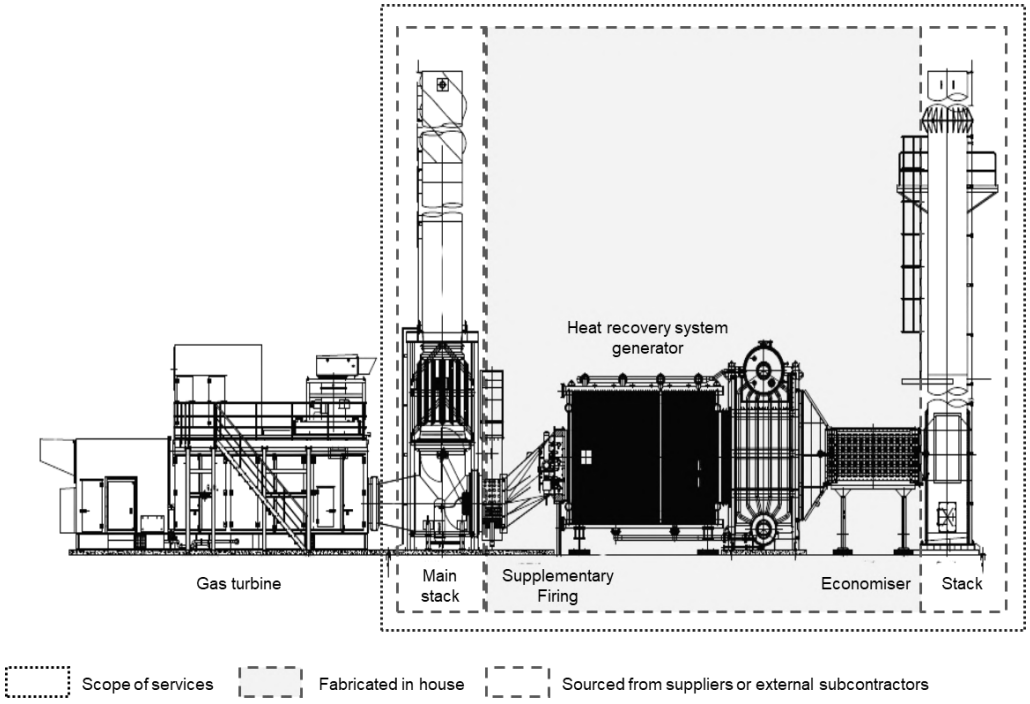
7. BUSINESS OVERVIEW *(Cont'd)*

(iii) Heat recovery steam generator (HRSG) systems

For FYE 31 December 2022, 2023 and 2024, revenue from our EPCC of HRSG systems accounted for 8.0% (RM21.4 million), 6.0% (RM17.3 million), and 5.2% (RM14.4 million) of our total revenue, respectively.

Our HRSG systems are designed to capture waste heat from hot exhaust gases or flue gases produced by power generation systems, particularly gas turbines. By converting this residual heat into steam or hot water, the HRSG system enhances efficiency.

Sample design of the HRSG system



We design and fabricate HRSG systems that include the following key subsystems and components:

- Tube banks: These consist of key heat exchange components such as the economiser, evaporator, and superheater. The economiser uses low-temperature exhaust gases to preheat the feedwater while the evaporator uses medium-grade heat to convert the preheated water into steam. The superheater then raises the temperature of the steam above its boiling point to produce superheated steam suitable for turbine use. Depending on the system design, a reheater may also be included to reheat partially expanded steam returning from the turbine allowing it to perform additional work and further improving the HRSG system's overall efficiency.

- Ducting and gas flow system: This subsystem directs hot exhaust gases from the primary turbine or engine through the various heat exchangers. It plays a vital role in optimising heat transfer by ensuring efficient gas flow, minimising pressure drops, and maintaining uniform distribution throughout the HRSG system.

7. BUSINESS OVERVIEW *(Cont'd)*

- Steam drums and related systems: The steam drum collects and separates steam produced in the evaporator from the remaining water. It also functions as a buffer or storage vessel, helping to maintain a consistent steam supply during fluctuating operating conditions. Associated systems include steam piping and valves for directing steam to turbines or process equipment, steam separators to remove moisture and improve steam quality, and steam traps to efficiently remove condensate from the steam lines.

- Auxiliary heating system (optional): This supplementary burner adds fuel to boost heat output when waste heat from the turbine is insufficient. It includes a dedicated fuel supply system typically comprised of a piped-in gas line, valves, and pressure regulators for the burner.

- Stack: The stack is designed to safely discharge exhaust gases into the atmosphere after it has passed through the heat recovery process.

- Control and safety systems: These include valves, actuators, sensors, and controllers that monitor and regulate temperature, pressure, and flow rates. Safety features such as pressure relief valves and emergency shutdown systems are designed to protect the system.

- Other systems: Additional components include the feedwater system, which delivers treated water to the boiler to support the steam generation, the condensate return system which collects and recycles steam condensate back into the feedwater cycle to improve efficiency and reduce water consumption, and the blowdown system, which removes impurities from the boiler water.

We have the capabilities to design and fabricate HRSG systems either as a standalone base unit or fully integrated with auxiliary facilities.

For the Financial Years Under Review and up to the LPD, the capacities for both of our completed and ongoing HRSG systems that we design and fabricate ranges from 3.2 TPH up to 42.0 TPH.

(iv) **Auxiliary facilities as part of a total biomass steam energy system package**

We have the expertise and capabilities to deliver fully integrated biomass steam energy systems with all necessary auxiliary equipment and facilities as a complete, turnkey package. These auxiliary facilities include the following:

(i) emission control system:
- ESP;
- dust collector system;
- cyclone separator;
- fabric filter (baghouse); and
- scrubber.

(ii) efficiency enhancement system
- automatic high-efficiency combustion vibrating or reciprocating grates;
- high-efficiency economiser; and
- thermal efficiency air preheater.

(iii) water treatment system
- thermal deaerator;
- reverse osmosis (RO) system; and
- water softening system.

(iv) boiler process control and automation
- supervisory control and data acquisition (SCADA) system; and
- programmable logic controller (PLC) control system.

Our efficiency enhancement system is fabricated in-house, while the emission control system, boiler process control and automation system are sourced from third-party suppliers. Meanwhile, our water treatment system is a combination of in-house fabrication and externally sourced components.

7.4.1.3 Standalone auxiliary facilities for steam energy systems

For the FYE 31 December 2022, 2023 and 2024, revenue from our EPCC of auxiliary facilities for steam energy systems accounted for 8.0% (RM21.3 million), 4.5% (RM13.1 million) and 0.8% (RM2.1 million) of our total revenue, respectively. These revenues were derived from standalone auxiliary facility contracts and do not include auxiliary facilities bundled together with the steam energy systems.

For the Financial Years Under Review and up to the LPD, our main revenue from standalone auxiliary facilities for steam energy systems were the EPCC of ESP for steam energy systems.

ESP for our biomass boiler emission control

Our ESP is an important component of the emission control system for biomass boiler plants, designed to capture particulate matter, such as fine particles and ash, from flue gases. The ESP operates based on the principle of electrostatic attraction, using a high-voltage electric field to separate dust, fumes, and mist from the gas stream. The ESP performs three primary functions: charging the particles, collecting them on electrodes, and removing the accumulated particulates.

Key features and operation:

The ESP consists of vertically oriented, parallel collector plates that create gas passages typically spaced 12 to 16 inches apart. Between these plates are discharge electrodes which are electrically insulated and suspended in rows across the gas flow path.

A high-voltage system energises the discharge electrodes, creating a strong electrostatic field. As the gas stream passes through the field, particles become electrically charged (either positively or negatively). These charged particles are then attracted to the grounded collector plates, where they accumulate as a layer dust.

Dust collection and removal:

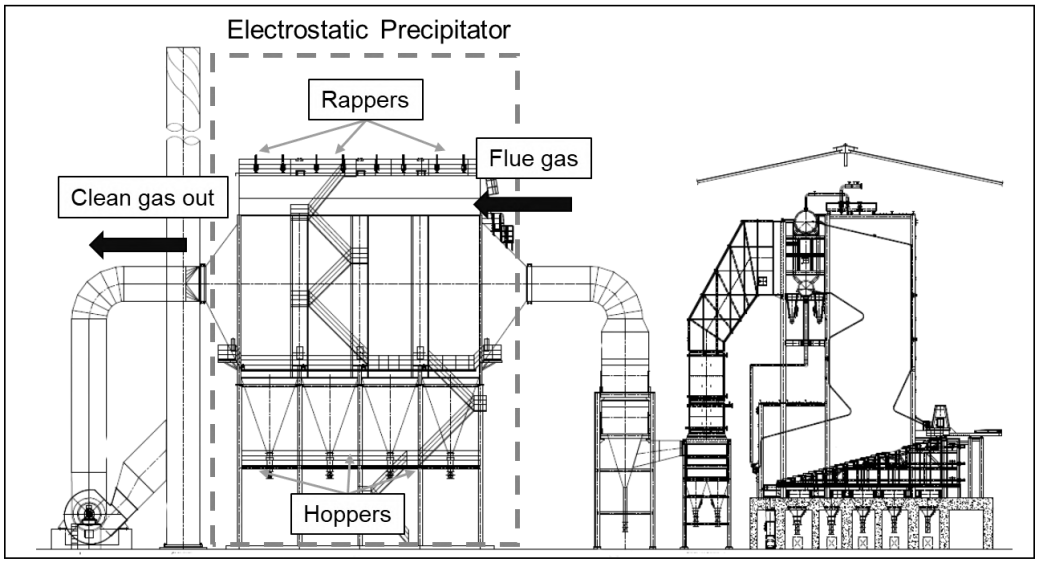
A periodic rapping mechanism is used dislodge the accumulated dust from the collector plates and discharge electrodes. This action causes the dust layer to fall into the collection hoppers at the bottom of the unit. From there, the dust is transferred to the ash handling system for proper disposal or further processing.

Benefits and efficiency:

The ESP delivers highly effective particulate removal, including fine particles, ensuring compliance with environmental regulations and significantly reducing emissions from the biomass combustion process. This not only helps reduce air pollution but also improves the overall operational efficiency of the biomass steam energy system by maintaining clean gas flow and reducing the risk of system fouling.

7. BUSINESS OVERVIEW *(Cont'd)*

A sample of our ESP is depicted below:



The ESP we supply is an integral component of a comprehensive pollution control system, often integrated with other equipment such as fabric filters or scrubbers. This combined approach enhances overall emission control, ensuring effective removal of particulate matter from the flue gas stream to meet stringent environmental regulations.

Our ESP units are engineered for high efficiency, capable of achieving particulate removal rates of up to 99%, depending on the specific application and operating conditions. This high level of performance makes it highly effective in controlling emissions from biomass steam energy systems and various industrial processes, reducing the impact on air quality and supporting compliance with environmental standards.

In Malaysia, boiler operations are regulated under the Clean Air Regulations 2014 pursuant to the Environmental Quality Act 1974 and is enforced by the Department of Environment (DoE). These regulations specify emission limits for pollutants such as particulate matter, sulphur dioxide, nitrogen oxides, and carbon monoxide. To comply with these regulations, boilers are typically equipped with emission control systems such as ESPs, dust collectors, and scrubbers. Operators are also required to install monitoring equipment or instruments and maintain emission performance records. This ensures effectiveness of pollution control measures and compliance with regulatory requirements.

7.4.1.4 Our completed and ongoing projects for steam energy systems and auxiliary facilities

(a) Completed steam energy system and auxiliary facility projects

For the Financial Years Under Review and up to the LPD, our completed steam energy system and auxiliary facility projects with a contract value of RM5.00 million and above are as follows:

Types of systems	Project location	System capacity (TPH)	Contract value (RM million)	Project period[(1)]		Project type
				Start	End	
Biomass	Indonesia	27.0	5.1	Nov-2022	Jan-2025	EPCC
Biomass	Malaysia	45.0	10.7	Sep-2022	Dec-2024	EPCC
Biomass	Indonesia	45.0	5.7	Feb-2023	Nov-2024	EPCC
Gas-fired	Malaysia	20.0	6.4	Nov-2022	Jun-2024	EPCC
Biomass	Malaysia	50.0	7.2	Aug-2022	May-2024	EPCC
Biomass	Malaysia	40.0	16.4	Feb-2022	Feb-2024	EPCC
Gas-fired	Bangladesh	50.0	8.8	Jan-2018	Feb-2024	EPC
Biomass	Malaysia	35.0	7.0	Mar-2022	Dec-2023	EPCC
HRSG	Malaysia	35.0	10.0	May-2022	Dec-2023	EPCC
Gas-fired	Malaysia	55.0	8.4	Mar-2021	Nov-2023	EPCC
Biomass	Malaysia	50.0	18.6	Jan-2022	Aug-2023	EPCC
Biomass	Malaysia	45.0	5.7	Jan-2021	Mar-2023	EPCC
HRSG	Indonesia	15.7	13.2	Feb-2022	Mar-2023	EPCC
Biomass	Indonesia	45.0	6.4	Aug-2020	Feb-2023	EPCC
HRSG	Malaysia	30.0	7.7	Dec-2021	Dec-2022	EPCC
Biomass	Malaysia	55.0	9.1	Jul-2021	Nov-2022	EPCC
Biomass	Indonesia	50.0	6.9	Oct-2020	Sep-2022	EPCC
Gas-fired	Malaysia	32.0	7.2	Jan-2020	Aug-2022	EPCC
Biomass	Malaysia	45.0	6.7	Aug-2019	Apr-2022	EPCC

Note:
(1) Project start date is based on the date of the agreement/contract and project end date is based on the handover date.

