



MCClean Technologies Berhad
201001009003 (893631-T)

ANNUAL REPORT 2024



**New Synergies,
New Ambitions**



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GROUP PROFILE

A PIVOTAL YEAR



MClean provides surface treatment, precision cleaning & packaging services for various industries ranging from the Hard Disk Drive, Consumer Electronics to the Oil & Gas industries. Our Group has an established track record of more than two decades operating in Malaysia, Singapore and Thailand.

In July 2024, MClean welcomed a new controlling shareholder, Accrelist Crowdfunding Pte. Ltd., which is a 100% owned subsidiary of SGX-listed Accrelist Limited ("**Accrelist**"). The board of directors of MClean has also been restructured to align with its new strategic direction, including the appointment of Datuk Dr. Terence Tea as its Executive Chairman.

In October 2024, MClean unveils a series of strategic corporate proposals ("**Corporate Proposals**") aimed at solidifying the Company's financial position, diversifying its revenue stream and driving growth. These proposals comprised the 25.0% private placement ("**Private Placement**"), acquisition of a plastic injection moulding business ("**Plastic Business**"), diversification into the plastic injection moulding business ("**Diversification**"), and the share capital reduction ("**Share Capital Reduction**"). Shareholders supported and approved

the Corporate Proposals at its extraordinary general meeting ("**EGM**") held on 16 December 2024.

In January 2025, the Company successfully completed the Private Placement via the allotment and issuance of 49,000,000 new ordinary shares at RM0.27 each, raising gross proceeds of RM13.23 million for the Company. In February 2025, the Company completed its Share Capital Reduction. Following the completion of the Private Placement and Share Capital Reduction, the issued share capital of the Company is RM29,203,332 comprising 246,213,000 shares as at the Latest Practicable Date.

In March 2025, MClean completed the acquisition of the Plastic Business, which is now housed under its wholly-owned subsidiary, MClean Plastic Engineering Sdn Bhd.

The series of restructuring set out above marks a pivotal year for the MClean Group – strengthened financial position, injection of new business, rejuvenated board and management – to drive future growth and create value for shareholders.

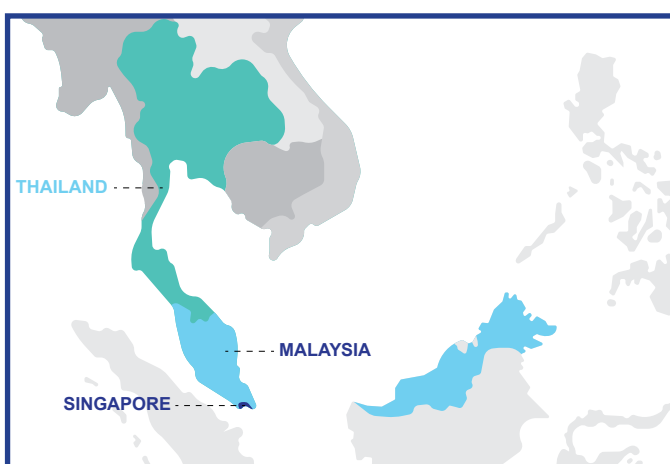


VISION

Our group strives to be the choice service solution provider through continuous innovation to deliver sustainable shareholder value to all stakeholders.

PRINCIPAL ACTIVITIES OF OUR GROUP

- Surface treatment services
 - Precision cleaning in Cleanroom environment
 - Surface treatment & finishing of metal parts
- Cleanroom packaging, assembly & logistics services
 - Clean bulk packaging services
 - Cleanroom packaging services
 - Assembly services
- Plastic injection moulding
 - Plastic injection moulding
 - Tooling services



CHAIRMAN'S MESSAGE



ON BEHALF OF MCLEAN TECHNOLOGIES BERHAD ("MCLEAN" OR THE "COMPANY", TOGETHER WITH ITS SUBSIDIARIES, THE "GROUP"), I AM PLEASED TO PRESENT THE GROUP'S LATEST ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 ("FY2024").

Datuk Dr. Terence Tea Yeok Kian
Executive Chairman
MClean Technologies Berhad

TURNING POINT: NEW SHAREHOLDER, NEW SYNERGIES, RENEWED AMBITIONS

The past year has been marked by continued global volatility, shaped by the persistent challenges of a VUCA (Volatile, Uncertain, Complex, and Ambiguous) world. In the face of macroeconomic uncertainties, geopolitical tensions, and evolving industry dynamics, MClean Technologies Berhad has remained steadfast in its commitment to building resilience and agility across our operations.

Our strategic presence in key regional markets — Singapore, Malaysia, and Thailand — continues to be a cornerstone of our business model. These geographically diversified operations enable us to respond with speed and flexibility to market demands, while also reinforcing supply chain robustness for our clients across industries. By staying close to our customers and understanding their unique requirements, we have remained a trusted partner in delivering our suite of services, comprising precision cleaning for the hard disk drive industry (Seagate as our major customer) and surface treatment solutions for the oil and gas (Halliburton and Technip as customers) and consumer electronics industries.

OVERVIEW OF FY2024

2024 marks a pivotal year for the Group, with the entry of our new controlling shareholder, Accrelist Crowdfunding Pte. Ltd., a wholly-owned subsidiary of SGX-listed Accrelist Ltd.. This strategic alignment has not only brought new perspectives and synergies to the Group, but has also catalysed the initiation of several Corporate Proposals designed to strengthen our financial and operational foundation as detailed in the previous section.

We are very proud to announce that the Group had posted 4 consecutive profitable quarters for FY2024, which marks a remarkable turnaround from the last 3 financial years. Our revenue reached RM61.3 million and our profit before tax reached RM6.4 million in FY2024, representing significant improvement from FY2023. Further details of our financial performance are set out in the next section.

OUTLOOK AND FUTURE PLANS

Through the completion of the several Corporate Proposals in FY2025, we have further fortified our balance sheet and taken decisive steps toward long-term sustainable growth. In particular, we have diversified and expanded our business offerings into plastic injection moulding — a move that complements our core capabilities and opens new avenues for revenue generation and customer engagement.

Looking ahead, MClean is poised to capture emerging opportunities by continuing to invest in innovation, operational excellence, and talent development. We remain committed to delivering long-term value to our shareholders, customers, and partners, even as we navigate the complexities of an evolving business landscape.

A NOTE OF APPRECIATION

On behalf of the Board, I wish to express our sincere gratitude to our esteemed shareholders and devoted employees. Your steadfast support has been instrumental as we steer the Group through an increasingly complex environment. To our shareholders, we are deeply thankful for your trust and enduring belief in our long-term vision. To our employees, your dedication, ingenuity, and unwavering integrity continue to form the bedrock of our success.

The Board and Management of MClean would like to express their sincere gratitude to Mr Yeo Hock Huat, Mr Lim Han Kiau, Ms. Siti Haliza Binti Md. Taibg and Ms. Yeow Seow Lai for their invaluable contributions and wise counsel to the Board and the Company.

We are pleased to welcome Mr. Lee Yee Wooi, Mr. Muhammad Radzi Bin Embong and Ms. Chuah Ai Wen to our Board. Their combined industry knowledge, along with strong expertise in finance and legal matters, will be invaluable in driving the Group's ongoing success.

Looking ahead, I am confident that with the steadfast support of our shareholders and dedicated team, we are well-equipped to seize emerging opportunities and navigate any challenges that may arise. Thank you.

MANAGEMENT DISCUSSION & ANALYSIS

OPERATION REVIEW

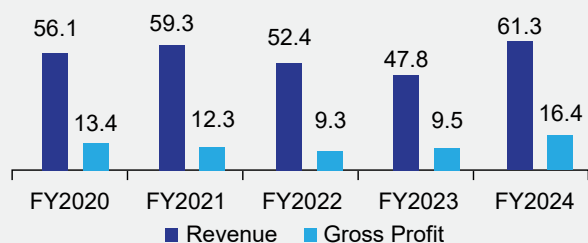
The Group is organised into geographical operating countries managed by the respective Chief Operating Officers. These officers report directly to the senior management of the Group who regularly review their operating and financial performance.

With the entry of the new controlling shareholder, rejuvenated board of directors and management as well as strategic corporate exercises, **FY2024 marks a significant turn-around** for the MClean Group from the previous 3 years' of losses, to a **record-breaking year of revenue and net profits**.

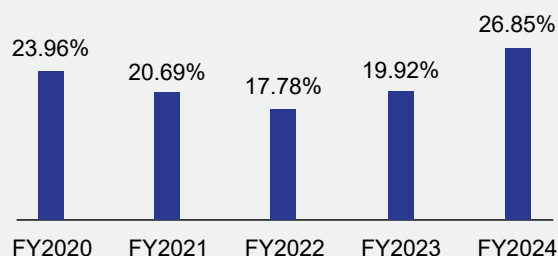
HIGHLIGHTS OF OUR GROUP FINANCIAL INFORMATION FOR THE PAST 5 YEARS (RM'000)

	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	56,134	59,318	52,373	47,836	61,319
Gross profit	13,449	12,275	9,529	9,529	16,466
Profit/(Loss) before tax	1,945	(8,235)	(3,092)	(5,330)	6,408
Net Asset per share	0.14	0.11	0.09	0.07	0.11
Profit/(Loss) per share "EPS"/("LPS") (sen)	0.98	(4.17)	(1.51)	(2.08)	3.17

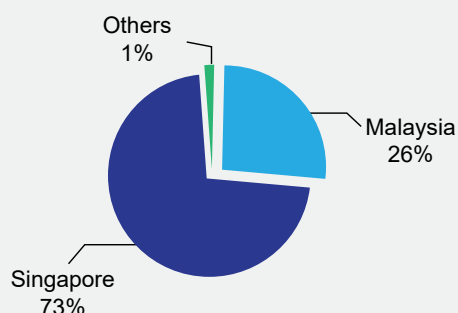
**Revenue & Gross Profit
RM million**



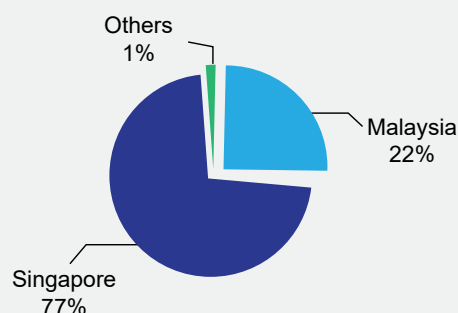
Gross profit margin



**Revenue information by Geographical location
in FY2023**



**Revenue information by Geographical location
in FY2024**



MANAGEMENT DISCUSSION & ANALYSIS CONT'D

FINANCIAL ANALYSIS

FINANCIAL RESULTS

Revenue for FY2024 increased by 28.2% from RM47.8 million in FY2023 to RM61.3 million in FY2024, due mainly to increase in revenue from both precision cleaning and surface treatment activities.

Gross profit margin increased from 19.9% in FY2023 to 26.8% in FY2024 due mainly to an overall improvement in operating efficiency from both precision cleaning and surface treatment activities.

Other income increased by RM4.0 million in FY2024 as compared with FY2023 due mainly to the reversal of impairment loss on property, plant and equipment ("**PPE**") in our Thailand operation in FY2024.

Administrative expenses stayed relatively stable at RM13.0 million in FY2024 as compared with RM13.6 million in FY2023.

Overall, the Group reported a profit before tax of RM6.4 million in FY2024 as compared with a loss before tax of RM5.3 million in FY2023.

FINANCIAL POSITION

The Group's PPE increased by approximately RM4.5 million to RM20.7 million as at 31 December 2024 as compared with RM16.2 million as at 31 December 2023, due mainly to revaluation of properties.

Right-of-use assets decreased by RM1.9 million to RM1.3 million as at 31 December 2024, as compared with RM3.2 million as at 31 December 2023, due mainly to amortisation for the year.

Inventories remained relatively stable at approximately RM1.4 million as at 31 December 2024, as compared with RM1.4 million as at 31 December 2023.

Trade receivables increased by RM2.5 million to RM15.2 million as at 31 December 2024, as compared with RM12.7 million as at 31 December 2023, due mainly to the increase of revenue in FY2024.

Trade payables increased by RM1.3 million to RM7.6 million as at 31 December 2024, as compared with RM6.3 million as at 31 December 2023, due mainly to the increase in purchases in line with the increase in revenue for FY2024.

Other payables increased slightly by RM0.8 million to RM5.8 million as at 31 December 2024, as compared with RM5.0 million as at 31 December 2023, due mainly to increase in accruals and non-trade payables.

Borrowings remained relatively stable at RM7.3 million as at 31 December 2024 and 31 December 2023.

DIVIDEND

The Group had not adopted any dividend policy. However, the Board will evaluate the Group's profitability, long term plan and cash flows position annually before recommending any dividend payment.

RISKS ANALYSIS

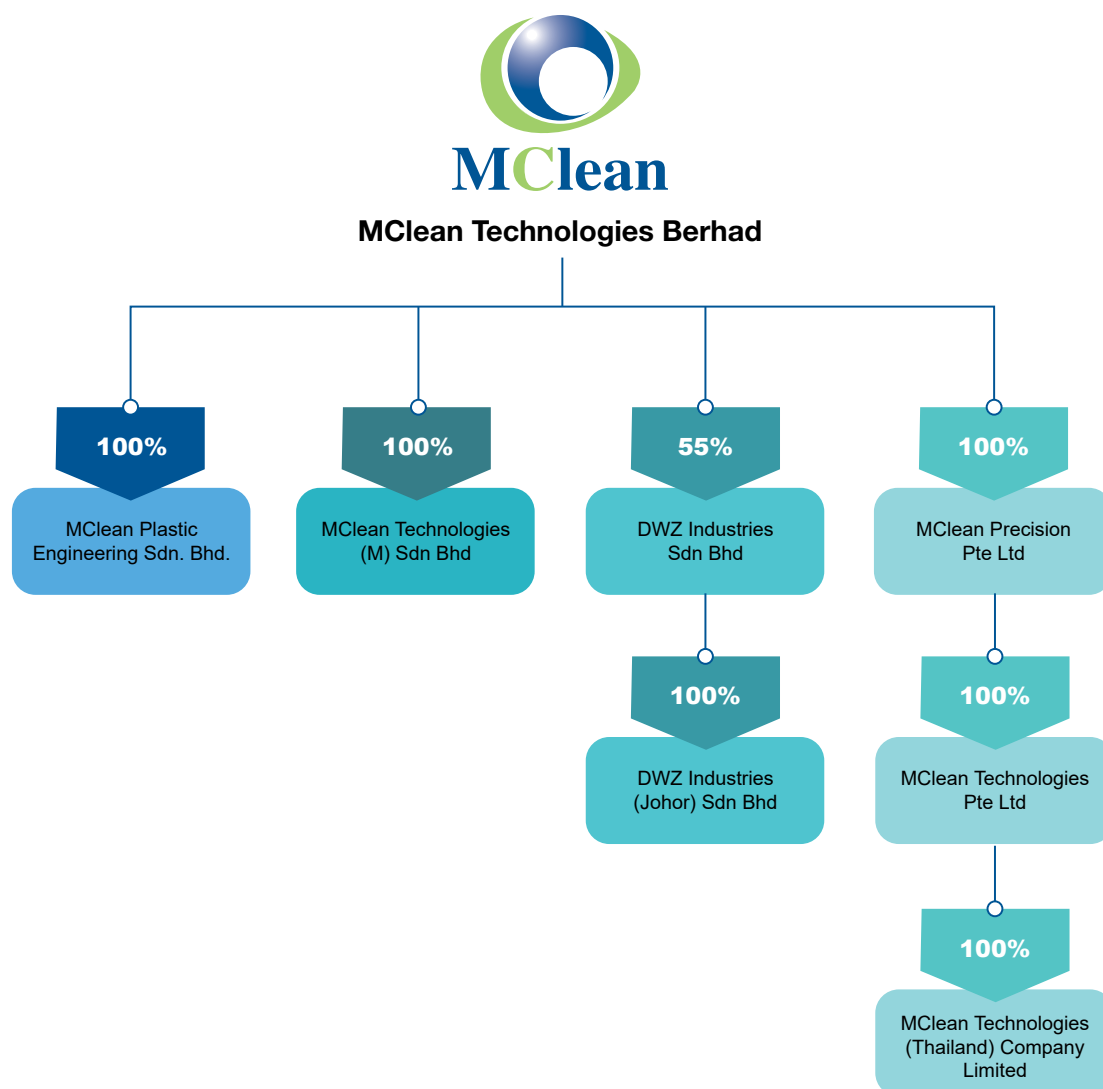
Market risk

HDD industry remain as the main market for MClean. The demand trend for HDD remain relatively stable and we expect the momentum to maintain into 2025.

With the improved balance sheet from the completion of the Private Placement and the completion of the acquisition of the Plastic Business in March 2025, the immediate focus of the MClean Group is to integrate the Plastic Business with the rest of the Group's business while ensuring minimal disruption during such transition period. As announced previously, the acquisition of the Plastic Business is a strategic move by the Group to enhance and diversify its revenue streams, with the intention of achieving operational synergies and to present a one stop solution to its customers, particularly in industries such as electrical and electronic and automotive industries. The Group also intends to continue exploring value-adding opportunities, including both organic and inorganic growth opportunities, as well as to continue to utilise our capital efficiently.



CORPORATE STRUCTURE



ABBREVIATION	NAME OF COMPANY	PRINCIPAL ACTIVITIES
MCLEAN	MClean Technologies Berhad	Investment holding
MPP	MClean Precision Pte Ltd	Investment holding and the provision of management services to subsidiary
MTP	MClean Technologies Pte Ltd	Provide precision cleaning, assembly services, and other related service to hard disk drive industry and investment holding
MTT	MClean Technologies (Thailand) Company Limited	Provide precision cleaning, assembly services, and other related service to hard disk drive industry
MTM	MClean Technologies (M) Sdn Bhd	Provide surface treatment and related services such as surface finishing, precision cleaning and packaging services
MPE	MClean Plastic Engineering Sdn. Bhd. (incorporated on 13 January 2025)	Manufacturing of precision tools and plastic injection moulding
DWZ	DWZ Industries Sdn Bhd	Surface treatment and finishing specialist for electrical and electronic industries
DWZ JOHOR	DWZ Industries (Johor) Sdn Bhd	Surface treatment and finishing specialist for electrical and electronic industries

CORPORATE INFORMATION

DIRECTORS	Datuk Dr. Terence Tea Yeok Kian Mr. Lee Yee Wooi Mr. Muhammad Radzi Bin Embong Ms. Chuah Ai Wen	(Appointed on 09.07.2024) (Appointed on 01.10.2024) (Appointed on 09.07.2024) (Appointed on 09.07.2024)	(Executive Chairman) (Independent Non-Executive Director) (Independent Non-Executive Director) (Independent Non-Executive Director)
LONG TERM INCENTIVE PLAN COMMITTEE	Mr. Lee Yee Wooi (Chairman) Datuk Dr. Terence Tea Yeok Kian Mr. Muhammad Radzi Bin Embong	(Appointed on 01.10.2024) (Appointed on 09.07.2024) (Appointed on 09.07.2024)	
AUDIT COMMITTEE	Mr. Lee Yee Wooi (Chairman) Mr. Muhammad Radzi Bin Embong Ms. Chuah Ai Wen	(Appointed on 01.10.2024) (Appointed on 09.07.2024) (Appointed on 09.07.2024)	
NOMINATION COMMITTEE	Ms. Chuah Ai Wen (Chairperson) Mr. Muhammad Radzi Bin Embong Mr. Lee Yee Wooi	(Appointed on 09.07.2024 and re-designated on 29.01.2025) (Appointed on 09.07.2024) (Appointed on 28.01.2025)	
REMUNERATION COMMITTEE	Mr. Muhammad Radzi Bin Embong (Chairman) Mr. Lee Yee Wooi Ms. Chuah Ai Wen	(Appointed on 09.07.2024 and re-designated on 29.01.2025) (Appointed on 28.01.2025) (Appointed on 09.07.2024)	
STOCK-EXCHANGE LISTING	ACE Market of Bursa Malaysia Securities Berhad Stock Name : MCLEAN Stock Code : 0167 Sector : Industrial Product and Services Listed on : 10 May 2011		
COMPANY SECRETARIES	Mr. Tan Tong Lang MAICSA 704548 SSM PC No. 202208000250	Ms. Thien Lee Mee LS0010621 SSM PC No. 201908002254	
SHARE REGISTRAR	Aldpro Corporate Services Sdn Bhd (Registration No. 202101043817 (1444117-M)) B-21-1, Level 21, Tower B Northpoint Mid Valley City No. 1, Medan Syed Putra Utara 59200 Kuala Lumpur Wilayah Persekutuan Malaysia		
PRINCIPAL BANKERS	Malayan Banking Berhad United Overseas Bank Limited		
HEAD OFFICE	2 Woodlands Sector 1 #01-22 Singapore 738068 Tel No.: +65 6753 8077 Fax No.: +65 6753 8993 Website: http://www.mclean.com.sg		
AUDITORS	TGS TW PLT (Registration No. 202106000004, LLP0026851-LCA & AF002345) Unit E-16-2B, Level 16, Icon Tower (East) No. 1, Jalan 1/68F, Jalan Tun Razak 50400 Kuala Lumpur		
REGISTERED OFFICE	B-21-1, Level 21, Tower B Northpoint Mid Valley City No. 1, Medan Syed Putra Utara 59200 Kuala Lumpur Wilayah Persekutuan Malaysia Tel No.: +603 -97702200 Fax No.: +603-22017774		

DIRECTORS' PROFILE



Datuk Dr. Terence Tea Yeok Kian

Executive Chairman, Executive Director
57 years of age, Male, Singaporean

- Executive Chairman and Executive Director of MClean Technologies Berhad
- Executive Chairman & Managing Director of Accrelist Ltd. (listed on SGX)
- Executive Chairman and CEO of Jubilee Industries Holdings Ltd. (listed on SGX)
- Holds a Ph.D. in Business Administration (Honorary) from Honolulu University.
- Led MClean Technologies to four consecutive profitable quarters, reinforcing financial strength.
- Spearheaded strategic corporate actions including Private Placement, Proposed Acquisition, Business Diversification and Capital Reduction to diversify revenue streams and strengthen balance sheet of MClean.
- Awarded the Public Service Star (BBM) by the President of Singapore for outstanding contributions.
- Recognised as a Top Entrepreneur by the Singapore Small to Medium Business Association.
- Honourary Patron of Nee Soon East Constituency, Sembawang Citizen's Consultative Committee, and Singapore Productivity Association.
- Holds the title of Dato and has received multiple public service recognitions.

Datuk Dr. Terence Tea Yeok Kian ("**Datuk Dr. Tea**") was appointed to the Board on 9 July 2024 and is the Executive Chairman of MClean Technologies Berhad ("**MClean**"). He is a member of the Long Term Incentive Plan Committee.

He holds a Ph.D. in Business Administration (Honorary) from Honolulu University and a Diploma in Electronics and Electrical Engineering, from Singapore Polytechnic.

Datuk Dr. Tea is responsible for the overall growth of the MClean Group, and his main role is to determine the strategic direction of the Group, acquiring and nurturing new businesses with a view of taking them to greater heights. Datuk Dr. Tea brings to the MClean Group a wealth of experience in the corporate world, providing key inputs to the Board and has been instrumental in advising on corporate matters. In addition, Datuk Dr. Tea's tenacity has been reflected in his leadership to harness the unrealised of the MClean Group.

Datuk Dr. Tea is concurrently the Executive Chairman and Managing Director of Accrelist Ltd. (Accrelist, and together with its subsidiaries, the Accrelist Group) and the Executive Chairman and Chief Executive Officer of Jubilee Industries Holdings Ltd. (Jubilee, and together with its subsidiaries, the Jubilee Group). Jubilee is a subsidiary of Accrelist, and both Accrelist and Jubilee are listed on the Catalist Board of Singapore Exchange. He is responsible for the overall growth of both Accrelist Group and Jubilee Group and his main role is to lead the strategic development of both groups.

Datuk Dr. Tea is also an honorary patron of the Nee Soon East Constituency, Sembawang Citizen's Consultative Committee and Singapore Productivity Association, as well as Chairman of Eng Yong Tong Tay Si Association. He was awarded the Public Service Medal (BBM) by the President of the Republic of Singapore, as well as the Long Service Award (MOE) by Singapore's Ministry of Education. He is also the Singapore Small Medium Business Association TOP Entrepreneur.

Datuk Dr. Tea has no family relationship with other Directors and/or major shareholders of MClean and does not have any conflict of interest with MClean. Further, he has not been convicted of any offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2024.



Mr. Lee Yee Wooi

Independent Non-Executive Director
53 years of age, Male, Malaysian

- Independent Non-Executive Director of MClean Technologies Berhad.
- Independent Non-Executive Director for Umedic Group Berhad. (listed on Bursa Malaysia)
- Chairman of Audit Committee and Member of Remuneration and Nomination Committee of MClean.
- Graduated with a Bachelor of Accounting (Hons) from the University of Malaya.
- Registered member of the Malaysia Institute of Accountants since 2000.
- Expert in manufacturing operations within the electrical and electronics sector, as well as management consultancy services for the scientific analytical field.

Mr. Lee Yee Wooi ("**Mr. Lee**") was appointed to the Board on 1 October 2024 and is the Independent Non-Executive Director of MClean. He is Chairman of the Audit Committee and a member of the Remuneration Committee, Nominating Committee and Long Term Incentive Plan Committee.

Mr. Lee holds a Bachelor of Accounting (Hons) from University of Malaya in 1997, and is currently a member of the Malaysian Institute of Accountants since 2000.

He began his career at Ernst & Young from 1997 to 2002, gaining experience in accounting, taxation, and auditing clients ranging from small and medium enterprises to multinationals. After a brief stint at Smart Modular (M) Sdn Bhd, he joined Scope Manufacturers (M) Sdn Bhd in July 2002 as an Accounts/Finance Manager and was later promoted to Financial Controller following the listing of Scope Industries Bhd on the Mesdaq market, a position he held until 2009. He then served as Finance Director at Transform Electrical Industry Sdn Bhd until 2013. Since 2013, he has successfully established and managed his own business, overseeing overall operations, strategic planning, and business development. Additionally, he was the Accountant for Biochem Laboratories Sdn Bhd from 2019 to November 2023. He was formerly a Non-Independent Non-Executive Director (17 January 2022 to June 2024) for HHRG Berhad (formerly known as Heng Huat Resources Group Berhad) which is listed on Bursa Malaysia. He is currently an Independent Non-Executive Director (appointed on 7 October 2021) for Umedic Group Berhad, a company listed on Bursa Malaysia.

Mr. Lee has no family relationship with other Directors and/or major shareholders of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2024.

DIRECTORS' PROFILE CONT'D



Mr. Muhammad Radzi Bin Embong

Independent Non-Executive Director
55 years of age, Male, Malaysian

- Independent Non-Executive Director of Mclean Technologies Berhad.
- Chairman of Remuneration Committee and Member of Audit and Nomination Committee of Mclean.
- Chief Executive Officer and Advisor to several Small Medium Enterprise companies, providing expertise in strategic planning, decision-making, and business development.
- Holds an MBA from Nanyang Technological University, in collaboration with MIT.
- Earned a Degree in Electrical, Electronic & Systems from Universiti Kebangsaan Malaysia (UKM).

Mr. Muhammad Radzi Bin Embong ("**Mr. Radzi**"), was appointed to the Board on 9 July 2024 and is the Independent Non-Executive Director of MClean. He is Chairman of the Remuneration Committee and a member of the Audit Committee, Nominating Committee and Long Term Incentive Plan Committee.

Mr. Radzi holds an MBA from Nanyang Technological University, in collaboration with Massachusetts Institute of Technology (MIT), as well as a Degree in Electrical, Electronic & Systems from UKM.

He was the CEO of Multazam Development Sdn. Bhd. (2018 – 2022) where he was involved in various plantation development and related proposals and projects. He currently acts as an advisor to several small and medium sized enterprises advising them on strategic planning, decision-making and business development. He also has experience with legal disputes and arbitration.

In the early part of his career, he was an Engineer with NEC Semiconductor, Senior Engineer with Motorola Philips Semiconductor and an Engineering Manager with KESM Industries Berhad. He is very familiar with industrial quality standards such as ISO9002, QS9000 and 6 Sigma process improvement.

Mr. Radzi has no family relationship with other Directors and/or major shareholders of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2024.



Ms. Chuah Ai Wen

Independent Non-Executive Director
32 years of age, Female, Malaysian

- Independent Non-Executive Director of Mclean Technologies Berhad.
- Chairman of Nomination Committee and member of Audit and Remuneration Committee.
- Senior Associate at Messrs Raj May & Associates since January 2020.
- Holds an LL.B (Hons) from the University of London
- 7 years of legal experience in civil litigation, arbitration and adjudication, corporate and conveyancing, and dispute resolution.

Ms. Chuah Ai Wen ("**Ms. Chuah**") was appointed to the Board on 9 July 2024 and is the Independent Non-Executive Director of MClean. She is Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

Ms. Chuah is a Practicing lawyer experienced in civil litigation, including contractual, construction and industrial disputes, as well as expertise in corporate, conveyancing and family matters. She is experienced in negotiating and representing clients in complex legal proceedings, providing strategic advice, and achieving favourable outcomes. Her experience includes assisting in Court of Appeal and Federal Court hearings in relation to land dispute, construction dispute, arbitration matter under S.42 of Arbitration Act 2005; well-versed in adjudication under the Construction Industry Payment and Adjudication Act 2012 (CIPAA); proficient in managing conveyancing transactions as well as preparing and negotiating various legal documents tailored to meet the needs of the clients.

Ms. Chuah has no family relationship with other Directors and/or major shareholders of MClean and does not have any conflict of interest with MClean. Further, she has never been convicted of any offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2024.

PROFILE OF KEY SENIOR MANAGEMENT



Mr. Pek Choon Lee

Chief Executive Officer ("CEO")
61 years of age, Male, Singaporean

Mr. Pek Choon Lee ("**Mr. Pek**") was appointed as the CEO of MClean on 9 July 2024. As CEO, he oversees the entire business operations of the Group.

