

## 6. INFORMATION ON OUR GROUP

### 6.1 INFORMATION ON OUR COMPANY

Our Company was incorporated in Malaysia under the Act on 10 January 2024 as a public limited company under our present name.

Our Company is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to the LPD. Through our Subsidiary, we are principally involved in manufacturing and trading of biomass fuel products, particularly PKS and wood pellets. Please refer to Section 7.1 for detailed information of our Group's history.

As at the LPD, our share capital is RM34,980,979 comprising 1,650,000,000 Shares. The movements in our issued share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital	
			No. of Shares	RM
10 January 2024	1,000	RM1,000/ Subscriber's shares	1,000	1,000
[●]	1,649,999,000	<sup>(1)</sup> RM34,979,979/ Otherwise than cash	1,650,000,000	34,980,979

**Note:**

(1) Being the total consideration of RM34,979,979 which was fully satisfied by the issuance of 1,649,999,000 new Shares to the Vendors at an issue price of approximately RM0.0212 each pursuant to the Acquisition.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon our Listing, our enlarged issued share capital will increase from RM34.98 million comprising 1,650,000,000 Shares to RM[●] million comprising 2,000,000,000 Shares.

As at the LPD, we are not involved in any winding-up, receivership or similar proceedings.

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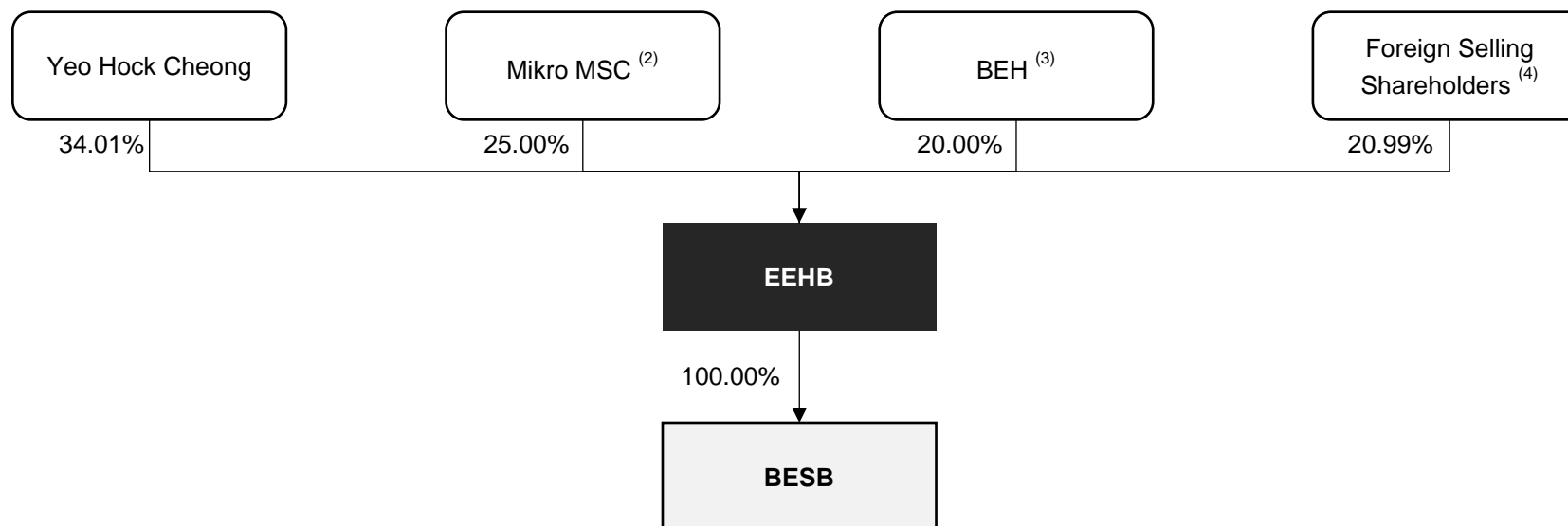
## 6. INFORMATION ON OUR GROUP (CONT'D)