7. BUSINESS OVERVIEW *(Cont'd)*

(b) Ongoing steam energy system and auxiliary facility projects

Our top 10 ongoing steam energy system and auxiliary facility projects based on our outstanding order book value as at the LPD, are as follows:

Types of systems	Project location	System capacity (TPH)	Contract value (RM million)	Order book as at the LPD (RM million)	Expected completion date	Project type
Biomass	Malaysia	70.0	40.6	40.5	3Q 2027	EPCC
Biomass	Malaysia	60.0	18.8	17.8	3Q 2026	EPCC
Gas-fired	Malaysia	90.0	34.9	17.6	1Q 2026	EPCC
Biomass	Malaysia	60.0	31.4	17.4	1Q 2026	EPCC
Biomass	Indonesia	65.0	11.0	10.8	4Q 2026	EPCC
Biomass	Malaysia	52.0	10.5	8.4	3Q 2026	EPCC
Gas-fired	Malaysia	60.0	13.0	7.3	2Q 2026	EPCC
Biomass	Malaysia	62.5	8.9	7.0	3Q 2026	EPCC
Biomass	Malaysia	50.0	7.3	6.5	2Q 2026	EPCC
Biomass	Malaysia	60.0	10.0	5.7	4Q 2025	EPCC

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7. BUSINESS OVERVIEW *(Cont'd)*

7.4.1.5 Supply of steam turbine generator systems

For the FYE 31 December 2022, 2023 and 2024, revenue from our supply of steam turbine generator systems accounted for 20.7% (RM55.1 million), 25.4% (RM73.3 million) and 22.8% (RM63.1 million) of our total revenue, respectively.

We supply steam turbine generator systems and serve as the appointed distributor of Shinko steam turbine generator systems. These systems are sourced from our principal, Shinko Ind. Ltd. in Malaysia and Japan. The steam turbine generator systems are designed to convert high-pressure steam into mechanical rotational energy through the turbine shaft, which in turn drives the generator to produce electricity.

For the Financial Years Under Review and up to the LPD, the steam turbine generator systems we have supplied vary depending on the model, with output capacities ranging from 0.50 MW to 3.75 MW.

Maximum output capacity (for the Financial Years Under Review and up to the LPD)	Location of manufacturer
1.20 MW *(RB4M)*	Malaysia
2.00 MW *(RB5M)*	Malaysia
2.50 MW *(RB6)*	Japan
3.00 MW *(RB7)*	Japan
3.50 MW *(RB8)*	Japan
3.75 MW *(DNG)*	Japan

RB4M

RB5M

RB6

RB7 and RB8

Depending on layout considerations, the steam turbine generator systems we supply are designed to be compact, making them ideal for space-constrained environments. The typical footprint ranges from approximately 7 to 18 square meters per unit. Additionally, all our steam turbine generator systems are mounted on skids for easy transportation and on-site installation.

For the Financial Years Under Review and up to the LPD, we have supplied a total of 297 steam turbines with a combined installed capacity of 454.4 MW. These installations span Malaysia as well as international markets including Indonesia, Ghana, Uganda, Nigeria, Colombia, Honduras, and Thailand.

7.4.1.6 Provision of after-sales services

Under our renewable energy segment, revenue from the provision of after-sales services for energy systems accounted for 33.2% (RM88.6 million), 27.9% (RM80.5 million), and 34.0% (RM94.1 million) of our total revenue for the FYE 31 December 2022, 2023 and 2024 respectively.

(a) After-sales services for steam turbine generator systems

After-sales services for steam turbine generator systems typically include technical and operational support aimed at maximising efficiency and minimising downtime to maintain the system's reliability. Through our subsidiary WATSB, we offer after-sales services for steam turbine generator systems with the support of our principal from Japan. Some of the common types of after-sales services include:

- **Maintenance and inspection**: We provide preventive maintenance services, including lubrication, cleaning, and regular periodic inspections to identify wear and tear or potential failures. Additionally, vibration monitoring is also conducted to assess turbine condition.

- **Repair and overhaul**: We offer on-site repair services for minor issues with turbine rotor wheel balancing services performed at our service centres. These balancing services are available at our service centres in Malaysia and Indonesia.

- **System upgrades and retrofit**: We provide system upgrades and retrofit services, including the replacement of controls and sub-systems, to improve overall performance.

- **Sales of parts**: We supply spare parts and components such as shafts, rotor, bearings, control valves, condenser and turbine blades as part of our repair and maintenance services and on a standalone basis.

As at the LPD, we have 107 technical personnel for steam turbine generator systems (including after-sales services), comprising 54 personnel in Malaysia and 53 personnel in Indonesia.

7. BUSINESS OVERVIEW *(Cont'd)*

We have 5 service centres in Malaysia and Indonesia as follows:

1 Shah Alam

2 Bintulu

3 Sandakan

4 Medan

5 Banjarbaru

7. BUSINESS OVERVIEW *(Cont'd)*

(b) After-sales services for steam energy systems and auxiliary facilities

Steam energy systems and auxiliary facilities require regular maintenance and servicing to ensure optimal performance and safety. As at the LPD, our subsidiary, WTSB is a registered competent company with DOSH to provide repair and maintenance services for steam energy systems.

As of the LPD, we have 86 technical personnel for the EPCC of steam energy systems and auxiliary facilities (including after-sales services) in Malaysia.

The after-sales services that we commonly provide include:

- **Maintenance and inspection**: We perform scheduled preventive maintenance such as inspection of pressure parts, retuning of burner system and cleaning of flue gas path and chimney. Additionally, we conduct insulation checks to improve efficiency and reduce emissions.

- **Repairs**: They include on-site repair services for unexpected malfunctions or breakdowns, refractory repairs, and component replacements, such as burners or grates, when necessary.

- **System upgrades and retrofit**: We offer retrofit and upgrade services, including replacing controllers and sensors with new automation technologies, and convert combustion system to automated grate to reduce unburned fuel. We provide re-engineering services to improve the boiler efficiency by adding heat recovery systems such as economiser and air preheater. In addition to the above, we also assist customers to redesign their existing boilers from saturated to superheated steam.

- **Sales of parts**: We supply spare parts and components, including customised parts and components such as grates, glowers, valves, gauges, and fabricated parts, as part of our repair and maintenance services and on a standalone basis.

7.4.2 Others

Our other business activities include designing and manufacturing a range of specialised palm oil milling equipment. Palm oil milling is a process that involves extracting oil from both the pulp and kernel of oil palm fruit.

For the FYE 31 December 2022, 2023 and 2024, revenue from our other business activities accounted for 5.0% (RM13.3 million), 4.9% (RM14.1 million) and 7.1% (RM19.8 million) of our total revenue, respectively.

The palm oil milling equipment that we design and fabricate are specialised machinery and equipment. All the palm oil milling equipment that we design and fabricate is marketed under our *Wasco* brand, which includes the following:

Palm oil milling equipment	Descriptions
EFB press machines	This machine is designed to extract residual oil from EFB. It is a specialised piece of equipment that uses a high-pressure mechanism to extract the oil while minimising residual moisture. The machine is equipped with automated systems for feeding, pressing, and discharge functions. Key components [(1)] of our EFB press machines include the skid base frame, pressing chamber and screw, feeding system, oil collection system, discharge system, and control panels.

7. BUSINESS OVERVIEW *(Cont'd)*

Palm oil milling equipment	Descriptions
	We offer 2 standard designs of EFB press machines as follows: - single screw worm with machining and hardening functions designed capacity to process approximately 8 to 10 tonnes EFB per hour; and - 2-in-1 EFB press with cutting and pressing in a single-step process with a designed capacity to process approximately 6 to 7 tonnes of EFB per hour.
Palm kernel oil machines	This machine is designed for extracting oil from the kernels of oil palm fruits. It is a specialised piece of equipment focused on recovering and processing palm kernel oil after the extraction of crude palm oil from the fruit pulp. Our palm kernel oil machines consist of various components [(2)], including a kernel and shell separator, hammer mill/grinder, oil expeller (press), oil clarifier, storage and collection tanks, kernel cake press, and a control panel. Our palm kernel oil machines perform two pressing stages. Depending on the model and design, the first pressing stage has a processing capacity ranging from 0.83 to 1.25 tonnes per hour, while the second pressing stage has a processing capacity ranging from 0.58 to 0.67 tonnes per hour. The machines are designed to achieve a final oil residue content of 7% or less.
Twin screw press machines	This machine is designed to extract crude palm oil from palm fruit fibre and kernels of the oil palm fruit. It features specialised equipment with a twin-screw mechanism, comprising two intermeshing screws that compress and move the palm fruit fibre through the press to extract oil. Key components include screw shafts, a compression chamber, an oil drive system powered by a hydraulic system, as well as feeding, discharge and oil collection systems. The designed capacity is approximately 15 to 17 tonnes per hour.
Others include:	
Separators	This machine is designed to remove impurities such as fibres, sand, and dirt from crude palm oil during the clarification process. It operates using vibrational motion to move materials across a series of sieves, enabling effective separation of unwanted solids from the oil. The equipment features multiple screen/mesh decks, each fitted with screens of varying mesh sizes, to filter out different types and sizes of contaminants. The designed capacity is approximately 30 tonnes per hour.
Rotary brush strainers	This is designed to remove particles, debris, or impurities.
De-sanding cyclones	The de-sanding cyclone is designed to remove sand and other heavy particulates from the slurry before the centrifuge separation process. The mixture, which may contain palm fruit, fibre, and sand, is fed into the cyclone where high-speed rotation generates centrifugal forces. These forces cause denser particles such as sand to move outward toward the cyclone wall and settle at the bottom. Meanwhile, the lighter oil or fruit mixture remains at the top and continues the process. The separated sand is then discharged from the bottom of the cyclone.

7. BUSINESS OVERVIEW *(Cont'd)*

Notes:

(1) This commonly includes the following:

- *Skid base frame: A main frame designed to support the entire machine and withstand high pressure during operation, along with a base plate to provide stability and ensure proper alignment of the machine.*
- *Press chamber: Designed to compress EFB and extract oil using a single-screw press. The pressing screw is the rotating element within the chamber that applies pressure to the EFB, forcing the oil out. It is typically made of hardened steel to withstand the high pressure and abrasive nature of the EFB.*
- *Feeding system: This system evenly distributes the EFB into the press chamber and can either be a screw conveyor or a belt conveyor.*
- *Oil collection system: Designed to collect the extracted oil and channel it into a storage tank.*
- *Discharge system: Responsible for removing and discharging the compressed and de-oiled EFB or fibres, typically using a conveyor belt or chute.*

(2) This commonly includes the following:

- *Kernel and shell separators: Used to separate the cracked shell from the palm kernels.*
- *Hammer mill/grinder: Crushed palm kernels into smaller pieces for oil extraction.*
- *Oil expeller (press): Extracts oil from the crushed kernels using a screw press that applies continuous mechanical pressure.*
- *Oil clarifier: Removes impurities and sediments from the extracted oil.*
- *Storage and collection tanks: Used to store the extracted oil.*
- *Kernel cake press unit: Compresses the by-product (kernel cake) into pellets or blocks.*

We primarily perform the following fabrication activities at our factory:

- Skid base frame fabrication: Steel plates are cut to precise dimensions using CNC or laser cutting machines. The components are then welded together to form a robust structural foundation for the press.

- Screw fabrication: Screws are fabricated in-house through CNC machining and welding processes. Cast metal parts required for the screws are sourced externally.

- Forming and cutting steel sheets: Steel sheets are shaped and cut to the desired dimensions to form components such as the pressing chamber, oil collection trays, channels, and piping.

- Assembly and integration: Fabricated components including the skid base frame, hydraulic system, pressing chamber, and collection systems are assembled on0site. Integration involves the installation of piping, hydraulic lines, valves, and controls for the pressing or turning mechanisms. Additionally, electrical work is also carried out to connect control panels, sensors, and automation systems for operational control. Certain components, such as motors, pneumatic systems, control systems, and sensors, are sourced externally.

In addition, we source third-party fabricated palm oil milling equipment, including EFB press machines and other oil milling equipment.

7. BUSINESS OVERVIEW (*Cont'd*)

7.5 Major customers

Our Group's top five customers for the Financial Years Under Review are as follows:

FYE 31 December 2022

Customer	Location	Main products/services sold	Amount of revenue (RM'000)	%	Length of relationship (years)[1]
Sime Group[2]	Malaysia	HRSG	12,785	4.8	8
Wilmar International Ltd Group[3]	Indonesia	Gas-fired energy system, steam turbine generator system and ESP	11,391	4.3	14
Muda Paper Mills Sdn Bhd	Malaysia	Biomass steam energy system	9,341	3.5	Less than 1
Hap Seng Plantations Group[4]	Malaysia	Biomass steam energy system and steam turbine generator system	8,099	3.0	3
Golden Agri-Resources Ltd Group[5]	Indonesia	Steam turbine generator system and palm oil milling equipment	7,449	2.8	4
Total			**49,065**	**18.4**	
Total revenue			**266,565**		

FYE 31 December 2023

Customer	Location	Main products/services sold	Amount of revenue (RM'000)	%	Length of relationship (years)[1]
Sime Group[2]	Malaysia	HRSG	11,619	4.0	9
Tradewinds Plantation Group[6]	Malaysia	Gas-fired energy system, steam turbine generator system, ESP	9,243	3.2	11
Muda Paper Mills Sdn Bhd	Malaysia	Biomass steam energy system	8,733	3.0	1
Budi Nasib Sdn Bhd	Malaysia	Biomass steam energy system and steam turbine generator system	8,249	2.9	1
Permata Group[7]	Indonesia	Biomass steam energy system	8,041	2.8	17
Total			**45,885**	**15.9**	
Total revenue			**288,844**		

FYE 31 December 2024

Customer	Location	Main products/services sold	Amount of revenue (RM'000)	%	Length of relationship (years)[1]
Sime Group[2]	Malaysia	HRSG	13,949	5.0	10
Tenera Engineering Sdn Bhd	Malaysia	Palm oil milling equipment	12,437	4.5	9
FGV Group[8]	Malaysia	Gas-fired steam energy system	10,357	3.7	11
SALCRA Group[9]	Malaysia	Biomass steam energy system	8,399	3.0	11
MHC Plantations Group[10]	Malaysia	Biomass steam energy system	8,393	3.0	14
Total			**53,535**	**19.3**	
Total revenue			**276,715**		

7. BUSINESS OVERVIEW (*Cont'd)*

Notes:

(1) Length of relationship as at the respective financial year.