Mr. Pek obtained his Bachelor of Business in 2002 from RMIT/Australia, majoring in Accounts and Finance. He then pursued a Nanyang Fellows MBA from Nanyang Technological University in 2004, and later attained the APEC EMBA from the National University of Singapore in 2015. Mr. Pek had also completed the Advanced Management CEO course in Peking University and the Executive Management Program from Sloan School of Management, Massachusetts Institute of Technology. In 2017, he completed the Advanced Management Program from Cambridge University. He has also completed the course pertaining to listed company director roles and responsibilities at the Singapore Institute of Directors. In recognition of his practical experience and management competence, he has been invited as Guest Speaker by Nanyang Technological University and Judge at the Amalgamation Challenge at Nanyang Business School.

Mr. Pek is an experienced entrepreneur with over two decades of experience. He began his career in the electronics industry, establishing UPC Electronics in 1992 and served as its CEO and CFO until 2009. Under his leadership, UPC Electronics annual sales turnover grew to USD 48 million and was awarded the SME 500. Since then, Mr. Pek has diversified into a wide range of industries as a corporate consultant on the back of his management know-how, business acumen, financial engineering skills and Asia-Pacific wide network.

He does not hold any directorship in any public company and has no family relationship with any director and/or major shareholder of MClean. Mr. Pek does not have any conflict of interest with MClean. Save as disclosed in Note (1) below, he has never been convicted of any offences within the past five years other than traffic offences and has no public sanctions and/or penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2024.

Note (1): On 29 November 2023, Mr. Pek was charged in the Singapore Court for offences under the Employment of Foreign Manpower Act. The charges were in relation to Mr. Pek's position as Director of his personal advisory firm in which he was the sole director and sole shareholder, and matters concerning the employment of a foreign national which took place around 2019 – 2021. Mr. Pek was subsequently convicted and had served his brief sentence.



Ms. Hee Suh Ling

Chief Operating Officer – Precision Cleaning
49 years of age, Female, Singaporean

Ms. Hee Suh Ling ("**Ms. Hee**") is the Chief Operating Officer ("COO") appointed on 1 July 2024 for the Precision Cleaning business of the Group. She has been with Magnetronics Pte Ltd since 1997, which subsequently become a subsidiary of MClean Technologies Pte Ltd in 2010. Ms. Hee obtained her Institute of Accountants & Business certificate in 2001. She has more than 28 years of experience in the high technology manufacturing industry.

Ms. Hee does not hold any directorship in any other public company. She has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, she has never been convicted of any offences within the past five years other than traffic offences and has no public sanctions and/or penalties imposed upon her by relevant regulatory bodies for the financial year ended 31 December 2024.

PROFILE OF KEY SENIOR MANAGEMENT CONT'D

Mr. Chua Chee Tiong

Chief Operating Officer – Surface Treatment
55 years of age, Male, Singaporean

Mr. Chua Chee Tiong ("**Mr. Chua**") is the COO appointed on 1 January 2016 for the Surface Treatment business of the Group. He has been with the DWZ group since 1997, which subsequently became a subsidiary of MClean in 2015. Mr. Chua obtained his business degree from RMIT. He has more than 25 years of experience in the industry engineering and manufacturing industry.

Mr. Chua does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past five years other than traffic offences and has no public sanctions and/or penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2024.

Ms. Faye Chong Wen Qi

Chief Corporate Officer ("CCO")
45 years of age, Female, Singaporean

Ms. Faye Chong Wen Qi ("**Ms Chong**") was appointed as the CCO of MClean on 9 July 2024. As CCO, she oversees the Group's corporate actions, corporate finance, external relationships and special projects.

Ms Chong graduated from the Nanyang Technological University of Singapore in 2001 with a Bachelors of Business Studies. She started her career with the Singapore Economic Development Board (EDB), before spending the next 20 years in the corporate finance industry, specialising in M&A, advisory and corporate governance.

Ms Chong is currently an Independent Director of Singapore-listed Food Innovators Holdings Limited. She is also an Accredited Board Director as certified by the Singapore Institute of Directors.

Other than the above, Ms Chong does not hold any directorship in any other public company. Ms Chong does not have any family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, she has never been convicted of any offences within the past five years other than traffic offences and has no public sanctions and/or penalties imposed upon her by relevant regulatory bodies for the financial year ended 31 December 2024.

Mr. Yap Chun Yuan

Financial Controller ("FC")
32 years of age, Male, Malaysian

Mr. Yap Chun Yuan ("**Mr. Yap**") was appointed as the FC of MClean on 23 September 2024. He oversees the finance and accounting functions of the Group.

Mr. Yap graduated from Curtin University with a Bachelor of Commerce in Accounting and Finance in 2015 and was admitted to full membership of CPA Australia in November 2018.

Mr. Yap began his career in KPMG PLT Johor Bahru as an auditor for 3 years, before moving to Singapore to work for Ernst & Young LLP for approximately another 3 years. He then moved in-house to work for Bunge Loders Crocklaan Oils Sdn Bhd as an accountant for 2.5 years, before joining We Total Engineering Sdn Bhd as a Finance Manager, before joining MClean.

He does not hold any directorship in any public company and has no family relationship with any director and/or major shareholder of MClean. Mr. Yap does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past five years other than traffic offences and has no public sanctions and/or penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2024.

SUSTAINABILITY REPORT

ABOUT THE COMPANY

MClean Technologies Berhad ("MClean") and its subsidiaries (the "Group") is a leading provider of precision cleaning, surface treatment, and cleanroom packaging services. Committed to sustainability, MClean integrates Environmental, Social, and Governance (ESG) principles into its operations, ensuring responsible business practices while driving long-term value for stakeholders.

Serving industries such as hard disk drives (HDD), consumer electronics, and oil & gas, the Group leverages advanced technology and stringent quality controls to deliver high-performance, environmentally friendly solutions. Beyond its core expertise, MClean continuously explores innovative methods to enhance efficiency and sustainability.

The Group optimizes resource utilization, minimizes waste, and implements sustainable manufacturing practices. It also prioritizes employee well-being, fostering a safe and inclusive work environment while actively engaging with local communities. Through ethical business practices and transparent reporting, MClean reinforces its role as a responsible corporate citizen.

OUR CORE BUSINESS

MClean specializes in precision surface treatment, cleaning, and cleanroom packaging, enhancing product reliability, minimizing contamination risks, and improving operational efficiency. Expanding its capabilities, the Group also manufactures and distributes surface treatment chemicals to meet evolving industry demands. With a strong emphasis on research and development, MClean continuously diversifies its offerings while maintaining strict quality standards.

WHERE WE OPERATE

MClean operates in Malaysia, Singapore, Thailand, and other international markets. Its strategically located facilities ensure efficient service delivery and optimized production capabilities, strengthening supply chain efficiency and market reach for long-term growth.

ABOUT THIS REPORT

MClean Technologies Berhad ("MClean" or "the Company") and its subsidiaries ("the Group") are pleased to present this Sustainability Report for FY2024, reflecting our commitment to Environmental, Social, and Governance (ESG) principles. As a key player in the precision cleaning industry, we recognize the importance of integrating sustainability into our business operations to create long-term value for our stakeholders.

This Report provides an overview of our approach to sustainability, including our governance structure, environmental considerations, and social responsibility efforts. We remain committed to upholding responsible business practices and continuously improving our disclosures to enhance transparency and accountability.

To support stakeholder confidence, we strive to present clear and consistent ESG-related information, including relevant sustainability data wherever available. Through this Report, we reaffirm our dedication to responsible growth and our commitment to contributing to a more sustainable future.

REPORTING SCOPE & BOUNDARIES

Sustainability is an ongoing journey that requires continuous improvement in our performance, goals, and achievements across all divisions. Unless stated otherwise, the data in this report applies to MClean's core operations, including its manufacturing sites and operational facilities.

This Report specifically covers DWZ Industries Sdn Bhd ("DWZ") in Malaysia and MClean Technologies Pte Ltd ("MTP") in Singapore, which are key operational entities within the Group. DWZ specializes in surface treatment and finishing solutions for the electrical and electronic industries, while MTP provides precision cleaning, assembly services, and investment holding activities.

This financial year, we have refined our reporting boundaries to establish a strong foundation for our sustainability reporting. By focusing on two core operational entities, we aim to ensure a more structured and consistent reporting approach. This phased approach allows us to build a robust baseline, with plans to gradually expand the reporting scope in the coming years.

For further details on corporate governance, internal operations, and business activities, please refer to MClean's Annual Report 2024 and associated documents.

REPORTING FRAMEWORK

This Sustainability Report aligns with this Report has been prepared in compliance with Bursa Malaysia's Listing Requirements, guided by Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and the Malaysian Code on Corporate Governance (MCCG), with referencing to the Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals (UN SDGs).

MClean remains committed to clear, accurate, and transparent sustainability disclosures. We continuously refine our reporting approach to reflect evolving best practices, ensuring stakeholders gain meaningful insights into our sustainability initiatives.

REPORTING PERIOD

This report covers the period from 1 January 2024 to 31 December 2024, aligning with our financial reporting cycle to provide a comprehensive view of our sustainability efforts throughout the year. This financial year has seen restatements resulting from changes in measurement methodologies and an expansion of scope and boundaries to include our overseas operations.

SUSTAINABILITY REPORT CONT'D

ASSURANCE STATEMENT

Although this statement has not been externally assured, it has undergone an internal review process with input from senior management and key stakeholders within the Company. To further enhance the accuracy and credibility of our future disclosures, we may explore the possibility of engaging an independent third party for assurance.

IDENTIFICATION AND COMMUNICATION WITH STAKEHOLDER

Through active stakeholder engagement, the Group gains valuable insights and identifies key environmental, social, and governance (ESG) priorities. Committed to sustainable operations, we place stakeholders at the forefront, including shareholders, employees, customers, suppliers, subcontractors, regulatory authorities, and local communities. To foster meaningful dialogue, we have established effective communication channels such as meetings, inquiries, interviews, and discussions across our operational locations.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements that offer stakeholders insights into our future plans and outlook. While we make every effort to ensure accuracy, external factors beyond our control may influence actual results. Readers are advised to exercise discretion and conduct their own due diligence before making decisions based on this report. MClean is not liable for any losses resulting from changes in business or operational performance.

FEEDBACK AND COMMENTS

A digital version of this report is available online at http://www.mclean.com.sg/annual_report.html. We welcome feedback on our sustainability approach and invite suggestions to improve our efforts and programs. Your input is highly valued as we continue to strengthen our sustainability practices and initiatives.

MClean Technologies Pte Ltd
No. 2 Woodlands Sector 1
#01-22, Singapore 738068

MESSAGE FROM OUR CHAIRMAN

At MClean, sustainability is an integral part of our business strategy and long-term vision.
We recognize that responsible business practices are essential for creating lasting value for our stakeholders, protecting the environment, and fostering a positive impact on society.

At MClean, sustainability is at the core of our business, driving resilience, innovation, and long-term progress. We are committed to minimizing our environmental footprint by optimizing resource efficiency, reducing waste, and implementing sustainable manufacturing practices. Recognizing the challenges of climate change, we continuously seek innovative solutions to enhance energy efficiency and reduce emissions across our operations.

Our commitment to social responsibility is reflected in our dedication to employee well-being, workplace safety, and diversity. We foster a supportive and inclusive work environment that encourages growth and innovation. Beyond our organization, we actively support the communities where we operate, driving initiatives in education, skills development, and social empowerment.

Corporate governance forms the foundation of our sustainability efforts. We uphold the highest standards of integrity, transparency, and accountability, ensuring compliance with regulations and ethical business practices. By maintaining robust governance frameworks, we strengthen stakeholder trust and reinforce our commitment to responsible business conduct.

Sustainability is embedded in everything we do. By integrating it into our operations, decision-making, and governance, we strive to create lasting value for our business, people, and the planet.

Datuk Dr. Terence Tea Yeok Kian
Executive Chairman
MClean Technologies Berhad

SUSTAINABILITY REPORT CONT'D

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE STRUCTURE

MClean remains committed to integrating sustainability into its business strategies while ensuring long-term value creation for stakeholders. Our approach focuses on economic, environmental, governance, and social aspects to drive responsible growth and operational excellence.

- a. **Financial & Operational Excellence** – Enhancing efficiency and minimizing waste through precision cleaning and sustainable surface treatment solutions while ensuring sustainable financial growth and shareholder value.
- b. **Environmental Stewardship** – Using resources efficiently, effectively, and economically by adopting cleaner technologies, optimizing resource usage, and promoting circular economy principles.
- c. **Governance & Responsible Sourcing** – Upholding corporate governance standards while ensuring ethical business practices, responsible procurement, and strong supplier partnerships.
- d. **Human Capital & Community Development** – Investing in workforce development, workplace safety, and stakeholder engagement to foster a resilient and inclusive workplace.

To ensure accountability and continuous progress, we set clear performance targets, systematically track our advancements, and remain committed to delivering sustainable value to all stakeholders.


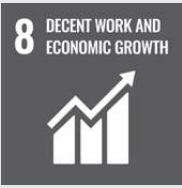

Vision

To be a world leader in surface treatment and precision cleaning solutions, focusing on customer needs and providing high-standard products and services.

Mission

To help customers reduce waste and improve efficiency by using lean methods and IT applications, strengthening leadership, and contributing to the economy.



Our Contribution to the UN SDGs

UNSDGS	DESCRIPTION	ACHIEVEMENT
Goal 3: Good Health and Well-Being 	Strengthened workplace safety and health initiatives, including safety briefings, hazard identification programs, and emergency response drills.	Enhanced workplace safety culture and reduced incidents.
Goal 8: Decent Work and Economic Growth 	Conducted structured training programs covering workplace safety, compliance, and employee career development.	Improved employee competency and regulatory compliance.
Goal 12: Responsible Consumption and Production 	Implemented resource optimization initiatives to enhance efficiency and minimize waste in operations.	Reduced environmental impact through responsible consumption.

SUSTAINABILITY REPORT CONT'D

SUSTAINABILITY GOVERNANCE STRUCTURE CONT'D

Our Contribution to the UN SDGs Cont'd

UNSDGS	DESCRIPTION	ACHIEVEMENT
Goal 13: Climate Action 	Improved energy efficiency, reducing environmental impact through process optimizations and equipment upgrades.	Strengthened environmental compliance and sustainability efforts.
Goal 16: Peace, Justice, and Strong Institutions 	Maintained fair labor practices, upholding human rights through regular policy reviews and ethical employment standards. Established robust data protection and privacy measures to safeguard sensitive business and employee information. Strengthened workplace integrity through the enforcement of anti-bribery and anti-corruption (ABAC) policies. Provided compliance training for employees to reinforce ethical decision-making and regulatory adherence.	Ensured adherence to labor regulations and ethical business conduct. No reported data breaches, ensuring data security and trust. No reported ABAC violations, maintaining ethical governance. Enhanced awareness of governance policies and responsible business practices.

GOVERNANCE STRUCTURE

MClean Technologies Berhad upholds transparency, integrity, and accountability in its business operations. MClean's governance framework ensures adherence to ethical business practices, regulatory requirements, and long-term value creation for stakeholders.

Sustainability is integrated into MClean's corporate strategy, aligning with global ESG standards and industry best practices. The Group incorporates responsible business practices throughout its value chain to enhance resilience and continuously improve environmental and social performance.

The Board of Directors provides oversight of MClean's governance framework, ensuring accountability and strategic direction. The senior management team, which includes the CEO, COO, CCO and FC, is responsible for key decision-making and aligning business operations with corporate objectives. Divisional management teams, representing various operational units, implement initiatives, monitor performance, and report to senior management.

This structure supports effective governance, operational efficiency, and the Group's sustainability commitments.



SUSTAINABILITY

REPORT CONT'D

STAKEHOLDER ENGAGEMENT

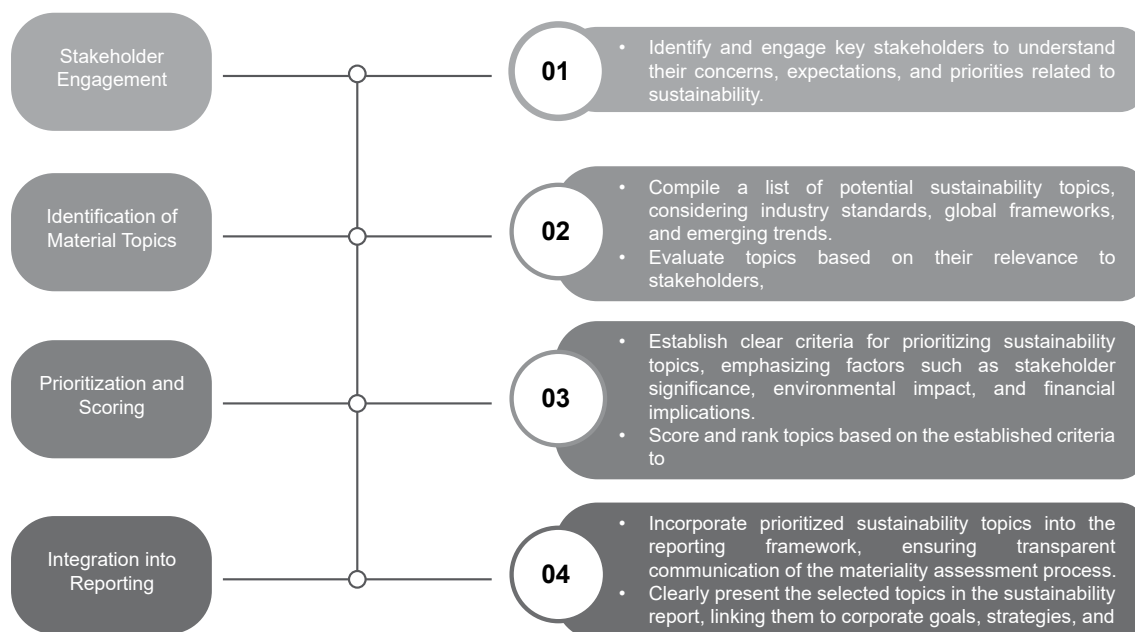
MClean actively engages with key stakeholders, including investors, employees, customers, suppliers, regulators, and communities, to understand their expectations and sustainability concerns. Through a structured materiality assessment, the Group identifies and prioritizes key ESG issues that are most relevant to its business and stakeholders, ensuring a focused and effective sustainability strategy.

Key Stakeholder Group	Key Areas Of Concern	Methods Of Engagement	Frequency Of Engagement
Investors/ Shareholders/ Financial analysts	<ul style="list-style-type: none"> Financial Performance & Growth Risk Management Corporate Governance Sustainability & ESG Commitments Dividend Policy & Shareholder Returns Regulatory Compliance 	<ul style="list-style-type: none"> Annual General Meeting Annual reports Corporate announcement through Bursa Malaysia Company website Analyst and investor meetings 	<ul style="list-style-type: none"> Annually Annually On-going On-going Ad-hoc basis
Customers	<ul style="list-style-type: none"> Product Quality & Reliability Customer Service & Responsiveness Delivery Timeliness & Supply Chain Reliability Pricing & Cost Competitiveness Technical Support & After-Sales Service Continuous Improvement & Innovation 	<ul style="list-style-type: none"> Direct engagement with customer representatives Customer satisfaction survey 	<ul style="list-style-type: none"> On-going Annually
Suppliers/ Vendors	<ul style="list-style-type: none"> Compliance with Quality Standards Timely Delivery & Supply Chain Reliability Cost Competitiveness & Pricing Stability Ethical & Sustainable Sourcing Contract & Payment Terms Regulatory & Compliance Requirements 	<ul style="list-style-type: none"> Regular interactions through emails and phone calls Procurement system Periodic performance evaluation 	<ul style="list-style-type: none"> On-going On-going Annually
Regulatory agencies/ Municipalities	<ul style="list-style-type: none"> Regulatory Compliance Health, Safety & Environmental (HSE) Compliance Operational Permits & Licensing Waste Management & Emissions Control Transparency & Reporting Stakeholder Collaboration 	<ul style="list-style-type: none"> Periodic basis through site visits and meetings Consultation on regulatory matters Participation in conferences / forums Certification and licenses 	<ul style="list-style-type: none"> On-going On-going Annually Annually
Employees	<ul style="list-style-type: none"> A safe and hazard-free work environment Opportunities for skill enhancement and career growth Adherence to employment regulations and fair treatment 	<ul style="list-style-type: none"> Safety briefings and training Employee feedback sessions Management meetings 	<ul style="list-style-type: none"> Annually Ad hoc Ad hoc
Communities	<ul style="list-style-type: none"> Minimizing pollution, waste management, and resource conservation Contributions to local education, health, and social welfare programs Providing employment and business opportunities to the local community 	<ul style="list-style-type: none"> Corporate Social Responsibility (CSR) Programs Community Engagement Initiatives Partnerships with NGOs & Local Authorities Environmental & Social Impact Assessments 	<ul style="list-style-type: none"> Annually Ad-hoc Ad-hoc Periodically

SUSTAINABILITY REPORT CONT'D

MATERIALITY ASSESSMENT

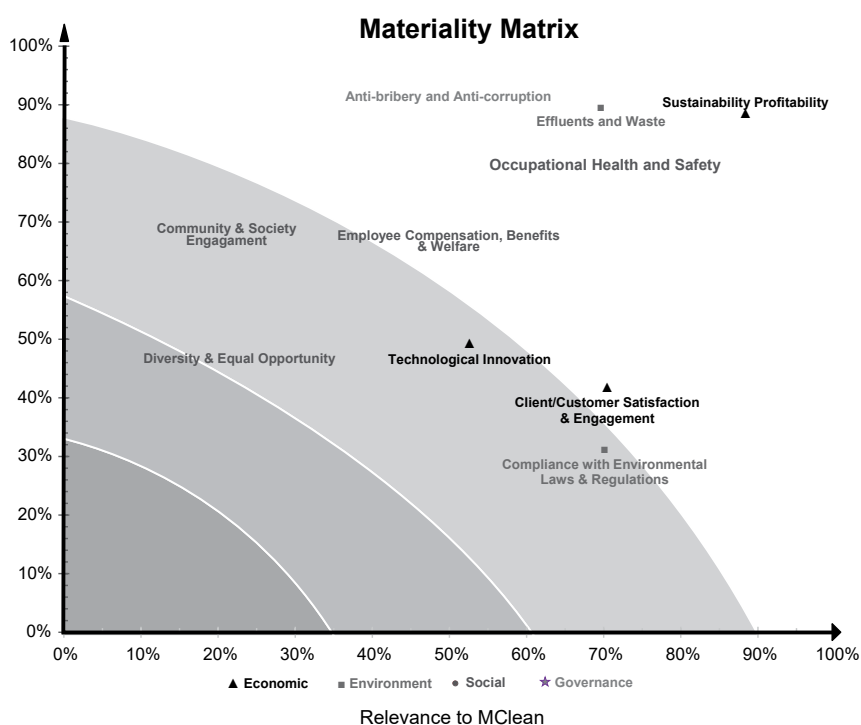
MClean adopts a practical two-step approach to materiality assessment, ensuring a focused and efficient process for identifying key sustainability priorities. This approach enables us to align our ESG efforts with business objectives while addressing stakeholder concerns effectively.



MATERIALITY MATRIX

MClean adopts a structured approach to materiality assessment, integrating a materiality matrix to systematically identify and prioritize key ESG factors. This matrix serves as a vital tool in aligning our sustainability initiatives with stakeholder expectations and business objectives. By leveraging these insights, we strategically direct our efforts toward areas with the greatest impact, fostering meaningful progress in sustainability and long-term value creation.

We have prioritized 10 material topics that are most critical to our business and stakeholders. These topics drive our sustainability strategy and reporting efforts, ensuring alignment with our long-term ESG commitments



SUSTAINABILITY REPORT CONT'D

RISK MANAGEMENT

At MClean, we take a structured approach to managing risks, ensuring that we are prepared for potential challenges while maintaining business resilience. Our framework covers sustainability and climate-related risks alongside corporate, financial, and operational risks. With designated risk owners, the Risk, Integrity, and Compliance department, and the Sustainability Committee, we regularly assess and monitor risks to keep them within acceptable levels and aligned with our business priorities.

Material Matters	Risks	Opportunities
Economic Performance	Inadequate financial performance jeopardizes business continuity and the potential for investment opportunities.	Maintaining sustainable financial performance entices investors and generates long-term value for all stakeholders.
Anti-Corruption	Adopting poor corporate governance practices has the potential to damage MClean reputation and image.	Implementing effective corporate governance practices boosts MClean reputation as a trustworthy company in the eyes of stakeholders.
Health & Safety	Workplace accidents and injuries result in productivity loss, legal consequences such as penalties, and reputational harm.	Fostering a strong safety culture and providing a conducive working environment enhances employee well-being, productivity, and upholds MClean reputation.
Cybersecurity & Data Protection	Cyber threats, including customer data breaches, can result in the loss of customer trust and reputational damage.	By implementing robust cybersecurity measures and enhancing data management practices, MClean ensures the protection of critical customer data, fostering trust in the Group.
Climate Change	Failure to comply with current and emerging climate-related regulations results in financial penalties. Insufficient climate adaptation and mitigation measures result in damage to physical assets, financial losses, and business disruptions.	Establishing a strong position in the low-carbon solutions market enables the capitalization on the increasing demand for low-carbon products and services. Implementing an effective mitigation and adaptation strategy guarantees business continuity.
Customer Satisfaction	Failing to meet customers' expectations negatively affects their confidence and loyalty, resulting in reduced revenue.	Engaging with customers regularly facilitates continuous improvement to meet their expectations.
Employee Management	Employees who are disengaged and lack development opportunities contribute to reduced productivity and performance levels. Offering unattractive benefits and remuneration packages impacts employee motivation.	Implementing effective talent development and upskilling programs, along with attractive benefits packages, allows us to retain and attract top-quality industry talent while fostering a high-performance culture.
Diversity, Equity & Inclusion	Engaging in discriminatory employment practices harms MClean reputation.	Cultivating an inclusive, diverse, and empowering work culture attracts talent and brings diverse viewpoints that enhance the quality of decision-making.
Human Right	Violations of human rights practices result in regulatory penalties, affect employee retention and culture, and harm reputation.	Implementing strong human rights practices solidifies MClean reputation as a responsible employer.

SUSTAINABILITY REPORT CONT'D

RISK MANAGEMENT CONT'D

Material Matters	Risks	Opportunities
Supply Chain Management	The failure of suppliers and contractors to adhere to MClean ethical principles and safety culture poses a risk of operational disruptions to the business.	Effective procurement governance serves as a magnet, drawing in and retaining credible and skilled suppliers and contractors. By conducting regular supplier assessments, including evaluations of environmental and social factors, MClean upholds its commitment to high standards in environmental and social aspects.
Waste Management	Failure to comply with environmental regulations leads to repercussions from both authorities and activists.	Implementing waste reduction and enhancing resource efficiency can lead to cost savings in operations.
Community Investment	Business activities that have adverse effects on communities undermine MClean's social license to operate.	Engaging in community impact programs on a regular basis strengthens MClean relationship with local communities.
Water Management	Inadequate water management results in increased costs and potential scarcity of water resources.	Implementing efficient water management practices can lower operational costs and encourage water conservation behavior.
Materials	Not meeting stakeholders' demand for the use of sustainable materials may lead to a loss of market share.	Choosing sustainable materials boosts MClean brand image and appeals to a larger audience of environmentally conscious customers and investors.

SUPPLY CHAIN MANAGEMENT

Why is this important?

MClean is committed to responsible procurement and building a resilient supply chain by integrating sustainability into every stage of the procurement process. Supporting local businesses plays a key role in strengthening economic growth within operational communities. By prioritizing local sourcing and engaging small and medium enterprises (SMEs) and contractors, the Group helps create business opportunities and contribute to long-term economic sustainability. Sustainability expectations extend to all suppliers, including contractors, service providers, and consultants, ensuring responsible procurement practices are consistently maintained.

Our approach

The Group fosters strong supplier relationships through clear communication and collaboration. Supplier performance is regularly evaluated based on key factors such as pricing, delivery lead time, quality, order fulfillment, and reliability. Due diligence, including inspections and background checks, is conducted for both existing and potential suppliers to assess compliance, credibility, and alignment with sustainability commitments. If any concerns arise, the Group works closely with suppliers to address them through corrective and preventive measures.

A sustainable supply chain plays a crucial role in operational efficiency, cost management, and local economic resilience. By sourcing locally whenever possible, the Group not only supports local industries but also minimizes environmental impact, reinforcing its sustainability commitment. Engagement with suppliers remains an ongoing effort to uphold high environmental and social standards across the supply chain.

Our performance

Suppliers' assessment

As we continue strengthening our sustainability efforts, we may consider developing a supplier sustainability assessment framework to evaluate alignment with our sustainability requirements and responsible sourcing practices.

Local suppliers'

We prioritize sourcing from local suppliers in the regions where we operate, supporting local economies and reducing environmental impact by minimizing transportation distances.

SUSTAINABILITY REPORT CONT'D

SUPPLY CHAIN MANAGEMENT CONT'D

Our performance Cont'd

MTP – Singapore

In FY2024, we allocated 45% of our procurement expenditure, totaling S\$ 4,358,665.00, to local suppliers. This reflects our commitment to supporting local businesses and contributing to economic growth within the communities where we operate.

Financial Year	2023	2024
Proportion of spending on local suppliers	53%	45%

DWZ – Malaysia

In FY2024, we allocated 56.99% of our procurement expenditure, totaling RM 6,159,767.00, to local suppliers. This reflects our commitment to supporting local businesses and contributing to economic growth within the communities where we operate.

Financial Year	2023	2024
Proportion of spending on local suppliers	58%	57%

CLIMATE CHANGE & ENERGY MANAGEMENT

Why is this important?

MClean recognizes that energy consumption and greenhouse gas (GHG) emissions contribute to climate change. Managing these impacts is essential for long-term resilience and sustainability. As part of ongoing efforts to support the transition to a low-carbon economy, the Group remains focused on improving energy efficiency and integrating sustainable practices into operations.

Our approach

The Group takes a responsible approach to energy management and climate action by continuously improving efficiency, exploring cleaner technologies, and adopting sustainable practices. Monitoring GHG emissions and aligning with industry best practices help guide efforts toward reducing environmental impact. Moving forward, the Group will continue assessing risks, refining strategies, and exploring innovative solutions to enhance sustainability across its value chain.

Our performance

a. Energy Consumption

MClean continues to take proactive steps to improve energy efficiency and reduce its environmental footprint. This year, targeted energy-saving measures, including process optimizations and equipment upgrades, have been implemented to enhance overall energy efficiency.