### 6.2 OUR GROUP

#### 6.2.1 Group Structure

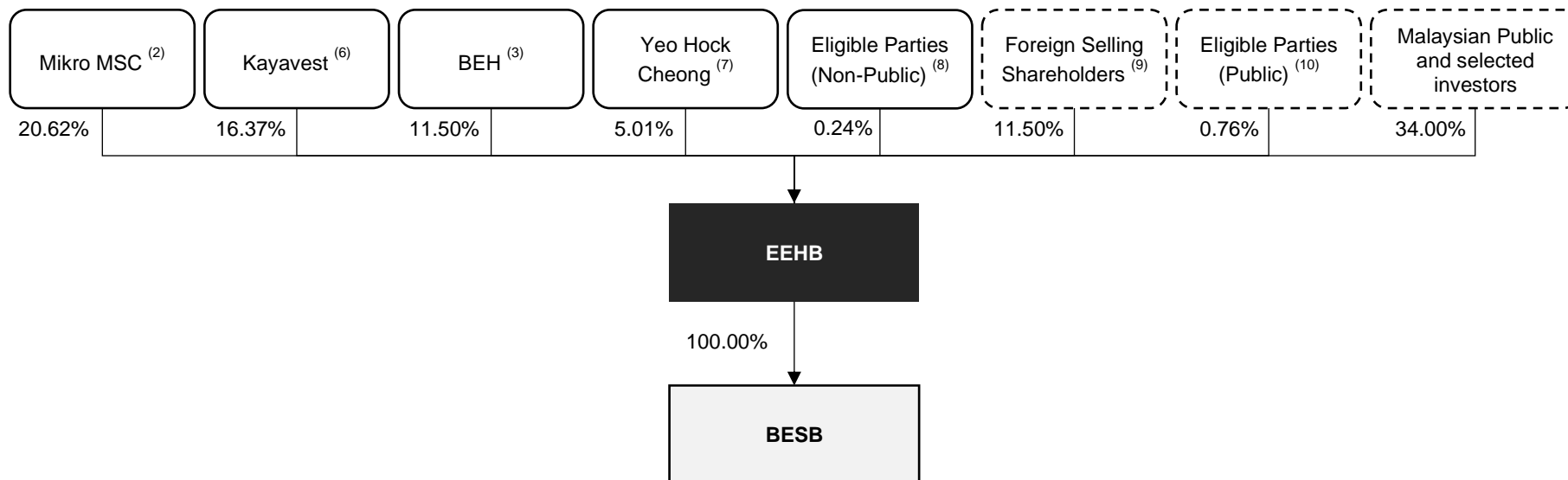
Our group structure before and after our Listing are as follows:

#### Before our IPO but after the Acquisition <sup>(1)</sup>



**6. INFORMATION ON OUR GROUP (CONT'D)**

**After our IPO and the Share Transfer <sup>(5)</sup>**



Legends:

- Represents public shareholders
- Represents non-public shareholders

**6. INFORMATION ON OUR GROUP (CONT'D)**

**Notes:**

- (1) *Based on the issued share capital of 1,650,000,000 Shares before our IPO but after Acquisition.*
- (2) *Please refer to Section 5.1.2(d) of this Prospectus for the details of its shareholders and directors.*
- (3) *Please refer to Section 5.1.2(e) of this Prospectus for the details of its shareholders and directors.*
- (4) *Please refer to Section 4.3.2 of this Prospectus for further details.*
- (5) *Based on the enlarged issued share capital of 2,000,000,000 Shares after our IPO and the Share Transfer.*
- (6) *After the Share Transfer. Please refer to Section 5.1.2(c) of this Prospectus for the details of its shareholders and directors.*
- (7) *After the Offer for Sale of 133,499,800 Offer Shares and the Share Transfer.*
- (8) *Based on the assumption that all the Issue Shares allocated to our Directors and our COO, Teoh Soon Tek under the Pink Form Allocations are fully subscribed.*
- (9) *After the Offer for Sale. Please refer to Section 4.3.2 of this Prospectus for further details.*
- (10) *Based on the assumption that all the Issue Shares allocated to the Eligible Parties (save for our Directors and our COO, Teoh Soon Tek) under the Pink Form Allocations are fully subscribed.*

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## 6. INFORMATION ON OUR GROUP (CONT'D)

### 6.2.2 Listing Scheme

In conjunction with, and as an integral part of our Listing, the details of our Listing Scheme are as follows:

#### (a) Acquisition

Our Company entered into the share sale agreement with the Vendors on 31 January 2024 to acquire the entire issued share capital of BESB for a total consideration of RM34,979,979, which was fully satisfied by the issuance of 1,649,999,000 new Shares at an issue price of approximately RM0.0212 each. The total purchase consideration of RM34,979,979 was arrived at after taking into consideration the audited NA of BESB as at 31 December 2023 of approximately RM35.03 million.

The details of the Vendors and the number of Shares issued to them are as follows:

Vendors	Shareholding in BESB		Purchase consideration (RM)	No. of Shares issued
	No. of BESB Shares	%		
Yeo Hock Cheong	2,380,000	34.01	11,893,183	560,999,200
Mikro MSC	1,750,000	25.00	8,744,996	412,499,800
BEH	1,400,000	20.00	6,995,996	329,999,800
Koh Xian Kai	320,000	4.57	1,599,086	75,428,600
Steven Djunaidi	320,000	4.57	1,599,086	75,428,600
Ang Kian Siong (Hong Jianqiang)	320,000	4.57	1,599,086	75,428,600
Almuhaysini Ali Abdullah	255,000	3.64	1,274,273	60,107,200
Cao Yu	255,000	3.64	1,274,273	60,107,200

#### (b) IPO

The details of the Public Issue and Offer for Sale are set out in Sections 4.3.1 and 4.3.2 of this Prospectus.

#### (c) Share Transfer

During the prescription period (one day after the launching date of the Prospectus up to a period of 30 days), Yeo Hock Cheong will transfer a total of 327,320,400 Shares to Kayavest for a purchase consideration of RM94.92 million. Further details of the Share Transfer are set out below:

	No. of Shares held after our IPO but before the Share Transfer	No of Shares to be transferred to Kayavest	No. of Shares held after the Share Transfer	%
Yeo Hock Cheong	427,500,400	327,320,400	100,180,000	5.01

Kayavest is principally an investment holding company holding the Shares of Yeo Hock Cheong. Yeo Hock Cheong is the sole director and sole shareholder of Kayavest.