(2) The customers under the Sime Group comprise 2 subsidiaries of Sime Darby Holdings Berhad in Malaysia, which are involved in pre-sales, sales, installation, commissioning and post-sales support of engineering and technology solutions for oil and gas, co-generation and renewable energy industries, as well as provision of power solutions.

(3) The customers under the Wilmar International Ltd Group comprise 39 subsidiaries in Malaysia, Indonesia and Africa, which are mainly involved in the cultivation of oil palm, and production of crude palm oil and palm kernel.

(4) The customers under the Hap Seng Plantations Group comprise 2 subsidiaries of Hap Seng Plantation Holdings Berhad in Malaysia, which are involved in the cultivation of oil palm, and production of crude palm oil and palm kernel.

(5) The customers under the Golden Agri-Resources Ltd Group comprise 20 subsidiaries in Indonesia, which are mainly involved in the cultivation of oil palm, production of crude palm oil and palm kernel, downstream refining of palm oil as well as production and distribution of palm and oilseed-based products.

(6) The customers under the Tradewinds Plantation Group comprise 11 subsidiaries in Malaysia, which are mainly involved in the operations of sugar refinery, cultivation of oil palm, and production of crude palm oil and palm kernel.

(7) The customers under the Permata Group comprise 6 subsidiaries in Indonesia, which are mainly involved in the cultivation of oil palm, production of crude palm oil and palm kernel.

(8) The customers under the FGV Group comprise 7 subsidiaries of FGV Holdings Berhad in Malaysia, which are mainly involved in the milling and refining of sugar, storage and export of palm products including crude and refined palm oil, oleochemical products, and palm kernel oil, expeller and shells, and the operations of palm oil.

(9) The customers under the SALCRA Group comprise 6 subsidiaries in Malaysia, which are primarily involved in the cultivation of oil palm and the production of crude palm oil and palm kernel.

(10) The customers under the MHC Plantations Group comprise 4 subsidiaries of MHC Plantations Berhad in Malaysia, which are involved in the cultivation of oil palm, milling, sale of palm products, power generation and the sale of biomass by-products.

Our business is not dependent on any single or group of customers as there was no single or group of customers that contributed more than 10.0% of our total revenue for the Financial Years Under Review. There are no concentration risks due to the nature of our business where we are not overly dependent on any single or group of customers as the EPCC services for steam energy systems and auxiliary facilities, as well as the supply of steam turbines generator systems are project or order-based, whilst repair and maintenance services are provided on an as-needed or ad hoc basis. Furthermore, we served a pool of more than 1,400 customers for the Financial Years Under Review.

7. BUSINESS OVERVIEW (*Cont'd*)

7.6 Major suppliers

Our Group's top five suppliers for the Financial Years Under Review are as follows:

FYE 31 December 2022

Supplier	Location	Main input materials/services purchased	Amount of purchases (RM'000)	%	Length of relationship (years)[1]
Shinko Wasco Turbine	Malaysia	Steam turbine generator systems	24,810	12.4	9
Shinko Ind. Ltd.	Japan	Steam turbine generator systems and spare parts	17,644	8.8	More than 20
Qingdao Mingyin Environmental Protection & Power Equipment Co. Ltd	China	ESP	12,619	6.3	1
Soon Hoe Steel Sdn Bhd	Malaysia	Steel materials	7,743	3.9	8
Powertecs Electric Sdn Bhd	Malaysia	Alternators	6,901	3.5	17
Total			**69,717**	**34.9**	
Total purchases			**199,946**		

FYE 31 December 2023

Supplier	Location	Main input materials/services purchased	Amount of purchases (RM'000)	%	Length of relationship (years)[1]
Shinko Wasco Turbine	Malaysia	Steam turbine generator systems	29,269	13.8	10
Shinko Ind. Ltd.	Japan	Steam turbine generator systems and spare parts	20,820	9.8	More than 20
Nippon Steel Trading Corporation	Japan	Steel plates	10,433	4.9	9
Powertecs Electric Sdn Bhd	Malaysia	Alternators	7,117	3.4	18
Yo Brothers Engineering Sdn Bhd	Malaysia	EFB press machines	6,309	3.0	6
Total			**73,948**	**34.8**	
Total purchases			**212,350**		

FYE 31 December 2024

Supplier	Location	Main input materials/services purchased	Amount of purchases (RM'000)	%	Length of relationship (years)[1]
Shinko Wasco Turbine	Malaysia	Steam turbine generator systems	25,120	13.7	11
Shinko Ind. Ltd.	Japan	Steam turbine generator systems and spare parts	17,563	9.6	More than 20
Nippon Steel Trading Corporation	Japan	Steel plates	10,212	5.6	10
Powertecs Electric Sdn Bhd	Malaysia	Alternators	8,470	4.6	19
Soon Hoe Steel Sdn Bhd	Malaysia	Steel materials	4,886	2.7	10
Total			**66,251**	**36.2**	
Total purchases			**183,013**		

Notes:

(1) Length of relationship as at the respective financial year.

7. BUSINESS OVERVIEW (*Cont'd)*

We have a close working relationship with our major suppliers as reflected by the length of our relationship with our suppliers which span from 1 to more than 20 years.

Shinko Wasco Turbine is our major supplier for steam turbine generator systems accounting for 12.4%, 13.8%, and 13.7% of our total purchases for FYE 31 December 2022, 2023 and 2024, respectively. Shinko Ind. Ltd. is also a major supplier for steam turbine generator systems and spare parts such accounting for 8.8%, 9.8%, and 9.6% of our total purchases for FYE 31 December 2022, 2023 and 2024, respectively.

Our Group's exposure to supplier concentration risk and dependency on Shinko Ind. Ltd. arises due to the nature of our business and our decision to act as distributor of Shinko brand of steam turbine generator systems sourced from our principal, Shinko Ind. Ltd. in Japan and Malaysia. Specifically, the turbine parts are manufactured in Japan and thereafter, the smaller models of steam turbine generator systems are assembled together with other key parts (such as alternator, electrical components, valves, etc.) at Shinko Wasco Turbine's facility before being sold by WATSB. Larger models of steam turbine generator systems, in turn, are fully assembled by Shinko Ind. Ltd. in Japan.

We have developed a long-standing relationship with Shinko Ind. Ltd. for more than 20 years to-date and Shinko Wasco Turbine, since its incorporation in 2013.

Notwithstanding the above, we believe that our Group's concentration risk and dependence on Shinko is mitigated due to the following:

<u>Mutual reliance between our Group and Shinko</u>

(i) We have maintained a long-standing business relationship with the Shinko group as evidenced by our dealings with them for more than 20 years. During that time, we have also worked closely together with the Shinko group on the joint development of market strategies, technical knowledge exchange, product familiarisation initiatives, and collaborative support in the areas of sales, commissioning, and after-sales services. These joint efforts have strengthened our Group's ability to effectively promote and support Shinko products in its key markets, creating a mutually beneficial partnership;

(ii) For the past 20 years, we have not faced any material disruptions in the supply of steam turbine generator systems (including parts) from Shinko group;

(iii) According to Frost & Sullivan, it is common for manufacturers of established steam turbine brands to appoint a limited number of selected distributors. Such manufacturers generally demonstrate a preference towards cooperating with key distributors with proven capability and track record in selling their products;

(iv) Our Group's experience in distributing Shinko brand steam turbine generator systems to a wide customer network and our strength in after-sales services provides value add to both Shinko and its end customers – this has not only benefited Shinko through the generation of income for more than 20 years to-date, but also established reliance on Shinko amongst our Group's customers who are provided the comfort and assurance in relation to after-sales and the continuity of spare parts supply in the future;

(v) Notwithstanding the mutual reliance between our Group and Shinko and Shinko's significant contribution to our Group's revenue for the Financial Years Under Review, we maintain operational flexibility through our engineering capabilities, experience in handling various equipment types, and our established customer network. From time to time, we have supported our customers by facilitating the evaluation of a broader range of equipment solutions, where appropriate. This typically involves collaborative efforts with our customers to ensure compatibility, quality assurance, and service continuity, and reflects our commitment to offering technically sound, reliable solutions in line with evolving customer needs; and

Strategic diversification

(vi) As part of our broader strategic direction, we have also explored opportunities to diversify our product offerings including our expansion through an asset ownership model as discussed in Section 7.2.2.1 of this Prospectus with the aim to diversify and reduce our reliance on a single product offering.

Save for Shinko Ind. Ltd. and Shinko Wasco Turbine, we are not dependent on any single supplier for our input materials as we are able to source materials from alternative suppliers. In general, we procure our raw materials based on factors such as pricing, availability, lead time for delivery and quality of the raw materials, with the intention of broadening our supplier base. As such, we do not face any significant concentration risk in relation to our Group's other suppliers. As at the LPD, our Group has not experienced any major supply interruptions or shortages for any of the raw materials used in our operations.

7.7 Sales and marketing activities

Our sales and marketing activities and strategies are targeted and facilitated through the following:

Market positioning

We position ourselves as a provider of renewable energy systems that support companies in meeting their energy needs, including those seeking to achieve their decarbonisation and net-zero emissions targets. Our renewable energy systems help our customers achieve their environmental goals by utilising sustainable and renewable fuel sources.

Sales and marketing activities

We actively promote our services by approaching prospective customers including operators and owners of palm oil mills, oil palm plantations, and other industrial plants, EPCC contractors, engineering companies and resellers, with a view to expanding our customer base. This also involves pursuing business opportunities by following up on referrals from existing customers, suppliers, contractors and business associates.

We actively prepare and submit bids or quotations and engage in direct negotiations with prospective customers to secure new orders and projects.

We participate in trade exhibitions and industry events to increase brand awareness, connect with potential customers, and showcase our products and service offerings to generate new business opportunities.

7. BUSINESS OVERVIEW (*Cont'd)*

The trade shows and industry events that we participated in during the Financial Years Under Review and up to the LPD, include the following:

Year	Descriptions	Location
2022	PALMEX Malaysia 2022	Kuala Lumpur, Malaysia
2022	Enlit Asia 2022	Bangkok, Thailand
2022	PALMEX Medan 2022	Medan, Indonesia
2023	PALMEX Malaysia 2023	Sabah, Malaysia
2023	PALMEX Medan 2023	Medan, Indonesia
2023	MPOB International Palm Oil Congress and Exhibition (PIPOC) 2023	Kuala Lumpur, Malaysia
2024	PALMEX Thailand 2024	Suratthani, Thailand
2024	Sawit Indonesia Expo & Conference 2024	Pekanbaru, Indonesia
2024	PALMEX Malaysia 2024	Kuala Lumpur, Malaysia
2024	PALMEX Medan 2024	Medan, Indonesia

Our participation in PALMEX Malaysia 2024 and PALMEX Medan 2024

As at the LPD, our sales and marketing activities are led by Lee Yee Chong, our Group Chief Executive Officer, and Tee Kian Lim, the Chief Operating Officer of WTSB. These activities are carried out collaboratively by our sales and marketing team which comprises of 22 personnel, and our engineering and design team comprising 11 engineers. The engineering and design team plays a key role in sales and marketing, particularly in preparing bids and quotations for EPCC of steam energy systems and auxiliary facilities.

7. BUSINESS OVERVIEW (*Cont'd)*

7.8 Types and sources of input materials, products and services

For the Financial Years Under Review, our cost for input materials, products and services are set out below:

	FYE 31 December					
	2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%
Material costs						
Raw materials consumed	**135,807**	**71.1**	**145,014**	**71.9**	**134,718**	**73.5**
- Steam turbine generators and spare parts	42,160	22.1	47,731	23.7	43,221	23.6
- Industrial fans, gear box and motor, installation services and other purchases	34,776	18.2	19,284	9.6	19,592	10.7
- Steel materials, control valve and fittings	25,131	13.1	33,499	16.6	27,968	15.3
- Alternator and spare parts	10,293	5.4	13,215	6.5	12,674	6.9
- EFB press and spare parts	4,077	2.1	8,908	4.4	9,938	5.4
- Others	18,478	9.7	21,396	10.6	20,398	11.1
	134,915	**70.6**	**144,033**	**71.4**	**133,791**	**73.0**
Consumables	**892**	**0.5**	**981**	**0.5**	**927**	**0.5**
Labour costs	**25,563**	**13.4**	**24,821**	**12.3**	**23,904**	**13.0**
Subcontractor costs(1)	**22,928**	**12.0**	**22,431**	**11.1**	**20,388**	**11.1**
Others	**2,635**	**1.4**	**2,390**	**1.2**	**3,516**	**1.9**
Project related expenses	**22,741**	**11.9**	**24,051**	**11.9**	**17,206**	**9.4**
Project costs						
- Construction equipment(2)	16,383	8.6	18,003	8.9	12,679	6.9
- Project overhead	3,308	1.7	2,909	1.4	2,000	1.1
	19,691	**10.3**	**20,912**	**10.3**	**14,679**	**8.0**
Others	**3,050**	**1.6**	**3,139**	**1.6**	**2,527**	**1.4**
Logistics costs	4,157	2.1	4,059	2.0	4,513	2.5
Factory overhead costs	2,674	1.4	2,323	1.2	1,868	1.0
Others	130	0.1	1,352	0.7	1,152	0.6
Total cost incurred for input materials, products and services	**191,072**	**100.0**	**201,620**	**100.0**	**183,361**	**100.0**

Notes:

(1) Includes fabrication and machining services, on-site construction and installation works, and subcontracted labour.