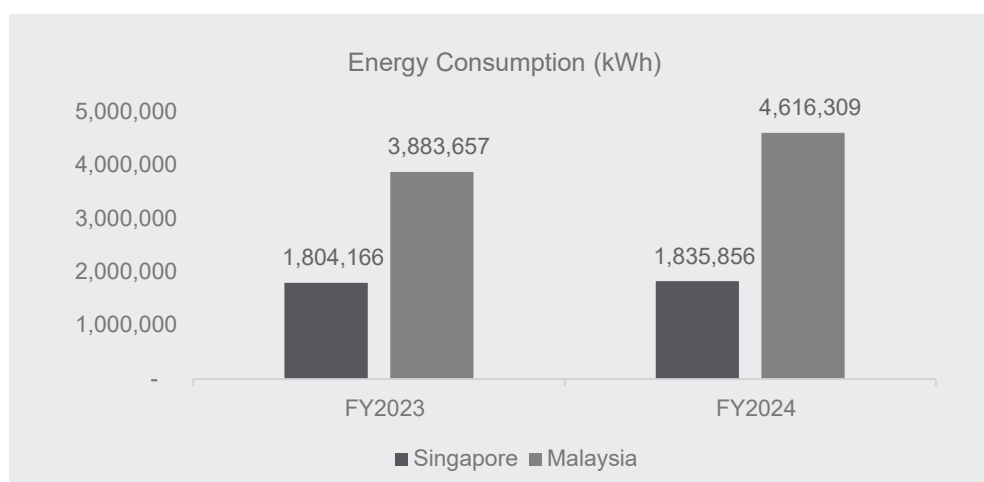


Illustration 1.1: The chart displays data on total energy consumption (kWh) in FY2023 and FY2024 for entities in Singapore and Malaysia.

SUSTAINABILITY REPORT CONT'D

CLIMATE CHANGE & ENERGY MANAGEMENT CONT'D

Our performance Cont'd

a. Energy Consumption Cont'd

A key focus has been improving operational efficiency through better energy management systems, leading to more effective electricity usage. Total energy consumption for the year amounted to 6,452,165 kWh.

Looking ahead, MClean remains committed to further minimizing energy consumption by integrating advanced monitoring technologies and exploring renewable energy sources. These efforts align with the Group's long-term sustainability objectives, ensuring continued progress toward a more energy-efficient future.

b. GHG Emission

Managing greenhouse gas (GHG) emissions remains an area of focus for MClean as part of its commitment to responsible environmental practices. The Group continues to explore ways to enhance energy efficiency and optimize operational processes to minimize emissions.

Scope 1

In FY2024, the Group recorded a total diesel consumption of 108,617.15 liters, a 23.3% increase from 88,120.51 liters in FY2023. The increase is likely attributed to higher sales and production output during the financial year.

As a result, Scope 1 emissions from diesel consumption totalled 272.63 tCO₂e in FY2024. This serves as a baseline assessment for the Group to evaluate its direct emissions and identify key areas for improvement.

Looking ahead, the Group aims to establish a comprehensive strategy and action plan to manage fuel consumption effectively, enhance operational efficiency, and explore opportunities for emission reduction.

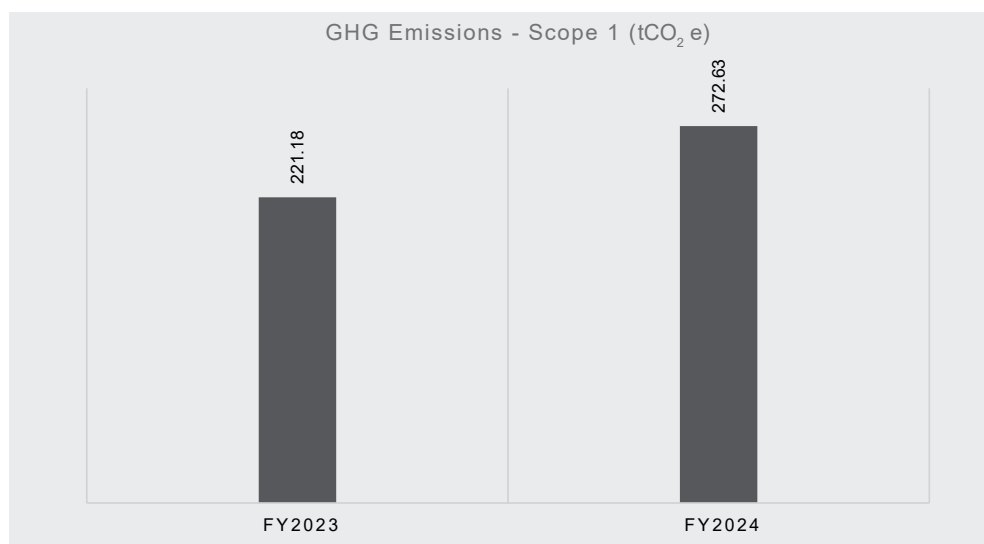


Illustration 1.2: The chart displays data on GHG emissions from Scope 1 diesel consumption in FY2023 and FY2024 for the entity in Malaysia, as there was no recorded usage in Singapore.

SUSTAINABILITY REPORT CONT'D

CLIMATE CHANGE & ENERGY MANAGEMENT CONT'D

Our performance Cont'd

b. GHG Emission Cont'd

Scope 2

Scope 2 GHG emissions increased from 4,402.38 tCO₂e in FY2023 to 4,338.21 tCO₂e in FY2024, primarily due to higher electricity consumption in the Malaysia operations, driven by expanded production activities and increased operational demand. FY2024 also serves as the Group's baseline year, reflecting improved data accuracy and completeness following enhancements in monitoring and reporting processes.

As this represents the baseline assessment, the Group will utilize these findings to establish a strategy and action plan aimed at improving energy efficiency.

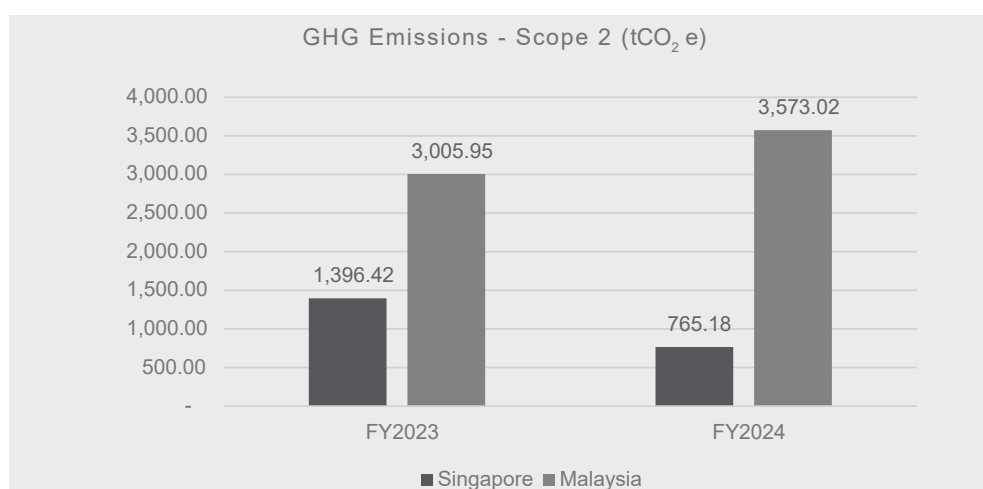


Illustration 1.3: The chart displays data on GHG emissions from Scope 2 energy consumption in FY2023 and FY2024 for entities in Singapore and Malaysia.

Scope 3

The Group aims to initiate Scope 3 emissions reporting in its FY2025 Sustainability Report. Preparations are underway to collect baseline data on employee commuting and business travel, which will serve as the foundation for future assessments. This phased approach will support the Group in progressively enhancing its reporting and emissions management over time.

Notes:

- 1) Scope 1 for MClean, diesel consumption in company-owned vehicles represents the sole contributor to Scope 1 emissions. Emissions calculations are based on DEFRA (UK Department for Environment, Food & Rural Affairs) emission factors 2021, ensuring alignment with international best practices.
- 2) Scope 2 emissions are generated from the use of purchased electricity across Mclean's operational facilities. To ensure accurate reporting, emissions are calculated using the applicable grid emission factors:
 - a. Malaysia Grid Emission Factor (GEF) for operations within Malaysia
 - b. Singapore Grid Emission Factor (GEF) for operations within Singapore

SUSTAINABILITY REPORT CONT'D

CLIMATE CHANGE & ENERGY MANAGEMENT CONT'D

b. GHG Emission Cont'd

Total GHG Emission (tCO₂e)

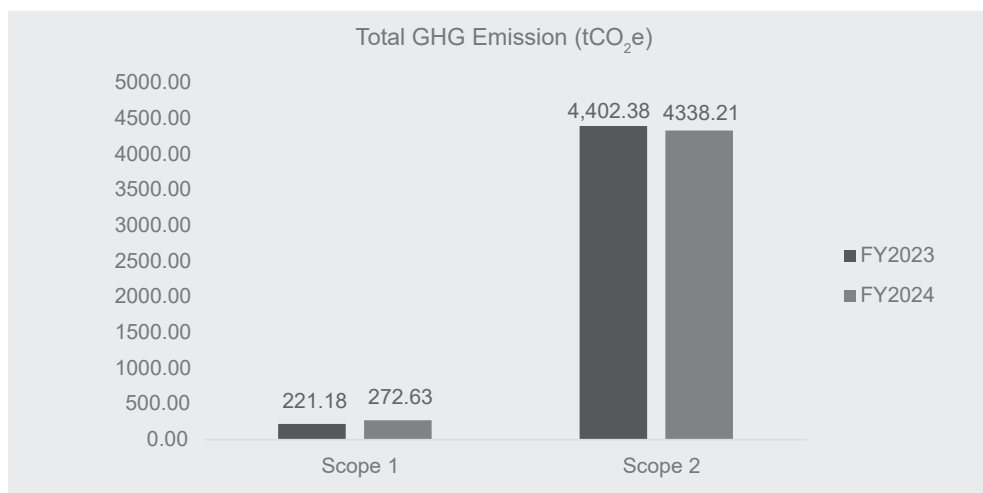


Illustration 1.4: The chart displays data on total GHG emissions in FY2023 and FY2024 for entities in Singapore and Malaysia.

As part of its commitment to sustainability, MClean has established a baseline for GHG emissions, recording total emissions of 4,610.84 tCO₂e for the year, compared to 4,623.56 tCO₂e in FY2023. Moving forward, the Group will assess opportunities for emissions reduction, including data-driven tracking, operational efficiencies, and potential renewable energy adoption, in alignment with its broader sustainability objectives

c. Water Management

Why is this important?

Water scarcity is becoming a growing concern due to climate change, poor management, and pollution. As access to clean water becomes more challenging, the Group remains committed to using water responsibly and reducing unnecessary consumption across its operations.

Our approach

The Group takes a practical approach to water management by focusing on efficiency, conservation, and compliance. Efforts include reducing water usage, improving wastewater treatment, and ensuring compliance with environmental regulations.

To manage water responsibly, wastewater from operations undergoes on-site treatment before being discharged, ensuring it meets regulatory standards. Water-saving measures have also been introduced in facilities and worker accommodations to reduce overall consumption and prevent wastage.

Looking ahead, the Group will continue to improve water efficiency, explore recycling methods, and strengthen conservation efforts to ensure long-term sustainability.

CLIMATE CHANGE & ENERGY MANAGEMENT CONT'D

c. Water Management Cont'd

Our performance

The Group remains committed to responsible water management as part of its broader cost-efficiency and sustainability efforts.

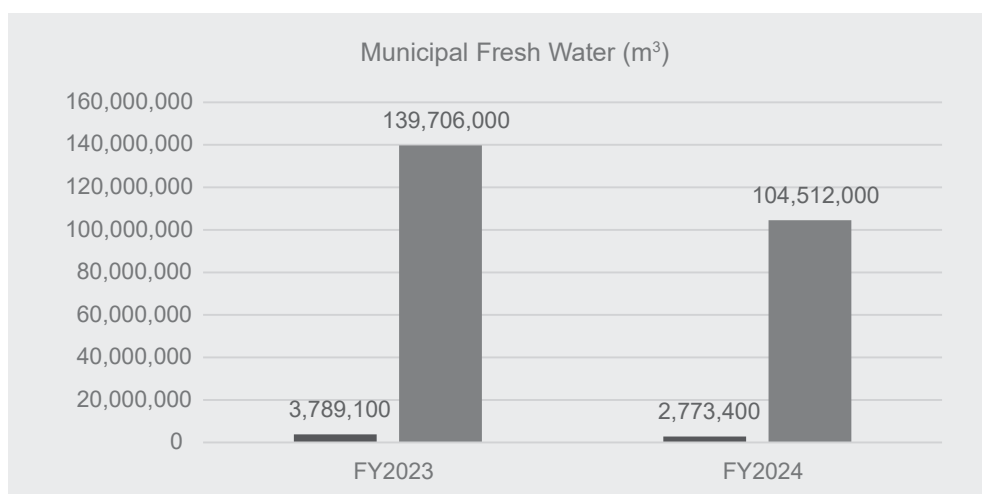


Illustration 1.5:

The chart displays data on total water consumption (m3) in FY2023 and FY2024 for entities in Singapore and Malaysia.

In FY2024, total municipal fresh water (town water) usage stood at 107,285.4 m³, reflecting a 25.23% reduction from the 2023 baseline of 143,495.1 m³. This reduction was primarily driven by the entity's increased efforts to recycle and reuse water as part of its sustainability initiatives. By enhancing its water recycling processes, the entity was able to significantly reduce its reliance on municipal fresh water, contributing to a more efficient use of resources and supporting environmental conservation goals.

Meanwhile, the wastewater discharge for the Singapore entity was recorded at 6,721,000 m³ in FY2024, compared to 1,265,000 m³ in FY2023. This significant increase is primarily due to the entity's higher use of recycled wastewater. As part of its sustainability initiatives, the entity has adopted a greater reliance on recycled water for various industrial processes. While this supports water conservation efforts, it has also led to a higher volume of wastewater discharge.

While no specific KPIs are set solely for water reduction, department heads continue to integrate water conservation measures into their operations, supporting the Group's approach to resource efficiency. As this serves as the baseline assessment, the Group aims to develop strategies and initiatives that align with government targets to enhance long-term sustainability.

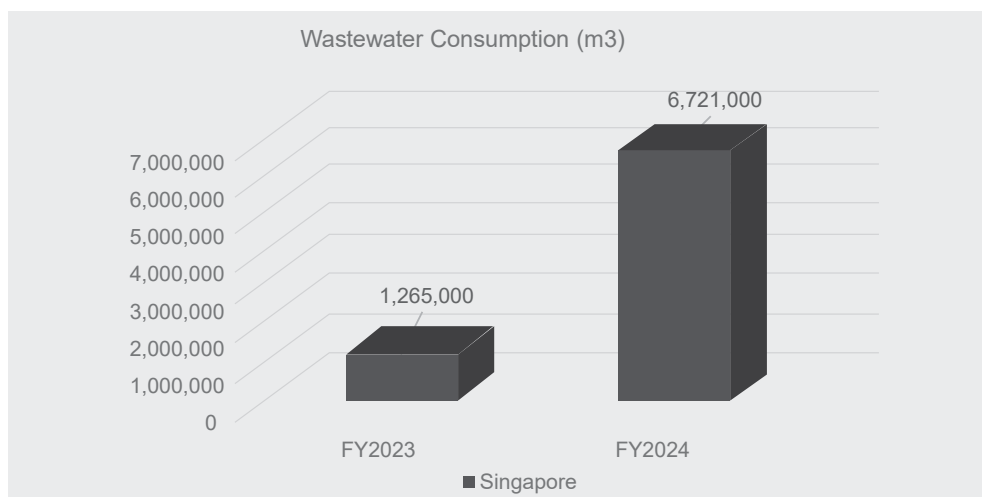


Illustration 1.6: The chart displays data on total waste water consumption (m3) in FY2023 and FY2024 for the entity in Singapore, as there was no recorded usage in Malaysia.

CLIMATE CHANGE & ENERGY MANAGEMENT CONT'D

d. Effluent and Waste

Why is this important?

Proper waste management is essential to reducing environmental impact and supporting long-term sustainability. The Group handles both hazardous and non-hazardous waste and remains committed to minimizing waste, improving resource efficiency, and ensuring responsible disposal in compliance with environmental regulations.

Significant waste-related impacts

MClean's operations generate both hazardous and non-hazardous waste, primarily through precision cleaning processes, chemical surface treatments, packaging, and facility maintenance. The most significant impacts identified include:

- a) Potential environmental and health risks from improper disposal of hazardous chemical waste.
- b) Compliance risks due to strict environmental regulations in the sectors we serve.
- c) Waste of resources and increased environmental footprint from inefficient material use and packaging waste.

Significance is assessed based on waste classification (hazardous vs. non-hazardous), toxicity levels, waste volume, treatment method, and applicable legal and industry-specific standards.

Our approach

The Group adopts a structured approach to hazardous waste management by ensuring proper segregation, secure storage, and responsible disposal in compliance with environmental regulations. Licensed waste collectors are engaged to handle hazardous waste safely, preventing contamination and environmental harm. Additionally, waste tracking mechanisms are in place to monitor disposal activities, ensuring transparency and compliance with regulatory standards. Through these efforts, the Group aims to strengthen hazardous waste management efficiency while mitigating environmental risks.

Type of Waste	COLLECTOR	AGENCY	License No.	License Validity Period
Sludges containing cyanide	WILGREEN RECOVERY SDN BHD	DOE	006762	1/5/24-30/4/25
Sludges containing one or several metals				
Spent quenching oils containing cyanides	SOUTHERN STRENGTH (M) SDN BHD	DOE	N/A	N/A

Our performance

In FY2024, the Group recorded a total of 54.04 metric tons (MT) of hazardous waste generated in Malaysia. This consists of 9.82 MT of sludges containing one or several metals (SW204), 16.419 MT of sludges containing cyanide (SW412), and 27.797 MT of spent quenching oils containing cyanides, categorized as paint waste (SW416). All hazardous waste was collected and disposed of by licensed waste collectors in accordance with regulatory requirements to ensure environmental safety and compliance.

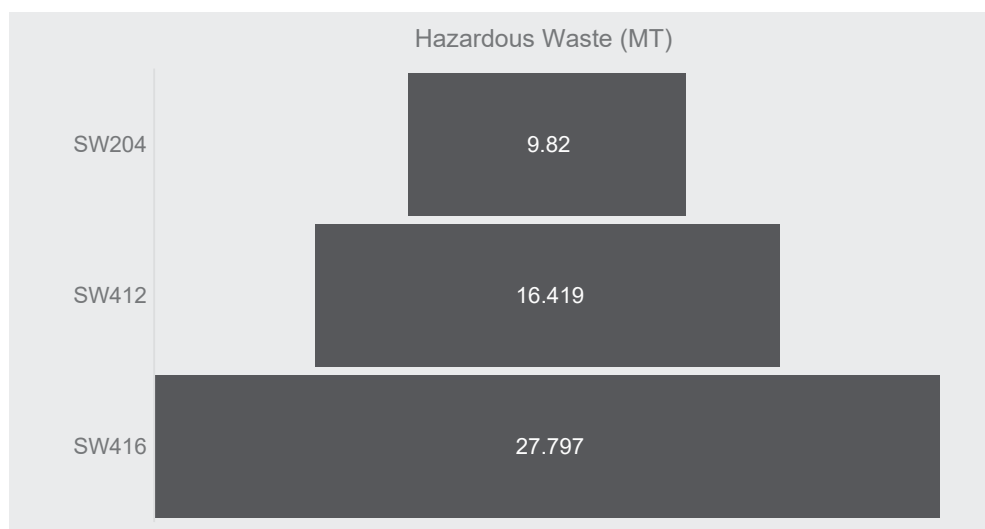
The Group remains committed to continuously improving hazardous waste management through strict monitoring of waste generation and disposal processes. Efforts include optimizing waste storage to prevent contamination, ensuring proper labelling for efficient tracking, and working closely with licensed waste collectors to uphold regulatory standards. By reinforcing these measures, the Group aims to enhance waste management efficiency while reducing environmental risks associated with hazardous waste.

SUSTAINABILITY REPORT CONT'D

CLIMATE CHANGE & ENERGY MANAGEMENT CONT'D

d. Effluent and Waste Cont'd

Our performance Cont'd



OCCUPATIONAL HEALTH & SAFETY

Why is this important?

Maintaining a safe and healthy workplace is crucial for minimizing risks, preventing injuries, and safeguarding employee well-being. A strong safety culture not only protects individuals but also supports business continuity, enhances productivity, and improves overall operational efficiency.

Our approach

MClean has established comprehensive health and safety measures to manage workplace hazards and ensure compliance with regulatory requirements. As part of these efforts, MClean Technologies Pte Ltd, a subsidiary operating in Singapore, has implemented ISO 18001, which serves as the foundation for its occupational health and safety framework. This standard is communicated through established policies and reinforced via structured training programs to ensure alignment with best practices.

The Group recognizes the importance of a structured approach to workplace safety and health. As part of its commitment to fostering a safe and compliant work environment, the Group is working towards establishing an Environmental, Safety, and Health (ESH) Committee. This initiative will provide a framework to enhance safety governance, promote awareness, and support the implementation of best practices across operations. By strengthening its approach to workplace safety, the Group aims to drive continuous improvements and align with evolving regulatory and industry expectations.

Regular awareness initiatives, such as safety trainings and toolbox meetings, are conducted to reinforce best practices. Employees are equipped with relevant information and resources to help them understand workplace risks and actively contribute to a safe and healthy work environment. These engagement efforts foster accountability and promote a culture of shared responsibility for occupational health and safety.

By continuously reviewing and strengthening its approach, the Group remains committed to safeguarding employees and maintaining high occupational health and safety standards across its operations.

Our performance

a. Safety Training

The Group remains committed to strengthening workplace safety through continuous training and awareness programs. In FY2024, the Group initiated health and safety training efforts, with participation from employees in Malaysia. Moving forward, the Group aims to expand training coverage across all locations to reinforce a strong safety culture.

SUSTAINABILITY REPORT CONT'D

OCCUPATIONAL HEALTH & SAFETY CONT'D

Our performance Cont'd

a. Safety Training Cont'd

Countries	SINGAPORE	MALAYSIA
Number of employees trained on health and safety standard.	0	1

b. Work-related injuries

Ensuring a safe working environment is a key priority for the Group, with a strong focus on preventing workplace incidents and minimizing risks. A proactive approach is taken to enhance safety measures, aiming to maintain a zero-fatality workplace.

In the event of an incident, immediate corrective and preventive actions are implemented, including hazard identification, risk assessment, and control measures. Standard operating procedures are regularly reviewed and updated to address potential risks, while employees receive ongoing training to strengthen safety awareness and compliance.

Through continuous monitoring and improvement, the Group remains committed to fostering a safe and healthy workplace for all employees.

Group

Financial Year	FY2024
Total number of hours worked	469,972.61
Number of fatalities as a result of work-related injury	0
Number of recordable work-related injuries (Including fatalities)	1
Number of fatalities as a result of work-related ill health	0
Number of cases of recordable work-related ill health	0
Lost time injury rate (LTIR)	2.13

Subsidiaries

Financial Year	Singapore	Malaysia
Total number of hours worked	102,592.61	367,380.00
Number of fatalities as a result of work-related injury	0	0
Number of recordable work-related injuries (Including fatalities)	1	0
Number of fatalities as a result of work-related ill health	0	0
Number of cases of recordable work-related ill health	0	0
Lost time injury rate (LTIR)	9.75	0

c. Hazard Identification, Risk Assessment, and Incident Investigation

MClean is committed to maintaining a safe and healthy working environment for all employees and stakeholders. To achieve this, the Group implements a hazard identification and risk assessment process as part of its Occupational Health and Safety (OHS) management system. This process involves regular identification of potential hazards across operations, followed by a thorough risk assessment to evaluate and mitigate any risks to employee health, safety, and well-being.

As part of this commitment, MClean conducts an annual review of its hazard identification and risk assessment procedures to ensure they remain effective and aligned with industry best practices. This review incorporates findings from incident investigations, as well as input from employees, safety audits, and regulatory updates. Incident investigations are carried out systematically to identify root causes and implement corrective actions, ensuring continuous improvement in safety practices and the prevention of future incidents.

SUSTAINABILITY REPORT CONT'D

OCCUPATIONAL HEALTH & SAFETY CONT'D

Our performance Cont'd

d. Promotion of worker health

MClean is committed to promoting the health and well-being of its employees by maintaining a healthy work environment and ensuring safe workplace conditions. The Group focuses on creating and maintaining a safe and supportive environment that prioritizes employee health through adherence to occupational health and safety standards. Regular reviews are conducted to ensure that workplace conditions continue to meet the highest safety and health standards.

TALENT MANAGEMENT

Why is this important?

Employees are the driving force behind MClean's success. Attracting, developing, and retaining skilled talent is essential for sustaining growth, fostering innovation, and maintaining a competitive edge. A supportive work environment encourages professional development and enhances overall workforce engagement.

Our approach

MClean prioritizes talent management by creating opportunities for employees to develop their skills and advance their careers. A structured approach to learning and development ensures that individuals are equipped to meet evolving business needs while contributing to long-term success.

The Group fosters a positive workplace culture through continuous training, leadership programs, and career progression pathways. By investing in employee growth and well-being, MClean remains committed to building a resilient and high-performing workforce.

In line with this commitment, the Group has established a structured appraisal system that takes place once a year, with the Head of Department (HOD) and Human Resources (HR) overseeing the assessment process. Key Performance Indicators (KPIs) are incorporated for both employees and management, with sustainability-related KPIs measured by percentage. Additionally, MClean recognizes high-performing employees through reward and recognition programs, such as salary increments.

To ensure fair labor practices, the Group monitors compliance with legal wage requirements and working hours. While communication channels such as letterboxes and direct engagement are in place, improvements are needed to ensure full compliance with minimum wage regulations.

Our performance

a. Employee Training Hours

In FY2024, MClean dedicated a total of 48 training hours for employees in Singapore and 56 training hours for employees in Malaysia. This commitment reflects the Group's dedication to developing talent and equipping employees with the skills and knowledge necessary for both personal and professional growth.

Singapore

Employee Category	Total hours of training		
	2022	2023	2024
Management	-	0	0
Executive	-	0	48
Non-executive/ Technical Staff	-	0	0
General Workers	-	0	0
Total	-	0	48

SUSTAINABILITY REPORT CONT'D

OCCUPATIONAL HEALTH & SAFETY CONT'D

Our performance Cont'd

a. Employee Training Hours Cont'd

Singapore Cont'd

Employee Category	Average training hours per employee		
	2022	2023	2024
Management	0	0	0
Executive	0	0	24
Non-executive/ Technical Staff	0	0	0
General Workers	0	0	0
Financial Year	2022	2023	2024
Overall average training hours per employee (hours)	0	0	24

Malaysia

Employee Category	Total hours of training		
	2022	2023	2024
Management	0	48	8
Executive	0	48	32
Non-executive/ Technical Staff	8	48	16
General Workers	8	16	0
Total	16	160	56

Employee Category	Average training hours per employee		
	2022	2023	2024
Management	0	8	8
Executive	0	8	8
Non-executive/ Technical Staff	8	8	8
General Workers	8	8	8
Financial Year	2022	2023	2024
Overall average training hours per employee (hours)	16	32	32

b. Engagement Activities

Employee engagement is essential in fostering a positive work environment and enhancing job satisfaction. Open communication, collaboration, and continuous learning contribute to a strong workplace culture, ensuring employees feel valued and supported. By prioritizing engagement, the Group aims to strengthen workforce commitment and overall well-being.

DIVERSITY AND INCLUSION

Why is this important?

A diverse and inclusive workplace helps strengthen teamwork, improve problem-solving, and create a fair work environment. Respecting different backgrounds and perspectives allows employees to contribute effectively and supports long-term business growth.

SUSTAINABILITY REPORT CONT'D

DIVERSITY AND INCLUSION CONT'D

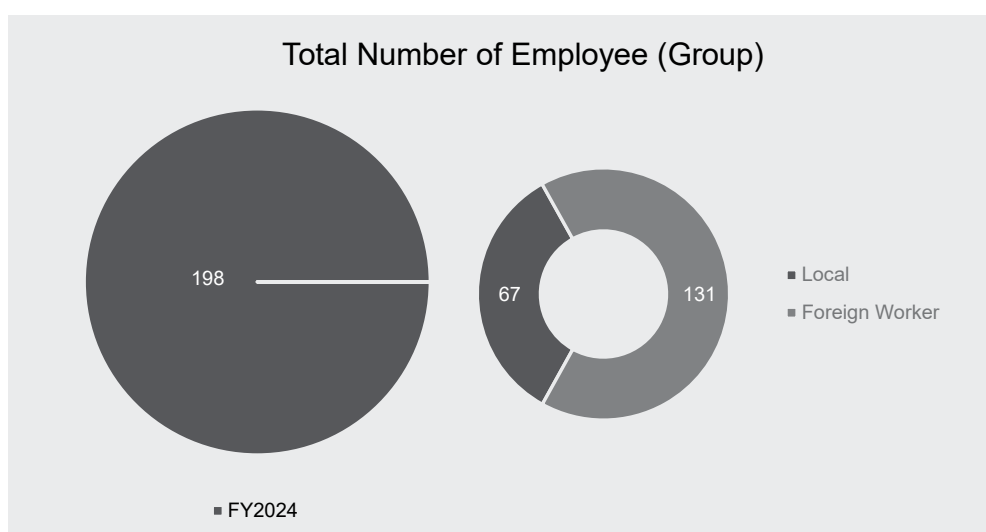
Our approach

MClean is committed to providing equal opportunities for all employees, ensuring fairness in hiring, career development, and compensation. Recruitment is based on skills and experience, with a focus on transparency and inclusivity.

Support is provided for employees with disabilities, and efforts are made to ensure gender equality in career progression. While office roles have a balanced mix of men and women, production roles remain physically demanding, which affects workforce composition.

By building an inclusive work environment, MClean aims to create a workplace where everyone can grow and contribute meaningfully.