Please refer to Section 5.1.2(c) of this Prospectus for details of Kayavest, being our Promoter and substantial shareholder.

#### (d) Listing

Upon completion of our IPO, our Company's enlarged issued share capital of approximately RM[●] million comprising 2,000,000,000 Shares shall be listed on the ACE Market.

## 6. INFORMATION ON OUR GROUP (CONT'D)

### 6.2.3 SUBSIDIARY AND ASSOCIATED COMPANY

Details of our subsidiary as at the LPD are summarised as follows:

Company/ Registration Number	Date/ Place of incorporation	Principal place of business	Issued share capital	Effective equity interest	Principal activities
			RM	%	
BESB/ 201101026049 (954185-X)	25 July 2011/ Malaysia	Malaysia	7,300,000	100.0	Principally involved in manufacturing and trading of biomass fuel products

Details of the issued share capital of our Subsidiary are set out in Section 15.3(b) of this Prospectus.

As at the LPD, we do not have any associated company and joint venture.

### 6.3 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group during the Financial Years Under Review and up to the LPD:

- (a) Investment agreement dated 5 April 2023 between BESB and Newman Trust Investment Bank Ltd ("**NTIB**") for a total consideration of USD2.66 million ("**Investment Sum**") for NTIB to invest in potential target companies with the objective of developing and expanding such target companies under the management of NTIB ("**Investment Agreement**"). The Investment Agreement was mutually terminated on 4 July 2023 and the Investment Sum was fully refunded to BESB without any profit or losses accrued to BESB. The termination of the Investment Agreement was due to the unexpected rapid business development of BESB due to an increase in demand for biomass fuel products, where the Investment Sum is required to be utilised for purchase of raw materials to meet the increase in demand.
- (b) Conditional share sale agreement dated 31 January 2024 between our Company and the Vendors for the Acquisition, which was completed on [●]; and
- (c) Underwriting Agreement.

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**6. INFORMATION ON OUR GROUP (CONT'D)****6.4 MATERIAL INVESTMENT AND DIVESTITURES****6.4.1 Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures (including interests in other corporations) made by us during the Financial Years Under Review and up to the LPD:

	FYE 2021	FYE 2022	FYE 2023	1 January 2024 up to the LPD
Capital expenditures	RM'000	RM'000	RM'000	RM'000
<b><u>PPE</u></b>				
Equipment	-	2	269	-
Furniture and fittings	2	1	48	-
Plant and machinery	-	102	76	(1) 4,714
Office equipment	1	55	157	3
Renovation	13	-	128	-
	<b>16</b>	<b>160</b>	<b>678</b>	<b>4,717</b>

**Note:**

(1) Mainly purchases of machinery and equipment for Kapar Warehouse of RM4.70 million.

**6.4.2 Material capital divestitures**

Save for the divestitures disclosed below, there were no other capital divestitures (including interests in other corporations) made by us during the Financial Years Under Review and up to the LPD.

	FYE 2021	FYE 2022	FYE 2023	1 January 2024 up to the LPD
Capital divestitures	RM'000	RM'000	RM'000	RM'000
<b><u>PPE</u></b>				
Furniture and fittings	-	-	-	10
Motor vehicles	-	-	118	-
Plant and machinery	-	-	~	1
Office equipment	-	~	3	2
Renovation	-	-	-	3
	-	~	<b>121</b>	<b>16</b>
<b><u>ROU assets</u></b>				
Motor vehicles	-	748	-	-
	-	<b>748</b>	-	-

**Note:**

~ Less than RM1,000

Moving forward, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.7.1 of this Prospectus, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

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**6. INFORMATION ON OUR GROUP (CONT'D)**

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**6.4.3 Material plans to construct, expand or improve our facilities**

Save for the proposed utilisation of proceeds from our IPO vis-à-vis our proposed capital expenditure as set out in Section 4.7.1 and Section 7.20.1 of this Prospectus, our Group does not have any other immediate plan to construct, expand and improve our facilities as at the LPD.

**6.5 PUBLIC TAKE-OVERS**

Since our incorporation and up to the LPD, there has been:

- (a) no public take-over offers by third parties in respect of our Shares; and
- (b) no public take-over offers by our Company in respect of other companies' shares.