(2) Includes electrical instrument and control systems, ESP, pumps, motors and invertors, combustion systems, divertor dampers, cooling towers and other related components.

We will identify the raw materials required to carry out fabrication works and source the raw materials based on our customer's product requirements and specifications. We then inspect the incoming raw materials to ensure that there are no defects on the raw materials and it complies with the required specifications as stated in the purchase orders. The raw materials inspection is carried out in-house.

We will source the following equipment and components from third party suppliers:

(i) For steam energy systems such as fans, valves, ESP and motors.

(ii) For steam turbine generator systems such as turbine generators, alternators, steam separator and cooling tower.

(iii) For palm oil mill equipment such as EFB press machine and motors.

7. BUSINESS OVERVIEW (*Cont'd)*

We inspect the equipment and components received to ensure that the equipment and components complies with our requirement and is functioning in accordance with the required specification.

7.9 Awards and key certifications

For the Financial Years Under Review and up to the LPD, we have received the following awards and recognitions:

Year	Key awards and recognitions	Awarding party
2020	Occupational Health and Safety Industry Best Practices 2020	Department of Occupational Health and Safety Selangor
2022	Stepwise OSH Level Verification and Enhancement for Small and Medium Enterprise (SOLVE 4 SME) - SOLVE Gold(1)	Department of Occupational Health and Safety Selangor

Note:

(1) This is a programme introduced by the Department of Occupational Health and Safety to improve the level of occupational health and safety among small and medium enterprises. The programme comprises OSH Management and Workplace Improvement, with each element containing 5 levels, namely Level 1 (SOLVE Basic), Level 2 (SOLVE Bronze), Level 3 (SOLVE Silver), Level 4 (SOLVE Gold), and Level 5 (SOLVE Platinum), with Level 5 (SOLVE Platinum) being the highest level.

As at the LPD, we hold the following certifications and management systems accreditations:

Accreditation	Scope	Issuing party	Validity period
DOSH competent firm	Steam boiler manufacturer and repairer	Department of Occupational Safety and Health, Ministry of Human Resources	21 May 2023 to 20 May 2026
DOSH competent firm	Unfired pressure vessel manufacturer and repairer	Department of Occupational Safety and Health, Ministry of Human Resources	22 May 2023 to 21 May 2026
ISO 9001:2015, ISO 14001:2015, ISO 45001:2018	Design and supply of boilers and associated equipment	LRQA Limited	29 July 2024 to 23 August 2026
ISO 9001:2015	Manufacture of components and parts for palm oil mill machinery, and fabrication, assembly and supply of palm kernel oil machine	NQA Certification Limited	24 May 2024 to 2 July 2027

7. BUSINESS OVERVIEW (*Cont'd)*

7.10 Operational facilities

The locations of our operational facilities as at the LPD are as follows:

Company	Main Functions	Status of premises	Approximate Built-up Area (sq. ft.)	Address
WTSB	Office, fabrication facility	Owned	169,032	Lot 1944 and Lot 1945, Jalan Sungai Terap 32/173, Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan
WATSB	Office, fabrication facility, after-sales service centre	Owned	102,355	Lot 1929, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan
WATSB	After-sales service centre	Owned	1,938	Sublot 22B, Lot 15479, Block 32, Nyabau Industrial Park, Kemena Land District, Jalan Tun Hussein Onn, 97000 Bintulu, Sarawak
WATSB	After-sales service centre	Owned	3,000	Lot 3 & 4, Mile 9, Jalan Hiew Ngee Fatt off Jalan Labuk, PPM 402 Elopura, 90000 Sandakan, Sabah
PT WATI	After-sales service centre and warehouse	Rented	12,917	Medan Mega Trade Center Logistic, Blok D-27 & D-28, Deli Serdang, North Sumatera, Indonesia
PT WATI	After-sales service centre and warehouse	Rented	3,875 (floor area)	Jl. Jenderal Ahmad Yani, Banjarbaru, South Kalimantan, Indonesia
PT WATI	Employee accommodation	Rented	1,206	Sunrise Garden residential area, Gg. Sunrise X Number 84, Pangkalan Bun, Central Kalimantan, Indonesia

7.11 Information on material plant and equipment

The material plant and equipment of our Group as at 31 December 2024 are set out below:

Company	Machineries/Equipment	No. of units	Net Book Value as at FYE 31 December 2024 (RM)
WATSB	Balancing machine	2	2
	Lathe machine	12	517,506
	Milling machine	7	49,085
	Welding machine	10	230,807
	Overhead crane	7	6
	Solar panel system	1	1,200,800
WTSB	Welding machine	86	88,513
	Membrane wall welding machine	1	1
	Rotator machine	20	2,613
	Pipe and tube bending machine	4	4
	Radial drilling machine	6	239,204
	Tube end forming machine	1	129,500
	Plate rolling machine	1	245,000
Total			**2,703,041**

Save as disclosed above, none of our machineries and equipment are individually material to be disclose separately.

Save for the utilisation of proceeds earmarked for the increase in production capacity as disclosed in Section 4.6 of this Prospectus, our Board is of the opinion that our Group has sufficient capacity to meet the current and anticipated level of demand and will continue to monitor the capacity requirements to ensure that our Group's operations run smoothly. The above plant and equipment is used for our production capacity and output as explained in Section 7.12 of this Prospectus.

7. BUSINESS OVERVIEW (*Cont'd)*

7.12 Production output and capacity

Our Group's business in the EPCC of steam energy systems and auxiliary facilities is mainly contract based. Each steam energy system takes approximately 11 to 24 months to complete from the design stage to delivery and commissioning at the project site. The timeline for the completion of the fabrication process for each steam energy system may vary, depending on the size and technical specifications of the steam energy system, the delivery date and the customer's site readiness. Therefore, it is difficult for us to ascertain or estimate the annual production capacity and the utilisation rate of our WTSB Factory given that the conventional measure of capacity may not be relevant to our operations.

Accordingly, our Group's track record on the delivery of steam energy systems to our customers for the Financial Years Under Review and up to the LPD is as follows:

	FYE 31 December			Between 1 January 2025 and the LPD
	2022	2023	2024	
No. of factory	2	2	2	2
Production floor area (sq. ft.)	120,513	120,513	147,250	147,250
No. of steam energy systems completed	15	19	9	3
Capacity (TPH)	3.2 to 55.0	4.5 to 55.0	20.0 to 50.0	3.5 to 35.0

As at the LPD, our Group has 34 on-going steam energy system projects with design capacities ranging from 4.5 TPH to 90.0 TPH.

Our Group's business in the supply of steam turbine generator systems on the other hand is based on purchase orders and/or customer procurement agreements. Our Group does not fabricate steam turbine generator systems and all of our steam turbine generator systems are sourced from our principal, Shinko Ind. Ltd. in Malaysia and Japan.

For the Financial Years Under Review and up to the LPD, our Group has delivered 73, 101, 89 and 34 steam turbine generator systems respectively, with output capacities ranging from 0.50 MW to 3.75 MW to our customers. As at the LPD, our Group has 70 on-going orders for steam turbine generator systems with capacities ranging from 0.50 MW to 3.50 MW.

Our Group undertakes the manufacturing of palm oil milling equipment based on customer-specific orders. In line with project requirements and to optimise cost and delivery timelines, we may also source certain components or systems from qualified third-party manufacturers as needed. As such, the production of palm oil milling equipment is on batch manufacturing basis based on orders secured, and the computation of production capacity or utilisation rates for this segment may not provide a meaningful representation of our Group's overall operational capacity. Further, the revenue contribution from this segment is not significant, accounting for approximately 5.0%, 4.9%, and 7.1% of our Group's total revenue for the FYE 31 December 2022, 2023, and 2024, respectively.

7. BUSINESS OVERVIEW (*Cont'd)*

7.13 Process flow

7.13.1 EPCC of steam energy systems and auxiliary facilities

We carry out the EPCC of steam energy systems comprising:

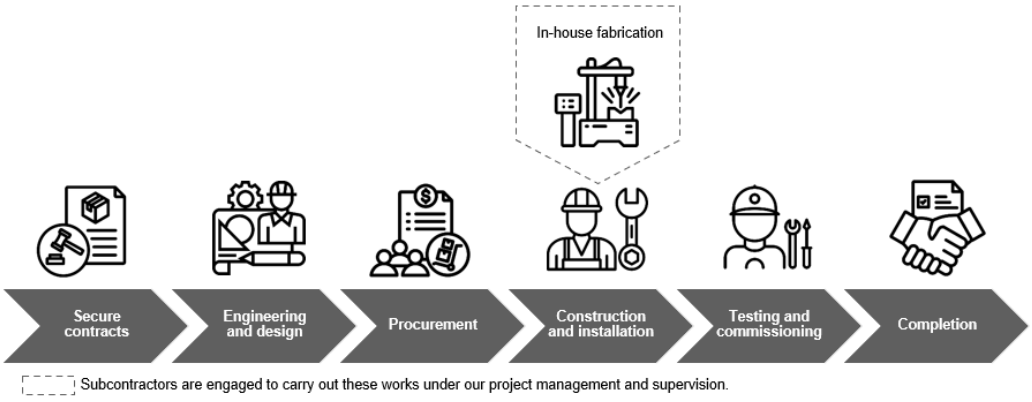
- biomass steam energy systems;
- gas-fired steam energy systems; and
- HRSG systems;

and auxiliary facilities such as:

- emission control system:
- efficiency enhancement system;
- water treatment system; and
- boiler process control and automation.

We provide standalone steam energy systems as well as integrated steam energy systems with auxiliary facilities.

The process flow for our EPCC of steam energy systems and auxiliary facilities is as follows:



- **Secure contracts**

  We secure contracts by participating in tenders or by submitting quotations to potential customers. Before proceeding, we conduct a preliminary evaluation covering the project scope, terms, site conditions, financial feasibility, and the prospective customer's creditworthiness. If we decide to proceed, we will prepare the bid or quotation, which assesses costs, budgets, design specifications, project timelines, and resource requirements. We then submit our commercial and financial proposal, which includes pricing, technical details, and supporting documents. In some cases, a tender bond may be required to demonstrate our commitment, should we be awarded the project.

  The contract is formally accepted once a letter of award is issued, followed by the signing of a formal contract with the customer. Typical contract terms included in the contract are the scope of work, contract value, start and completion dates, insurance coverage, payment terms, warranties, and liquidated ascertained damages (LAD) provisions.

7. BUSINESS OVERVIEW (*Cont'd)*

- **Engineering and design**

Our in-house engineering and design team work closely with customers to gather requirements, including steam capacity, fuel type, and operating conditions. Using this information, we develop an initial conceptual design that outlines key parameters such as boiler type and size, steam output, fuel and supply system type, combustion equipment, and auxiliary facilities.

Following this, we develop detailed technical drawings and three-dimensional models using computer-aided design software, carefully selecting materials and system specifications. Once the technical design is approved, we prepare shop drawings containing fabrication details such as cutting, bending, welding, machining and assembly instructions, dimensions, and materials for each component. These shop drawings serve as the fabrication blueprint and are submitted to the customer for final approval.

At this stage, we also create installation guidelines, operational protocols, maintenance plans, and standard operating procedures to ensure smooth operation, reliability and safety in the long term.

In addition, we handle the submission of boiler design approval applications to DOSH. The approval process typically takes around 30 to 60 days.

Specifically, DOSH approval is required for our firetube and watertube boilers and HRSG. Only competent firms registered with DOSH can submit design approval applications for domestically fabricated boilers. Through our subsidiary WTSB, we are registered as a competent firm to design and fabricate boilers.

- **Procurement**

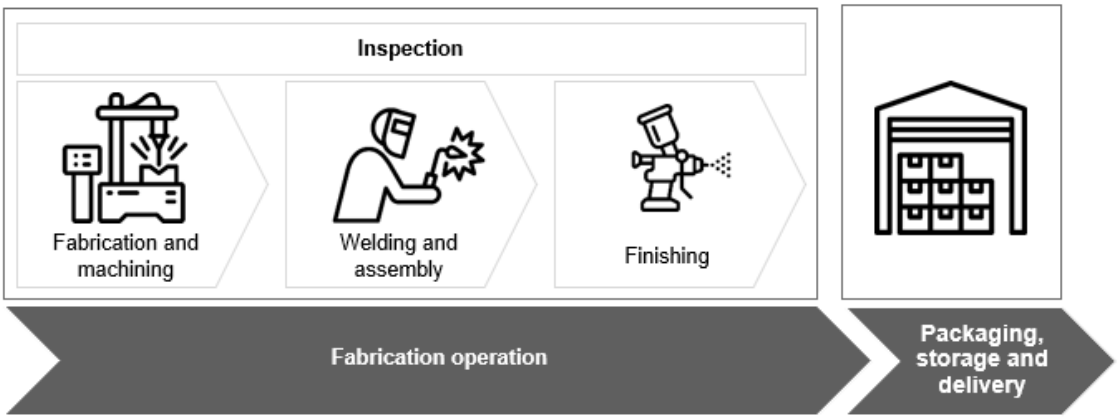
We procure input materials, finished goods and equipment, and services required for the fabrication of our steam energy systems and auxiliary facilities. Our input materials are primarily sourced from suppliers and include materials such as steel plates and tubes, stainless steel sheets, cast iron, bearings, seals, and refractory materials. We also source some mechanical and electrical equipment, parts and components such as electric motors, pumps, pipes and fittings, valves and actuators, electrical and control panels, sensors and instrumentations, automation and control systems, and safety devices from third-party suppliers. In addition, we engage subcontractors to perform structural fabrication and installation works at customer sites.