Our performance

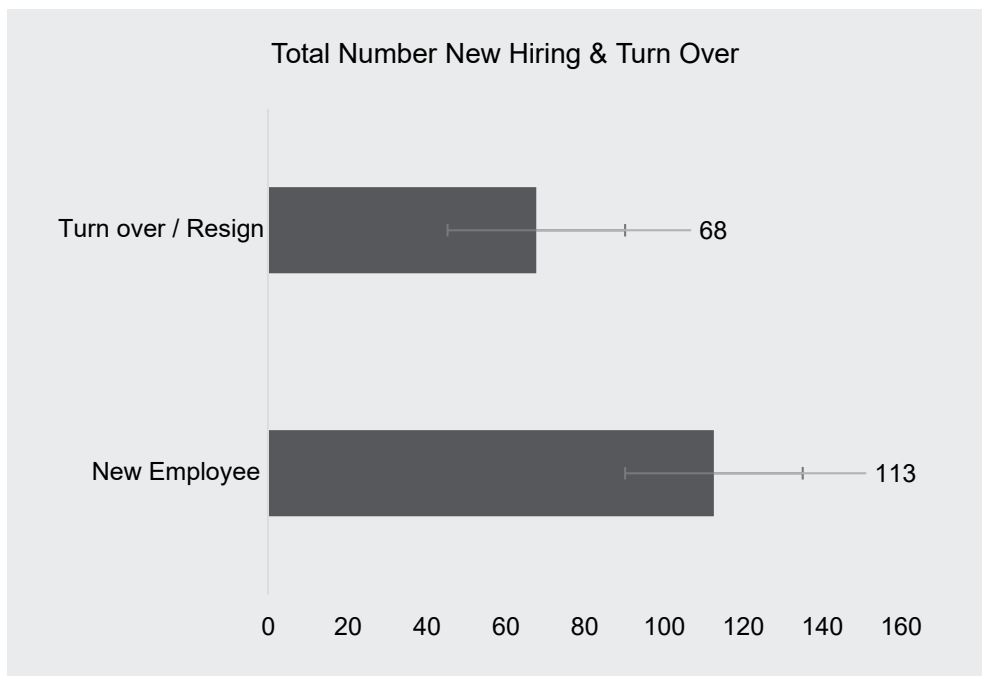


As of FY2024, the Group maintained a workforce of 198 employees, with a composition of 67 local employees (34%) and 131 foreign workers (66%). Our commitment to fair employment practices ensures that all employees, regardless of nationality, are provided with equal opportunities, fair wages, and a safe working environment. The Group continues to uphold ethical labor practices in line with regulatory requirements and industry best practices to foster an inclusive and sustainable workforce.

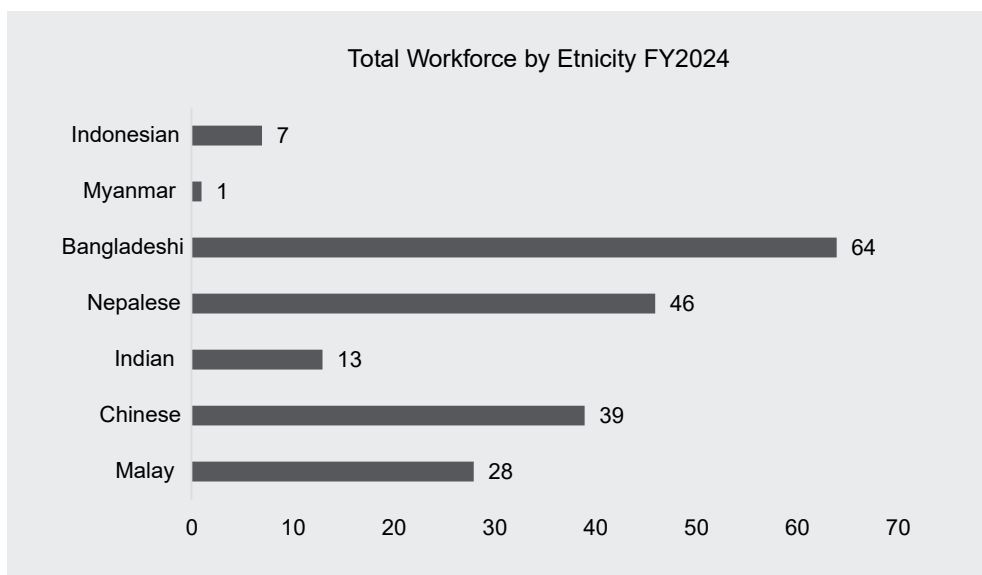
SUSTAINABILITY REPORT CONT'D

DIVERSITY AND INCLUSION CONT'D

Our performance Cont'd



In FY2024, Mclean's recorded a total of 113 new hires, comprising 18 employees in Singapore and 95 in Malaysia. Meanwhile, the Group experienced a total turnover of 68 employees, with 14 from Singapore and 54 from Malaysia, inclusive of both local and foreign workers. These workforce dynamics reflect Mclean's ongoing efforts to attract and retain talent across its operational locations.



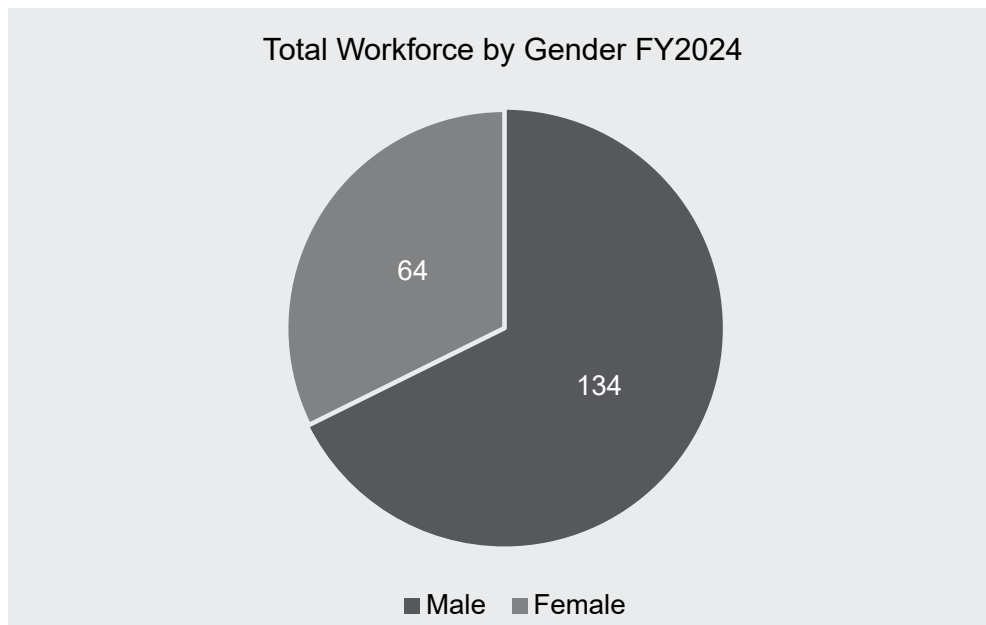
At MClean, we recognize that a diverse workforce is essential for fostering innovation and business resilience. Across our operations in Malaysia and Singapore, we employ individuals from various nationalities, reflecting the global nature of our industry. In FY2024, our workforce included a strong representation of foreign workers, with Bangladeshi and Nepalese employees forming a key part of our operations. At the same time, we continue to invest in local talent, with Malaysians and Singaporeans including Malay, Chinese, and Indian employees playing an integral role in our workforce.

Our commitment to diversity goes beyond numbers. We strive to create an inclusive environment where all employees, regardless of nationality or background, have equal access to opportunities, training, and career growth. By embracing workforce diversity, we strengthen our operational capabilities, enhance cross-cultural collaboration, and contribute to sustainable economic development in both Malaysia and Singapore.

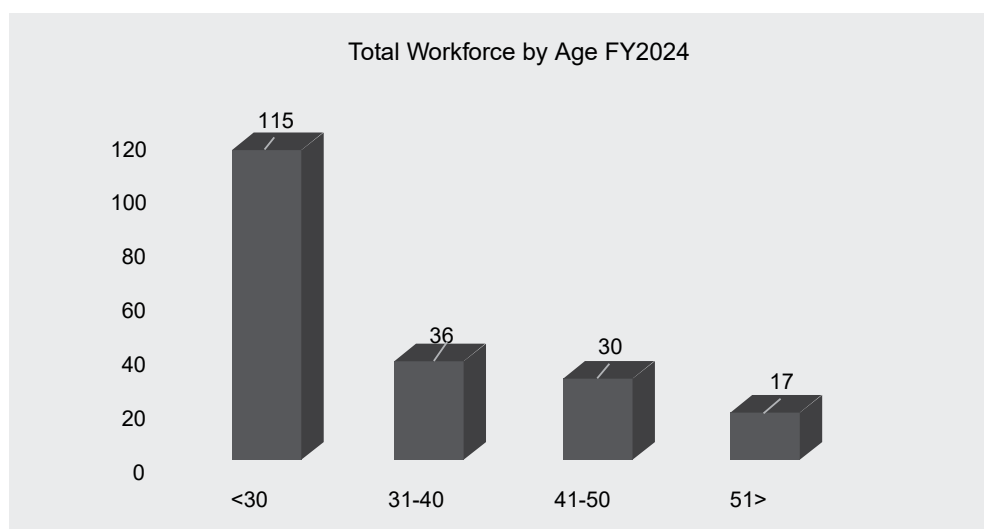
SUSTAINABILITY REPORT CONT'D

DIVERSITY AND INCLUSION CONT'D

Our performance Cont'd



In FY2024, the Group's workforce comprised 134 male employees and 64 female employees. The higher proportion of male employees is primarily attributed to the nature of MClean Technologies' business operations, which include precision cleaning, assembly services, and surface treatment for the electrical and electronics industries. These roles often involve physically demanding tasks, such as handling industrial equipment, chemical treatment processes, and technical assembly work, which traditionally attract a higher number of male workers. Nonetheless, the Group remains committed to fostering an inclusive workplace and providing equal opportunities for all employees across its various business segments.



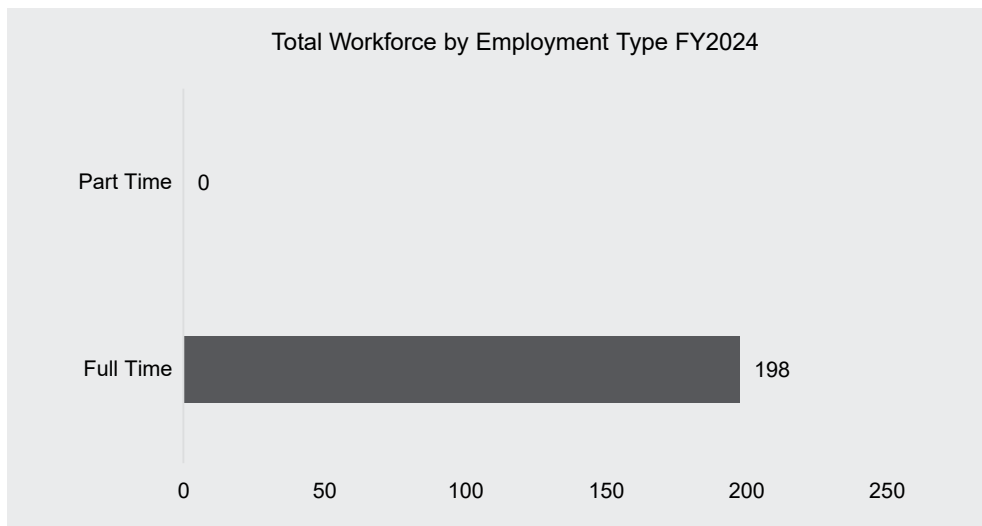
At MClean, we recognize the importance of maintaining a balanced workforce that supports both operational efficiency and long-term sustainability. In FY2024, the majority of our employees were under the age of 30, making up a significant portion of our workforce. This reflects the physical nature of certain job roles, which require agility, precision, and endurance.

While younger employees form the largest group, we also value the experience and expertise that come with an aging workforce. Employees in the 31 to 50 age range bring stability and leadership, while those above 50 contribute valuable industry knowledge. To support workforce retention and career progression, we provide continuous training and upskilling opportunities, ensuring employees of all ages can thrive and contribute meaningfully to our operations.

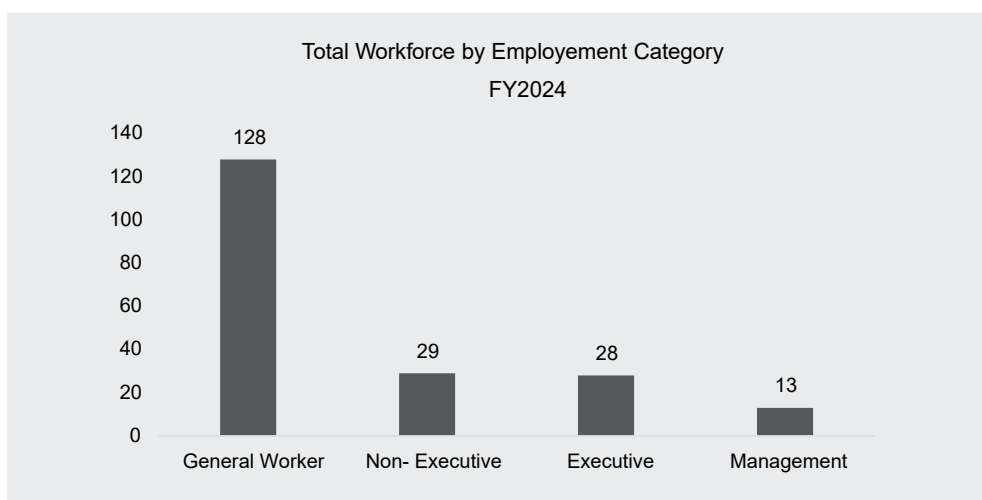
SUSTAINABILITY REPORT CONT'D

DIVERSITY AND INCLUSION CONT'D

Our performance Cont'd



MClean's entire workforce comprises full-time employees, with no part-time staff recorded in FY2024. This reflects the Group's operational requirements, which prioritize a stable, committed workforce to maintain efficiency and quality in its precision-based services.



At MClean, our workforce structure reflects the operational needs of our business, ensuring efficiency while maintaining strong leadership oversight. In FY2024, general workers formed the largest group, highlighting the labor-intensive nature of our precision cleaning, assembly services, and surface treatment operations.

Alongside our operational workforce, we maintain a balanced hierarchy with non-executive employees supporting daily functions, executives driving key business decisions, and management personnel providing strategic direction. This structured workforce composition allows MClean to meet industry demands while fostering professional growth and leadership development at all levels.

SUSTAINABILITY REPORT CONT'D

CUSTOMER SATISFACTION

Why is this important?

Customer satisfaction and loyalty are essential for long-term success. The Group focuses on understanding customer needs, gathering feedback, and delivering high-quality products and services to maintain trust and competitiveness in the industry.

Our approach

A strong commitment to continuous improvement drives efforts to enhance the customer experience. Regular engagement and feedback collection, including the annual Customer Satisfaction Survey (CSS), provide valuable insights into customer expectations.

The CSS typically assesses key areas such as product quality, service efficiency, responsiveness, technical support, pricing competitiveness, and overall customer satisfaction. Additional criteria may include ease of communication, after-sales service, and the Group's ability to resolve issues effectively.

By analyzing survey results and direct customer feedback, the Group identifies strengths and areas for improvement. These insights help refine products and services while ensuring high standards, transparent communication, and long-term relationships built on trust and reliability. Proactive measures, such as targeted service enhancements and operational adjustments, further support customer needs and expectations.

Our performance

Customer Satisfaction Survey

The Group is committed to maintaining a high level of customer satisfaction and continuously improving the quality of its products and services. While no average Customer Satisfaction Survey (CSS) score was recorded for FY2024, the Group remains dedicated to enhancing customer experience. Moving forward, it aims to establish a baseline for future assessments and set measurable targets to track and improve customer satisfaction levels effectively.

Financial Year	SINGAPORE	MALAYSIA
Number percentage (%) of customer satisfaction	100%	100%

DATA PRIVACY & SECURITY

Why is this important?

With increasing digitalization in business operations, cybersecurity and data privacy are essential to protecting sensitive information. Cyber threats and data breaches can disrupt operations and compromise confidential data. MCClean is committed to safeguarding data integrity and ensuring compliance with relevant data protection laws to maintain trust and operational security.

Our approach

McClean has adopted strict data privacy and cybersecurity measures to protect confidential information from unauthorized access, misuse, or loss. Our approach aligns with the Personal Data Protection Act 2010 (PDPA), ensuring that personal data is handled responsibly and securely.

We adopt secure data management practices, comply with applicable data protection regulations, and continuously monitor cybersecurity risks. Employees receive guidance on data security best practices to ensure accountability in handling sensitive information.

Additionally, we regularly review and enhance our security measures to adapt to evolving threats and industry standards, reinforcing our commitment to data protection and regulatory compliance.

Our performance

As of FY2024, McClean has recorded zero substantiated incidents related to data breaches or privacy violations. We remain committed to strengthening our cybersecurity framework and maintaining the highest standards of data protection.

SUSTAINABILITY REPORT CONT'D

HUMAN RIGHTS & LABOR PRACTICES

Why is this important?

MClean is committed to respecting and upholding human rights in all aspects of its operations. Ensuring a safe, inclusive, and fair workplace is fundamental to fostering a productive workforce and supporting long-term business sustainability. By integrating human rights principles into daily practices, employees are treated with dignity, valued for their contributions, and empowered to thrive.

Our approach

MClean is committed to upholding ethical employment practices and ensuring fair treatment of its workforce across Singapore and Malaysia. The Group adheres to all applicable labor laws and regulations, fostering a workplace built on integrity, fairness, and respect. Employment decisions are based on merit, qualifications, and skills, reinforcing a diverse, equitable, and inclusive workforce.

MClean strictly prohibits any form of child labor within its operations and ensures that all employees are of legal working age according to local laws and regulations. Employment practices are regularly reviewed to ensure compliance with international standards on child labor and forced labor.

To enhance transparency and accountability, MClean has established a Whistleblower Policy, providing employees and stakeholders with a secure and confidential platform to report concerns related to workplace ethics, labor practices, or company standards. A dedicated whistleblower letterbox is available on the MClean website, ensuring accessibility and protection against retaliation.

The Group remains committed to upholding fair employment standards and continuously strengthening its approach to responsible labor practices. Through strict compliance with labor regulations, MClean safeguards against unethical employment practices, including forced labor, child labor, and discrimination. By fostering a supportive and responsible work environment, MClean contributes to a fair and sustainable labor ecosystem.

Our performance

Efforts remain focused on maintaining high human rights and labor standards, with regular reviews to ensure ongoing compliance and improvements.

Financial Year	SINGAPORE	MALAYSIA
Number of substantiated complaints concerning human right violations	0	0
Number of children aged 5-17 years engaged in child labor	0	0

Incidents of Violations Involving Rights of Indigenous Peoples

MClean acknowledges the importance of respecting human rights in all aspects of its operations, including the rights of indigenous peoples. While MClean's business activities do not directly involve indigenous lands or communities, the Group remains committed to ensuring that its operations do not contribute to any violations of indigenous rights. This includes avoiding indirect involvement in activities that may affect indigenous communities, such as land dispossession or environmental harm.

MClean ensures its business practices uphold ethical standards and mitigate risks related to human rights issues. The Group also works to ensure that its suppliers and partners are aware of and adhere to responsible labor and environmental practices.

COMMUNITY & SOCIAL RESPONSIBILITY

Why is this important?

MClean recognizes the importance of contributing to the community as part of its commitment to social responsibility. Supporting local economies, education, healthcare, and environmental initiatives helps create a positive social impact while strengthening relationships with stakeholders. Aligning business objectives with community needs also builds trust and supports long-term sustainability.

SUSTAINABILITY REPORT CONT'D

COMMUNITY & SOCIAL RESPONSIBILITY ONT'D

Our approach

MClean takes a structured approach to community support, focusing on initiatives that provide meaningful and lasting benefits. Efforts typically include both financial and non-financial contributions to charities, non-profit organizations, and educational institutions. Non-financial contributions may include essential supplies and resources to support those in need.

Employee participation is encouraged through volunteer opportunities, fostering engagement and a sense of shared responsibility in creating a more inclusive and resilient society.

Our performance

In FY2024, MClean did not conduct any community-related initiatives. However, the Group remains committed to making a positive impact and plans to resume its efforts in FY2025. Future initiatives will be aligned with key focus areas, ensuring they remain relevant, meaningful, and beneficial to both the community and MClean's long-term sustainability objectives.

ANTI BRIBERY AND CORRUPTION

Why is this important?

MClean is committed to conducting business with integrity, fairness, and accountability. Upholding strong ethical standards is essential to protecting the Group's reputation, fostering trust with stakeholders, and ensuring long-term business sustainability. A strong stance against bribery and corruption helps create a responsible and transparent work environment.

Our approach

MClean upholds strict anti-bribery and anti-corruption measures across our operations, in line with the Malaysian Anti-Corruption Commission (MACC) Act, Singapore's Prevention of Corruption Act (PCA), and other relevant regulations. We are committed to maintaining the highest standards of integrity, transparency, and ethical business practices.

All employees receive guidance on ethical conduct, and ongoing training reinforces the importance of compliance. Business partners and suppliers are also expected to align with these standards to ensure responsible practices throughout the value chain.

To support transparency, MClean has confidential reporting channels where employees and stakeholders can raise concerns about unethical behavior. These efforts help maintain a culture of integrity and responsible business practices.

Our performance

a. Corruption incidents

MClean remains committed to ethical business conduct, with regular reviews in place to strengthen compliance and ensure continuous improvement.

Financial Year	SINGAPORE	MALAYSIA
Number of confirmed corruption incidents	0	0

b. Corruption-related training

MClean recognizes the importance of fostering a strong ethical culture and ensuring compliance with anti-corruption regulations. While no corruption-related training was conducted in FY2024, the Group remains committed to equipping employees with the necessary knowledge to identify, prevent, and address corruption risks.

Looking ahead to FY2025, MClean plans to implement comprehensive training sessions focused on enhancing employee awareness, reinforcing ethical decision-making, and strengthening compliance measures across its operations. These efforts align with the Group's dedication to upholding integrity and maintaining responsible business practices.

SUSTAINABILITY REPORT CONT'D

BURSA MALAYSIA COMMON INDICATORS SUMMARY

Overview of all the common indicators from Bursa Malaysia Sustainability Reporting Framework (3rd edition) and the specific section they can be located from. Key: FY = Financial Year

Indicator	Unit	FY2024
C1. Anti-corruption		
C1(a) Percentage of employees who have received training on anti-corruption by employee category		
• Senior Management	%	0
• Management	%	0
• Executive	%	0
• Non-executive	%	0
C1(b) Percentage of operations assessed for corruption-related risks	%	0
C1(c) Confirmed incidents of corruption and action taken	Number	0
C2. Community / Society		
C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	N/A
C2(b) Total number of beneficiaries of the investment in communities	Number	N/A
C3. Diversity		
C3(a) Percentage of employees by gender and age group, for each employee category		
Gender Group		
Senior Management		
• Male	%	N/A
• Female	%	N/A
Manager		
• Male	%	5.05%
• Female	%	1.52%
Executive		
• Male	%	5.05%
• Female	%	9.09%
Non-Executive		
• Male	%	57.58%
• Female	%	21.72%
Age Group by Employment Category		
• Under 30	%	58.08%
• Between 31-40	%	18.18%
• Between 41-50	%	15.15%
• Above 50	%	8.59%
C3(b) Percentage of directors by gender and age group		
Gender Group		
• Male	%	50%
• Female	%	50%
Age Group by Employment Category		
• Under 30	%	0
• Between 31-40	%	16.7%
• Between 41-50	%	0
• Above 50	%	83.3%

SUSTAINABILITY REPORT CONT'D

BURSA MALAYSIA COMMON INDICATORS SUMMARY CONT'D

Indicator	Unit	FY2024
C6. Labour Practice and standards		
C6(a) Total hours of training by employee category		
• Senior Management	Hours	0
• Management	Hours	8
• Executive	Hours	80
• Non-executive	Hours	16
C6(b) Percentage of employees that are contract or temporary staff	%	0
C6(c) Total number of employee turnover	Number	68
C6(c) Total number of employee turnover by employee category		
• Senior Management	Number	6
• Management	Number	11
• Executive	Number	15
• Non-executive	Number	140
C6(d) Number of substantiated complaints concerning human rights violations	Number	0
C7. Supply chain management		
C7(a) Proportion of spending on local suppliers	%	
C8. Data Privacy and Security		
C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
C9. Water		
C9(a) Total volume of water used	Megalitre	104,512,000
C10. Waste Management		
C10(a) Total waste generated		
• total waste diverted from disposal	tonnes	N/A
• total waste directed to disposal	tonnes	54.036
C11. Emission Management		
C11 (a) Scope 1 emissions in tonnes of CO ₂ e	tCO ₂ e	272.63
C11 (b) Scope 2 emissions in tonnes of CO ₂ e	tCO ₂ e	4,338.21
C11 (c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	tCO ₂ e	N/A

Note: *Percentages may not sum to 100% due to rounding

SUSTAINABILITY REPORT CONT'D

GLOBAL REPORTING INITIATIVE (GRI) SUMMARY

Overview of all the GRI requirements that we have complied with at MClean Technologies Berhad.

Statement of Use The Group has reported with reference to GRI Standards for the period from 1st Jan 2024 to 31st December 2024.

GRI 1 used GRI 1: Foundation 2021

Indicator	FY2024
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GRI 2: General Disclosures 2021

2-1 Organizational details	1
2-2 Entities included in the organization's sustainability reporting	3
2-3 Reporting period, frequency and contact point	4
2-4 Restatements of Information	4
2-5 External assurance	4
2-29 Approach to stakeholder engagement	4

GRI 3: Material Topics 2021

3-1 Process to determine material topics	10
3-2 List of material topics	11
3-3 Management of material topics	11

GRI 204: Procurement Practices 2016

204-1 Proportion of spending on local suppliers	14
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GRI 205: Anti-corruption 2016

205-1 Operations assessed for risks related to corruption	33
205-2 Communication and training about anti-corruption policies and procedures	33
205-3 Confirmed incidents of corruption and actions taken	33

GRI 302: Energy 2016

302-1 Energy consumption within the organization	15
302-4 Reduction of energy consumption	16

GRI 303: Water and Effluents 2018

303-1 Water withdrawal	18
303-5 Water consumption	18

GRI 305: Emission 2016

305-1 Direct (Scope 1) GHG emissions	16
305-2 Energy indirect (Scope 2) GHG emissions	17
305-3 Other indirect (Scope 3) GHG emissions	17

GRI 306: Waste 2020

306-1 Waste generation and significant waste-related impacts	20
306-2 Management of significant waste related impacts	20
306-3 Waste generated	21
306-4 Waste diverted from disposal	21
306-5 Waste directed to disposal	21

GRI 401: Employment 2016

401-1 New Employee hires and employee turnover	27
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GRI 403: Occupational Health and Safety 2018

403-2 Hazard identification, risk assessment, and incident investigation	23
403-5 Worker training on occupational health and safety	22
403-6 Promotion of worker health	24
403-9 Work-related injuries	23

SUSTAINABILITY REPORT CONT'D

GLOBAL REPORTING INITIATIVE (GRI) SUMMARY CONT'D

Indicator	FY2024
GRI 404: Training and Education 2016	
404-1 Average hours of training per year per employee	25
GRI 404: Training and Education 2016	
405-1 Diversity of governance bodies and employees	26
GRI 406: Non-discrimination 2016	
406-1 Incidents of discrimination and corrective actions taken	31
GRI 408: Child Labor 2016	
408-1 Operations and suppliers at significant risk for incidents of child labour	32
GRI 409: Forced or Compulsory Labor 2016	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	31
GRI 411: Rights of Indigenous Peoples 2016	
411-1 Incidents of violations involving rights of indigenous peoples	32
GRI 418: Customer Privacy 2016	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	31

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“**Board**”) of MClean Technologies Berhad (the “**Company**”) recognizes the importance of establishing and maintaining good corporate governance and remains committed in ensuring that the Company and its subsidiaries (the “**Group**”) practice high standard of corporate governance in discharging their fiduciary duties and responsibilities to enhance long-term shareholders’ value whilst taking into account the interests of other stakeholders of the Company.

In line with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”), the Board of Directors is pleased to provide the Company’s Corporate Governance Overview Statement which outlines the commitment of the Board to ethical behavior and transparency in business strategy, operations and corporate culture in deriving the intended outcomes and in applying of the principles and practices of the latest Malaysian Code on Corporate Governance 2021 (“**MCCG 2021**”) to ensure long-term sustainability of the Group.

This statement is to be read together with the Corporate Governance Report 2024 of the Company which is available on the Company’s website: <http://www.mclean.com.sg>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1.0 Every company is headed by a Board which assumes responsibility for the Company’s leadership and is collectively responsible for meeting the objectives and goals of the Company.

Board Duties

The Board is primarily entrusted with the responsibility of charting the direction of the Group by formulating and reviewing the strategic plans and key policies, whilst providing effective oversight of Management’s performance, risk assessment and controls over business operations to address the sustainability of the Group’s business.

The Board is guided by a Board Charter and amongst others, the Board assumes the following major duties and responsibilities in discharging its fiduciary duties in the pursuit of the best interest of the Company while safeguarding the interest of its shareholders and other stakeholders:

- a) Reviewing and adopting the Company’s strategic plans;
- b) Overseeing the conduct of the Company’s business;
- c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- d) Ensuring that succession planning of the senior management is in place;
- e) Overseeing the development and implementation of a shareholder communications policy for the Company; and
- f) Reviewing the adequacy and integrity of management information and internal control system of the Company.

Board Committee

The Board delegates and confers some of its authorities and discretion on the Chairman, Executive Directors, and Management. In assisting the execution of its responsibilities, the Board has delegated specific responsibilities to the Board Committees as follows:

- (a) Audit Committee (“**AC**”)
- (b) Remuneration Committee (“**RC**”)
- (c) Nomination Committee (“**NC**”)
- (d) Long Term Incentive Plan Committee (“**LTIP**”)

Each Committee has its functions clearly defined in its respective Terms of Reference and operating procedures which are reviewed on a regular basis. These Committees have the authority to examine particular issues for reporting to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

All matters not specifically reserved to the Board, and which are necessary for the day-to-day operations of the Group are delegated to Management to operate within the authorities delegated.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. Board Responsibilities Cont'd

1.0 Every company is headed by a Board which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. Cont'd

Board Committee Cont'd

The Non-Executive Directors play supporting roles to contribute their knowledge and experiences towards developing the policies and in the decision-making process. Their responsibilities as Independent Non-Executive Directors include the following:

- a) Provide and enhance the necessary independence and objectivity to the Board;
- b) Ensure effective checks and balances on the Board;
- c) To mitigate any possible conflict of interest between the policy-making process and day-to-day management of the Company;
- d) Constructively challenge and contribute to the development of business strategy and direction of the Company; and
- e) Ensure that adequate systems and controls to safeguard the interest of the Company are in place.