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## 6. INFORMATION ON OUR GROUP (CONT'D)

### 6.6 MAJOR APPROVALS AND LICENCES

As at the LPD, there are no other major approvals, licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

<u>No.</u>	<u>Licencee</u>	<u>Issuing authority</u>	<u>Date of issue/ Date of expiry</u>	<u>Nature of approval/ licences</u>	<u>Equity and/or major conditions imposed</u>	<u>Compliance status</u>
(a)	BESB	MITI	23 October 2019/ Nil	Manufacturing licence for the premise located on Lot 9212 & 9213, Jalan Udang Galah KS 10, Kampung Telok Gong, 42000 Port Klang, Selangor for the manufacturing of wood pellets, wood chips and green flakes <sup>(1)</sup>	(i) The company must notify MITI and MIDA for any changes in the equity structure of the company;  (ii) The company must train Malaysians to promote the transfer of technology and expertise at all levels of positions;  (iii) The company must comply with the capital investment per employee ratio requirement - Capital Investment Per Employee (CIPE) of at least RM140,000.00;  (iv) The company's total full-time workforce must consist of at least 80% Malaysian citizens no later than 31 December 2024. The employment of foreigners including workers obtained through outsourcing is subject to the current policy; and  (v) The company must implement its project as approved and in accordance with the laws and other regulations enshrined in Malaysia.	Complied  Complied  Complied  Complied
(b)	BESB	MTIB	27 March 2023/ 30 June 2024	Licence for the supply and export of wood waste, woodchip and woodflake	Nil	-

**6. INFORMATION ON OUR GROUP (CONT'D)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority</b>	<b>Date of issue/ Date of expiry</b>	<b>Nature of approval/ licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>
(c)	BESB	Port Klang Authority Malaysia	9 March 2024/ 8 March 2026	Licence to operate/trade in Southpoint, Warehouse A3 & A5 of Port Klang, Selangor	Nil	-
(d)	BESB	Klang Municipal Council	23 November 2023/ 31 December 2024	Business premise licence for office  Licensed premise: Lot 9212 & 9213, Jalan Udang Galah KS 10, Kampung Telok Gong, 42000 Port Klang, Selangor	Nil	-
(e)	BESB	Klang Municipal Council	24 November 2023/ 31 December 2024	Storage licence  Licensed premise: Lot 9212 & 9213, Jalan Udang Galah KS 10, Kampung Telok Gong, 42000 Port Klang, Selangor	Nil	-
(f)	BESB	Klang Municipal Council	24 November 2023/ 31 December 2024	Advertising and industrial licence  Licensed premise: Lot 9212 & 9213, Jalan Udang Galah KS 10, Kampung Telok Gong, 42000 Port Klang, Selangor	Nil	-
(g)	BESB	Klang Municipal Council	5 December 2023/	Business premise licence for office	Nil	-

**6. INFORMATION ON OUR GROUP (CONT'D)**

<u>No.</u>	<u>Licencee</u>	<u>Issuing authority</u>	<u>Date of issue/ Date of expiry</u>	<u>Nature of approval/ licences</u>	<u>Equity and/or major conditions imposed</u>	<u>Compliance status</u>
			31 December 2024	Licensed premise: Lot 6466, Lorong Sungai Puloh, Batu 6, Jalan Kapar, 42100 Klang, Selangor		
(h)	BESB	Klang Municipal Council	5 December 2023/ 31 December 2024	Storage licence	Nil	-
			31 December 2024	Licensed premise: Lot 6466, Lorong Sungai Puloh, Batu 6, Jalan Kapar, 42100 Klang, Selangor		
(i)	BESB	Klang Municipal Council	4 December 2023/ 31 December 2024	Advertising and industrial licence	Nil	-
			31 December 2024	Licensed premise: Lot 6466, Lorong Sungai Puloh, Batu 6, Jalan Kapar, 42100 Klang, Selangor		
(j)	BESB	Kuala Lumpur City Hall ("DBKL")	8 August 2023/ 8 August 2024	Business premise licence for office	(i) The DBKL shall have the rights to impose additional conditions as a business control measure from time to time as well as take action based on the relevant applicable laws with the external departments or agencies related to the business activities;	Noted
				Licensed premise: 61-2, Jalan Radin Tengah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	(ii) The business licence shall be renewed every year, 60 days before the expiry of the licence, without notice from DBKL; and	Noted
					(iii) Employees of the premises shall comprise a minimum of 50% Malaysian employees and	Complied



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## 6. INFORMATION ON OUR GROUP (CONT'D)



**Note:**

(1) The term “green flakes” refers to the PKS processed and manufactured by our Group pursuant to the patent as disclosed in Section 6.7.2 of this Prospectus. MITI has vide its letter dated 8 January 2024 confirmed that the term “green flakes” corresponds to the tariff code of PKS.

### 6.7 INTELLECTUAL PROPERTIES

Save as disclosed below, our Group has not registered any brand names, patents, trademarks or other intellectual property rights:

#### 6.7.1 Trademark

Registration No.	Design	Registered Owner	Authority	Class/ Description	Issuance date/ Expiry date	Status
2018006338		BESB	MyIPO	4/ Biomass fuels included in class 4	28 May 2018/ 28 May 2028	Registered
2018006337		BESB	MyIPO	40/ Production of energy, renewable energy, and alternate fuel and energy; all included in class 40	28 May 2018/ 28 May 2028	Registered

#### 6.7.2 Patent

Patent Grant No.	Patent Title	Registered Owner	Authority	Grant Date	Status
MY-192992-A	A system for processing palm kernel shell as biomass fuel	BESB	MyIPO	20 September 2022	Granted

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**6. INFORMATION ON OUR GROUP (CONT'D)**