Examples of our input materials

All externally sourced input materials, finished goods, and equipment undergo inspection upon arrival at our facility. This process involves visual checks for surface defects and detailed measurements to ensure compliance with specifications and standards. In the event of defects, our suppliers are responsible for providing replacement materials or repairs to rectify the issue.

7. BUSINESS OVERVIEW (*Cont'd)*

- **Fabrication of parts, components, and subassemblies**



Our in-house fabrication operations are primarily focused on manufacturing key parts and components for the steam energy systems and associated auxiliary facilities. These in-house manufactured components are then combined with externally sourced items, such as electric motors, pumps, pipes and fittings, valves and actuators, electrical and control panels, sensors and instrumentation, automation and control systems, and safety devices. The combined components are assembled into modular subassemblies to facilitate easier transportation and streamline on-site assembly and installation.

All fabrication processes are carried out in accordance with design specifications approved by DOSH. Depending on the complexity of the system design, the production timeline typically ranges from 5 to 8 months.

The initial phase of the fabrication process involves fabrication and machining, where input materials such as steel plates, bars, rods, and tubes are transformed into the specific parts, components, and subassemblies required for constructing steam energy systems and its auxiliary facilities. The key fabrication and machining processes include the following:

- **Cutting**: Large raw materials, such as steel plates, bars, bars or pipes, are cut into smaller parts or components using methods like laser cutting, plasma cutting, and water jet cutting. This includes resizing steel plates for boiler shells, frames, and heat exchangers, as well as cutting pipes, tubes, structural profiles, flanges, and other parts required for assembling boiler systems.

Our laser cutting machine

- **Forming**: This process involves shaping workpieces without removing material to achieve specific dimensions. It includes techniques such as bending or rolling steel plates into a cylindrical shape to form boiler shells and bending pipes to match specific systems layouts and design requirements.

- **CNC machining**: Processes like turning and milling are used to refine the dimensions of parts and components to meet exact specifications. CNC milling removes material using a rotating cutting tool to form features like flat surfaces, grooves, slots, on components such as flanges, plates, heat exchanger components, and pressure vessels. CNC turning involves shaping a rotating workpiece with a stationary cutting tool, typically used to produce cylindrical parts such as shafts, piping, and valve bodies.

7. BUSINESS OVERVIEW (*Cont'd)*

- **Drilling and tapping**: These processes create bolt holes, mounting holes, and other necessary openings in parts and components, such as pressure vessels, boiler frames, and piping systems.

  After fabrication and machining, the individual parts and components are assembled into subassemblies using techniques such as welding or mechanical fastening, such as bolting.

  The fabricated parts, components, and subassemblies subsequently undergo finishing processes to enhance their appearance, durability, and resistance to corrosion and rust. This may include coating, or painting to protect against corrosion or improve aesthetic appearance, as well as deburring to remove sharp edges or imperfections on the surface.

Our drilling and tapping process

Our welding process

All parts, components, and subassemblies are inspected by our quality control team to ensure compliance with meet design specifications. This includes checking for dimensional accuracy, adherence to tolerances, and weld integrity. We also engage qualified subcontractors to conduct non-destructive testing (NDT), such as dye penetrant testing, ultrasonic testing, and X-ray inspection to assess weld quality. We also perform hydrostatic testing to verify the strength and structural integrity of boiler drums and welded joints. Any parts that do not meet the required specifications are returned to the relevant workstation for rework.

Once all components pass the necessary inspections, a final visual inspection is conducted to identify any defects. Approved components are then packed, labelled, and stored before being delivered to the customer site.

- **Construction and installation**

  We ensure that the customer site is adequately prepared to accommodate the steam energy system and its auxiliary facilities. Where necessary, we engage third-party engineers to verify and assess the site's suitability. Any required remedial work is completed before the delivery of our subassemblies and the commencement of construction and installation. Remedial work typically includes civil works such as building foundations, platforms, and structural supports to handle the weight and size of the steam energy system and its auxiliary facilities.

  Once all parts, components, and subassemblies arrive at the customer site, they are assembled and installed accordingly. This includes the installation of structural elements such as support beams, frames, and platforms, as well as key components like boiler drums, combustion chambers, piping, and various auxiliary systems. Additionally, electrical, mechanical, instrumentation, and automation control systems are installed.

  All construction and installation works are carried out by our subcontractors under our supervision.

- **Testing and commissioning**

  Once the steam energy system and its auxiliary facilities are installed, we proceed with testing and commissioning, which includes, but is not limited to, the following:

  (i) calibration of sensors, instruments, and control systems;

  (ii) non-destructive testing (NDT), such as ultrasonic testing and radiographic (X-ray) inspection, is used to assess the quality of welds and detect potential internal flaws. This is carried out by our subcontractor;

  (iii) hydrostatic testing is conducted to ensure the boilers do not leak when under pressure. This is conducted in the presence of a DOSH officer;

  (iv) firing the boiler without fuel to verify the operation of mechanical and electrical systems;

  (v) combustion testing to ensure proper fuel burning;

  (vi) operational efficiency testing to confirm that the boiler can generate steam at the required pressure and temperature, following design specifications; and

  (vii) testing of automation, control, and safety systems.

  Our project team conducts the testing and commissioning process in the presence of the customer or their representative.

- **Completion**

  Upon successful testing and commissioning, the customer or their representative issues a final acceptance certificate or its equivalent, acknowledging the completion and handover of the steam energy system and auxiliary facilities including documentation such as design verification. Following this, our customer will apply for the Certificate of Fitness from DOSH.

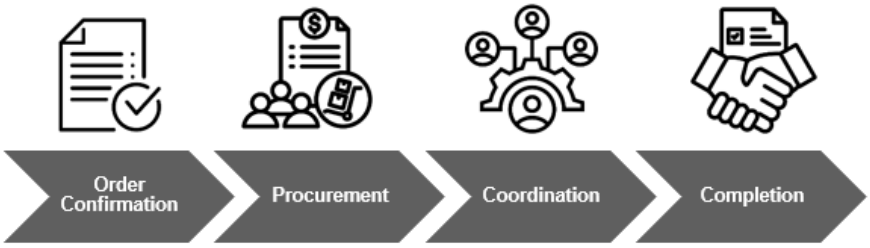
  At this stage, we train the customer on the operation, safety procedures, and routine maintenance of the system, ensuring they are fully equipped to manage it. We also supply all necessary documentation, including the operating manuals, and maintenance schedules, to support the system's ongoing operation and upkeep.

7.13.2 Supply of steam turbine generator systems

We are the authorised distributor of *Shinko* steam turbine generator systems. As a distributor, our primary responsibilities encompass sales and marketing, ensuring system delivery to the customer's site, and overseeing the commissioning and handover process. Additionally, we provide comprehensive after-sales services, including maintenance, repairs, and spare parts supply.

7. BUSINESS OVERVIEW (*Cont'd)*

Our process flow for the supply of steam turbine generator systems is as follows:



- **Order confirmation**

  (i) The process begins with a customer inquiry or a request for a proposal, whether for a new installation or the replacement of an existing steam turbine generator system. Upon receiving the inquiry, we gather key customer requirements, including generator capacity, steam parameters (such as pressure, temperature, and flow rate), and boiler specifications (including boiler type and steam output).

  (ii) Next, we conduct a preliminary feasibility study to assess the steam turbine's compatibility with the customer's existing or new boiler system. This study involves reviewing technical data and using tools like the enthalpy chart to verify that the steam conditions from the boiler align with the turbine's design and performance specifications. Based on our findings, we prepare a report summarising turbine compatibility, expected efficiency, and a preliminary cost estimate, which is included in our formal proposal.

  (iii) Once the customer reviews and agrees with the proposal details and pricing, acceptance is confirmed through the issuance of a purchase order. This order formally secures the contract and outlines all relevant details, such as technical specifications, pricing, payment terms, delivery schedule, installation and commissioning plan, and warranty and maintenance (if selected) terms.

  Typically, it takes approximately 6 to 15 months to fulfil an order for a steam turbine.

- **Procurement**

  We will forward the purchase order and the agreed proposal to our supplier to initiate the necessary work to fulfil the order. Depending on the required capacity, these systems are sourced from our principal, Shinko Ind. Ltd. in Malaysia and Japan. Delivery times typically range from approximately six to eight months when sourced domestically (from Malaysia), and up to 15 months when sourced from Japan.

- **Coordination**

  Upon receiving the purchase order, we will coordinate with our supplier to ensure the system is delivered, installed, and commissioned at the customer's site. Key coordination tasks with our suppliers include:

  (i) ensuring timely delivery, installation, and commissioning;

  (ii) obtaining all necessary regulatory certifications;

  (iii) present during inspection of completed and tested systems; and

  (iv) present during the commissioning and handover process.

- **Completion**

  Upon successful commissioning, a formal acceptance document is signed, confirming the handover of the steam turbine generator system to the customer and their responsibility for its operation and maintenance. The warranty period that we provide is typically the earlier of 12 months from the date of completion of testing and commissioning, or 18 months from the date of delivery of system, during which we offer repair, replacement, or technical support for any defects or operational issues.

  Our supplier will provide the customer with the user manual and all necessary documentation on the system's operation, safety procedures, and routine maintenance, ensuring they are fully equipped to manage it.

7.13.3 After-sales services for energy systems

We provide after-sales services comprising maintenance, repair, overhaul, and spare parts supply for our energy systems, namely, steam energy systems, auxiliary facilities, and steam turbine generator systems. The process flow for our after-sales services is as follows:

- **Order confirmation**

  Our after-sales services for steam energy systems and their auxiliary facilities, as well as steam turbine generator systems, are based on customers' order confirmation. The process begins with a customer enquiry or request for a quotation for maintenance, repair, overhaul, or spare parts. Upon receiving the enquiry, we will gather customer requirements as follows:

  (i) service type, whether routine and/or preventive maintenance, repairs, full system overhaul and/or shutdown, or spare parts supply;

  (ii) total or part of steam turbine generator systems, steam energy systems and/or auxiliary facilities;

  (iii) other relevant customer requirements such as timelines.

  Once the customer reviews and approves our quotation, a purchase order is issued, which formally confirms the order. The purchase order outlines details such as the scope of work, pricing and payment terms, service schedule, and other terms and conditions related to the service.

7. BUSINESS OVERVIEW (*Cont'd)*

- **Work planning and scheduling**

  We proceed with work planning and scheduling following purchase order confirmation. This involves reviewing the scope of work in detail, identifying the specific components requiring maintenance or repair, and evaluating the complexity of tasks involved. Based on this assessment, we allocate resources, including technical personnel, tools, and equipment required for the job. Our team typically comprises engineers, technicians, and supervisors, and, in some instances, external specialists may be engaged for more complex repairs or inspections. We also coordinate the scheduling of the service, prioritising urgent tasks while considering customers' operational requirements and our internal capacity.

- **Procurement**

  Based on the service requirements, we source the required parts, components and/or equipment from our principal in Malaysia or Japan and our approved suppliers or suppliers specified by the customer. We coordinate the procurement and delivery of these materials to ensure they arrive ahead of the scheduled service date.

- **Provision of services**

  We offer a range of after-sales services for steam turbine generator systems, steam energy systems, and auxiliary facilities as outlined below. Depending on customer requirements, external specialists may be engaged to perform maintenance and inspection, repair, and overhaul services for customers' generators.

  (a) Maintenance and inspection

  Our maintenance services involve routine inspections to identify potential issues early to prevent equipment failures or unplanned downtime. These inspections may include visual assessments, ultrasonic testing, and vibration monitoring. As part of our preventive maintenance approach, we also offer cleaning services to ensure to keep systems and components free of debris, soot, and corrosion, thus maintaining operational efficiency and safety.

  - Steam turbine generator systems: Maintenance involves cleaning and inspecting turbine blades for signs of wear and tear, examining the condition of bearings and seals to prevent oil leaks, and checking the alignment and balancing of turbine rotors.

  - Steam energy systems and auxiliary facilities: Maintenance involves cleaning burners and heat exchangers, inspecting boiler tubes for corrosion and scale buildup, and assessing combustion efficiency.

  (b) Repair Services

  Our repair services address both imminent and existing malfunctions or breakdowns, either on-site or at our service centre for more complex cases. For critical components, we may transport the faulty parts to our facility for further diagnosis and repair work.

  - Steam turbine generator systems: Steam turbine repairs include the replacement of turbine blades, bearings, and seals. When necessary, we disassemble the turbines for realignment, rotor balancing, or precision machining to restore optimal performance.

7. BUSINESS OVERVIEW (*Cont'd)*

- Steam energy systems and auxiliary facilities: Our repair services include carrying out welding and replacement of damaged components, such as boiler tubes, burners, valves, and control sensors. In addition, we also provide descaling services to remove corrosion and scale buildup from tubes and other system parts.