Distinction of Roles of Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Executive Chairman of the Board and the Chief Executive Officer ("CEO"). Datuk Dr. Terence Tea is the Executive Chairman whereas Mr. Pek Choon Lee is the Company's CEO.

The roles and responsibilities, which include the functions and the processes of the Executive Chairman and CEO are clearly set out in the Terms of Reference and Board Charter, which are made available in the Company's website at www.mclean.com.sg.

The Executive Chairman is responsible for the leadership of the Group and for promoting the highest standards of integrity and probity while in the same leading the strategic planning at the Board level. He acts as facilitator at meetings of the Board to ensure that no directors, whether executive or non-executive, dominate the discussion, that appropriate discussion takes place and that relevant opinion among directors are forthcoming.

The CEO on the other hand, are responsible for making and implementing the policies laid down, operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies.

Company Secretaries

The Board is supported by two suitably qualified and competent Company Secretaries namely Mr Tan Tong Lang and Ms Thien Lee Mee. The Company Secretaries are Chartered Secretaries under Section 235(2)(a) of the Companies Act 2016 and had obtained their Practising Certificates under Section 241 of the Companies Act 2016.

The key responsibilities of Company Secretaries include:

- a) Providing support and guidance to the Board on issues relating to compliance with rules and regulations and relevant laws affecting the Company as well as the best practices on governance matters;
- b) Regularly updated and apprised to the Board on new regulations issued by the regulatory authorities; and
- c) Serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares.

The roles of the Company Secretaries are as below: -

- a) Attend all Board meetings and Board Committees meetings;
- b) Ensure all issues are deliberated with the decision and conclusion reached are accurately recorded;
- c) Record, prepare and circulate the minutes of the meetings of the Board and Board Committees;
- d) Ensure the minutes are kept at the registered office of the Company and readily available for inspection, if required;
- e) Facilitate the Board in conducting the annual Board Effectiveness Assessment; and
- f) Ensure timely and appropriate information flows within and to the Board and Board Committees.

The Company Secretaries attend relevant development and training programmes to enhance their ability in discharging their duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. Board Responsibilities Cont'd

- 1.0 Every company is headed by a Board which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. Cont'd**

Board Meetings and Access to Information

The Board holds meetings quarterly and as and when necessary for any matters which may arise between the meetings. Meeting materials are circulated to Directors at least five business days in advance of the Board or Board Committee meetings.

The Minutes of the Board or Board Committees meetings are circulated to all Board members in a timely manner for review before they are tabled for confirmation. All Board members reviewed and confirmed the minutes of meetings to ensure accuracy of reflecting the deliberation and decisions made by the Board.

- 2.0 There is a demarcation of responsibilities between the Board, Board Committees and Management. There is clarity in the authority of the Board, its Committees and individual Directors.**

Board Charter

The Board has adopted the Board Charter on 27 February 2013, which serves as a reference point for Board's activities and to promote the standards of corporate governance. It provides guidance for Directors and Management on the roles and responsibilities of the Board, its CEO and Board Committees.

The Board Charter is subject to regular review to ensure its consistency with the Board's objectives and responsibilities, compliance of relevant laws, regulations, guidelines as well as standards of corporate governance.

The Board had last reviewed its Board Charter on **28 February 2022** and it is made available at the Company's website at www.mclean.com.sg.

- 3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company.**

Formalised ethical standards through Directors' Codes of Ethics and Conduct

The Board is guided by the Directors' Codes of Ethics and Conduct in discharging its oversight role effectively. The Directors' Codes of Ethics and Conduct require all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders. Above all, the respective Directors must ensure that their interest and person connected to them in any transaction, be declared to the Board members and notified to the Company Secretary for notation and recorded in formal register (if required).

Adoption of Whistleblowing Policy into Practice

The Company recognises whistleblowing as an important mechanism in the prevention and detection of improper conduct, harassment or corruption in the conduct of its businesses and operations. Hence, the Board has formalised the Company's Whistleblowing Policy whereby all employees are encouraged to disclose any malpractice or misconduct of which they become aware. Upon receipt of the official report via the email stipulated on the Company's website, the designated investigation officer appointed by the Independent Directors would carry out the investigation immediately. All information disclosed during the course of investigation will remain confidential, except as necessary or appropriate to conduct the investigation and to take any remedial action, in accordance with any applicable laws and regulations.

Implementation of Anti Bribery and Corruption Policy

In accordance with the requirements of Rule 15.25 of ACE Market Listing Requirement and enforcement of new Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, the Board had adopted an Anti-Bribery and Anti-Corruption Policy ("**ABAC Policy**") to avert and combat the occurrence of bribery and corrupt practices in relation to the Group's businesses and to provide a measure of assurance and defense against corporate liability for corruption.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. Board Responsibilities Cont'd

- 3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company. Cont'd**

Implementation of Anti Bribery and Corruption Policy Cont'd

The Board diligently monitors these procedures to ensure that they meet the objectives of relevant legislations and remain effective for the Group; and, if necessary, implement changes subject to the approval of the Company's Board of Directors. This policy is reviewed periodically and may be amended as it deems appropriate to ensure its relevance and effectiveness.

A summary of the Directors' Codes of Ethics and Conduct, Whistle Blowing and ABAC Policy were published on the corporate website at www.mclean.com.sg.

II. Board Composition

- 4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights**

Board Composition and Balance

As of the date of this Statement, the Board comprises four (4) members: one (1) Executive Chairman and three (3) Independent Non-Executive Directors.

This composition meets the requirement under Practice 5.2 of the MCCG 2021, which states that at least half of the Board must be Independent Directors.

Although the Chairman is not independent, the Board believes the presence of three Independent Directors with extensive boardroom experience provides adequate checks and balances.

The Executive Chairman abstains from all deliberations and voting on matters where he has a direct or deemed interest.

Board Diversity

The Board continues to give close consideration to its size, composition, spread of experience and expertise in their yearly review. The Board embraces the importance on the diversity of the Board's composition to facilitate decision making process by harnessing different insights and perspectives. The mixed skills and experience are vital for the successful performance of the Company as with the Directors' combined experiences and knowledge, they provide sound advice and judgement for the benefit of the Company and its shareholders.

The Board agreed that each of the Director meets the criteria under Rule 2.20A of ACE Market Listing Requirement on their character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. Details of each individual Director's and Key Senior Management's skills and experiences are presented on page 8 to 10 of this Annual Report.

The current diversity in gender and age of the existing Board is as follows:

	Age Group				Gender	
	30-39	40-49	50-59	60-69	MALE	FEMALE
NUMBER OF DIRECTORS	1	-	3		3	1

Gender diversity

The Company has one (1) female director, in line with Section 2(j) of the Board Charter. While the Board has yet to formalize a gender diversity policy, the Board takes necessary steps to ensure that women candidates are sought as part of the recruitment exercise. The Board is of the view that gender should not be a basis of evaluation and that candidate should be nominated based on their level of experience and skill set as well as other qualities as stated under the Board diversity above.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. Board Composition Cont'd

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights Cont'd

Continuing in Office as Independent Directors

In line with Practice 5.3 of MCCG 2021, the Company's Board Charter states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a non-independent director or to be retained as Independent Director subject to the shareholders' approval. Section 4.3 of the Board Charter, however, stated that the Company would seek annual shareholders' approval only through a two-tier voting process as opposed to the two-tier voting process. The explanation of the departure from two-tier voting is elaborated in the Corporate Governance Report.

The Independent Directors namely Mr. Lee Yee Wooi ("Mr. Lee"), Mr. Muhammad Radzi Bin Embong ("Mr. Radzi") and Ms. Chuah Ai Wen ("Ms. Chuah"), have also declared their independence to the Board under the annual Board evaluation process during the FYE 2024.

Board Appointment Process

The NC was established on 10 November 2010 and comprised exclusively of Independent Non-Executive Directors. The NC is primarily responsible for the identification of the desired mix of expertise, competencies and experiences for an effective Board and the assessment of the performance of the members of the Board.

The NC is guided by specific Terms of Reference, a copy of which is published on the Company's website.

In discharge of its duties for FY2024, the NC had performed the following key activities: -

- reviewed the composition and structure of the Board and the Board Committees;
- reviewed the tenure of Independent Non-Executive Directors and their independence;
- evaluated the performance of the Board as a Whole and Board Committees;
- nominated the directors who are due for retirement by rotation and are eligible to stand for re-election; and
- evaluated and determined the training needs of the Directors.

In executing their responsibility in the Board appointment, the recommendation of candidates would be through a transparent and rigorous process in accordance to "Fit and Proper" standards before recommending the candidates to the Board for approval.

Although the NC has the liberty to rely on external opinions and services for such recommendations, ultimately the Board will have responsibility and final decision on such appointment. Notwithstanding the skills and experiences of each candidate, the NC takes into consideration the following factors for the purposes of the appointment: -

- the candidate's general understanding of the Group's business;
- the candidate's integrity, professionalism, qualification, time commitment, experience and background;
- disclosure of existing directorships and commitments;
- other factors that promote diversity in age, gender and experience;
- in the case of candidates for the position of Independent Non-Executive Directors, whether such candidate has met the requirements for independence as defined in the Listing Requirements of Bursa Malaysia Securities Berhad;
- independent director shall observe the required cooling-off period of three years if they were previously an existing or former officer of the Company (including non-independent non-executive director), adviser, or transacting party; and
- newly appointed director must undergo an induction programme.

Retirement and Re-Election of Directors

The Clause 76(6) of the Company's Constitution provides that at least one third (1/3) of the Directors including the managing director are subject to retirement by rotation at least once in every three (3) years but shall be eligible for re-election at each Annual General Meeting ("AGM") and can offer himself/herself for re-election. The Clause also provides that a Director who is appointed by the Board during the financial year is subjected to re-election by the shareholders at the next AGM to be held following his/her appointment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. Board Composition Cont'd

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights Cont'd

Retirement and Re-Election of Directors Cont'd

Meanwhile, Clause 78 of the Company's constitution further that directors who are appointed by the Board during the financial period before an AGM are subject to retirement and shall be eligible for re-election.

The NC will provide its recommendation to the Board to seek after the approval from the shareholders for the re-election and re-appointment of a Director at the AGM, after evaluating the performance of such individual Director. In determining whether to recommend a Director for re-election, the Director's past attendance at meetings, participation, and contribution to the functioning of the Board and its committee will be duly considered by the NC, including whether the said Director meets the qualification required under Rule 2.20A of ACE Market Listing Requirement.

Time Commitment

The Directors shall at all time observe the recommendation that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the acceptance of new appointment.

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, none of the Directors holds directorships of more than five (5) public listed companies as guided under Rule 15.06 of the ACE Market Listing Requirement.

The Board meets at quarterly intervals and on other occasions, as and when necessary, to inter-alia approve the quarterly results, the Annual Report and budgets as well as to review the performance of the Group, operating subsidiaries and other business development activities. The Senior Management, Internal Auditors, External Auditors and/or other professional advisors are invited to attend the Board and Board Committee meetings to advise on relevant agenda items to enable the Board and its Committees to arrive at a considered decision.

A total of seven (7) Board meetings were held during FY2024. The details of attendance of the Board members are listed as follows:

NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
Datuk Dr. Terence Tea Yeok Kian (appointed on 9 July 2024)	2/2
Mr. Lee Yee Wooi (appointed on 1 October 2024)	1/1
Mr. Muhammad Radzi Bin Embong (appointed on 9 July 2024)	2/2
Ms. Chuah Ai Wen (appointed on 9 July 2024)	2/2
Mr. Lim Han Kiau (resigned on 31 March 2025)	7/7
Mr. Yeo Hock Huat (resigned on 28 January 2025)	7/7
Dr. Danny Oh Beng Teck (resigned on 9 July 2024)	5/6
Dr. Goh Kwee Keng (resigned on 9 July 2024)	5/5
Ms. Siti Haliza Binti Md. Taib (resigned on 30 September 2024)	5/5
Ms. Yeow Seow Lai (resigned on 9 July 2024)	5/5

All Directors have complied with the requirements for a minimum of 50% attendance of the total Board meetings held as stipulated in Rule 15.05(3)(c) ACE Market Listing Requirements of Bursa Securities.

The Board meetings for each financial year are scheduled and planned ahead before the commencement of a new financial year. This is to allow the Directors to organise their plans and activities ahead to enable them to attend all the Board meetings which have been scheduled. All the Directors have actively participated in the discussions during the Board meetings. There is no Board dominance by any individual and the Directors are free to express their views and opinions during the Board meetings. In arriving at Board decisions, the will of the majority prevails at all times.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. Board Composition Cont'd

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights Cont'd

Time Commitment Cont'd

The Directors are aware that they must notify the other Board members of their interest in contracts that is in conflict, or in potential conflict with an interest of the Company or its subsidiaries by disclosing the nature and extent of that interest as arise and they do not participate in the deliberations on the matters of which they have a material personal interest and abstain from voting in such matters.

The Board, with NC's recommendation, determines and oversees the training needs of their Directors. Board members. In line with the Mandatory Accreditation Programme prescribed by Bursa Securities, all Directors have attended the external professional programmes, which is deemed necessary to ensure that the Directors keep abreast of various issues face in the challenging business environment within which the Group operates.

During the financial year ended 31 December 2024, the Directors have attended the following training programmes:

NAME OF DIRECTOR	COURSE ATTENDED	Date Attended
Datuk Dr. Terence Tea Yeok Kian	Mandatory Accreditation Program ("MAP") I	16 & 17 October 2024
Mr. Lee Yee Wooi	MAP II	28 & 29 February 2024
Mr. Muhammad Radzi Bin Embong	MAP I	11 & 12 September 2024
Ms. Chuah Ai Wen	MAP II	13 & 14 November 2024
	MAP I	16 & 17 October 2024

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

Annual Assessment

The NC reviews and evaluates the performance of Individual Directors, the Board as a whole and the performance of Board Committees on an annual basis. The evaluation comprises a Board Assessment, an Individual (Self & Peer) Assessment, Board Committees' Assessment, and an Assessment of Independence of Independent Directors.

The Board assessment is based on specific criteria, covering areas such as the following:

- Board structure;
- Board operations;
- Roles and responsibilities of the Board; and
- Board Committees and the Chairman's roles and responsibilities.

For Individual Assessment, the assessment criteria include the below: -

- Core competencies of directors;
- Integrity and time commitment;
- Independence of Independent Directors;
- Effectiveness of the Board as a whole; and the Board Committees;
- Contribution to interaction;
- Quality of inputs; and
- Understanding of roles.

The Board put in place performance assessment form for each Board Committees, which assessment covers the below: -

- Right composition;
- Assistance in decision making;
- Sufficiency of expertise in fulfilling roles;
- Discharge of responsibility;
- Appointment criteria;
- Quality of communication;
- Quality of minutes; and
- Sufficient time for deliberation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. Board Composition Cont'd

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors. Cont'd

Annual Assessment Cont'd

The Board, through the NC, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director includes the following: -

- a) Relationship between the Independent Director and the Company; and
- b) Independent Director's involvement in any significant transaction with the Company.

The results of the assessment would form the basis of the NC's recommendation to the Board for the re-election of Directors at the next forthcoming AGM.

Based on the assessment of the independence of the Independent Non-Executive Directors conducted by the NC, the Board is satisfied that all Independent Non-Executive Directors are able to provide check and balance to the Board's decision-making process and bring independent and objective judgement to board deliberations.

The Board composition has met with the ACE Market Listing Requirements for a balanced board which is fulfilled with Independent Directors constituting 50% of the Board.

Assessment on Performance of Key Management

The NC also undertakes yearly evaluation of the performance of the Finance Controller/Chief Financial Officer whose remuneration is directly linked to performance, based on his score sheet. For this purpose, the performance evaluation of the FC for the year 2024 was reviewed by the NC.

III. Remuneration

6.0 The level and composition of remuneration of Directors and Senior Management take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

Remuneration Framework and Packages

The Remuneration Committee ("RC") was established on 10 November 2010. The RC is responsible for recommending the remuneration framework and the remuneration packages of the Executive Directors (including Executive Chairman and Chief Executive Officer) and Senior Management and to establish a formal and transparent procedure for developing policy on remuneration packages of Individual Directors and Senior Management.

The RC is guided by specific Terms of Reference, which the same has been published on the Company's website.

The RC reviews annually and proposes, subject to the approval of the Board, the remuneration scheme taking into consideration the term of office of each Director as a member of the Board as well as Committees of the Board. The determination of the remuneration packages of Directors are considered and approved by the Board as a whole. The remuneration and benefits of Directors are generally based on market conditions, responsibilities held and the overall financial performance of the Group.

Nevertheless, the interested Directors shall abstain from any discussion on their own remuneration package. Directors' remuneration and benefits are recommended by the RC to the Board for the approval by the shareholders of the Company at the AGM.

7.0 Stakeholders are able to assess whether the remuneration of Directors and Senior Management is commensurate with their individual performance, taking into consideration the Company's performance.

Directors' Remuneration and benefits

The RC considers the principles recommended by MCGG 2021 in determining the Directors' remuneration and benefits whereby, the Executive Directors' remuneration is designed to link rewards to the Group's and individual performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. Board Composition Cont'd

7.0 Stakeholders are able to assess whether the remuneration of Directors and Senior Management is commensurate with their individual performance, taking into consideration the Company's performance. Cont'd

Directors' Remuneration and benefits Cont'd

In ensuring that the Directors' remuneration and benefits are in line with the market expectations and competition with the aim to attract, retain and motivate individuals of highest quality and talents in the Group with reference made to the Directors' remuneration and benefits offered by other public listed companies.

Details of the Directors' remuneration, including benefits received by the Directors from the Company and its subsidiaries and on a Group basis during FY2024 are set out as below:

Directors	Director Fee RM	Salary RM	EPF Contribution RM	Benefit-in-kind RM	Total RM
Executive:-					
Datuk Dr. Terence Tea Yeok Kian (appointed on 09.07.2024)	-	133,470	10,472	-	143,942
Mr. Yeo Hock Huat (redesignated as non-independence non-executive director on 09.07.2024)	12,000	216,827	19,610	-	248,437
Mr. Lim Han Kiau (redesignated as non-independence non-executive director on 09.07.2024)	12,000	198,705	19,610	-	230,315
Non-Executive:-					
Mr. Yeo Hock Huat (redesignated as non-independence non-executive director on 09.07.2024)	12,000	188,716	15,116	-	215,832
Mr. Lim Han Kiau (redesignated as non-independence non-executive director on 09.07.2024)	12,000	176,037	15,116	-	203,153
Dr. Danny Oh Beng Teck (resigned on 09.07.2024)	30,000	-	-	-	30,000
Dr. Goh Kwee Keng (resigned on 09.07.2024)	25,000	-	-	-	25,000
Ms. Siti Haliza Binti Md. Taib (resigned on 09.07.2024)	37,500	-	-	-	37,500
Ms. Yeo Seow Lai (resigned on 09.07.2024)	15,000	-	-	-	15,000
Mr. Mr. Lee Yee Wooi (appointed on 01.10.2024)	7,500	-	-	-	7,500
Mr. Muhammad Radzi Bin Embong (appointed on 09.07.2024)	15,000	-	-	-	15,000
Ms. Chuah Ai Wen (appointed on 09.07.2024)	15,000	-	-	-	15,000
Total:	193,000	913,755	79,924	-	1,186,679

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. Board Composition Cont'd

7.0 Stakeholders are able to assess whether the remuneration of Directors and Senior Management is commensurate with their individual performance, taking into consideration the Company's performance. Cont'd

Remuneration of Senior Management

The number of Senior Managements whose remunerations fall within the following bands are tabulated as below:-

Range of Remuneration (RM)	No. of Senior Management
<100,000	1
100,001 to 200,000	1
200,001 to 300,000	1
300,001 to 400,000	-
400,001 to 500,000	1
500,001 to 600,000	-
600,001 to 700,000	-
700,001 to 800,000	-
800,001 to 900,000	1
Total	5

The Board is of the opinion that the disclosure of the Senior Management Personnel names and the remuneration component including salary, bonus, benefits in-kind and other emoluments would not be the best interest of the Group due to the competitive nature of the human resource market and to support the Group's effort to attract and retain executive.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

8.0 There is an effective and independent Audit Committee. The Board is able to objectively review the Audit Committee's findings and recommendations. The Company's financial statement is a reliable source of information.

Establishment of Audit Committee ("AC") and Relationship with Auditors

The Board had on 9 July 2024 and 1 October 2024 revised its AC's composition and the AC currently comprised three (3) Independent Non-Executive Directors, which is line with Practice 9.4 of MCCG 2021.

Mr. Lee Yee Wooi is appointed as the AC Chairman on 1 October 2024 in replace of Ms. Siti Haliza Binti Md. Taib who resigned on 30 September 2024. Details of the AC's composition and activities during FY2024 are set out on pages 63 to 65 of this Annual Report.

The Company acknowledges the need to uphold independence and has incorporated the requirement for the former officers of the Company including former key audit partner of external auditors to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC in the Board Charter. To date, none of the AC members were former key audit partners of the Group's statutory auditors.

The Board through the establishment of AC maintains a formal and transparent relationship with the Company's Internal Auditors ("IA") and External Auditors ("EA") which has been accorded the authority to communicate directly with the IA and EA.

The AC meets with the IA and EA respectively, to discuss the audit plan, audit findings and the Group's financial statements. The EA also meet the AC at least twice a year without the presence of the Executive Directors and Management. In addition, the EA are invited to attend the AGM and to answer the shareholders' questions relating to the audited financial statements which may arise at the AGM.

The AC takes responsibility to ensure that adequate resources are allocated to the IA to carry out their duties in accordance with the annual audit plan.

Details of activities carried out by the AC in FY2024 are disclosed on pages 63 to 65 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT CONT'D

I **Audit Committee** CONT'D

- 8.0 There is an effective and independent Audit Committee. The Board is able to objectively review the Audit Committee's findings and recommendations. The Company's financial statement is a reliable source of information.** Cont'd

Assessment of Suitability and Independence of External Auditors

The AC assesses the suitability and independence of the EA on an annual basis. Assessment of the areas include amongst others:

- a) Calibre of External Audit Firm;
- b) Quality Processes/ Performance;
- c) Audit Team;
- d) Objectivity and independence;
- e) Audit Scope and Planning; and
- f) Audit Fees; and Audit Communications

The AC has met with the EA at least twice in FY2024 in the absence of Management.

The EA has confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC had evaluated the performance of the EA and made recommendations to the Board on their re-appointment and audit fees.

Activities Execution

Details of activities carried out by the AC in FY2024 are disclosed on pages 63 to 65 of this Annual Report.

The Board noted that the EA had expressed their willingness to continue in office for the ensuing year and having reviewed the suitability and independence of the EA, the Board had recommended the re-appointment of the EA for the shareholders' approval at the forthcoming 15th AGM.

The Chairman and members of the AC are financially literate and have carried out their duties and responsibilities in accordance with the Terms of Reference of the AC.

One of the AC members is a member of the Malaysian Institute of Accountants. All the AC members possess the necessary skill, knowledge and experience to discharge their duties effectively.

Accordingly, the Company complies with Rule 15.09 (1)(c)(i) of the ACE Market Listing Requirements of Bursa Malaysia. The Members are expected to devote sufficient time to update their knowledge and enhance their skills through continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

II **Risk Management and Internal Control Framework**

- 9.0 The Group makes informed decisions on the risk appetite and implement necessary controls to pursue its objectives. The Board is provided with reasonable assurance that any adverse impacts arising from foreseeable future events are identified on a timely basis and managed/mitigated appropriately**

Sound framework to manage risks

The Board has put in place a structured risk management and internal control system for on-going identification, evaluation and managing significant risks that may affect the Company's business objectives. Periodic testing of the effectiveness and efficiency of the risk management and internal control framework are conducted to ensure that the system is effective. Such system covers not only financial controls but also operational and compliance controls.

The risk management framework adopted is in line with ISO31000:2018 principles and generic guidelines on risk management, outlines the risk governance and structure, risk policy, risk assessment process and integration of risk management into key activities and functions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT CONT'D

II Risk Management and Internal Control Framework CONT'D

- 9.0 The Group makes informed decisions on the risk appetite and implement necessary controls to pursue its objectives. The Board is provided with reasonable assurance that any adverse impacts arising from foreseeable future events are identified on a timely basis and managed/mitigated appropriately** Cont'd

Sound framework to manage risks Cont'd

The AC is guided by its Terms of Reference, in particular, they:

- (a) make recommendations to the Board on the risk appetite and associated risk parameters including risk limits for the Group;
- (b) review and assess compliance with and the adequacy of the risk management framework, policies and strategies to identify, measure, manage and report risks;
- (c) oversee Management in the formulation, updating and maintenance of an adequate and effective risk management framework, policies and strategies for managing risks that are consistent with Group's approved risk appetite and parameters and report to the Board on their decisions on any material matters concerning the aforementioned;
- (d) make the necessary recommendations to the Board such that an opinion and comment regarding the adequacy and effectiveness of the Risk Management and Internal Control System can be made by the Board in the Annual Report of the Company in accordance with the Listing Requirements and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; and
- (e) consider and advise on risk matters referred to them by Management or the Board including reviewing and reporting to the Board on any material breaches of approved risk limits, any material non-compliance with the approved framework and policies and the adequacy of any proposed action.

The Risk Management and Internal Control System is reviewed and where appropriate, refined regularly by Management, Audit Committee and the Board.

The Statement on Risk Management and Internal Control set out on pages 59 to 62 of this Annual Report provides an overview of the state of risk management activities within the Group.

Risk Management Team ("RMT")

Established to assist the AC and the Board in its oversight of risk and effectiveness of MClean Group's risk management. The RMT is chaired by CEO and reports to AC twice a year. The RMT team comprises of the following members:

- a) Chief Executive Officer ("CEO");
- b) Chief Operating Officer ("COO") - Precision Cleaning;
- c) Chief Operating Officer ("COO") - Surface Treatment;
- d) Chief Operating Officer ("COO") ; and
- e) Risk Manager, who is the Group Finance Controller,

The RMT shall review and assess the key strategic, operational and financial risks of the MClean Group and subsidiaries identified. They also ensure continuous training on risk management methodology are provided to all managerial and executive staff, who are responsible to contribute to the risk reports. Where appropriate, the RMT team shall engage external risk management consultancy services to supplement the risk management training and/or to carry out additional scope of risk management reporting.

- 10.0 The Group has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.**

Risk Management and Internal Control ("RM & IC") Framework

The Board delegates the oversight of RM & IC to the AC. The AC performs the following:

- a) oversees the implementation of the risk management framework of the Group;
- b) advises the Board on areas of high risk faced by the Group;
- c) advises the adequacy of compliance and control throughout the organization;
- d) assesses all material and key risks associated with the Group's businesses and operation as well as corporate proposals;
- e) reviews the action plan implemented; and
- f) makes relevant recommendations to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT CONT'D

II Risk Management and Internal Control Framework CONT'D

10.0 The Group has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework. Cont'd

Risk Management and Internal Control ("RM & IC") Framework Cont'd

The IA assists the AC in discharging its duties and responsibilities with respect to adequacy and integrity of internal controls within the Group and undertook the following activities:

- (i) carrying out the internal auditing of the subsidiaries;
- (ii) facilitating the improvement of business processes within the Group;
- (iii) develop a follow up process in monitoring the implementation of audit recommendation to Management; and
- (iv) monitoring the effectiveness of the Group's risk management systems by reviewing the implementation of the risk assessment action plans by Management.

Internal Audit Function

An outsourced independent professional service provider was appointed to assist the AC and the Board in performing their duties by independently assessing the adequacy and effectiveness of the internal control system established by the Management. The internal audits were conducted in accordance with an approved risk-based internal audit plan and were guided by the International Professional Practice Framework.

IA conduct reviews that involve testing the effectiveness of the material internal controls for the Group addressing financial, operational, compliance and information technology risks. This includes testing, where practicable, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the IA is reported to and reviewed by the AC. The adequacy and effectiveness of the measures taken by Management in response to the recommendations made by the IA are also reviewed by the AC.

The Board has received assurance from the CEO and FC that the RM & IC System in place for the Group is adequate and effective in addressing the material risks faced by the Group in its current business environment including material financial, operational, compliance and information technology risks. The CEO and CFO have obtained similar assurances from the respective risk and control owners.

The Board recognizes that the RM & IC System established by Management provides reasonable, but not absolute, assurance, that the Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also acknowledges that no RM & IC System can provide absolute assurance in this regard or absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities.

The detailed processes of risk management are described in the Statement on Risk Management and Internal Control on pages 59 to 62 of this Annual Report.

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

I. Communication with Stakeholders

11.0 There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

Financial Reporting

The Board of Directors is responsible to present a balanced and understandable assessment of the Group's position and prospects through the annual financial statements, quarterly and half yearly announcement of results to the shareholders as well as the Chairman's statement and review of operations in the Annual Report.

The Board is responsible to ensure that the financial statements of the Group and its subsidiaries give a true and fair view of the state of affairs of the Group at the end of the financial year and of their operations and cash flows for the financial year then ended. The AC assists by scrutinizing the information to be disclosed to ensure accuracy and adequacy. A full Statement of Directors' Responsibility is enclosed in page 66 of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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

I. Communication with Stakeholders CONT'D

- 11.0** There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility. Cont'd

Directors' Responsibility Statement

The financial statements of the Group and of the Company are drawn up in accordance with the requirements of the Companies Act 2016 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group at the financial year end and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for FY2024, the Directors have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured adoption of applicable approved accounting standards; and
- Prepared the financial statements on a going concern basis, as the Board has reasonable expectations that the Group and Company have adequate resources to continue in operational existence for foreseeable future.

The Directors are responsible for ensuring that the Group maintains proper accounting records that disclose with reasonable accuracy the financial position of the Group. The Directors also have the general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Corporate Disclosure Policy and Procedures

The Board shall ensure that all communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws.