**6.8 PROPERTY, PLANT AND EQUIPMENT**

**6.8.1 Properties owned by our Group**

The summary of the material properties owned by our Group as at the LPD are set out below:

<b>No.</b>	<b>Particulars of title/ Postal address</b>	<b>Registered owner</b>	<b>Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)/ Express conditions/ Restriction-in-interest</b>	<b>Land area/ Built-up area sq ft</b>	<b>Date of purchase/ Date of CCC</b>	<b>Encumbrance</b>	<b>Audited NBV as at 31 December 2023 RM'000</b>
(a)	HS(D) 71762, PT 67194, Mukim Klang, Daerah Klang, Selangor/ Lot No. 175, Jalan Sungai Pinang 5/6, Pulau Indah Industrial Park, Pulau Indah 42920, Port Klang, Selangor	BESB	1½-storey semi-detached factory/ Vacant/ Nil/ Industrial/ Industrial/ The land cannot be transferred, charged or leased without State Authority consent	8,525/ 4,567	27 December 2019/ 1 June 2000	Nil	2,576
(b)	Geran 31423, Lot 46 Seksyen 29, Bandar and Daerah Klang, Negeri Selangor/ Nil <sup>(1)</sup>	BESB	Vacant land/ Vacant intended for future development/ Nil/ Nil/ Nil/ Nil	1,593/ Not applicable <sup>(1)</sup>	27 December 2019/ Not applicable <sup>(1)</sup>	Land charged in favour of Affin Islamic Bank Berhad on 18 October 2023  Land charged in favour of Affin Islamic Bank Berhad on 14 September 2020	(2)-

**6. INFORMATION ON OUR GROUP (CONT'D)**

<b>No.</b>	<b>Particulars of title/ Postal address</b>	<b>Registered owner</b>	<b>Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)/ Express conditions/ Restriction-in-interest</b>	<b>Land area/ Built-up area sq ft</b>	<b>Date of purchase/ Date of CCC</b>	<b>Encumbrance</b>	<b>Audited NBV as at 31 December 2023 RM'000</b>
(c)	Geran 31424, Lot 47 Seksyen 29, Bandar and Daerah Klang, Negeri Selangor/ Nil <sup>(1)</sup>	BESB	Vacant land/ Vacant intended for future development/ Nil/ Nil/ Nil/ Nil	1,593/ Not applicable <sup>(1)</sup>	27 December 2019/ Not applicable <sup>(1)</sup>	Land charged in favour of Affin Islamic Bank Berhad on 18 October 2023  Land charged in favour of Affin Islamic Bank Berhad on 14 September 2020	(2)-
(d)	Geran 31421, Lot 48 Seksyen 29, Bandar and Daerah Klang, Negeri Selangor/ Nil <sup>(1)</sup>	BESB	Vacant land/ Vacant intended for future development/ Nil/ Nil/ Nil/ Nil	1,593/ Not applicable <sup>(1)</sup>	27 December 2019/ Not applicable <sup>(1)</sup>	Land charged in favour of Affin Islamic Bank Berhad on 18 October 2023  Land charged in favour of Affin Islamic Bank Berhad on 14 September 2020	(2)-

**6. INFORMATION ON OUR GROUP (CONT'D)**

No.	Particulars of title/ Postal address	Registered owner	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)/ Express conditions/ Restriction-in-interest	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	Audited NBV as at 31 December 2023 RM'000
(e)	Geran 31422, Lot 49 Seksyen 29, Bandar and Daerah Klang, Negeri Selangor/ Nil <sup>(1)</sup>	BESB	Vacant land/ Vacant intended for future development/ Nil/ Nil/ Nil/ Nil	1,593/ Not applicable <sup>(1)</sup>	27 December 2019/ Not applicable <sup>(1)</sup>	Land charged in favour of Affin Islamic Bank Berhad on 18 October 2023  Land charged in favour of Affin Islamic Bank Berhad on 14 September 2020	(2)-

**Notes:**

(1) *The property is a vacant land and does not have any existing structure.*

(2) *The cumulative audited NBV as at 31 December 2023 for properties (b), (c), (d) and (e) is RM1.80 million.*

The property owned by our Group are not in breach of any land use conditions, statutory requirements, land rules or building regulations/ by-laws, which will have material adverse impact on our operations as at the LPD.

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## 6. INFORMATION ON OUR GROUP (CONT'D)

### 6.8.2 Properties rented by our Group

The summary of the properties rented by our Group as at the LPD are as follows:

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Built-up area sq ft	Period of tenancy/ Rental per annum (RM)/ Option to renew
(1)	Lot 9212 & 9213, Jalan Udang Galah KS 10, Kampung Telok Gong, 42000 Port Klang, Selangor	C N H Holdings Sdn Bhd/ BESB	Two (2) adjoining single storey factory cum warehouse with one (1) double storey office building/ Wood pellet and palm kernel shell manufacturing and packing facility	100,806	1 November 2023 – 31 October 2025/ RM1,354,776/ 2 years
(2)	Warehouse A3 & Warehouse A5, Southpoint, Northport, Lorong Pelabuhan Selatan, Kawasan 13, 42000 Port Klang, Selangor	Northport (Malaysia) Berhad/ BESB	Two (2) warehouse space / Warehouse	102,200	1 January 2024 – 31 December 2025/ RM1,470,720/ Nil
(3)	Lot 6466, Lorong Sungai Puloh, Batu 6, Jalan Kapar, 42100 Klang, Selangor	Syarikat Minho Kilning Sdn Bhd & Victory Enterprise Sdn Bhd/ BESB	A portion of a single storey factory building/ Storage	186,976	1 November 2023 – 31 October 2025/ RM2,692,454/ 2 years
(4)	Lot 6466, Lorong Sungai Puloh, Batu 6, Jalan Kapar, 42100 Klang, Selangor	Syarikat Minho Kilning Sdn Bhd & Victory Enterprise Sdn Bhd/ BESB	A portion of a single storey factory building/ Storage	188,160	1 December 2023 – 30 November 2025/ RM2,709,504/ 2 years
(5)	61-2, Jalan Radin Tengah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	Tarez (M) Sdn Bhd/ BESB	2 <sup>nd</sup> floor of a 3-storey shophot / Management office	1,920	1 January 2023 – 31 December 2024/ RM37,800/ Nil

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## 6. INFORMATION ON OUR GROUP (CONT'D)

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Built-up area sq ft	Period of tenancy/ Rental per annum (RM)/ Option to renew
(6)	57-1, Jalan Radin Tengah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	Ecol Nutrihealth Sdn Bhd/ BESB	1 <sup>st</sup> floor of a 3-storey shoplot/ office Management	1,920	1 September 2023 – 31 August 2025/ RM49,200/ 1 year

The properties rented by our Group are not in breach of any land use conditions, statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at the LPD.

### 6.8.3 Acquisition of properties

We have not acquired nor entered into any agreements to acquire any properties during the Financial Years Under Review and up to the LPD.

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## **6. INFORMATION ON OUR GROUP (CONT'D)**

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### **6.9 EXCHANGE CONTROLS**

Our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

### **6.10 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES**

#### **6.10.1 Governing laws and regulations**

The following is an overview of the regulatory requirements governing our Group which are material to our business:

##### **(a) Industrial Co-ordination Act 1975 (“ICA”)**

Pursuant to the ICA, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. Failure to comply is an offence punishable upon conviction to a fine not exceeding RM2,000.00 or a term of imprisonment not exceeding six months and to a further fine not exceeding RM1,000.00 every day during which such default continues.

“Manufacturing activity” is defined under the ICA as “the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article of substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of part and ship repairing but shall not include any activity normally associated with retail or wholesale trade”.

Manufacturing companies with shareholders' funds of RM2.50 million and above or engaging 75 or more full-time paid employees are required to apply to the MITI for a manufacturing licence.

As at the LPD, our Subsidiary, which carries out the manufacturing activities of our Group holds a valid manufacturing licence for the manufacturing of wood pellets, wood chips and green flakes. For clarity, the term “green flakes” refers to the PKS processed and manufactured by our Group as further detailed in note (1) of Section 6.6 of this Prospectus.

##### **(b) Malaysian Timber Industry Board (Incorporation) Act 1973 (“MTIB Act”)**

Pursuant to Section 13 of the MTIB Act, no person shall carry on any activity as an exporter, importer, supplier, grader, processor, trader, operator or a jetty operator unless he is registered in accordance with the MTIB Act, failing which such persons shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 3 years or to both.

Pursuant to the MTIB Act, the term “export” means to take or cause to be taken out of Malaysia by land, sea or air or to place any timber in a vessel, conveyance or aircraft for the purpose of the timber being taken out of Malaysia by land, sea or air, and the term “exporter” means to a person who exports timber.

As at the LPD, our Subsidiary, which carries out activity as exporter, holds a valid licence issued by the MTIB to export.

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**6. INFORMATION ON OUR GROUP (CONT'D)**

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**(c) Environmental Quality Act 1974 ("EQA"), Environmental Quality (Clean Air) Regulations 2014 ("EQCAR") and Environmental Quality (Scheduled Wastes) Regulations 2005 ("EQSWR")**

The EQA regulates, among others, the levels of pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters without licence, prohibits the discharge of oil and wastes into Malaysian waters.

The EQCAR is a subsidiary legislation pursuant to the EQA which regulates the emission of air pollutants to the atmosphere and specifies the requirements for an air pollution control system for every premises to which the EQCAR applies to, including any premises used for any industrial or trade purposes, or on which matter is burnt in connection with any industrial or trade purposes and any other premises or process that discharges or is capable of discharging air pollutants into the open air. Any person who contravenes or fails to comply with any provisions of the EQCAR will be guilty of an offence and shall be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding two years or to both.

The EQSWR is a subsidiary legislation pursuant to the EQA which imposes on the waste generator of the premises an obligation to records, store, label, treat and dispose scheduled waste in accordance with the EQSWR. Any person who contravenes the EQSWR commits an offence and may be subject to a compound not exceeding RM2,000.

As at the LPD, our Group has not been issued with any fines or compounds in relation to any contravention of the EQA.

**(d) Local Government Act 1976 ("LGA")**

The LGA empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor.