(c) Overhaul services

Overhaul services are provided when system upgrades or retrofits are necessary, such as replacing outdated control systems, installing more efficient components, or improving overall system performance. These services are often carried out during plant turnarounds or shutdowns, particularly when obtaining the Certificate of Fitness as required by DOSH.

- Steam turbine generator systems: Overhaul work may include upgrading turbine control systems, installing advanced monitoring and diagnostic tools, and replacing outdated components with more efficient alternatives. Retrofitting of turbines may also be undertaken to improve performance and reliability. The process typically involves deep cleaning of parts and equipment, as well as replacing worn-out parts and components.

- Steam energy systems and auxiliary facilities: Overhaul work may include upgrading burners, heat exchangers, or fuel handling systems to improve combustion efficiency, as well as installing advanced control or automation systems for better operational monitoring. Retrofitting components to reduce energy consumption and increase system performance is also a key focus. Deep cleaning and the replacement of worn-out parts and components are key to ensuring long-term reliability and performance.

(d) Spare parts supply

They include, among others, grates, glowers, valves, gauges, or fabricated parts based on our customer's requests.

- **Documentation and reporting**

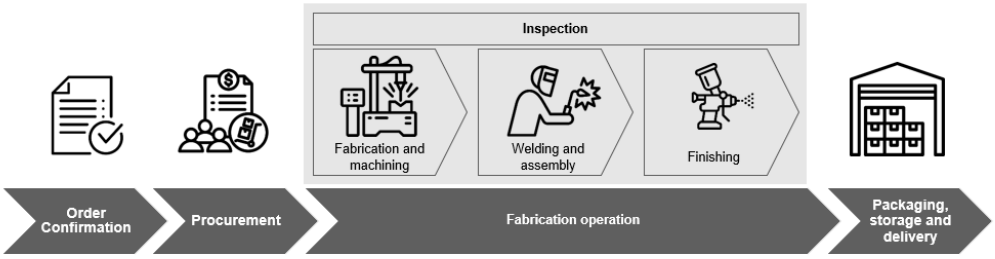
Upon completion of the service, we provide our customer with detailed documentation, including a detailed service report outlining the work performed, any issues identified, repairs or replacements made, and the results of any testing or inspections conducted. Where applicable, we also update and provide the maintenance log to reflect completed preventive maintenance activities.

7. BUSINESS OVERVIEW (*Cont'd)*

7.13.4 Fabrication of palm oil milling equipment

We design and fabricate a wide range of palm oil milling equipment, including EFB press machines, palm kernel oil machines, twin screw press machines, and other components such as separators, rotary brush strainers, and de-sanding cyclones.

Our process flow for the fabrication of palm oil milling equipment is as follows:



- **Order confirmation**

  The process begins with a customer inquiry or request for a palm oil milling equipment quotation. We will then prepare the quotation. Once the quotation is approved, the customer issues a purchase order to formally confirm the order. The purchase order includes details such as the equipment type and model, processing capacity, pricing and payment terms, delivery schedule, and any specific customisation requirements.

  The time required to fulfil a purchase order to fabricate palm oil milling equipment typically ranges from 3 to 6 months.

- **Procurement**

  We procure materials comprising input materials, finished goods and equipment, as well as subcontracted services. Our procurement of input materials mainly comprises carbon steel plates, stainless steel sheets, bearings and seals. We also source electrical parts and components such as motors, control panels, sensors, control systems, and safety devices from third-party suppliers.

  All externally sourced input materials, finished goods and equipment are inspected upon arrival at our facility. This includes visual checks for defects and detailed measurements to ensure that all components meet the required specifications and standards. In the event any defects are identified, our suppliers typically provide replacements for the affected parts or components to resolve the issue.

- **Fabrication and machining**

  The fabrication process for palm oil milling equipment involves manufacturing parts, components, and subassemblies, which are subsequently assembled into the final system at our customer's site. Our in-house fabrication and machining processes include a range of techniques, such as cutting, forming, bending, CNC machining, and drilling/tapping.

7. BUSINESS OVERVIEW (*Cont'd)*

- **Welding and assembly**

  The assembly of palm oil milling equipment involves integrating fabricated and machined components into a complete system using welding or mechanical fastening methods. This process includes assembling subcomponents such as screw presses, conveyors, and hydraulic systems, followed by the installation of key elements like motors, control panels, and bearings.

- **Finishing**

  The equipment undergoes finishing processes to improve its appearance, durability, and resistance to corrosion and rust. These processes may include coating or painting to enhance corrosion resistance or improve aesthetic appearance, as well as deburring to remove sharp edges or burrs.

- **Inspection**

  The equipment is inspected to ensure it conforms to design specifications, including checks for dimensional accuracy and tolerances. Any parts or components that fail to meet the specifications are returned to the relevant workstation for rework.

  Our quality control team also performs testing and calibration to ensure the equipment performs according to the required standards. This includes performance testing to assess capacity, oil yield efficiency, and hydraulic pressure and flow rate under operational conditions. Additionally, operational parameters such as pressure, speed, alignment, and temperature are adjusted and fine-tuned as needed.

- **Packing, storage and delivery**

  Upon completion, a final visual inspection is conducted to identify any defects. The equipment is then packed, labelled, and stored before being delivered to our customer's site.

7.14 Seasonality

For the Financial Years Under Review, we did not experience any material seasonality in our business operations. Our business is primarily contract-based and depends on the duration required to complete each project, from the design phase to the delivery and commissioning of the steam energy systems and auxiliary facilities, as well as the steam turbines at the project site.

7.15 Research and Development

Historically, our R&D-related activities have been embedded as part of our project development and engineering efforts, and were expensed directly through project costs. As such, we did not recognise any expenditure for R&D activities for the Financial Years Under Review.

Further, we do not have any designated R&D staff given that all our other R&D activities were mainly focused on internal process and product improvements.

7. BUSINESS OVERVIEW (*Cont'd)*

7.16 Technology

As at the LPD, the core technologies employed in our operations include the following:

(i) Combustion technology

Combustion technology is a key component in boiler design, where fuel is burned in the furnace and the heat is transferred to the water in the boiler at optimal levels with minimal heat loss. This technology is central to the design of the boiler system and plays an integral role in its efficiency.

(ii) Fabrication processes

In our manufacturing operations, we fabricate both pressure parts, such as steam/water drums, heaters, superheaters, tubes, and pipes, as well as non-pressure parts, using the following technologies and processes:

(a) Roll forming processes

Roll forming is a continuous metal forming process in which steel plates are shaped into cylindrical forms as they move through a series of rollers in a roll forming machine. This machine consists of rollers positioned both at the top and bottom.

(b) Welding technology

Welding is a metal joining process where two metals are fused together using a filler material and molten pool. We employ several arc welding procedures for welding boiler fittings and parts, including:

(iii) Tungsten Inert Gas welding (TIG)

(a) Submerged arc welding (SAW)

(b) Shield metal arc welding (SMAW)

(c) Flux cored welding

(d) MIG welding

(iv) Other fabrication processes

These include tube bending, cutting, and drilling to shape and assemble boiler components.

(v) Digital Infrastructure

Alongside our core technologies, we also plan to expand our digital infrastructure. This will further support our operations, enhance the efficiency of our processes, and enable better integration of advanced technologies. By leveraging digital tools and systems, we aim to streamline operations, improve product development, and foster innovation across our business. See Section 7.2.2.4 of this Prospectus for further information.

7.17 Business interruptions

We did not experience any interruptions to our business that caused a significant effect on our operations during the 12-month period prior to the date of this Prospectus.

7. BUSINESS OVERVIEW (*Cont'd)*

7.18 Employees

Our operations and financial affairs are centrally managed out of our headquarters in Shah Alam, Malaysia. As at the LPD, we have a total workforce of 413 employees, of which 334 are permanent employees and 79 are contract employees. Out of all our employees, 374 are local (including both local employees in Malaysia and Indonesia) and the remaining 39 are foreign employees.

The following depicts the number of employees in our Group categorised by business function or department as at the LPD:

	As at the LPD	
Business function / department	**Number of employees**	**Percentage of total**
Management[(1)]	8	2.0%
Sales & Business Development	23	5.6%
Technical[(2)]	277	67.0%
Support[(3)]	105	25.4%

Notes:

(1) Represents our Group Chief Executive Officer, Group Head of Finance, Chief Operating Officer of our operating units and branch managers.

(2) Represents our technical personnel involved in project management, engineering, production, quality assurance and quality control, and personnel involved in after-sales services.

(3) Represents our personnel involved in support services function such as finance, supply chain management, human resources, administration, health and safety and strategy.

The following depicts the number of employees in our Group categorised by geographic location as at the LPD:

Location	**As at the LPD**
Malaysia	329
Indonesia	84

We generally do not experience any significant seasonal fluctuations in the number of our full-time employees and contract employees.

We believe we have maintained good relationships with our employees. As at the LPD, none of our employees are members of any union and we have not experienced any labour disputes in the past that caused a material disruption to or materially affected our operations. In addition, all our foreign workers have valid working permits in Malaysia and Indonesia, and there has been no breach of any immigration laws by our Group in these countries.

7. BUSINESS OVERVIEW (*Cont'd)*

7.19 Sustainability

Our Company was established to advance energy transition by delivering renewable, biomass-based energy systems. We view sustainability as central to our business strategy and long-term value creation.

Our biomass energy systems convert agricultural biomass into useful thermal energy, supporting industrial decarbonisation and contributing to the circular economy. This aligns directly with Malaysia's energy and climate ambitions, including the National Energy Transition Roadmap (NETR) and Nationally Determined Contributions (NDCs).

Further, we are committed to delivering sustainable value to all our stakeholders safely, securely, and in an environmentally and socially responsible manner. We achieve this by minimising our environmental footprint throughout the lifecycle of our business operations, and by generating social and economic benefits for the communities and people connected to our operations, in line with our core values.

Our sustainability practices to-date have been implemented within the broader framework of our parent company, Wasco Berhad. Following our listing, we will establish our own dedicated sustainability governance structure, one that reflects our specific business focus while remaining closely aligned with the principles and good practices developed under Wasco Berhad.

Our sustainability efforts are embedded across three key levels:

(i) **Within our operations:** Ensuring we run a safe, efficient and profitable business;

(ii) **For our customers:** Meeting expectations and delivering on our commitments; and

(iii) **With communities:** Creating shared value and making meaningful contributions wherever we operate.

Our strategy is also aligned with the United Nations Sustainability Development Goals ("**Goals**") and we have identified ten Goals in which our impact is most significant and on where we focus our strategic efforts.

The following sections outline how our sustainability agenda and key focus areas contribute to these selected Goals.

7. BUSINESS OVERVIEW (*Cont'd)*

7.19.1 Environmental responsibility

(i) Supporting decarbonisation through biomass energy solutions

We provide biomass energy systems that offer customers renewable alternatives to fossil fuels such as diesel and coal. Our energy systems utilise biomass fuels including EFB, palm kernel shells and woodchips, which are by-products of the palm oil and wood processing industries.

These biomass fuels are primarily used to generate steam or heat for industrial processes. By replacing conventional fossil fuels with biomass, our customers are able to reduce their Scope 1 greenhouse gas emissions, which are direct emissions produced when businesses burn fuel in equipment or facilities they own or control.

Through these solutions, we help customers reduce their environmental impact and support their decarbonisation goals.

(ii) Environmental stewardship in our own operations

While our operations are not highly energy-intensive, Greenergy is committed to maintaining high standards of environmental stewardship. We have in place an emissions tracking process aligned with the Greenhouse Gas (GHG) Protocol to enable accurate monitoring and transparent reporting of our environmental impact across key subsidiaries.

We monitor both Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity) at WATSB and WTSB, to support emissions reduction planning and performance tracking.

We also conduct internal environmental audits at WATSB, with a focus on renewable energy initiatives, including the use of solar panels, promoting continuous improvement across the operations of our WATSB Factory.

(iii) Promoting energy efficiency and renewable energy integration

We recognise that energy efficiency and renewable energy integration are critical to both our operational performance and our broader climate commitments. As such, we have adopted a deliberate and systematic approach to improving energy use across our operations, anchored in measurable outcomes, behavioural change, and technology upgrades.

7. BUSINESS OVERVIEW (*Cont'd)*

Internally, we have implemented targeted initiatives to reduce electricity consumption, such as replacing faulty lighting with energy-efficient LED alternatives, installing timers and motion sensors to optimise lighting schedules, and launching an Energy-Saving Awareness Campaign to drive behavioural change among employees.

As part of our commitment, we have aligned our initiatives with Wasco Berhad's Sustainable & Transition Finance 2024 Framework, under which we targeted 30% reliance on renewable energy by 2024, using 2023 as the baseline.

In 2024, we met and exceeded this target, with solar energy generated at WATSB, contributing 39% of our Group's total electricity consumption. We continue to track and benchmark our energy usage and performance using internationally recognised frameworks such as the GHG Protocol and the Goals, specifically Goal 7 (Affordable and Clean Energy) and Goal 13 (Climate Action).

To build on this progress, we are currently in the progress of expanding our renewable energy capacity with a new solar installation project planned at WTSB in 2025. These initiatives reflect our commitment to embedding energy management into our core operations and advancing the transition to cleaner, more efficient energy use.

(iv) Waste management

We are committed to reducing environmental impact through efficient resource use, waste minimisation at the source, adoption of cleaner technologies, and responsible disposal practices. Our waste management activities at WATSB and WTSB cover various waste types, including scrap metal, general waste, oily rags and hazardous materials. These are collected in designated containers and disposed of by authorised waste contractors.