The CEO and CFO/FC are responsible for determining materiality of information and ensuring timely, complete and accurate disclosure of material information to the investing public in accordance with securities laws and stock exchange rules and regulations, monitoring compliance with this policy and overseeing the disclosure controls and procedures.

Sufficient information would be provided to the Company Secretary for drafting of necessary announcement.

The Board is mindful that information which is expected to be material must be announced immediately, and that the confidential information should be handled properly to avoid leakage and improper use of such information.

Leverage on information technology for effective dissemination of information

The Company's website, www.mclean.com.sg provides all relevant corporate information which is accessible by the public. The Company's website includes all announcements made by the Company, Annual Reports and Group Financial Highlights.

Through the Company's website, the stakeholders are able to direct queries to the Company.

Effective communication with Shareholders

The Board acknowledges the importance of accountability and timely communications with its shareholders and investors. Timely releases of the financial results on a quarterly basis, press releases and announcements provide an overview of the Group's performance and operations to its shareholders.

The Annual Report and announcements to Bursa Securities remain the key channel of communication with shareholders and investors, which highlights the corporation information and financial highlights of the Group, to facilitate shareholders' easy access to such key information.

The AGM is the primary forum for dialogue with the shareholders. At the AGM, the Chairman and Board members present the progress and performance of the business and the shareholders are invited to raise questions pertaining to the resolutions being proposed before putting them to vote.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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

I. Communication with Stakeholders CONT'D

11.0 There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility. Cont'd e Policy and Procedures

Effective communication with Shareholders Cont'd

The Chairman informs shareholders that all resolutions set out in the notice of AGM and any other general meetings will be voted by poll. Independent Scrutineers will be appointed to conduct the polling process and to verify the results of the poll. The outcome of the AGM and any other general meeting will be announced to Bursa Securities via Bursa Link on the same day the general meeting is held.

The following are some of the channels used by the Company to disseminate information on a timely basis to the shareholders and the investing public: -

- a) Annual Report communicates comprehensive information of the financial results and activities undertaken by Group;
- b) Quarterly announcements and corporate disclosures to Bursa Securities are available on the Company's website: <http://www.mclean.com.sg>;
- c) Press releases provide up-to-date information on the Group's key corporate initiatives and new product and service launches; and
- d) The Company's website provides corporate information of the Group, where information on the Company's announcements and financial information can be accessed.

The Board also recognizes the need to fully disclose to shareholders all major developments in relation to the Group on a timely basis. Therefore, in addition to the mandatory disclosure requirement by Bursa Malaysia as well as other corporate disclosures, the Company also maintains at Company's website: www.mclean.com.sg for access by the public and shareholders.

Where possible and applicable, the Group provides additional disclosure of information on a voluntary basis.

II Conduct of General Meeting

12.0 Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at general meetings.

The notice period given for the 15th AGM to shareholders prior to the meeting is more than the minimum mandated period of 28 days. The Notice of AGM, which sets out the businesses to be transacted at the AGM, is also published in a major local newspaper.

The forthcoming 15th AGM will be conducted physically at level LG2, room Synergy 1, The Westin Kuala Lumpur, 199 Jalan Bukit Bintang, Kuala Lumpur, 55100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.

The minutes of the 15th AGM will be available on the Company's corporate website at www.mclean.com.sg within 30 business days from the 15th AGM.

Independent Scrutineers will be appointed to observe the poll voting process to ensure voting procedures are carried properly by the poll administrator and verify the results of poll voting prior to declaration of result by the Chairman.

COMPLIANCE STATEMENT

The Board believes that the Company has adopted the Principles and Recommendations of the MCCG 2021 in all material aspects, save as disclosed therein, for FY2024.

This Corporate Governance Overview Statement was approved by the Board of Directors on 17 April 2025.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements for the ACE Market requires directors of public listed companies to include a statement in the annual report with respect to the state, nature and scope of the internal control and risk management system of MClean Technologies Berhad ("MClean") for the financial year ended 31 December 2024.

Pursuant to this, the Board of Directors ("the Board") of MClean is pleased to provide its Statement on Risk Management and Internal Control, which has been prepared with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The statement below outlines the nature and scope of internal control and risk management system of MClean Group during the financial year ended 31 December 2024 up to the date of approval of this Statement.

BOARD'S RESPONSIBILITIES

The Board affirms its overall responsibility and commitment to maintain a sound risk management and internal control system to safeguarding shareholders' investment and assets of the Group.

The Board recognises the important of establishing a governance structure that ensures effective oversight of risks and internal controls within the Group. The Audit Committee is responsible to provide independent oversight of internal control and risk management function in the Group. The Risk Management Team is empowered by the Board to oversee the implementation of Enterprise Risk Management ("ERM") policy and framework and to ensure that appropriate infrastructure, resources and systems are put in place to support the implementation of risk management activities.

Due to inherent limitations in any system of internal control and risk management, the Board acknowledges that these systems are designed to manage rather than to eliminate all the risks that may hinder the Group from achieving its business objectives, and hence, these systems can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT

In ensuring the roles and responsibilities are clearly defined and communicated at all levels, the Board has put in place a structured ERM framework to outlines the ERM process, key infrastructure to support the ERM implementation and also integration of risk management elements into decision making and strategic processes. The Group's ERM framework is guided by ISO 31000:2018, Risk Management – Guidelines.

Embracing an effective risk management will enhance the Group in responding to the changing operating environment and to make better decisions. Since the adoption of our risk management policy on 29 August 2018, a set of guidance is provided to Management in dealing with risks to achieve the following:

- To integrate risk management into the management culture, business activities and decision-making process.
- To anticipate and respond to the changing operational, social, environmental and regulatory requirements proactively.
- To manage risks pragmatically to an acceptable level given the particular circumstances of each situation.
- To require that all papers submitted to the Board by Management relating to strategy, key project approval, significant action or investment must include a risk assessment report.
- To continuously strive towards strengthening the risk management practices through continuous learning and improvement.

Whilst the Board approves and oversees the implementation of risk management practices, Audit Committee is responsible to provide independent oversight on the effectiveness of ERM and internal control system to the Board. The Risk Management Team, who comprises of the Chief Executive Officer, Chief Operating Officer, Chief Corporate Officer, Financial Controller, is responsible to monitor ERM policy implementation, communicate and continuously educating the employees on the importance of risks of ERM framework to the employees, to ensure accountability of risk identified to risk owners and facilitate the reporting to AC.

Risk Assessment Process

The Group's ERM Process are set out as below:

1. Risk Identification
 - Identify new risks and changes that affect existing risks faced by each division and the Group as a whole.
2. Risk analysis
 - Assess the consequences and the likelihood of occurrence of risks.
3. Risk evaluation & response
 - Determine the significance of each of the risks and risk level; and
 - Address the risk by implementing action plans/controls to monitor, mitigate and minimize the risk exposures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

RISK MANAGEMENT CONT'D

Risk Assessment Process Cont'd

4. Risk monitoring and review
- monitor the effectiveness of risk controls; and
 - review the material risks and risk levels and that there are appropriate controls in place for the activities and the controls are understood and followed.

AC members deliberates on the risk assessments result and presented to the Board once a year, i.e. on 27 August 2024. A risk register is maintained and updated to identify the possible root causes, to ensure the existing controls are in place and to understand the risk impact for the significant risk identified.

Managing Key Risks

The Group's key risk have been identified, monitored and deliberated by AC. The top 4 risks of identified and its mitigation actions are as summarized below.

- Risk of customer concentration, cleaning service is one of the core services offered by MClean. The Group has been constantly assessing and planning for business development and expansion activities in managing possible of "over concentration" risk due to the business nature.
- Lack of business growth & competition, one of the Group's strategies are to competitive prices through effective operation and quality control measures.
- Products/services obsolescence risk, similar to customer concentration risk mentioned above, the Group is constantly monitoring and assessing the business development to prevent such risk.
- Liquidity risk, the Group has been constantly monitoring its cash flow and financing options.

The abovementioned ERM processes serve as the on-going processes used to identify, evaluate and manage risks faced by the Group during the financial year under review and up to the date of approval of this statement. The Audit Committee shall continue to monitor the Group's ERM processes to ensure that they remain relevant to the Group's working environment.

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to a professional services firm, Tricor Axcelasia Sdn Bhd and the internal audit staffs on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence. They provide an independent assessment on the adequacy and effectiveness of the Group's internal control system and reports directly to the Audit Committee.

During the financial year under review, the Internal Auditors conducted audits on corporate functions, and it was accordance to the internal audit plan approved by the Audit Committee, covering the below audit matters

Entity Audited		Audited Matters
MClean Technologies (Thailand) Company Limited	1)	Procurement Management
	2)	Payroll Function
MClean Technologies Berhad	1)	Strategic and business planning process and execution monitoring
	2)	Monitoring of goals, objective and KPI
	3)	ESG/Sustainability management practices
	4)	Capital expenditure investment evaluation and approval

The results of the audit reviews were discussed with the Senior Management and subsequently the audit findings and recommendations for improvement were presented to the Audit Committee at the scheduled meetings. These were being followed up and presented to the Audit Committee to ensure corrective actions on the reported observations were implemented on a timely manner. Although certain internal control weaknesses were identified, none of the weaknesses had resulted in any material losses or contingencies that would require additional disclosure in this annual report.

The cost incurred for the internal audit function for the financial year under review was RM22,000 for one (1) audit visit performed.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The other key elements of the Group's risk management and internal control system are:

The other key elements of the Group's risk management and internal control system are:

- a) **Organisation Structure and Authorisation Procedures**
The Group maintains a well-defined organisation structure with clear lines of accountability and responsibility to provide a sound framework in facilitating proper decision making at the appropriate authority levels of Management including matters that require Board's attention and approval.
- b) **Monitoring and Review**
The daily running of the businesses is entrusted to the Executive Directors and their Management teams. The Executive Directors are closely involved in the management of the business and operations of the Group and report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large.
- c) **Business Strategic Plan**
Any new business opportunity is reviewed diligently by the Board of Directors, taking into consideration the risks of the new business, return of investment, cash flow position of the Company, profit guarantee and pay-back period.
- d) **Regular Management Meetings**
Management meetings are conducted regularly with the Executive Directors, Senior Management and/or Heads of Department in attendance.
- e) **Group Policies and Procedures**
Policies and procedures, handbook, guidelines and authority limits have been established for employees within the Group in respect of day-to-day operations.
- f) **Code of conduct and Ethics**
Directors' Code of Conduct and Ethics is in place to serve as a guidance which is to be complied by the Directors to uphold accountability at all times and exercise highest level of business ethical standards and practices in the conduct of its businesses and operations.
- g) **Whistleblowing Policy**
The Group acknowledges whistleblowing as an important mechanism in the prevention and detection of improper conduct, harassment or corruption in handling of its businesses and operations. A whistleblowing policy is designed to encourage employees to disclose any malpractice or misconduct of which they become aware and importantly to provide protection accorded to such whistle blowers.
- h) **ISO certification**
Certain parts of the Group's operations are ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified. Periodic ISO audits are conducted by external parties so as to ensure compliance with the standards of certification.

The Group's system of risk management and internal control applies principally to the Group and its subsidiaries.

REVIEW THE STATEMENT BY EXTERNAL AUDITORS

As required under paragraph 15.23 of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the year ended 31 December 2024. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Review of Historical Financial Information and Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Statement covers all risks and controls or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

CONCLUSION

The Board had received assurance from the Chief Executive Officer and Financial Controller on 17 April 2025 that the Group's internal control and risk management system are in place for the financial year ended 31 December 2024 and are operating adequately and effectively, in all materials aspects, based on the risk management framework adopted by the Company.

The Board is of the view that the internal control and risk management system is satisfactory and has no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

This statement was approved by the Board of Directors on 17 April 2025.

AUDIT COMMITTEE REPORT

OBJECTIVES

The principal objectives of Audit Committee are to assist the Board in discharging its duties and responsibilities in relation to corporate governance, internal control systems, management and financial reporting practices of the Company and to ensure proper disclosure to the shareholders of the Company.

MEMBERS OF THE AUDIT COMMITTEE

The composition of the Audit Committee are as follows:

AC Members	Designation	Directorship
Mr. Lee Yee Wooi (appointed on 1 October 2024)	Chairman	Independent Non-Executive Director
Mr. Muhammad Radzi Bin Embong (appointed on 09.07.2024)	Member	Independent Non-Executive Director
Ms. Chuah Ai Wen (appointed on 09.07.2024)	Member	Independent Non-Executive Director

Composition

The Company has complied with Rule 15.09 and 15.10 of the AMLR of Bursa Securities which required all the Audit Committee members to be Non-Executive Directors, with a majority of whom being Independent Directors, including the AC Chairman and none of them are alternate directors.

All AC members shall be financially literate with at least one (1) member must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad.

MEETINGS AND ATTENDANCE

During the financial year, a total of six (6) meetings were held and the details of attendance of each member at the Audit Committee meetings held were as follows:

Name of Members	Attendance at Meetings
Mr. Lee Yee Wooi (appointed on 1 October 2024)	2/2
Mr. Muhammad Radzi Bin Embong (appointed on 9 July 2024)	3/3
Ms. Chuah Ai Wen (appointed on 9 July 2024)	3/3
Dr. Danny Oh Beng Teck (resigned on 9 July 2024)	3/3
Dr. Goh Kwee Keng (resigned on 9 July 2024)	3/3
Ms. Siti Haliza Binti Md. Taib (resigned on 30 September 2024)	4/4

The quorum for each meeting shall be majority of members present, who shall be independent directors.

The meetings were appropriately structured through the use of agenda and board papers containing information relevant to the matters for deliberation, which were distributed to members with sufficient notice. The minutes of each Audit Committee meeting was recorded by the secretary and submitted at the next Audit Committee meeting for confirmation, and thereafter presented to the Board for notation.

The Group's External Auditors, Internal Auditors and certain designated members of Senior Management also attended the AC meetings to provide updates and developments on issues arising from the audit reports.

TERM OF REFERENCE

The Audit Committee is guided by its Terms of Reference, which are made available on the Company's website at www.mclean.com.sg.

AUDIT COMMITTEE REPORT CONT'D

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2024, the works carried out by the Audit Committee are summarized as follows:

Financial Reporting

- Reviewed the unaudited quarterly results of the Group.
- Reviewed the audited financial statements for financial year ended 2023 of the Group focusing particularly on significant changes to accounting policies and practices, adjustments arising from the audits, compliance with accounting standards and other legal requirements.

Related Party Transactions

- Reviewed the Company's process of monitoring potential recurrent related party transactions entered into by the Group.
- Reviewed related party transactions that occurred within the Group to ensure that the transactions entered into were at arm's length basis every quarter.

Internal Audit Function

- Reviewed the Internal Audit plans and adequacy of coverage.
- Reviewed Internal Audit Reports and Management's responses on recommendations raised in IA Reports.

External Auditors

- Reviewed the External Auditors' audit planning memorandum including the nature and scope of the audit plan.
- Reviewed the External Auditors' management letter and the Management's responses.
- Reviewed the External Auditors' findings arising from audits and in particular the responses and appropriate actions taken by Management.
- Held one (1) private session(s) with the External Auditors without the presence of Management or Board.
- Review the audit fees and non-audit fees of the external auditors prior to the Board of Directors for approval.
- Reviewed and approved the Audit Committee's Terms of Reference.

Compliance

- Maintained and ensure the existing Group's Anti- Bribery and Anti-Corruption Policy & Guidelines is on updates;
- Maintained and ensure the existing Whistleblowing Policy is on updates.

Risk Management & Internal Control

- Reviewed reports on the Corruption Risk Assessment by the Company and its subsidiaries prepared by an outsourced consultant.
- Assessed the performance, suitability, objectivity and independence of External and Internal Auditors and recommended to the Board for their re-appointment.
- Reviewed and discussed on the proposal and execution of fund-raising corporate exercise under Private Placement.

Other matters

- Reviewed the Audit Committee Report and the Statement on Risk Management & Internal Control as contained in the Annual Report and recommended to the Board for approval.
- Reviewed the proposed new appointment of Messrs. TGS TW PLT and recommended to the Board for approval.

INTERNAL AUDIT FUNCTION

The Company recognised that an internal audit function is essential to independently assess and provides assurance to the Board the adequacy and effectiveness of the Group's systems and the internal audit function for the Group. This internal audit has been outsourced to an external consultant, Tricor Axcelasia Sdn. Bhd and reported directly to the Audit Committee.

The internal audit activities have been carried out according to the internal audit plan that was approved by the Audit Committee. The Board had via the Audit Committee evaluated the effectiveness of the outsourcer by reviewing the results of its works in Audit Committee meetings.

The formulation of auditable areas in the annual audit plan is premised on risk-based approach and guidance from the International Professional Practice Framework to ensure that the higher risk matters in the Group are audited periodically. The audit plan at the same time covered the review of the adequacy of operational controls, compliance with applicable laws and regulations, established policies and procedures as well as governance processes. The Internal Audit also conducts ad-hoc assignments and special reviews as instructed by the Audit Committee as and when necessary.

The number of staff deployed by Tricor Axcelasia Sdn. Bhd. for the internal audit reviews is ranging from 3 to 4 staffs. The staff involved in the internal audit reviews holds professional qualifications and/or a university degree. Most of them are also the members of the Institute of Internal Auditors Malaysia.

AUDIT COMMITTEE REPORT CONT'D

INTERNAL AUDIT FUNCTION CONT'D

The Executive Director of Tricor Axcelasia Sdn. Bhd. is Mr. Chang Ming Chew has vast professional experiences for over 20 years in external and internal audit advisory, risk management, governance, financial management, business process enhancement, transformation and cost saving services. He is a Certified Internal Auditor (CIA (USA)) and Certified Information System Auditor (CISA (USA)). He holds a Certification in Risk Management Assurance (CRMA (USA)). He is a professional member of the Institute of Internal Auditors Malaysia (CMIIA) and a member of the Association of Chartered Certified Accountants (ACCA (UK)). Besides that, he is also Chartered Accountant, Member of Malaysian Institute of Accountants (MIA).

During the financial year ended 31 December 2024, the Internal Audit carried out reviews in accordance with the Internal Audit Plan. The Internal Audit Plan had been taken into cognizance, the Group's objectives and business strategies. The Internal Auditors conducted audits on corporate functions covering the key processes/functions below:

Entity Audited	Audited Matters
MClean Technologies Berhad	1) Strategic and business planning process and execution monitoring 2) Monitoring of goals, objective and KPI 3) ESG/Sustainability management practices 4) Capital expenditure investment evaluation and approval
MClean Technologies (Thailand) Company Limited	1) Procurement Management 2) Payroll function

The result of the audit reviews is discussed with Senior Management and subsequently the audit findings and recommendations for improvement are presented to the Audit Committee at their scheduled meetings. These are being followed up and presented to the Audit Committee to ensure corrective actions on the reported weaknesses were implemented on a timely manner.

The cost incurred for the internal audit function for the financial year under review was RM22,000 for one (1) audit visit performed. In this respect, the Board through the Audit Committee received and reviews reports on internal control from its internal audit function.

This report was approved by the Board of Directors on 17 April 2025.

ADDITIONAL COMPLIANCE INFORMATION

1. STATEMENT OF DIRECTORS' RESPONSIBILITY

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

The Directors consider that, in preparing the audited financial statements for the financial year ended 31 December 2024, the Company has adopted appropriate accounting policies and applied them consistently and made judgments and estimates that are prudent and reasonable. The Directors also ensured that all applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been followed and the audited financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose reasonable accuracy at any time on the financial position of the Group which enable them to ensure that the financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

2. NON-AUDIT FEES

There were audit and non-audit fees paid or payable by the Group to the External Auditors and its affiliated company for review of Statement on Internal Control, provision of taxation services and provision of due diligence services for the financial year ended 31 December 2024. The details of the fees are as follows: -

<u>AUDIT FEES PAID OR PAYABLE TO:-</u>	<u>RM</u>
- AUDITORS OF THE COMPANY	175,000
- OTHER AUDITORS	106,477
 <u>NON AUDIT FEES PAID OR PAYABLE TO:-</u>	
- AUDITORS OF THE COMPANY	-
- OTHER AUDITORS	-

3. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company and its subsidiaries involving Directors, chief executive who is not a director or major shareholders' interests which were still subsisting at the end of the financial year or since the end of the previous financial year:

Sale and Purchase Agreement had on 8 October 2024 entered with We Total Engineering Sdn Bhd ("WTE") for the acquisition of the Plastic Injection Moulding Business for a total purchase consideration of RM6,036,000 to be satisfied entirely in cash.

ADDITIONAL COMPLIANCE INFORMATION CONT'D

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE OR TRADING NATURE

At the last Annual General Meeting held on 30 May 2024, the Company had obtained a general mandate from its shareholders to enter into RRPT with persons who are considered as Related Parties as defined in Rule 10.09 of ACE Market Listing Requirement ("ACE LR"). Details of the RRPT for financial year ended 31 December 2024 pursuant to Shareholders' Mandate are as follows: -

NO.	NAME OF COMPANY	TRANSACTIONING PARTY	NATURE OF TRANSACTIONS	Estimated Value from the Existing Shareholders' Mandate (from 30 May 2024 to the date of 14 th AGM)	Actual Value transacted from 30 May 2024 (being the date of the 13 th AGM) until Latest Practicable Date, 1 April 2025
1.	DWZ INDUSTRIES SDN. BHD. ("DWZ")	DECOR INDUSTRIES PTE. LTD. ("DECOR")	(i) Provision of surface treatment and finishing services by DWZ to Decor	Up to RM6.0 million	RM2,429 million
			(ii) Provision of support services by Decor to DWZ	Up to RM2.0 million	RM0.154 million
2.	MCLEAN TECHNOLOGIES PTE. LTD. ("MTPL")	JCS BIOTECH PTE. LTD. ("JCS BIOTECH")	Provision of cleanroom packaging services by MTPL to JCS Biotech	Up to RM10.0 million	RM0.061 million
3.	MCLEAN TECHNOLOGIES PTE. LTD. ("MTPL")	DW Clean Tech Pte. Ltd. ("DW Clean Tech")	Provision of turnkey parts supply by DW Clean Tech to MTPL for the moulding, "stamping to contract" assembly and packaging stages which allows MTPL to offer such one-stop service through its network of contractors and service providers	Up to RM20.0 million	NIL

5. STATUS OF CORPORATE PROPOSAL AND UTILISATION OF PROCEEDS

Private Placement and Utilisation of Proceeds

The Company had on 9 January 2025 completed the Private Placement of 49,000,000 ordinary shares at an issue price of RM0.27 per placement share and raised RM13,230,000.00 in proceeds from this placement exercise. The details of the utilisation of the proceeds as at 31 March 2025 are as follows:

Utilisation Of Proceeds	Intended Timeframe	Proposed Utilization	Actual Utilisation	Balance Unutilised
		RM'000	RM'000	RM'000
Purchase Consideration	Within 6 months	6,036	6,036	-
Working capital requirement for the Plastic Business	Within 24 months	5,639	-	5,639
Estimated expenses for the Proposals	Immediately	650	650	-
Total		12,325	6,686	5,639

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

Principal activities

The principal activities of the Company are investment holding company.

The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

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

Financial results

	Group RM	Company RM
Profit/(Loss) for the financial year	<u>6,160,730</u>	<u>(866,583)</u>
Attributable to:		
Owners of the Company	6,239,521	(866,583)
Non-controlling interests	<u>(78,791)</u>	<u>-</u>
	<u>6,160,730</u>	<u>(866,583)</u>

Reserves and provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors do not recommend any dividend in respect of the current financial year.

Issue of shares and debentures

There was no issuance of shares or debentures during the financial year.

DIRECTORS' REPORT CONT'D

Directors

The Directors in office during the financial year until the date of this report are:

Datuk Dr. Terence Tea Yeok Kian* (appointed on 9 July 2024)
 Muhammad Radzi Bin Embong (appointed on 9 July 2024)
 Chuah Ai Wen (appointed on 9 July 2024)
 Lee Yee Wooi (appointed on 1 October 2024)
 Yeo Seow Lai (resigned on 9 July 2024)
 Dr. Danny Oh Beng Teck (resigned on 9 July 2024)
 Dr. Goh Kwee Keng (resigned on 9 July 2024)
 Siti Haliza Binti Md Taib (resigned on 30 September 2024)
 Yeo Hock Huat (resigned on 28 January 2025)
 Lim Han Kiau (resigned on 2 April 2025)

* Directors of the Company and certain subsidiaries

The Directors of subsidiaries in office during the financial year until the date of this report are:

Chua Chee Tiong
 Hee Suh Ling
 Faye Chong Wen Qi
 Chow Kok Meng, Bert (retired on 2 September 2024)

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' interest in shares

The interests and deemed interests in the shares of the Company and of its related corporations of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares		
	At 1.1.2024	Bought (Sold)	At 31.12.2024
Interest in the Company			
Direct Interests			
Yeo Hock Huat	10,117,000	- (10,117,000)	-
Lim Han Kiau	80,000	- (80,000)	-

DIRECTORS' REPORT CONT'D

Directors' interest in shares (Cont'd)

The interests and deemed interests in the shares of the Company and of its related corporations of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows: (Cont'd)

	Number of ordinary shares		
	At 1.1.2024	Bought (Sold)	At 31.12.2024
Indirect interest			
Datuk Dr. Terence Tea Yeok Kian*	-	56,269,397 (10,000,000)	46,269,397
Yeo Hock Huat **	39,748,004	- (23,008,987)	16,739,017
Lim Han Kiau ***	51,728,000	- (28,063,410)	23,664,590

* Deemed interest by virtue of the shareholdings in Accrelist Crowdfunding Pte. Ltd (46,269,397 ordinary shares), a shareholder of the Company pursuant to Section 8 of the Companies Act 2016.

** Deemed interest by virtue of the shareholdings held by his sibling, Yeo Lian Cheng (50,000 ordinary shares) in the Company, and his shareholdings in JCS Group Pte. Ltd. (16,689,017 ordinary shares), a shareholder of the Company pursuant to Section 8(4) of the Companies Act 2016.

*** Deemed interest by virtue of his indirect shareholdings in Décor Industries Pte. Ltd. (23,664,590 ordinary shares), a shareholder of the Company pursuant to Section 8 of the Companies Act 2016.

By virtue of his interest in the shares of the Company, Datuk Dr. Terence Tea Yeok Kian is also deemed interested in the shares of all subsidiaries during the financial year to the extent that the Company has an interest under Section 8(4) of the Companies Act 2016.

Other than as disclosed above, none of the other Directors in office at the end of the financial year have any interest in shares in the Company or its related corporations during the financial year.

Directors' benefits

Since the end of previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Directors' benefits (Cont'd)

The Directors' remuneration of the Group and of the Company are as below:

	Group RM	Company RM
Fees	193,000	193,000
Salaries, wages and other emoluments	913,754	-
Defined contributions plans	79,925	-
	<u>1,186,679</u>	<u>193,000</u>

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

Indemnity and insurance costs

The amount of indemnity coverage and insurance premium paid for an Officer of the Group during the financial year are amounted to RM979,391 and RM4,451 respectively. There was no indemnity given to or insurance effected for any Director and auditors of the Group and of the Company in accordance with Section 289 of the Companies Act.

Long term incentive plan ("LTIP") and employees' share option scheme

At an Extraordinary General Meeting held on 20 June 2017, the Company's shareholders approved the establishment of LTIP for the eligible employees, Executive Directors and Non-Executive Directors of the Company and non-dormant subsidiaries. The LTIP shall be in force for a period of ten (10) years commencing from 30 October 2017 and will expire 29 October 2027.

The salient features of the LTIP are disclosed in Note 28 to the financial statements.

However, the LTIP has not been granted as at 31 December 2024.

Other statutory information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

Other statutory information (Cont'd)

- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiaries

The details of the subsidiaries are disclosed in Note 5 to the financial statements.

Subsequent events

The subsequent events after the reporting date are disclosed in Note 37 to the financial statements.

DIRECTORS' REPORT CONT'D

Auditors

The Auditors, TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

Auditors' remuneration for the Group and the Company as set out in Note 25 to the financial statements are RM281,477 and RM120,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 17 April 2025.

DATUK DR. TERENCE TEA YEOK KIAN

SINGAPORE

MUHAMMAD RADZI BIN EMBONG

JOHOR BAHRU

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 84 to 146 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 17 April 2025.

DATUK DR. TERENCE TEA YEOK KIAN

SINGAPORE

MUHAMMAD RADZI BIN EMBONG

JOHOR BAHRU

STATUTORY DECLARATION

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

I, Yap Chun Yuan, being the Officer primarily responsible for the financial management of MClean Technologies Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 84 to 146 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Johor Bahru in)
the State of Johor on 17 April 2025)

YAP CHUN YUAN

Before me,

Commissioner for Oaths
Vooi Weng Cheong
(No. J392)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCLEAN TECHNOLOGIES BERHAD

[REGISTRATION NO.: 201001009003 (893631-T)] (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MClean Technologies Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 84 to 146.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and of their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCLEAN TECHNOLOGIES BERHAD

[REGISTRATION NO.: 201001009003 (89363 I-T)] (INCORPORATED IN MALAYSIA) CONT'D

Report on the audit of the financial statements (Cont'd)

Key audit matters

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

Key audit matters

How we addressed the key audit matters

Impairment assessment on property, plant and equipment ("PPE")

We performed the following audit procedures, amongst others:

During the financial year, the Group reversed impairment loss on property, plant and equipment ("PPE") amounting to RM4,079,488. The reversal was based on a valuation of the subsidiary's cash generating unit ("CGU") prepared by an independent chartered accountant engaged by the management, using a discounted cash flows model.

We considering this to be an area of audit focus due to the significance of the amount and the complexity involved in the measurement of the recoverable amount.

- (i) We reviewed the reasonableness of projected cash flow forecast by reviewing approved budgets and business plan;
- (ii) We obtained and assessed the valuation report prepared by the independent chartered accountant to ensure that it aligns with appropriate accounting standards and industry practices;
- (iii) We evaluated the competence, independence and objectivity of the independent chartered to assess the reliability of their work; and
- (iv) We assessed the reasonableness of the key assumptions used including projected growth rates, forecasted profit margins as well as determining and appropriate pre-tax discount rate applied.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCLEAN TECHNOLOGIES BERHAD

[REGISTRATION NO.: 201001009003 (893631-T)] (INCORPORATED IN MALAYSIA) CONT'D

Report on the audit of the financial statements (Cont'd)

Key audit matters (Cont'd)

Key audit matters

Revenue recognition

During the financial year ended 31 December 2024, the revenue of the Group amounted to RM61,318,953 as disclosed in Note 23 to the financial statements.