As we operate in Kuala Lumpur and Selangor, we are subject to the by-laws of the respective states and fall under the purview of Kuala Lumpur City Hall and Klang Municipal Council. The relevant by-laws governing the conduct of our business are as follows:

**(i) Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-Laws 2016 ("Kuala Lumpur By-Laws")**

The Kuala Lumpur By-Laws states that it is an offence for any person who uses any premise for any business activity without a business premise licence. Any person who contravenes this provision shall be guilty of an offence and shall be liable on conviction to a fine not exceeding RM2,000.00 or a term of imprisonment not exceeding one year or both and in the case of continuing offence a sum not exceeding RM200.00 for each day during which the offence is continued after conviction.

**(ii) Advertisements (Federal Territory) By-Laws 1982 ("Advertisement (KL) By-Laws")**

The Advertisement (KL) By-Laws requires all exhibitions of advertisement to be licensed including signboards. Any person who contravenes any of the provisions under the Advertisement (KL) By-Laws shall be guilty of an offence and shall on conviction be liable to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding one year or to both such fine and imprisonment.

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**6. INFORMATION ON OUR GROUP (CONT'D)**

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**(iii) Licensing of Trades, Businesses, and Industries (Klang Municipal Council) By-Laws 2007 (“Klang By-Laws”)**

The Klang By-Laws provides that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of the council for any activity of trade, business and industry without a licence issued by the licensing authority. Any person who contravenes any provision of the Klang By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both, and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

**(iv) Advertisement (Klang Municipal Council) By-Laws 2007 (“Klang Advertisement By-Laws”)**

The Klang Advertisement By-Laws provides that no person shall exhibit any advertisement without a licence issued by the licencing authority. Any person who contravenes any of the provisions of the Klang Advertisement By-Laws shall be guilty of an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both.

As at the LPD, our Group has obtained the business premise and signboard licences, where relevant, for all our premises.

**(e) Employment Act 1955 (“EA”)**

The EA regulates all labour related matters and employment relationship between employers and employees. It serves as a framework for protecting the rights and welfare of employees.

Any person who commits any offence under, or contravenes any provision of the EA, or any regulations, order or other subsidiary legislation whatsoever made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM50,000.

As at the LPD, our Group complies with the relevant requirements under the EA.

**(f) Free Zone Act 1990 (“FZA”) and Free Zone Regulations 1991 (“FZR”)**

The FZA provides for the establishment of free zones in Malaysia for promoting the economic life of the country and for related purposes. The FZR is a subsidiary legislation made by the Minister in exercise of its power conferred under the FZA. Pursuant to Regulation 5 of the FZR, any person who intends to carry out any activity within a free zone shall apply to the free zone authority (“**FZ Authority**”) for approval. Further, no person shall hold any tenancy or lease of any movable or immovable property in a free zone for the purpose of carrying out any commercial or manufacturing activity and related operations in the zone, except with the permission of the Free Zone Authority.

Every omission or neglect to comply with, and every act done or attempted to be done contrary to the provisions of the FZA or any regulations made thereunder shall be an offence and in respect of any such offence for which no penalty is expressly provided, the offender shall be liable, on conviction, to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 3 years or to both.

As at the LPD, our Subsidiary holds a valid licence issued by Port Klang Authority Malaysia to operate and trade in Port Klang.

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## 6. INFORMATION ON OUR GROUP (CONT'D)

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### (g) Port Authority Act 1963 (“PAA”)

Pursuant to Section 3 of the PAA, the port authority of the relevant ports in Malaysia shall have power to do all things reasonably necessary for or incidental to the discharge of its function, and in particular among others, to undertake or grant licence on such conditions as the authority may think fit to any company, firm, person or persons to undertake, any activities in the Port as may appear to the authority to be necessary.

The general penalty for contravening any provisions of PAA or any by-laws made thereunder shall be liable to a fine not exceeding RM500.

As at LPD, our Subsidiary holds a valid licence issued by Port Klang Authority Malaysia to operate and trade in Port Klang.

### 6.10.2 Environmental, social and governance practices

Our group's business lies in the production of biomass fuel products inherently positions our Group to generate enduring and substantial value growth for stakeholders. The versatility of our biomass fuel products is further evident in their application in the co-firing process, allowing the combustion of different fuel sources within the same system. This approach proves effective in reducing greenhouse gas emissions. In tandem with these efforts, we are dedicated to addressing climate change and actively contributing to preserving our oceans and forests. Our commitment to sustainability is outlined in our Environmental Policy guiding the implementation and ongoing adoption of the following practices by our group:

#### (a) Environmental

Our Group is committed to supporting environmental conservation and care through the incorporation of sustainable practices in our business operations. These initiatives encompass the measures we have implemented or intend to implement (as the case may be) including the following:

- Malaysia stands as a global leader in palm oil production and exportation. Nevertheless, the substantial production of palm oil presents a significant challenge in waste disposal, notably with the shell fractions left after palm oil extraction from palm kernels, which are by-products or wastes of the palm oil milling process. This underscores the need to explore solutions for converting this PKS into value-added products suitable for various applications. As part of our commitment to Environmental, Social, and Governance (ESG) principles, our initiative involves the implementation of innovative solutions to convert PKS into value-added products, reflecting our dedication to responsible and sustainable business practices.