Our waste management approach prioritises recycling and recovery wherever feasible, with a significant portion of total waste consistently diverted from disposal through sustainable practices. We also track and report hazardous and non-recyclable waste to ensure transparency and compliance.

These efforts reflect our ongoing commitment to environmental responsibility and continuous improvement in waste handling and sustainability performance across our operations.

(v) Water management

Water stewardship is an important part of our environmental responsibility. We monitor freshwater usage at WATSB's operations and aim to minimise the impact of our activities on local water resources. Where feasible, we promote alternatives such as recycled and harvested water to improve water use efficiency and reduce dependence on treated or piped water.

7. BUSINESS OVERVIEW (*Cont'd)*

In 2024, we advanced our water conservation efforts by implementing a rainwater harvested system at WATSB. This system was fully operational in 2025, with harvested rainwater used for non-potable purposes, such as toilet flushing. This initiative supports our goal of reducing freshwater consumption, lowering operational costs, and promoting circular water use across our operational sites.

7.19.2 Social responsibility

(i) Enabling local economic participation

In line with our commitment to creating shared value, Greenergy prioritises local hiring and procurement to support economic development in the communities where we operate. As at LPD, our local hires made up approximately 90% of our total workforce, reflecting our strong focus on empowering local talent.

We engage local suppliers for equipment, logistics, safety supplies, maintenance, waste management, and training services, supporting local economies while enhancing supply chain resilience and reducing our environmental footprint. In 2024, approximately 71% of WATSB and WTSB's procurement spending was directed to local suppliers. In the first five months of 2025, this proportion increased to approximately 79%, reflecting our continued focus on local engagement.

We also invest in site-specific training programmes for plant operators, maintenance personnel, and safety teams to build technical capabilities within our local workforce. In 2024 and 2025, our employees participated in a range of training sessions, including:

(a) Basic Occupational First Aid, Cardiopulmonary Resuscitation (CPR), and Automated External Defibrillator (AED);

(b) Basic Knowledge of Scaffolding and Its Hazards;

(c) Hazard Identification, Risk Assessment, and Risk Control (HIRARC) Training; and

(d) Authorised Gas Tester and Entry Supervisor (AGTES) – Refresher course for confined space.

These programmes are designed to improve workplace safety, ensure regulatory compliance, and support long-term skills development in the communities where we operate.

(ii) Workforce safety

Workplace safety is a core value at Greenergy and a fundamental part of our operational management. We are guided by the Target Zero objective—no injuries, no property damage, and no environmental harm.

7. BUSINESS OVERVIEW (*Cont'd)*

In 2024, we achieved 1,238,492 LTI-free man-hours, with zero fatalities and zero Lost Time Incidents (LTI). As of 31 May 2025, this figure increased to 1,607,566 LTI-free man-hours, reflecting our strong safety performance and our commitment to maintaining a safe working environment. We maintained zero Lost Time Incident Frequency (LTIF) rate over both periods.

Our Group's LTI-free man-hours represent the cumulative number of hours worked by our employees and contractors across all Wasco sites and facilities without the occurrence of a Lost Time Incident (LTI). An LTI is defined as a work-related incident that results in an individual being unable to perform their duties for at least one scheduled workday or shift. This figure is calculated by aggregating the actual hours worked from the date of the last recorded LTI up to the current reporting date. This data is compiled monthly through site-level reports and verified by our Group's Health, Safety and Environment (HSE) department.

Our HSE management systems are aligned with international standards, with WTSB's operations certified under ISO 45001:2018, the global benchmark for occupational health and safety management.

We also implement the Wasco CARE Plus Programme, which tracks leading safety indicators on a monthly basis, and the Wasco CARE Card System, a digital platform for real-time reporting of unsafe conditions and unsafe acts.

Key safety practices across the operations of WTSB and WATSB include daily toolbox talks, pre-start briefings, near-miss reporting, and maintaining digital audit trails. Through this integrated and technology-enabled safety framework, we are committed to continuous improvement and maintaining a safe, transparent, and proactive working environment.

(iii) Workforce wellbeing

We are committed to upholding the principles of fair labour practices and fundamental human rights, in alignment with the United Nations Guiding Principles on Business and Human Rights. Responsibilities for monitoring and ensuring compliance are also integrated into our vendor pre-qualification process, enabling us to proactively manage risks and uphold our commitments across all our operations.

Across both WTSB and WATSB, we comply with relevant employment and human rights laws and require our suppliers to uphold the same standards. All vendors are required to sign our Corporate Social Responsibility (Labour) Declaration, which reflects our Principles of Business Conduct and Human Rights Policy. These include provisions on non-discrimination, the right to collective bargaining, freedom of association, and the elimination of child labour and forced labour.

We provide a comprehensive range of employee benefits designed to enhance wellbeing, aligned with or exceeding local legal requirements. These include access to health and wellness programs, as well as various forms of leave entitlements, such as maternity, paternity, and personal leave. Where appropriate, additional discretionary benefits are also provided to support our employees' needs and aspirations.

Through these initiatives, Greenergy reinforces its commitment to workforce wellbeing and social sustainability, cultivating a culture of care, respect, and excellence that supports long-term organisational resilience and growth.

7. BUSINESS OVERVIEW (*Cont'd)*

(iv) Diversity and inclusion

We are committed to cultivating a diverse, inclusive, and equitable workplace, where individuals of all backgrounds are respected, valued, and empowered. Our policies promote equal opportunities in recruitment, career growth, and leadership progression. We believe diversity strengthens our organisational culture and decision-making, enabling us to better serve our stakeholders and adapt to change.

In 2025, we collaborated with Wasco Berhad to launch the Wasco Women Action Network (WWAN), an initiative aimed at fostering an inclusive and equitable work environment across WTSB and WATSB. WWAN supports women's professional development through mentorship, professional development programs, and recognition efforts. The initiative is further strengthened by external partnerships and structured feedback mechanisms.

As part of WWAN, employees participated in initiatives such as the Women in Leadership Series and awareness campaigns addressing workplace bias and inclusivity. These initiatives highlighted the stories and achievements of women across different levels of the organisation, reinforcing our commitment to equality, visibility, and dialogue.

7.19.3 Governance

Governance for sustainability is firmly embedded within Greenergy's corporate structure and risk management framework. Oversight responsibilities are carried out through our Audit Committee and our Risk Management Committee (established as a sub-committee of the Audit Committee), with clear accountabilities assigned across relevant functions.

At the strategic level, sustainability direction and priorities are led by the Group Strategy team and reviewed and guided by our Board Sustainability Committee, ensuring alignment with our broader ESG objectives. Ultimate oversight rests with our Board of Directors, which is responsible for board leadership, risk and audit management, and transparent corporate reporting in accordance with the MCCG.

7.20 Major licences, permits and approvals

Our Directors confirm that, as at the LPD, save for the non-compliance incidents set out below, we have obtained all the major licences, permits and approvals which our Group is dependent on for our business operations in Malaysia and Indonesia (as set out in Annexure A of this Prospectus), and have complied with the conditions of such major licences, permits and approvals.

No.	Nature of non-compliance	Status as at the LPD (unless stated otherwise)	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact on business operations or financial condition
1.	<u>Construction of extension without building plan approval and occupation of such extension without CCC</u> An extension had been constructed at the WATSB Factory bearing the postal address Lot 1929, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor ("**Extension**")	Our Company had on 1 November 2024, appointed a consultant, to assist with the application process for the building plan approval and CCC. The consultant subsequently engaged a professional architect to lead the preparation and submission of the relevant documents. On 30 December 2024, the professional architect had submitted a copy of the drawings and relevant documents in relation to the Extension to Majlis Bandaraya Shah Alam ("**MBSA**") and Bomba in order to obtain a temporary building permit for the Extension. The professional architect had received feedback from BOMBA and MSBA on 13 March 2025. The professional architect had subsequently addressed BOMBA and MBSA's feedback and resubmitted the amended drawings on 2 May 2025 and 14 May 2025, respectively.	The planning permission and building plan approval is expected to be obtained by early October 2025. The CCC is expected to be obtained within 3 months from the date of receipt of the building plan approval. Greenergy endeavours to obtain the building plan approval and CCC prior to listing. If the building plan approval and/or CCC are not obtained prior to listing, the status of the non-compliance will be disclosed and announced in Greenergy's annual report.	RM140,000 (excluding relocation cost)	<u>Construction of buildings without building plan approval</u> WATSB may be liable on conviction to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding three years or to both and shall also be liable to a further fine of RM1,000 for every day during which the offence is continued after conviction. *Section 70(13) Street, Drainage and Building Act 1974.* <u>Occupation of building without CCC</u> WATSB may be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both.	Our Group has obtained CCC for its existing buildings in Lot 1929. The portion of Lot 1929 without CCC relates to the Extension which comprises a roof structure with floor space of approximately 20,978 sq. ft. In this Extension, a portion of it is being rented out by our Group to Shinko Wasco Turbine where it houses a boiler for testing of the steam turbines as well as for painting. The remaining portion is used by WATSB for the fabrication of palm oil milling equipment, mainly on welding and assembly works, and storage of parts. No material adverse impact on our Group's business operations and financial condition due to the following: (i) if WATSB is required to cease its operations at the Extension, WATSB will relocate its boiler and ancillary structures to Lot 1944 which is situated directly behind Lot 1929. The relocation cost, including the cost of dismantling the boiler and ancillary structures, additional piping works, application to the relevant authorities for approval to relocate

7. BUSINESS OVERVIEW (*Cont'd)*

No.	Nature of non-compliance	Status as at the LPD (unless stated otherwise)	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact on business operations or financial condition
		The temporary building permit was obtained on 4 July 2025. Our Group's consultant is currently preparing the application for the planning permission and building plan approval and expects to submit the application by end August 2025. Our Group will obtain the CCC after the building plan approval has been granted by the relevant authority.			Additionally, the local authority may order for any such buildings without a CCC to be demolished. *Sections 70(27)(f) and 72 Street, Drainage and Building Act 1974.*	the boiler and ancillary structures, and administrative costs are estimated to be around RM300,000. The relocation is not expected to cause any material business disruption or prolonged operational downtime as the relocation and reinstallation works will be planned and carried out in phases. This includes notification to DOSH and MBSA for the relocation of the boiler as part of a regularisation process to ensure full compliance; (ii) the estimated cost to rectify (including the relocation cost) plus the potential maximum penalty applicable is about 1.4% of our Group's FYE 31 December 2024 PBT; (iii) steps are being taken by WATSB towards obtaining a building plan approval and CCC for the Extension; and (iv) as at the LPD, WATSB has not received any notices, penalties, or compounds from the relevant authorities for not having a building plan approval and/or CCC for the Extension.

7. BUSINESS OVERVIEW (*Cont'd*)

No.	Nature of non-compliance	Status as at the LPD (unless stated otherwise)	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact on business operations or financial condition
2.	Construction of roof without building plan approval and occupation of such roof area without CCC A roof had been constructed at the WTSB Factory bearing the postal address Lot 1944 Jalan Sungai Terap 32/173, Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan ("**Lot 1944**") and Lot 1945 Jalan Sungai Terap 32/173, Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan ("**Lot 1945**") ("**Roof Area**")	Our Company had appointed a land surveyor to handle the amalgamation of Lot 1944 and Lot 1945 ("**Land Amalgamation**"). The land surveyor had, on 24 July 2024 submitted an application to Pejabat Daerah dan Tanah Klang ("**PTD Klang**") for the Land Amalgamation ("**Land Amalgamation Application**"). On 11 September 2024, the Land Amalgamation Application was rejected by PTD Klang due to an existing endorsement in relation to the surrender of a portion of Lot 1944 to the relevant authorities in 2010, which has since been completed ("**Endorsement**"). The land surveyor is of the view that failure to cancel the Endorsement from PTD Klang's records is a legacy issue and may have been an administrative oversight on the part of PTD Klang. As such, following PTD Klang's rejection of the Land Amalgamation Application, a request was submitted by the land surveyor to PTD Klang for the cancellation of the Endorsement on 18 December 2024. The land surveyor had also sent follow-up letters to PTD Klang in respect of the cancellation of the Endorsement on 12 February 2025 and 27 March 2025.	The updated land titles for Lot 1944 and Lot 1945 are expected to be obtained by end November 2025 and the re-submission of the Land Amalgamation Application is expected to be made in December 2025. Our Group endeavours to obtain the approval for the Land Amalgamation Application within 3 months from the date of submission of the Land Amalgamation Application. Upon receipt of the approval for the Land Amalgamation, our Group will submit an application to PTGS for the issuance of the New Land Title. The Group expects to receive the New Land Title within 3 months from the date of its application to PTGS for the New Land Title. Thereafter, our Group will submit the application for the planning permission and building plan approval for the Roof Area. The approval process is expected to take within 3 months.	RM150,000	Construction of buildings without building plan approval WTSB may be liable on conviction to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding three years or to both and shall also be liable to a further fine of RM1,000 for every day during which the offence is continued after conviction. *Section 70(13) Street, Drainage and Building Act 1974.* Occupation of building without CCC WTSB may be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both.	Our Group has obtained CCC for its existing buildings in Lots 1944 and 1945. The portion of Lots 1944 and 1945 without CCC relates to the Roof Area that spans across the boundary between the two lots. No material adverse impact on our Group's business operations and financial condition due to the following: (i) WTSB has ceased using the Roof Area as a storage space since May 2025. Accordingly, WTSB does not intend to operate in the Roof Area until it has obtained the necessary building plan and CCC; (ii) the estimated cost to rectify plus the potential maximum penalty applicable to the non-compliance is about 1.7% of the Group's FYE 31 December 2024 PBT; (iii) steps are being taken by WTSB towards obtaining a building plan approval and CCC for the Roof Area; and (iv) as at the LPD, WTSB has not received any notices, penalties, or compounds from the relevant authorities for not having a building plan approval and/or CCC for the Roof Area.