We determined this as a key audit matter due to the presumption of fraud risk in the area of revenue recognition in accordance with *ISA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

How we addressed the key audit matters

We performed the following audit procedures, amongst others:

- (i) We understood and reviewed the appropriateness of revenue recognition policies;
- (ii) We evaluated the internal controls pertaining to the timeliness, accuracy, and completeness of revenue recognised in the financial statements;
- (iii) We also conducted substantive tests to confirm the revenue recognised, tested journal entries posted to revenue accounts to identify unusual or irregular items and performed analytical procedures on the trend of revenue recognised to identify any unusual fluctuations; and
- (iv) We performed cut-off test on sampling basis around the financial year end to check whether revenue is recognised in the correct accounting period.

We have determined that there are no other key audit matter to be communicated in our auditors' report in respect of the audit of the separate financial statements of the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCLEAN TECHNOLOGIES BERHAD

[REGISTRATION NO.: 201001009003 (893631-T)] (INCORPORATED IN MALAYSIA) CONT'D

Report on the audit of the financial statements (Cont'd)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Directors for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCLEAN TECHNOLOGIES BERHAD

[REGISTRATION NO.: 201001009003 (893631-T)] (INCORPORATED IN MALAYSIA) CONT'D

Report on the audit of the financial statements (Cont'd)

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCLEAN TECHNOLOGIES BERHAD

[REGISTRATION NO.: 201001009003 (89363 I-T)] (INCORPORATED IN MALAYSIA) CONT'D

Report on the audit of the financial statements (Cont'd)

Auditors' responsibilities for the audit of the financial statements (Cont'd)

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

- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCLEAN TECHNOLOGIES BERHAD

[REGISTRATION NO.: 201001009003 (893631-T)] (INCORPORATED IN MALAYSIA) CONT'D

Report on the audit of the financial statements (Cont'd)

Auditors' responsibilities for the audit of the financial statements (Cont'd)

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

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

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, as disclosed in Note 5 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCLEAN TECHNOLOGIES BERHAD

[REGISTRATION NO.: 201001009003 (89363 I-T)] (INCORPORATED IN MALAYSIA) CONT'D

Other matters

1. The financial statements of the Company as at 31 December 2023, were audited by another firm of Chartered Accountants who expressed an unmodified opinion on the financial statements dated 15 April 2024.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants

SEAH BOON CHIM
03782/08/2025 J
Chartered Accountant

KUALA LUMPUR
17 April 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	20,693,207	16,233,000	-	-
Right-of-use assets	4	1,318,759	3,198,934	-	-
Investment in subsidiaries	5	-	-	16,911,886	16,911,886
Deferred tax assets	6	68,970	751,109	-	-
Other receivable	7	17,803	22,254	-	-
Total non-current assets		22,098,739	20,205,297	16,911,886	16,911,886
Current assets					
Inventories	8	1,389,457	1,442,898	-	-
Trade receivables	9	15,202,629	12,658,081	-	-
Other receivables	7	4,142,969	3,242,188	319,730	5,180
Amount due from a subsidiary	10	-	-	-	168,716
Amount due from a related party	11	407,437	240,420	-	-
Amount due from a corporate shareholder	12	857,903	561,359	-	-
Tax recoverable		146,234	63,278	3,686	2,975
Fixed deposits with licensed banks	13	575,223	575,223	-	-
Cash and bank balances	14	4,994,621	3,971,510	185,943	93,019
		27,716,473	22,754,957	509,359	269,890
Asset held for sale	15	2,565,787	-	-	-
Total current assets		30,282,260	22,754,957	509,359	269,890
Total assets		52,380,999	42,960,254	17,421,245	17,181,776

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024 CONT'D

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	50,973,332	50,973,332	50,973,332	50,973,332
Reserves	17	(14,148,469)	(15,943,321)	-	-
Accumulated losses		(15,451,598)	(21,691,119)	(34,835,659)	(33,969,076)
		21,373,265	13,338,892	16,137,673	17,004,256
Non-controlling interest		8,714,638	7,395,912	-	-
Total equity		30,087,903	20,734,804	16,137,673	17,004,256
LIABILITIES					
Non-current liabilities					
Borrowings	18	4,212,061	4,385,878	-	-
Lease liabilities	4	811,005	942,333	-	-
Deferred tax liabilities	6	102,000	57,000	-	-
Total non-current liabilities		5,125,066	5,385,211	-	-
Current liabilities					
Borrowings	18	3,099,762	2,926,644	-	-
Lease liabilities	4	510,744	2,511,307	-	-
Trade payables	19	7,614,066	6,299,005	-	-
Other payables	20	5,825,960	5,011,483	352,308	177,520
Contract liability	21	54,630	-	-	-
Amount due to a subsidiary	10	-	-	931,264	-
Amount due to a Director	22	-	91,800	-	-
Tax payable		62,868	-	-	-
Total current liabilities		17,168,030	16,840,239	1,283,572	177,520
Total liabilities		22,293,096	22,225,450	1,283,572	177,520
Total equity and liabilities		52,380,999	42,960,254	17,421,245	17,181,776

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue	23	61,318,953	47,835,769	-	-
Cost of sales		(44,852,778)	(38,307,256)	-	-
Gross profit		16,466,175	9,528,513	-	-
Other income		4,507,945	512,059	10,983	10,228
Selling and distribution expenses		(912,218)	(822,380)	-	-
Administrative expenses		(13,042,424)	(13,607,858)	(877,574)	(1,528,376)
Other expenses		(268,011)	(255,011)	-	(3)
Net gain/(loss) on impairment of financial assets		113,445	(111,816)	-	-
Profit/(Loss) from operations		6,864,912	(4,756,493)	(866,591)	(1,518,151)
Finance income	24	1,795	12,938	8	15
Finance costs	24	(458,417)	(586,325)	-	-
Profit/(Loss) before tax	25	6,408,290	(5,329,880)	(866,583)	(1,518,136)
Taxation	26	(247,560)	447,839	-	-
Profit/(Loss) for the financial year		6,160,730	(4,882,041)	(866,583)	(1,518,136)
Other comprehensive income, net of tax item that will not be reclassified subsequently to profit or loss					
Revaluation of freehold land and buildings		4,290,293	-	-	-
Tax effect on item that will not be reclassified subsequently to profit or loss		(519,789)	-	-	-
Effect of foreign currency translation		(578,135)	212,395	-	-
Other comprehensive income for the financial year		3,192,369	212,395	-	-
Total comprehensive income/(loss) for the financial year		9,353,099	(4,669,646)	(866,583)	(1,518,136)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 CONT'D

		Group		Company	
		2024	2023	2024	2023
Note		RM	RM	RM	RM
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		6,239,521	(4,099,321)	(866,583)	(1,518,136)
Non-controlling interest		(78,791)	(782,720)	-	-
		<u>6,160,730</u>	<u>(4,882,041)</u>	<u>(866,583)</u>	<u>(1,518,136)</u>
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		8,034,373	(3,886,926)	(866,583)	(1,518,136)
Non-controlling interest		1,318,726	(782,720)	-	-
		<u>9,353,099</u>	<u>(4,669,646)</u>	<u>(866,583)</u>	<u>(1,518,136)</u>
Earnings/(Losses) per share:					
Basic (sen)	29	<u>3.16</u>	<u>(2.08)</u>		
Diluted (sen)	29	<u>3.16</u>	<u>(2.08)</u>		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company						
	Non-distributable						
	Share capital RM	Merger deficit RM	Foreign currency translation reserve RM	Revaluation reserve RM	Other reserve RM	Accumulated losses RM	Total equity RM
Group							
At 1 January 2023	50,973,332	(16,050,098)	3,840,842	-	(3,946,460)	(17,591,798)	25,404,450
Loss for the financial year	-	-	-	-	-	(4,099,321)	(4,882,041)
Other comprehensive income for the financial year	-	-	212,395	-	-	-	212,395
Total comprehensive income/(loss) for the financial year	-	-	212,395	-	-	(4,099,321)	(4,669,646)
At 31 December 2023	50,973,332	(16,050,098)	4,053,237	-	(3,946,460)	(21,691,119)	20,734,804
At 1 January 2024	50,973,332	(16,050,098)	4,053,237	-	(3,946,460)	(21,691,119)	20,734,804
Profit for the financial year	-	-	-	-	-	6,239,521	6,160,730
Other comprehensive (loss)/income for the financial year	-	-	(578,135)	2,372,987	-	-	3,192,369
Total comprehensive (loss)/income for the financial year	-	-	(578,135)	2,372,987	-	6,239,521	9,353,099
At 31 December 2024	50,973,332	(16,050,098)	3,475,102	2,372,987	(3,946,460)	(15,451,598)	30,087,903

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 CONT'D

	Non-distributable Share capital RM	Accumulated losses RM	Total equity RM
Company			
At 1 January 2023	50,973,332	(32,450,940)	18,522,392
Loss for the financial year, representing total comprehensive loss for the financial year	-	(1,518,136)	(1,518,136)
At 31 December 2023	<u>50,973,332</u>	<u>(33,969,076)</u>	<u>17,004,256</u>
At 1 January 2024	50,973,332	(33,969,076)	17,004,256
Loss for the financial year, representing total comprehensive loss for the financial year	-	(866,583)	(866,583)
At 31 December 2024	<u>50,973,332</u>	<u>(34,835,659)</u>	<u>16,137,673</u>

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Note	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from operating activities				
Profit/(Loss) before tax	6,408,290	(5,329,880)	(866,583)	(1,518,136)
Adjustments for:				
(Reversal of)/Allowance for expected credit loss:				
- trade receivables	(112,880)	111,251	-	-
- corporate shareholder	(565)	565	-	-
Depreciation of property, plant and equipment	3,289,368	1,711,530	-	-
Depreciation of right-of-use assets	2,206,917	3,235,176	-	-
Gain on termination of lease contract	(125,853)	(6,779)	-	-
(Reversal of)/Impairment loss on property, plant and equipment	(4,079,488)	291,212	-	-
Inventories written down	71,153	-	-	-
Interest expenses	458,417	586,325	-	-
Interest income	(1,795)	(12,938)	(8)	(15)
Unrealised (gain)/loss on foreign exchange	(75,159)	56,233	(10,578)	(10,183)
Operating profit/(loss) before working capital changes	8,038,405	642,695	(877,169)	(1,528,334)
Changes in working capital:				
Inventories	(25,914)	(445,460)	-	-
Receivables	(4,198,911)	1,163,222	(314,550)	1,723,934
Payables	2,609,072	3,345,399	174,788	(42,309)
Contract liability	54,630	-	-	-
Related parties	(189,291)	(165,928)	-	-
Corporate shareholder	(295,979)	(551,849)	-	-
	(2,046,393)	3,345,384	(139,762)	1,681,625
Cash generated from/(used in) operations	5,992,012	3,988,079	(1,016,931)	153,291
Tax refunded	-	8,663	-	1,359
Tax paid	(82,204)	(57,142)	(711)	(836)
Interest received	1,795	791	8	15
Net cash from/(used in) operating activities	5,911,603	3,940,391	(1,017,634)	153,829
Cash flows from investing activities				
Acquisition of property, plant and equipment	(1,973,658)	(1,228,515)	-	-
Interests received	-	12,147	-	-
Placements of deposits pledged with licensed bank	-	(12,147)	-	-
Net cash used in investing activities	(1,973,658)	(1,228,515)	-	-

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 CONT'D

Note	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from financing activities				
Interests paid	(458,417)	(548,066)	-	-
Advances from subsidiary	-	-	1,110,558	(158,533)
Loan from Directors	-	5,569,085	-	-
Drawdown of borrowings	342,230	4,190,364	-	-
Repayments of borrowings	(166,260)	(763,139)	-	-
Repayments to Directors	(90,322)	(7,043,102)	-	-
Repayments of lease liabilities	(2,327,009)	(3,250,624)	-	-
Net cash (used in)/from financing activities	(2,699,778)	(1,845,482)	1,110,558	(158,533)
Net cash increase/(decrease) in cash and cash equivalents	1,238,167	866,394	92,924	(4,704)
Effect of exchange translation	(215,056)	93,568	-	-
Cash and cash equivalents at beginning of the financial year	3,971,510	3,011,548	93,019	97,723
Cash and cash equivalents at end of the financial year	4,994,621	3,971,510	185,943	93,019
Cash and cash equivalents at end of the financial year comprises:				
Cash and bank balances	4,994,621	3,971,510	185,943	93,019
Fixed deposits with a licensed bank	575,223	575,223	-	-
	5,569,844	4,546,733	185,943	93,019
Less: Fixed deposits pledged with a licensed bank	(575,223)	(575,223)	-	-
	4,994,621	3,971,510	185,943	93,019

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 CONT'D

NOTES TO STATEMENTS OF CASH FLOWS

A. Reconciliation of liabilities arising from financing activity

	Lease liabilities RM	Borrowings RM	Director RM	Total RM
Group				
Balance at 1 January 2023	6,382,088	3,862,412	1,314,080	11,558,580
Drawdown/Advance from	133,852	4,190,364	5,569,085	9,893,301
Termination of lease contract	(45,162)	-	-	(45,162)
Interest charged	207,660	340,406	38,259	586,325
Interest paid	(207,660)	(340,406)	-	(548,066)
Repayments	(3,250,624)	(763,139)	(7,043,102)	(11,056,865)
Foreign exchange differences	233,486	22,885	213,478	469,849
Balance at 31 December 2023	<u>3,453,640</u>	<u>7,312,522</u>	<u>91,800</u>	<u>10,857,962</u>
Drawdown	1,428,515	342,230	-	1,770,745
Termination of lease contract	(1,164,896)	-	-	(1,164,896)
Interest charged	60,010	398,407	-	458,417
Interest paid	(60,010)	(398,407)	-	(458,417)
Repayments	(2,327,009)	(166,260)	(90,322)	(2,583,591)
Foreign exchange differences	(68,501)	(176,669)	(1,478)	(246,648)
Balance at 31 December 2024	<u>1,321,749</u>	<u>7,311,823</u>	<u>-</u>	<u>8,633,572</u>

B. Cash outflow for lease as a lessee

	Group	
	2024 RM	2023 RM
Included in net cash from/(used in) operating activities		
Payment relating to short-term leases	1,503,197	161,032
Payment relating to low-value assets	30,935	23,013
	<u>1,534,132</u>	<u>184,045</u>
Included in net cash (used in)/from financing activities		
Lease liabilities interest	60,010	207,660
Repayments of lease liabilities	2,327,009	3,250,624
	<u>2,387,019</u>	<u>3,458,284</u>
	<u>3,921,151</u>	<u>3,642,329</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

1. Corporate information

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

With effect from 1 September 2024, the registered office of the Company was changed from No. 56, Jalan Kempas Utama 2/2, Taman Kempas Utama, 81300 Johor Bahru, Johor Darul Takzim to B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 2, Woodlands Sector 1 #01-22, Singapore 738068.

The principal activities of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

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

2. Basis of preparation

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the financial statements.

The Group and the Company have consistently applied the accounting policies throughout all periods presented in the financial statements, unless otherwise stated.

(b) MFRS

Adoption of amended standards

The Group and the Company adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

2. Basis of preparation (Cont'd)

(b) MFRS (Cont'd)

Adoption of amended standards (Cont'd)

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or <u>after</u>
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 1 Amendments to MFRS 7 Amendments to MFRS 9 Amendments to MFRS 10 Amendments to MFRS 107	Annual Improvements - Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contract referencing Nature-dependent Electricity	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountabilities: Disclosures	1 January 2027

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

2. Basis of preparation (Cont'd)

(b) MFRS (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company: (Cont'd)

	Effective dates for financial periods beginning on or after (Cont'd)
Amendments to MFRS 10 and MFRS 128	Deferred
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	

The Group and the Company intend to adopt the above new and amendments to MFRSs when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(c) Change in accounting policy

Property, plant and equipment

In the previous financial year, land and buildings were measured at cost less accumulated depreciation and accumulated impairment losses. During the financial year, the Group voluntarily changed its accounting policy to measure land and buildings at the revaluation amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. This change in accounting policy was made to better reflect the Group's business model objective in managing its land and buildings based on fair value changes.

This change in accounting policy has been applied prospectively during the financial year.

(d) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest RM except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

2. Basis of preparation (Cont'd)

(e) Significant accounting judgements, estimates and assumptions (Cont'd)

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amount recognised in the financial statements.

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if they are reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if they are reasonably certain not to be exercised.

The Group applies judgement in evaluating whether they are reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group includes the renewal period as part of the lease term for leases of warehouse, office premise and hostel with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

2. Basis of preparation (Cont'd)

(e) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below.

Deferred tax assets

Deferred tax assets are recognised for all utilised business losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the utilised business losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Notes 6 and 26 to the financial statements.

Useful lives of property, plant and equipment and right-of-use ("ROU") assets

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 3 and 4 to the financial statements.

Revaluation of property, plant and equipment

The Group engaged an independent valuation specialist to assess fair value as at 31 December 2024 for revalued land and buildings. For land and buildings, a valuation methodology based on sales comparison approach was used. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The key assumptions used to determine the fair value of the properties are provided in Note 3 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

2. Basis of preparation (Cont'd)

(e) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Provision for expected credit loss of financial assets

The Group reviews the recoverability of their receivables, include trade and other receivables, amount due from a related party and amount due from a corporate shareholder at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit loss for trade and other receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credits loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

2. Basis of preparation (Cont'd)

(e) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Material accounting policy information

The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. Property, plant and equipment

Group Cost/Valuation	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Plant and machinery RM	Renovation RM	Office equipment, electrical fittings and furniture and fittings			Total RM
						RM	RM	RM	
At 1 January 2023, at cost	7,178,000	4,486,477	459,686	44,201,463	6,651,729	12,035,995	1,349,651		76,363,001
Additions	-	-	-	1,068,049	-	142,473	17,993		1,228,515
Written off	-	-	-	(4,710,298)	(47,380)	(751,766)	(701,227)		(6,210,671)
Transfer from right-of-use of assets	-	-	196,900	-	-	-	-		196,900
Exchange differences	-	-	-	1,247,416	42,487	274,174	49,447		1,613,524
At 31 December 2023, at cost	7,178,000	4,486,477	656,586	41,806,630	6,646,836	11,700,876	715,864		73,191,269
Additions	-	-	12,661	1,523,633	23,420	388,216	25,728		1,973,658
Transfer to asset held for sale	(1,660,000)	(910,000)	-	-	-	-	-		(2,570,000)
Written off	-	-	-	(1,894,110)	-	(2,120,313)	(25,719)		(4,040,142)
Revaluation	3,642,000	(226,477)	-	-	-	-	-		3,415,523
Exchange differences	-	-	-	(963,386)	(41,976)	(181,065)	(29,032)		(1,215,459)
At 31 December 2024, at cost/valuation	9,160,000	3,350,000	669,247	40,472,767	6,628,280	9,787,714	686,841		70,754,849
Representing:									
At cost	-	-	669,247	40,472,767	6,628,280	9,787,714	686,841		58,244,849
At valuation	9,160,000	3,350,000	-	-	-	-	-		12,510,000
At 31 December 2024	9,160,000	3,350,000	669,247	40,472,767	6,628,280	9,787,714	686,841		70,754,849

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. Property, plant and equipment (Cont'd)

	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Plant and machinery RM	Renovation RM	Office equipment, electrical fittings and furniture and fittings RM	Computers RM	Total RM
Group (Cont'd)								
Accumulated depreciation								
At 1 January 2023	-	700,504	459,682	37,647,882	6,524,812	8,549,517	1,255,678	55,138,075
Charge for the financial year	-	105,019	19,693	1,226,713	34,070	267,838	58,197	1,711,530
Written off	-	-	-	(4,710,298)	(47,380)	(751,766)	(701,227)	(6,210,671)
Transfer from right-of-use of asset	-	-	121,421	-	-	-	-	121,421
Exchange differences	-	-	-	1,040,478	40,900	246,427	46,333	1,374,138
At 31 December 2023	-	805,523	600,796	35,204,775	6,552,402	8,312,016	658,981	52,134,493
Charge for the financial year	-	99,441	41,912	2,743,088	48,463	320,418	36,046	3,289,368
Revaluation	-	(874,770)	-	-	-	-	-	(874,770)
Transfer to asset held for sale	-	(4,213)	-	-	-	-	-	(4,213)
Written off	-	-	-	(1,894,110)	-	(2,120,313)	(25,719)	(4,040,142)
Exchange differences	-	-	-	(854,780)	(41,458)	(156,536)	(27,269)	(1,080,043)
At 31 December 2024	-	25,981	642,708	35,198,973	6,559,407	6,355,585	642,039	49,424,693
Accumulated impairment loss								
At 1 January 2023	-	-	1	4,114,660	50,673	156,674	16,676	4,338,684
Impairment loss	-	-	-	288,713	-	2,499	-	291,212
Exchange differences	-	-	-	187,870	1,259	3,938	813	193,880
At 31 December 2023	-	-	1	4,591,243	51,932	163,111	17,489	4,823,776
Reversal of impairment loss	-	-	-	(3,955,738)	(25,694)	(81,563)	(16,493)	(4,079,488)
Exchange differences	-	-	-	(104,796)	(487)	(1,669)	(387)	(107,339)
At 31 December 2024	-	-	1	530,709	25,751	79,879	609	636,949
Carrying amount								
At 31 December 2024	9,160,000	3,324,019	26,538	4,743,085	43,122	3,352,250	44,193	20,693,207
At 31 December 2023	7,178,000	3,680,954	55,789	2,010,612	42,502	3,225,749	39,394	16,233,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. Property, plant and equipment (Cont'd)

(a) Assets pledged as securities to financial institutions

The net carrying amount of freehold land and buildings of the Group pledged as securities for bank borrowings as follows:

	Group and Company	
	2024	2023
	RM	RM
Freehold land	2,840,000	2,847,442
Freehold buildings	953,120	962,516
	<u>3,793,120</u>	<u>3,809,958</u>

(b) Revaluation of land and buildings

The Group's freehold land and buildings are measured at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The fair value measurement of the Group's freehold land and buildings were performed by independent professional valuers with appropriate recognised professional qualifications and recent experience in the location and category of property valued during the financial year. The fair value of land and buildings was determined using comparison approach.

The Group has assessed that the highest and best use of its properties is consistent with their current use. The valuation has been incorporated into the financial statements for the financial year ended 31 December 2024. A significant unobservable in the valuation is the adjustment to the price per square metre. Observable market prices from recent transactions ranged from RM1,843 to RM2,327 per square metre. Disclosures relating to the fair value hierarchy for the revalued freehold land and buildings are provided in Note 34 to the financial statements.

Revaluation is made at least once in every three or five years based on valuation by an independent valuer on an open market value basis. As at 31 December 2024, the Directors assessed the carrying amount of the freehold land and buildings do not differ materially from that which would be determined using fair value at the end of the reporting period.

Included in the Group's other comprehensive income on Level 2 assets is, revaluation gain of RM4,290,293 (2023: RMNil).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. Property, plant and equipment (Cont'd)

(b) Revaluation of land and buildings (Cont'd)

If freehold land and buildings were measured using the cost model, the carrying amount would have been included in the financial statements at the end of the financial year would be as follows:

	Freehold land RM	Buildings RM	Total RM
Group Cost			
At 1 January 2023/			
31 December 2023	7,178,000	4,486,477	11,664,477
Transfer to asset held for sale	(1,210,000)	(680,000)	(1,890,000)
At 31 December 2024	5,968,000	3,806,477	9,774,477
Accumulated depreciation			
At 1 January 2023	-	700,504	700,504
Charge for the financial year	-	105,019	105,019
At 31 December 2023	-	805,523	805,523
Charge for the financial year	-	105,019	105,019
Transfer to asset held for sale	-	(135,600)	(135,600)
At 31 December 2024	-	774,942	774,942
Net carrying amount			
31 December 2024	5,968,000	3,031,535	8,999,535
31 December 2023	7,178,000	3,680,954	10,858,954

Impairment loss and subsequent reversal

2024

During the financial year, the Group recognised a reversal of impairment loss on property, plant and equipment amounting to RM4,079,488 relating to various assets of a subsidiary, including plant and machinery, renovation, office equipment, electrical fittings, furniture and fittings and computers. The reversal was recognised in other income following an assessment that the recoverable amount of the CGU exceeded the carrying amount of the related assets. The reversal was due to improved operational and financial performance of the subsidiary. The Group reassessed the recoverable amounts using the value-in-use approach prepared by independent chartered accountant and approved by the management. The reversal as allocated to individual assets on a pro-rata basis, limited to the amount of previously recognised impairment losses.

The recoverable amount was determined by using a pre-tax discount rate of 9.9% with cash flows projected over a period of 5 years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. Property, plant and equipment (Cont'd)

Impairment loss and subsequent reversal (Cont'd)

2023

In the previous financial year, the management performed an impairment indicator review and assessed that there was objective evidences or indications that the property, plant and equipment in certain cash generating units ("CGUs") may be impaired as a result of weakening market conditions which registered a loss in the previous financial year and its operations did not achieve ideal capacity in previous financial year.

In performing the impairment assessment of these CGUs, management applied their judgement in determining appropriate method in estimating recoverable amount of CGUs based on the higher of its value-in-use using a projected discounted cash flow model at rates ranging at 9.91% (2023: from 11.06% to 11.12%) on a pre-tax basis or its fair value less costs of disposal.

As a result, the Group recognised impairment of property, plant and equipment of RM291,212 in previous financial year.

Material accounting policy information

(i) Recognition and measurement

Property, plant and equipment, except for land and building, are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Upon the disposal of revalued assets, the revaluation surplus in the reserve is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. Property, plant and equipment (Cont'd)

Material accounting policy information (Cont'd)

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over estimated useful lives of each component of an item of property, plant equipment. Freehold lands with an infinite life are not depreciated.

Property, plant and equipment are depreciated based on the estimated useful lives for current and comparative period are as follows:

Freehold buildings	50 years
Motor vehicles	5 years
Plant and machinery	5 - 10 years
Renovation	5 - 10 years
Office equipment, electrical fittings, and furniture and fittings	2 - 10 years
Computers	3 years

4. Right-of-use assets and lease liabilities

(a) Right-of-use assets

	Warehouse RM	Office premise RM	Hostels RM	Plant and equipment RM	Motor vehicle RM	Total RM
Group Cost						
At 1 January 2023	3,249,087	6,557,317	731,758	272,435	196,900	11,007,497
Additions	-	133,852	-	-	-	133,852
Transfer to property, plant and equipment	-	-	-	-	(196,900)	(196,900)
Termination of lease contract	-	-	-	(164,495)	-	(164,495)
Currency translation differences	102,985	354,249	-	4,897	-	462,131
At 31 December 2023	3,352,072	7,045,418	731,758	112,837	-	11,242,085
Additions	-	-	1,308,767	119,748	-	1,428,515
Termination of lease contract	(2,078,087)	(6,524,423)	-	-	-	(8,602,510)
Expiration of lease contract	(1,212,637)	-	-	-	-	(1,212,637)
Currency translation differences	(61,348)	(391,558)	-	-	-	(452,906)
At 31 December 2024	-	129,437	2,040,525	232,585	-	2,402,547

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

4. Right-of-use assets and lease liabilities (Cont'd)

(a) Right-of-use assets (Cont'd)

	Warehouse RM	Office premise RM	Hostels RM	Plant and equipment RM	Motor vehicle RM	Total RM
Group (Cont'd)						
Accumulated depreciation						
At 1 January 2023	1,361,406	2,899,744	333,000	117,225	101,731	4,813,106
Charge for the financial year	629,347	2,248,230	256,816	81,093	19,690	3,235,176
Transfer to property, plant and equipment	-	-	-	-	(121,421)	(121,421)
Termination of lease contract	-	-	-	(126,112)	-	(126,112)
Currency translation differences	7,654	231,728	-	3,020	-	242,402
At 31 December 2023	1,998,407	5,379,702	589,816	75,226	-	8,043,151
Charge for the financial year	283,095	1,537,342	328,911	57,569	-	2,206,917
Termination of lease contract	(1,039,044)	(6,524,423)	-	-	-	(7,563,467)
Expiration of lease contract	(1,212,637)	-	-	-	-	(1,212,637)
Currency translation differences	(29,821)	(360,355)	-	-	-	(390,176)
At 31 December 2024	-	32,266	918,727	132,795	-	1,083,788
Net carrying amount						
At 31 December 2024	-	97,171	1,121,798	99,790	-	1,318,759
At 31 December 2023	1,353,665	1,665,716	141,942	37,611	-	3,198,934

(b) Lease liabilities

	Group	
	2024 RM	2023 RM
Non-current	811,005	942,333
Current	510,744	2,511,307
	<u>1,321,749</u>	<u>3,453,640</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

4. Right-of-use assets and lease liabilities (Cont'd)

(b) Lease liabilities (Cont'd)

The maturity analysis of lease liabilities at the end of the reporting period:

	Group	
	2024 RM	2023 RM
Within 1 year	554,686	2,591,507
Between 1 to 5 years	862,413	1,011,302
	<u>1,417,099</u>	<u>3,602,809</u>
Less: Future finance charges	(95,350)	(149,169)
Present value of lease liabilities	<u>1,321,749</u>	<u>3,453,640</u>

Material accounting policy information

As lessee

(i) Recognition and measurement and depreciation

Right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated on the straight-line basis from the commencement date of the earlier of the end of the useful lives of the right-of-use assets or the end of the lease term. The estimated useful lives for the current and comparative period are as follows:

Warehouse	Over the lease term
Office premises	Over the lease term
Hostel	Over the lease term
Plant and equipment	2 - 10 years
Motor vehicles	5 years

(ii) Recognition exemption

All lease are accounted for by recognising right-of-use assets and lease liabilities except for:

- (i) leases of low value assets; and
- (ii) leases with a duration of twelve (12) months or less.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

5. Investment in subsidiaries

	Company	
	2024 RM	2023 RM
At cost		
Unquoted shares in Malaysia	39,582,430	39,582,430
Less: Accumulated impairment losses	(22,670,544)	(22,670,544)
	<u>16,911,886</u>	<u>16,911,886</u>

Details of the subsidiaries are as follows:

Name of companies	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2024	2023	
* MClean Precision Pte. Ltd. ("MPP")	Singapore	100	100	Investment holding and the provision of management services to subsidiary.
DWZ Industries Sdn Bhd. ("DWZ")	Malaysia	55	55	Surface treatment and finishing specialist for electrical and electronic industries.
MClean Technologies (M) Sdn. Bhd. ("MTM")	Malaysia	100	100	Provide surface treatment and related services such as surface finishing, precision cleaning and packaging services.
Held by DWZ				
DWZ Industries (Johor) Sdn. Bhd. ("DWZJ")	Malaysia	55	55	Surface treatment and finishing specialist for electrical and electronic industries.
Held by MPP				
* MClean Technologies Pte. Ltd. ("MTP")	Singapore	100	100	Provide precision cleaning, assembly services and wholesale trade of frozen product and investment holding.
# MClean Technologies (Thailand) Company Limited ("MTT")	Thailand	100	100	Provide precision cleaning, assembly services and other related services to hard disk drive industry.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

5. Investment in subsidiaries (Cont'd)

* Audited by a TGS member firm

Audited by a firm other than TGS TW PLT

Material partly-owned subsidiaries

DWZ and DWZJ (collectively referred to as “DWZ Group”) have material non-controlling interest (“NCI”) as follows:

	DWZ Group	
	2024	2023
	RM	RM
NCI percentage of ownership interest and voting interest	45%	45%
Carrying amount of NCI	8,714,638	7,395,912
Total comprehensive loss allocated to NCI	1,318,726	(782,720)

Summarised financial information for subsidiaries that has NCI that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(a) Summarised statement of financial position

	DWZ Group	
	2024	2023
	RM	RM
Non-current assets	13,557,784	14,512,131
Current assets	14,388,199	11,876,560
Non-current liabilities	(3,379,087)	(2,763,768)
Current liabilities	(4,960,955)	(4,034,899)
Net assets	19,605,941	19,590,024

(b) Summarised statement of profit or loss and other comprehensive income

	DWZ Group	
	2024	2023
	RM	RM
Summary of financial performance		
Revenue	23,206,855	18,953,334
Loss for the financial year	(175,090)	(1,739,378)
Other comprehensive income for the financial year	3,105,593	-
Total comprehensive income/(loss) for the financial year	2,930,503	(1,739,378)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

5. Investment in subsidiaries (Cont'd)

(c) Summarised statement of cash flows

	DWZ Group	
	2024	2023
	RM	RM
Summary of cash flows		
Net cash used in operating activities	(1,169,497)	(786,628)
Net cash used in investing activities	(1,132,745)	(593,306)
Net cash from financing activities	2,276,925	1,394,882
Net (decrease)/increase in cash and cash equivalents	<u>(25,317)</u>	<u>14,948</u>

6. Deferred tax assets/(liabilities)

	Group	
	2024	2023
	RM	RM
At beginning of financial year	694,109	216,540
Recognised in profit or loss (Note 26)	(182,604)	442,489
Transferred from revaluation reserve	(519,789)	-
Currency translation difference	(24,746)	35,080
At end of financial year	<u>(33,030)</u>	<u>694,109</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	68,970	751,109
Deferred tax liabilities	(102,000)	(57,000)
	<u>(33,030)</u>	<u>694,109</u>

The components of deferred tax assets/(liabilities) during the financial year are as follows:

	Group	
	2024	2023
	RM	RM
Deferred tax		
Property, plant and equipment	(465,665)	(1,243,706)
Expected credit losses	6,598	34,096
Lease liabilities	17,847	1,715
Unutilised business losses	193,190	770,248
Unabsorbed reinvestment allowance	-	23,991
Unabsorbed capital allowance	215,000	1,110,889
Unrealised (gain)/loss on foreign exchange	-	(3,124)
	<u>(33,030)</u>	<u>694,109</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

6. Deferred tax assets/(liabilities) (Cont'd)

Material accounting policy information

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rate enacted or substantively at the reporting date. Determined tax assets and liabilities are not discounted.