In line with this commitment, our Proprietary PKS process at the Port Klang Factory feature the integration of our PKS production line. This system is designed to minimize impurities by separating useful PKS from small unwanted particles such as tiny stones and fibres during our PKS manufacturing process. This ensures that our PKS have minimal impurity content, typically 1% or less. By integrating these sustainable biomass fuel solutions, we contribute to reducing waste and promoting environmentally conscious practices within the palm oil industry.

- We take pride in our manufacturing facilities, where our biomass fuel products stand out for their environmental friendliness, sourced from by-products or wastes to actively contribute to waste reduction. Remarkably, our wood pellets stand out as the exclusive biomass company featured in the Alternative Fuel category of MyHIJAU's directory.

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## 6. INFORMATION ON OUR GROUP (CONT'D)

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Our biomass fuel products hold certifications such as PEFC for wood pellets, the Green Gold Label for PKS, and the Green Label Certification. These certifications underscore our dedication to sourcing from selected suppliers committed to sustainable management practices.

- Our location of Port Klang Factory and warehouses are strategically chosen. These warehouse facilities act as a temporary storage hub for our biomass fuel products before they are collected by customers or sent to our bonded warehouse in Port Klang, facilitating subsequent international exports. This strategic measure not only streamlines our supply chain but also contributes to a reduction in delivery costs with our goal to minimize the environmental impact associated with transportation while concurrently improving overall operational efficiency.

### (b) Social

#### **Participation in industry-related associations**

Our social initiative involves active participation in industry-related associations, including the Malaysia Biomass Industries Confederation (“**MBIC**”) and the MTIB. Through these engagements, we aim to foster collaboration, understand the collective needs and interests of the biomass industry, and contribute to its holistic development.

By being a part of associations like MBIC, we leverage the platform to facilitate the commercialization, marketing, and utilization of high-value biomass products. Simultaneously, we endorse the principles of sustainable consumption and production. Our involvement is not only geared towards advancing the interests of our Group but also towards creating a conducive ecosystem for the sustainable growth of the biomass industry as a whole.

Moreover, our collaboration extends to supporting the sustainable growth of the Malaysian timber industry. Through the provision of a conducive environment and the continuous extension of quality services, we contribute to maintaining an ecosystem that aligns with ESG principles. This initiative underscores our commitment to responsible business practices, industry collaboration, and the promotion of sustainability across the biomass and timber sectors.

#### **Local communities and employee engagement**

Our Group strives to enhance human well-being and address economic security, inequality, and health needs, guided by fundamental principles including:

- ensuring a safe, healthy and conducive work environment for our employees;
- abolishing inappropriate behaviors and practices, encompassing workplace bullying, discrimination based on individual differences, discriminatory or sexual harassment, intimidation, and victimisation;
- ensuring equal access to opportunities regardless of one’s age, gender, ethnicity, religion, national origin, sexual orientation, disability or any other relevant characteristics;
- ensuring the preservation of fundamental workers’ rights by eradicating all forms of child labor and forced labor;
- empowering our workforce by supporting their personal and professional growth; and
- cultivating a diverse and inclusive culture that recognises and values individuality.

## 6. INFORMATION ON OUR GROUP (CONT'D)

As part of our commitment to continuously supporting the communities, our Group made contributions to the following:

- In 2022, our Group provided financial support to Persatuan Persaudaraan Kristian Rumah Charis Untuk Bantuan Dan Kebajikan Kuala Lumpur (Rumah Charis), a non-profit organization registered under the social welfare category with the Registrar Society of Malaysia. This contribution is part of our ongoing Corporate Social Responsibility (CSR) initiative. Rumah Charis, dedicated to providing a home for the elderly, children, and youth, offers vital social services including spiritual guidance, shelter, education, and engaging community activities.
- In 2023, our Group extended a monetary donation to places of worship, including the Persatuan Penganut Dewa Chuan Soon Kiong in Klang, Selangor, as part of our community initiative. This contribution was intended to support the ongoing maintenance and upkeep of these religious establishments, fostering a sense of unity and collective well-being within the community.

### (c) Governance

We are committed to upholding the standards of corporate governance where our Board of Directors and employees uphold a high standard of integrity, transparency and accountability in our business dealings and conduct.

Save for certain practices of the MCCG, the compliance of which could only be achieved or becomes applicable upon the listing of our shares on the ACE Market, (such as the recommended disclosures to be made in the Company's Annual Report and Corporate Governance Report), we have adopted the MCCG practices by codifying the provisions of the practices into the Board Charter, Board Committee's terms of reference and other board policies and procedures.

In addition, our Group has adopted the Anti-Bribery and Anti-Corruption policy towards bribery where we have put in place the policies and procedures to ensure strict compliance with the Malaysian Anti-Corruption Commission Act 2009. In relation to our Group's risk management, our Group has put in place a risk management framework to monitor closely on the risk associated with our Group's business as well as the Whistleblowing Policy to ensure and promote fairness in business dealings.

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