No.	Nature of non-compliance	Status as at the LPD (unless stated otherwise)	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact on business operations or financial condition
		At the same time, the land surveyor had submitted a request to PTD Klang for updated land titles for each of Lot 1944 and Lot 1945. PTD Klang has cancelled the Endorsement on 8 May 2025 and the land surveyor is following up closely with PTD Klang to expedite the issuance of the updated land titles for each of Lot 1944 and Lot 1945. Once the updated land titles are obtained, our Group will re-submit the Land Amalgamation Application to PTD Klang. Upon obtaining approval for the Land Amalgamation, our Group will proceed to submit an application to Pejabat Tanah dan Galian Selangor ("**PTGS**") for the issuance of a new land title evidencing the amalgamated Lot 1944 and Lot 1945 ("**New Land Title**"). Upon receiving the New Land Title, the Group will submit an application for the planning permission, building plan approval and CCC for the Roof Area.	The CCC is expected to be obtained within 3 months from the date of receipt of the building plan approval. Unless this non-compliance is resolved prior to listing, Greenergy will disclose and announce the status of the non-compliance in Greenergy's annual report.		Additionally, the local authority may order for any such buildings without a CCC to be demolished. *Sections 70(27)(f) and 72 Street, Drainage and Building Act 1974.*	

No.	Nature of non-compliance	Status as at the LPD (unless stated otherwise)	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact on business operations or financial condition
3.	Operating a factory without a fire certificate WATSB is operating the WATSB Factory located at Lot 1929, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor without a fire certificate.	WATSB, through its consultant, had appointed a professional architect to handle the application to BOMBA for the fire certificate for the WATSB Factory. Having received the temporary building permit referred to in **Item 1** above on 4 July 2025, our Group's consultant is currently preparing the online application for the fire certificate via BOMBA's "e-Premis" online portal and expects to submit the application by end August 2025. Our Group's consultant is of the view that if our Group is able to demonstrate that our Group is actively working towards rectifying the non-compliance, the relevant authorities are unlikely to enforce penalties against our Group, including requiring our Group to cease operations at the WATSB Factory.	Our Group expects to obtain the factory inspection date from BOMBA within one month from the date of BOMBA's receipt of our Group's online application. Upon completion of BOMBA's inspection procedure and if the WATSB Factory is in compliance with fire safety requirements, our Group expects BOMBA to issue the fire certificate within one month from the date of BOMBA's inspection.	Please refer to the estimated cost of rectification under Item 1. The consultant handling the relevant applications for Item 1 is also handling the application for the fire certificate for the WATSB Factory.	Operating the WATSB Factory without a fire certificate WATSB may be liable on conviction to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding five years or to both. *(Section 33 of the Fire Services Act 1988)*	No material adverse impact on our Group's business operations and financial condition due to the following: (i) the estimated cost to rectify plus the potential maximum penalty applicable is about 0.2% of our Group's FYE 31 December 2024 PBT; (ii) steps are being taken by WATSB towards obtaining a fire certificate; (iii) as at the LPD, WATSB has not received any notices, penalties, or compounds from the relevant authorities for not having a fire certificate; and (iv) further, our Group has obtained fire insurance coverage for the WATSB Factory and any claim amount will be determined based on the insurance adjuster's assessment of the cause and circumstances of the fire.

No.	Nature of non-compliance	Status as at the LPD (unless stated otherwise)	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact on business operations or financial condition
4.	Operating a factory without a fire certificate WTSB is operating the WTSB Factory located at Lot 1944 and Lot 1945, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor without a fire certificate.	WTSB has registered an account with e-Premis on 25 April 2025 as a preparatory step towards applying for a fire certificate for the WTSB Factory. Our Group submitted the initial online application for the fire certificate via e-Premis on 16 May 2025. On 20 May 2025, BOMBA had informed our Group that since this is WTSB's maiden application for a fire certificate, the application must be submitted physically. Our Group's representatives had, on 21 May 2025, submitted the application physically at BOMBA's HQ in Bukit Jelutong. During the submission process, the BOMBA representative had informed our Group that BOMBA is unable to process the application as certain documents required were not presented together with the application. The requisite documentation was subsequently submitted to BOMBA on 7 July 2025. We are currently awaiting BOMBA to schedule the factory inspection date.	Our Group expects to obtain the factory inspection date from BOMBA within one month from the date of BOMBA's receipt of our Group's online application. Upon completion of BOMBA's inspection procedure and if the WTSB Factory is in compliance with fire safety requirements, our Group expects BOMBA to issue the fire certificate within one month from the date of BOMBA's inspection.	RM30,000	Operating the WTSB Factory without a fire certificate WTSB may be liable on conviction to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding five years or to both. *(Section 33 of the Fire Services Act 1988)*	No material adverse impact on our Group's business operations and financial condition due to the following: (i) the estimated cost to rectify plus the potential maximum penalty applicable is about 0.1% of our Group's FYE 31 December 2024 PBT; (ii) steps are being taken by WTSB towards obtaining a fire certificate; (iii) as at the LPD, WTSB has not received any notices, penalties, or compounds from the relevant authorities for not having a fire certificate; and (iv) further, our Group has obtained fire insurance coverage for the WTSB Factory and any claim amount will be determined based on the insurance adjuster's assessment of the cause and circumstances of the fire.

7. BUSINESS OVERVIEW (*Cont'd)*

No.	Nature of non-compliance	Status as at the LPD (unless stated otherwise)	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact on business operations or financial condition
5.	Non-compliance in the business license requirement under the Indonesian Standard Industrial Classification ("**KBLI**") 46530 requiring the Group to appoint a local distributor to carry out its distribution activities in Indonesia PT WATI currently operates as a distribution company under KBLI 46530 (Major Trading of Agricultural Machines, Equipment, and Gears) and is involved in: (i) the provision of after-sales services (including parts) for the Group's steam turbine generator systems sold in Indonesia; and (ii) sale of palm oil mill equipment spare and/or replacement parts in Indonesia. PT WATI does not comply with the business license requirement under KBLI 46530 as it currently sells palm oil mill equipment spare and/or replacement parts directly to its customers in Indonesia without going through a local distributor.	PT WATI is in discussions to appoint a potential local distributor for the sale of palm oil mill equipment spare and/or replacement parts in Indonesia. Our Group has also appointed a legal firm in Indonesia, namely Soemadipradja & Taher ("**S&T**") to advise on Indonesian law and to assist our Company with the local distribution agreement to be entered into with the local distributor to be identified. S&T is of the view that the appointment of a local distributor will enable PT WATI to comply with KBLI 46530. On 22 September 2025, PT WATI had appointed a local distributor in Indonesia for the sale of palm oil mill equipment and/or spare/ replacement parts in Indonesia.	This non-compliance has since been rectified as of 22 September 2025.	N/A	Potential penalties which may be imposed by the relevant authorities include escalating penalties ranging from written warnings, withdrawal of goods from distribution, temporary suspension of business activities, warehouse closure, fines, and/or revocation of PT WATI's business licence. Should the relevant authorities decide to impose a fine, PT WATI may be liable on conviction to a fine of IDR5 million (equivalent to approximately RM1,300.00) for every day during which the offence is continued after conviction. *(Articles 166 and 171 of GR 29/2021 and Article 413 of GR5/2021)*	No material adverse impact on our Group's business operations and financial condition as PT WATI has on 22 September 2025 complied with the business license requirements under KBLI 46530.

7. BUSINESS OVERVIEW (*Cont'd)*

The estimated costs to rectify the non-compliances and the penalties applicable to all the non-compliances ranges from 0.1% to 1.7% of our Group's PBT for the FYE 31 December 2024. The impact of the non-compliances to our Group, individually and collectively, is not expected to have a material adverse impact on our Group's business operations and financial condition on the basis that the total estimated costs of all the non-compliances represents less than 5% of our Group's PBT for the FYE 31 December 2024. As at the LPD, our Group has not received any notices, penalties, or compounds from the relevant authorities in respect of the non-compliances.

Notwithstanding that the outstanding non-compliance incidents may remain unresolved by the time of our Listing, our Group undertakes to procure the necessary and continue making the necessary applications to or engage with the relevant authorities to resolve the same. These will include our management of our Group following-up closely and liaising with the relevant authorities to address any queries and requirements raised by the relevant authorities throughout the application and deliberation process until a resolution is achieved. We undertake to update our shareholders on the status of our efforts to remedy or resolve the outstanding non-compliance incidents in our annual reports.

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7. BUSINESS OVERVIEW (*Cont'd)*

7.21 Internal control measures to prevent the recurrence of non-compliance incidents

Our Directors have implemented the following measures to enhance the internal control system of our Group and to prevent the recurrence of the non-compliance incidents set out in Section 7.20 of this Prospectus:

(i) we have established an Audit Committee which comprises three Non-Executive Directors, two of whom are Independent. The Audit Committee will be chaired by Ms. Ng Ing Peng and will, amongst others, oversee matters relating to compliance, financial controls, and enterprise risk in accordance with its terms of reference. A Risk Management Committee will also be established as a sub-committee of the Audit Committee, which will be chaired by our Group Head of Finance and its members will comprise of our Group Chief Executive Officer and Chief Operating Officer of WTSB, to oversee the effectiveness of our Group's policies and processes for identifying, evaluating, and managing risks. The Risk Management Committee reports directly to the Audit Committee and conducts quarterly reviews of high-risk areas, providing recommendations for the monitoring of the effectiveness of risk treatment/ mitigation action plans as well as improvements, where necessary;

(ii) in October 2024, we engaged Axcelasia Sdn Bhd ("**Axcelasia**") to conduct an independent internal control and risk management systems assessment ("**ICA**") to identify and assess salient gaps in the internal controls relating to key processes of the Group (including our factories) in preparation for our Listing.

The review by Axcelasia covered: (a) organisational governance; (b) financial management; (c) strategic management; (d) corporate liability; (e) business development, sales & marketing; (f) human resources; (g) information technology general controls; (h) health, safety and environment and (i) facilities/fixed assets. Following such review and evaluation performed by Axcelasia, we have decided to implement all material recommendations given by Axcelasia on the internal control and risk management systems of our Group, of which some of them relate to the non-compliances as set out in Section 7.20 of this Prospectus.

Further, we have also put in place policies such as Code of Conduct and Business Ethics Manual, Whistleblower Policy, Personal Data Protection Policy, and Anti-Bribery and Anti-Corruption Policy as well as developed and implemented comprehensive standard operating procedures across key areas including sales, production procurement, finance, project execution, and ESG reporting to ensure consistency and operational control.

We will conduct annual reviews and continue to assess and strengthen our internal control system to ensure that we remain current and responsive to regulatory changes and emerging risks;

(iii) we have established an internal audit function within our Group, which will be outsourced to an external internal audit firm for purposes of providing independent assurance to the Audit Committee through the review and evaluation of the adequacy and effectiveness of our Group's internal control system, including its compliance with relevant laws, regulations, licensing conditions, and internal policies. Our Group's internal audit function is intended to be independent and objective, with direct reporting to the Audit Committee, which will oversee the internal audit process and ensure timely follow-up and resolution of any audit findings and recommendations; and

(iv) where necessary, we will seek professional advice and engage external corporate governance consultants, legal advisors, company secretarial service providers, and risk management specialists to assist in ensuring that our Group's policies, controls, and practices remain in alignment with applicable laws related to its business operations from time to time after our Listing. Further, we have also implemented compliance training programmes to raise awareness across all levels in the organisation. These include regular compliance-related training for our Directors, senior management, and employees on subjects such as corporate governance, sustainability disclosures, and financial reporting obligations to ensure that they remain well-informed of their responsibilities under the law and within our Group.

7.22 Intellectual property and trademarks

Our material brand names, patents, trademarks, and other intellectual property rights as at the LPD, are set out in Annexure C of this Prospectus. Please refer to Annexure C of this Prospectus for further details.

7.23 Governing laws and regulations relating to Malaysia and Indonesia

Our business is regulated by, and in some instances required to be licensed under specific laws of Malaysia and Indonesia. The relevant laws and regulations governing us and which are material to our operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to and is only intended to provide general information to investors. It is not intended to be a substitute for independent professional advice.

In Malaysia, our business is subject to a number of Malaysian laws and regulations including but not limited to:

- Occupational Safety and Health Act 1994;
- Street, Drainage and Building Act 1974; and
- Industrial Coordination Act 1975.

In Indonesia, our business is subject to a number of Indonesian laws and regulations including but not limited to:

- Law No. 7 of 2014 on Trade;
- Product Standardisation and Regulations;
- Law No. 1 of 1970 regarding Occupational Health and Safety; and
- Ministry of Manpower Regulation No. 5 of 2021.

Please refer to Annexure E of this Prospectus for further details

7. BUSINESS OVERVIEW (*Cont'd)*

7.24 Material properties and material equipment

Details of our material properties, whether owned or leased/tenanted, and our material plant and equipment are set out in Annexure B and Section 7.11, respectively, of this Prospectus.

7.25 Material dependency on commercial contracts, agreements or other arrangements

Save as disclosed in Annexure D of this Prospectus, there are no contracts, agreements, or other arrangements or other matters entered into by or issued to us or on which we are materially dependent on, and which are material to our business and profitability as at the LPD.

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