7. Other receivables

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-current				
Prepayment	17,803	22,254	-	-
Current				
Non-trade receivables	1,678,574	996,288	-	-
Deposits	1,560,700	1,422,394	314,490	-
Prepayment	319,231	310,643	5,240	5,180
Advance to supplier	113,193	10,955	-	-
Sales and Services tax ("SST")/Value added tax ("VAT") receivables	471,271	501,908	-	-
	4,142,969	3,242,188	319,730	5,180
	4,160,772	3,264,442	319,730	5,180

Non-trade receivables are unsecured, non-interest bearing and repayable on demand.

Included in the non-trade receivables is an amount of RM300,000 (2023: RMNil) being bank guarantee issued to Jabatan Kastam Diraja Malaysia for license of manufacturing warehouse.

Included in the deposits of the Group and of the Company is an amount of RM301,800 (2023: RMNil) representing deposit paid for acquisition of a plastic business, as disclose in Note 36 to the financial statements.

Included in the prepayments of the Group is an amount of premium paid for a keyman insurance policy taken up in respect of the life of a Director of the Company, as a security for the banking facility granted to the Company, as disclosed in Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

7. Other receivables (Cont'd)

The foreign currency profile of other receivables are as follows:

	Group	
	2024	2023
	RM	RM
Singapore Dollar ("SGD")	21,111	-
United States Dollar ("USD")	12,864	10,955
EURO ("EUR")	79,218	-

8. Inventories

	Group	
	2024	2023
	RM	RM
At cost:		
Consumable goods	1,389,457	1,220,532
Goods in transit	-	222,366
	<u>1,389,457</u>	<u>1,442,898</u>

	Group	
	2024	2023
	RM	RM
Recognised in profit or loss:-		
Inventories recognised in cost of sales	3,058,548	7,048,587
Inventories written down	<u>71,153</u>	<u>-</u>

The inventories written down is made when the related inventories were obsolete.

Material accounting policy information

Inventories are stated at the lower of cost and net realisable values.

Cost of consumable goods are determined on a first-in-first-out basis.

9. Trade receivables

	Group	
	2024	2023
	RM	RM
Gross carrying amount		
Trade receivables	15,290,958	12,866,549
Less: Allowance for expected credit losses ("ECLs")	<u>(88,329)</u>	<u>(208,468)</u>
	<u>15,202,629</u>	<u>12,658,081</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

9. Trade receivables (Cont'd)

- (a) Trade receivables are non-interest bearing and are generally ranged from cash term to 120 (2023: cash term to 120) days term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

- (b) Movement in the allowance of ECLs are as follows:

	Group	
	2024	2023
	RM	RM
At beginning of financial year	208,468	94,610
(Reversal of)/Charge for allowance for ECLs	(112,880)	111,251
Currency translation difference	(7,259)	2,607
At end of financial year	<u>88,329</u>	<u>208,468</u>

- (c) The following table provide information about the exposure to credit risk and allowance for ECLs for trade receivables:

	Gross amount RM	ECLs RM	Net amount RM
Group			
2024			
Collectively assessment			
Not past due	13,361,190	(16,960)	13,344,230
Past due:			
Less than 30 days	1,063,201	(2,469)	1,060,732
30 to 60 days	630,982	(3,845)	627,137
61 to 90 days	182,468	(39,871)	142,597
91 to 120 days	53,117	(25,184)	27,933
	<u>15,290,958</u>	<u>(88,329)</u>	<u>15,202,629</u>
2023			
Collectively assessment			
Not past due	9,543,202	(30,501)	9,512,701
Past due:			
Less than 30 days	1,757,585	(18,860)	1,738,725
30 to 60 days	663,734	(16,435)	647,299
61 to 90 days	237,280	(2,789)	234,491
91 to 120 days	664,748	(139,883)	524,865
	<u>12,866,549</u>	<u>(208,468)</u>	<u>12,658,081</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

9. Trade receivables (Cont'd)

(d) The foreign currency profile of trade receivables are as follows:

	Group	
	2024	2023
	RM	RM
SGD	543,931	729,377
USD	3,472,081	3,439,045

10. Amount due from/(to) a subsidiary

Amount due from/(to) a subsidiary is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The foreign currency profile of amount due from/(to) a subsidiary are as follows:

	Company	
	2024	2023
	RM	RM
SGD	(931,264)	168,716

11. Amount due from a related party

Amount due from a related party is trade in nature, unsecured, non-interest bearing and repayable on demand.

12. Amount due from/(to) a corporate shareholder

	Group	
	2024	2023
	RM	RM
Trade	857,903	563,076
Less: Allowance for ECLs	-	(565)
Non-trade	-	(1,152)
	857,903	561,359

Amount due from a corporate shareholder is unsecured, non-interest bearing and repayable on demand, except for credit term of 60 days (2023: 60 days) on trade balances.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

12. Amount due from/(to) a corporate shareholder (Cont'd)

Movements in the allowance for ECLs are as follows:

	Group	
	2024	2023
	RM	RM
At beginning of financial year	565	-
(Reversal of)/Charge for allowance for ECLs	(565)	565
At end of financial year	<u>-</u>	<u>565</u>

The foreign currency profile of amount from a corporate shareholder are as follows:

	Group	
	2024	2023
	RM	RM
SGD	<u>857,903</u>	<u>561,359</u>

13. Fixed deposits with licensed banks

The effective interest rates for fixed deposits with licensed banks are ranged from 2.30% to 2.35% (2023: 2.30% to 2.35%). The maturity period of fixed deposits of the Group ranged from 6 to 12 months (2023: 6 to 12 months).

Fixed deposits with licensed banks of the Group and of the Company amounting to RM575,223 (2023: RM575,223) are pledged for bank guarantee given to Jabatan Kastam Diraja Malaysia on behalf of the Company.

14. Cash and bank balances

The foreign currency profile of cash and bank balances are as follows:

	Group	
	2024	2023
	RM	RM
SGD	539	1,532
USD	<u>2,170,578</u>	<u>162,831</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

15. Asset held for sale

	Group RM
Freehold land and building	
At 1 January 2023/31 December 2023	-
Transferred from property, plant and equipment	2,565,787
At 31 December 2024	<u>2,565,787</u>

On 25 November 2024, a subsidiary, DWZ entered into an offer to purchase with third parties ("the Purchasers") for the disposal of its freehold land and building for a total cash consideration of RM2,600,000. Subsequently, on 18 February 2025, DWZ entered into a sales and purchase agreement with the Purchasers. The consideration will be settled in cash and the proceeds are intended to be utilised for future working capital purpose. The proposed disposal is expected to be completed by 18 May 2025, and accordingly, the asset has been classified as held for sale in the financial statements as at 31 December 2024.

16. Share capital

Group and Company			
	Number of ordinary shares		Amount
	2024	2023	2024
	Units	Units	RM
Issued and fully paid:			
At the beginning/			
end of the financial year	<u>197,213,000</u>	<u>197,213,000</u>	<u>50,973,332</u>

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

17. Reserves

	Company	
	2024 RM	2023 RM
Merger deficit	(16,050,098)	(16,050,098)
Foreign currency translation reserve	3,475,102	4,053,237
Revaluation reserve	2,372,987	-
Other reserve	<u>(3,946,460)</u>	<u>(3,946,460)</u>
	<u>(14,148,469)</u>	<u>(15,943,321)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

17. Reserves (Cont'd)

Merger deficit

The merger deficit arises from the difference between the purchase consideration and the consideration and the carrying value of the share capital acquired under the merger method of consolidation. No acquisition during the financial year.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Revaluation reserve

The revaluation reserve represent revaluation of freehold land and buildings, net of tax and is not available for distribution as dividends.

Other reserve

Other reserve relates to fair value adjustment to the shares issued for the acquisition of subsidiaries. No acquisition of subsidiary during the financial year.

18. Borrowings

	Group	
	2024	2023
	RM	RM
Secured		
Term loans	4,384,794	4,551,054
Account receivable financing	2,927,029	2,761,468
	<u>7,311,823</u>	<u>7,312,522</u>
Non-current		
Term loans	<u>4,212,061</u>	<u>4,385,878</u>
Current		
Term loans	172,733	165,176
Account receivable financing	2,927,029	2,761,468
	<u>3,099,762</u>	<u>2,926,644</u>
	<u>7,311,823</u>	<u>7,312,522</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

18. Borrowings (Cont'd)

The repayment term of loans and borrowings is as follows:

- (i) Term loans are repayable by 240 monthly instalments.
- (ii) Account receivable financing are repayable within 120 days.

The banking facilities of the Group are secured against the following:

- (a) Corporate guarantee by the Company and a subsidiary;
- (b) First party legal charge over freehold land and building of the Group;
- (c) First floating charge over the receivables of a subsidiary;
- (d) Jointly and severally guaranteed by certain Directors of the Company; and

The average effective interest rates per annum are as follows:

	Group	
	2024	2023
	%	%
Term loans	4.45	4.45
Account receivable financing	6.55	5.87 - 9.29

19. Trade payables

Trade payables comprise amounts outstanding for trade purchases. The normal credit terms granted for the trade payables ranged from cash term to 120 days (2023: cash term to 180 days).

The foreign currency profile of trade payables are as follows:

	Group	
	2024	2023
	RM	RM
SGD	603,686	423,846
USD	896,423	403,319
EUR	-	153,740

20. Other payables

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Non-trade payables	3,066,103	2,552,564	164,208	2,820
Accruals	2,628,043	2,289,531	188,100	174,700
GST/VAT payable	82,708	112,790	-	-
Withholding tax payable	49,106	56,598	-	-
	<u>5,825,960</u>	<u>5,011,483</u>	<u>352,308</u>	<u>177,520</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

20. Other payables (Cont'd)

Included in the non-trade payables is an amount due to a Director of a subsidiary amounting to RM797,840 (2023: RM898,734) bearing interest at 7.50% (2023: 7.50%) and repayable over 24 months (2023: 24 months).

Included in the accruals is an accruals of retirement benefits obligations for a post-employment benefit plan amounting to RM101,960 (2023: RM32,554) under which the Group is obligated to pay eligible employees a fixed percentage on the average annual salary for each completed year of service.

The foreign currency profile of other payables are as follows:

	Group	
	2024	2023
	RM	RM
Singapore Dollar ("SGD")	63,916	-

21. Contract liability

	Group	
	2024	2023
	RM	RM
Advanced from customers		
At beginning of the financial year	-	-
Deferred during the financial year	54,630	-
At end of the financial year	54,630	-

Material accounting policy information

Contract liabilities is the obligation to transfer goods or services to customers for which the Company has received the consideration or has billed the customers. The Company's contract liabilities is the excess of the billing to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Company performs its obligations under the contracts.

The performance obligation is satisfied when the surface treatment and finishing specialist for electrical and electronic industries is delivered and payment is generally due within cash term to 120 days from delivery.

22. Amount due to a Director

Amount due to a Director is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

23. Revenue

	Group	
	2024 RM	2023 RM
Revenue form contract customers:		
Surface treatment and precision cleaning	61,318,953	47,835,769
Geographical markets		
Malaysia	13,190,259	12,402,697
Singapore	47,271,640	35,053,069
China	431,988	97,059
Thailand	412,647	71,127
Others	12,419	211,817
	61,318,953	47,835,769
Timing of revenue recognition:		
At a point in time	61,318,953	47,835,769

Material accounting policy information

(i) Revenue from contracts with customers

Rendering of services

Revenue from surface treatment and precision cleaning services for electrical and electronic industries are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

The performance obligation is satisfied when the surface treatment and finishing specialist for electrical and electronic industries is delivered and payment is generally due within cash term to 120 days from delivery.

24. Finance income/Finance costs

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Finance income				
- fixed deposit with licensed banks	-	12,147	-	-
- bank balances	1,795	791	8	15
	1,795	12,938	8	15

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

24. Finance income/Finance costs (Cont'd)

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Finance cost				
- lease liabilities	60,010	207,660	-	-
- account receivables	200,311	212,705	-	-
- loan from Directors	-	38,259	-	-
- term loan	198,096	127,701	-	-
	<u>458,417</u>	<u>586,325</u>	<u>-</u>	<u>-</u>

Material accounting policy information

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

25. Profit/(Loss) before tax

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Auditors' remuneration				
- TGS TW PLT	175,000	-	120,000	-
- Other auditors	106,477	334,033	-	144,000
(Reversal of)/Allowance for expected credit loss:				
- trade receivables	(112,880)	111,251	-	-
- corporate shareholder	(565)	565	-	-
Depreciation on:				
- property, plant and equipment	3,289,368	1,711,530	-	-
- right-of-use assets	2,206,917	3,235,176	-	-
Inventories written down	71,153	-	-	-
(Reversal of)/Impairment loss on property, plant and equipment	(4,079,488)	291,212	-	-
Gain on termination lease contract	(125,853)	(6,779)	-	-
Lease expenses related to:				
- short term leases (a)	1,503,197	161,032		
- low value asset (a)	30,935	23,013		
Realised loss/(gain) on foreign exchange	198,440	25	(405)	-
Unrealised (gain)/loss on foreign exchange	<u>(75,159)</u>	<u>56,233</u>	<u>(10,578)</u>	<u>(10,183)</u>

- (a) The Group leases various properties, machinery and equipment with contract terms of not more than one year. These lease are short-term leases of low value items. The Group has elected not to recognise right-of-use assets and lease liability for this lease.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

26. Taxation

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Tax expenses recognised in profit or loss				
<u>Current tax</u>				
Current financial year	65,708	-	-	-
Over provision in prior financial year	(752)	(5,350)	-	-
	<u>64,956</u>	<u>(5,350)</u>	<u>-</u>	<u>-</u>
Tax expenses recognised in profit or loss (Cont'd)				
<u>Deferred tax (Note 6)</u>				
Origination and reversal of temporary differences	288,452	(397,266)	-	-
Over provision in prior financial year	(105,848)	(45,223)	-	-
	<u>182,604</u>	<u>(442,489)</u>	<u>-</u>	<u>-</u>
	<u>247,560</u>	<u>(447,839)</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit/(Loss) before tax	<u>6,408,290</u>	<u>(5,329,880)</u>	<u>(866,583)</u>	<u>(1,518,136)</u>
At Malaysian statutory tax rate of 24% (2023: 24%)	1,537,990	(1,279,171)	(207,980)	(364,353)
Effect of different tax rates in foreign jurisdictions	(161,670)	(339,430)	-	366,797
Non-allowable expenses	107,693	3,093,678	207,980	(2,444)
Income not subject to tax	(1,248,728)	(1,525,605)	-	-
Movement of deferred tax assets not recognised	118,875	(346,738)	-	-
Over provision of current tax in prior financial year	(752)	(5,350)	-	-
Over provision of deferred tax in prior financial year	(105,848)	(45,223)	-	-
	<u>247,560</u>	<u>(447,839)</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

26. Taxation (Cont'd)

Tax expense for foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items (gross amounts) due to uncertainty of their recoverability:

	Group	
	2024	2023
	RM	RM
Property, plant and equipment	404,072	520,843
Right-of-use assets	37,921	-
Revaluation of lands and buildings	(3,478,093)	-
Asset held for sale	(812,200)	-
Expected credit losses	24,077	-
Inventories	71,153	-
Unrealised (gain)/loss on foreign exchange	(75,159)	69,250
Unutilised business losses	11,041,238	11,016,087
Unabsorbed capital allowances	2,270,139	596,741
Unabsorbed reinvestment allowances	99,963	-
	<u>9,583,111</u>	<u>12,202,921</u>

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

(a) Malaysia

In accordance with the provision of the Finance Act 2018, the unutilised business losses are available for utilisation in the next seven consecutive years from when it was incurred, for which, any excess at the end of the seventh year, shall be disregarded. The other temporary differences do not expire under current tax legislation.

The Finance Act 2021 stated that the time frame to carry forward unutilised business losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. The other temporary differences do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

26. Taxation (Cont'd)

Deferred tax assets not recognised (Cont'd)

(b) Thailand

Net losses carried forward of a subsidiary incorporated in the Kingdom of Thailand for the last five accounting periods is deductible from taxable income.

The subsidiary has been granted with income tax exemption on the net profit arising manufacturing of plastic packages and antistatic plastic packaging. The exemption will be applicable for a period of 5 years since the income is first derived from the said activities and any losses incurred during the exemption period is allowed to be carried forward for a period of not more than 5 years. The said activities had commenced during the current financial year.

The comparative figures have been revised to reflect the previous years' final tax submission.

The unabsorbed capital allowances do not expire under current tax legislation of Malaysia. Unutilised business losses for which no deferred tax asset was recognised will expire at the following year of assessment ("YA"):

	Thailand RM Note(a)	Malaysia RM Note (b)	Total RM
2024			
Year of assessment 2024	1,472,748	-	1,472,748
Year of assessment 2025	1,678,435	-	1,678,435
Year of assessment 2026	1,575,302	-	1,575,302
Year of assessment 2027	1,768,267	-	1,768,267
Year of assessment 2028	983,815	97,388	1,081,203
Year of assessment 2029	-	1,403,272	1,403,272
Year of assessment 2030	-	392,329	392,329
Year of assessment 2031	-	36,832	36,832
Year of assessment 2032	-	26,134	26,134
Year of assessment 2033	-	1,380,556	1,380,556
Year of assessment 2034	-	226,160	226,160
	<u>7,478,567</u>	<u>3,562,671</u>	<u>11,041,238</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

26. Taxation (Cont'd)

Deferred tax assets not recognised (Cont'd)

The unabsorbed capital allowances do not expire under current tax legislation of Malaysia. Unutilised business losses for which no deferred tax asset was recognised will expire at the following year of assessment ("YA"): (Cont'd)

	Thailand RM Note(a)	Malaysia RM Note (b)	Total RM
2023			
Year of assessment 2023	3,261,416	-	3,261,416
Year of assessment 2024	1,509,427	-	1,509,427
Year of assessment 2025	1,720,235	-	1,720,235
Year of assessment 2026	1,614,534	-	1,614,534
Year of assessment 2027	1,812,305	-	1,812,305
Year of assessment 2028	-	97,388	97,388
Year of assessment 2029	-	1,403,272	1,403,272
Year of assessment 2030	-	392,329	392,329
Year of assessment 2031	-	36,832	36,832
Year of assessment 2032	-	26,134	26,134
Year of assessment 2033	-	1,380,556	1,380,556
	<u>9,917,917</u>	<u>3,336,511</u>	<u>13,254,428</u>

27. Employee benefits expense

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Salaries, wages and other emoluments	22,674,846	21,746,199	-	-
Defined contribution plan	1,106,841	1,196,372	-	-
Fees	193,000	256,000	193,000	256,000
Other staff related expenses	51,839	151,373	-	-
	<u>24,026,526</u>	<u>23,349,944</u>	<u>193,000</u>	<u>256,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

27. Employee benefits expense

Included in the staff costs in the Directors' remunerations and key management personnel emoluments as below:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Executive Directors				
Salaries and other emoluments	549,002	812,641	-	-
Fees	24,000	48,000	24,000	48,000
Defined contribution plans	49,692	73,369	-	-
	<u>622,694</u>	<u>934,010</u>	<u>24,000</u>	<u>48,000</u>
Non-Executive Directors				
Salaries and other emoluments	364,752	-	-	-
Fees	169,000	208,000	169,000	208,000
Defined contribution plans	30,233	-	-	-
	<u>563,985</u>	<u>208,000</u>	<u>169,000</u>	<u>208,000</u>
	<u>1,186,679</u>	<u>1,142,010</u>	<u>193,000</u>	<u>256,000</u>
Key management personnel				
Salaries and other emoluments	1,572,252	1,840,972	-	-
Defined contribution plan	133,364	123,251	-	-
	<u>1,705,616</u>	<u>1,964,223</u>	<u>-</u>	<u>-</u>

28. Long term incentive plan ("LTIP") and employees' share option scheme

The Company's LTIP is governed by the By-Laws which were approved by the shareholders at Extraordinary General Meeting held on 20 June 2017. The LTIP shall be in force for a period of ten (10) years commencing from 30 October 2017 and will expire on 29 October 2027.

The salient features of the LTIP are as follows:

- The maximum number of new shares of the Company which may be issued and allotted pursuant to the exercise of the share options shall not exceed in aggregate thirty percent (30%) of the total issued and paid-up share capital of the Company (excluding any treasury shares) at any point of time during the duration of the LTIP.
- any employee (including Executive and Non-Executive Directors) shall be eligible to participate in the LTIP if as at the date of offer, that person is at least eighteen (18) years of age or above and is employed full time.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

28. Long term incentive plan (“LTIP”) and employees’ share option scheme (Cont’d)

The salient features of the LTIP are as follows: (Cont’d)

- iii. not more than ten percent (10%) (or such percentage as allowable by the relevant authorities) of the shares available under the LTIP should be allocated to any individual Director or employee who, either single or collectively through his/her associates, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company.
- iv. the option price shall be based on the 5-day volume weighted average market price of the Company's shares, immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by relevant authorities and/or any other relevant authorities from time to time during the duration of the LTIP or the par value of the Company’s share.
- v. the options shall not vary any voting rights at any general meeting of the Company and shall not be entitled to any dividends, rights and/or other distributions.
- vi. the new shares to be allotted and issued upon exercise of any option shall upon allotment rank pari passu in all respects with the existing shares of the Company.

The LTIP has not been granted as at 31 December 2024.

29. Earnings/(Losses) per share

Group

Basic earnings/(losses) per share

The basic earnings/(losses) per share are calculated based on the consolidated profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Group	
	2024 RM	2023 RM
Profit/(Loss) for the year attributable to owners of the Company	6,239,521	(4,099,321)
Weighted average number of ordinary shares in issue (unit)	197,213,000	197,213,000
Basic earnings/(losses) per ordinary shares (sen)	3.16	(2.08)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

29. Earnings/(Losses) per share (Cont'd)

Group (Cont'd)

Diluted earnings/(losses) per share

Diluted earnings/(losses) per ordinary share equals to earnings/(losses) per ordinary share because the Group does not have any potentially dilutive financial instruments as at the end of each reporting date.

30. Commitments

Commitments on rental expense are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Lease commitment				
- within one year	68,867	121,218	-	-
Capital commitment				
- acquisition of plastic business	5,734,200	-	5,734,200	-
- purchase of property, plant and equipment	12,690	-	12,690	-
	5,746,890	-	5,746,890	-

31. Segment information

For management purposes, the Group is organised into two major business units based on their products and services, which comprises the following:

Business segments

Surface treatment and precision cleaning

Business activities

Surface treatment, precision cleaning, clean bulk pack and related services mainly in the hard disk drive & consumer electronics industries.

Others

Investment holding

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

31. Segment information (Cont'd)

	Note	Surface treatment and precision cleaning RM	Others RM	Total segments RM	Adjustments and eliminations RM	Total RM
Group 2024						
External revenue		61,318,953	-	61,318,953	-	61,318,953
Inter-segment revenue		4,640,881	3,826,997	8,467,878	(8,467,878)	-
Total revenue		65,959,834	3,826,997	69,786,831	(8,467,878)	61,318,953
Results						
Profit from operations		8,234,397	(129,287)	8,105,110	(66,705)	8,038,405
Finance income		1,787	8	1,795	-	1,795
Finance costs		(467,118)	-	(467,118)	8,701	(458,417)
Depreciation and amortisation		(5,580,518)	-	(5,580,518)	84,233	(5,496,285)
Other non-cash income	C	4,023,586	-	4,023,586	299,206	4,322,792
Taxation		(151,852)	(65,708)	(217,560)	(30,000)	(247,560)
		6,060,282	(194,987)	5,865,295	295,435	6,160,730
Assets						
Segment assets		43,618,801	26,503,678	70,122,479	(21,358,857)	48,763,622
Additional to non-current assets other than deferred tax assets	D	3,402,173	-	3,402,173	-	3,402,173
Deferred tax assets		356,910	-	356,910	(287,940)	68,970
Tax recoverable		142,548	3,686	146,234	-	146,234
		47,520,432	26,507,364	74,027,796	(21,646,797)	52,380,999
Liabilities						
Segment liabilities		15,335,352	10,939,241	26,274,593	(4,146,365)	22,128,228
Deferred tax liabilities		102,000	-	102,000	-	102,000
Tax payable		-	62,868	62,868	-	62,868
		15,437,352	11,002,109	26,439,461	(4,146,365)	22,293,096

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

31. Segment information (Cont'd)

	Note	Surface treatment and treatment and cleaning RM	Others RM	Total segments RM	Adjustments and eliminations RM	Total RM
Group 2023						
External revenue		47,835,769	-	47,835,769	-	47,835,769
Inter-segment revenue		8,956,107	-	8,956,107	(8,956,107)	-
Total revenue		56,791,876	-	56,791,876	(8,956,107)	47,835,769
Results						
Profit/(Loss) from operations		7,154,952	(6,447,856)	707,096	(64,401)	642,695
Finance income		12,923	15	12,938	-	12,938
Finance costs		(597,269)	-	(597,269)	10,944	(586,325)
Depreciation and amortisation		(4,998,311)	(4,635)	(5,002,946)	56,240	(4,946,706)
Other non-cash income	C	282,518	-	282,518	(735,000)	(452,482)
Taxation		447,839	-	447,839	-	447,839
		2,302,652	(6,452,476)	(4,149,824)	(732,217)	(4,882,041)
Assets						
Segment assets		39,118,110	26,399,917	65,518,027	(24,734,527)	40,783,500
Additional to non-current assets other than deferred tax assets	D	1,661,012	-	1,661,012	(298,645)	1,362,367
Deferred tax assets		545,840	-	545,840	205,269	751,109
Tax recoverable		60,303	2,975	63,278	-	63,278
		41,385,265	26,402,892	67,788,157	(24,827,903)	42,960,254
Liabilities						
Segment liabilities		14,867,958	10,753,020	25,620,978	(3,452,528)	22,168,450
Deferred tax liabilities		57,000	-	57,000	-	57,000
		14,924,958	10,753,020	25,677,978	(3,452,528)	22,225,450

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

31. Segment information (Cont'd)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A. Inter-segment transactions are eliminated on consolidation.
- B. Expenses/(income) from inter-segment transactions are eliminated on consolidation.
- C. Other material non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	2024 RM	2023 RM
Reversal of allowance for ECLs on:		
- trade receivables	(112,880)	111,251
- corporate shareholder	(565)	565
(Reversal of)/Impairment loss on property, plant and equipment	(4,079,488)	291,212
Gain on termination of lease contract	(125,853)	(6,779)
Inventories written down	71,153	-
Unrealised (gain)/loss on foreign exchange	(75,159)	56,233
	<u>(4,322,792)</u>	<u>452,482</u>

- D. Additions to non-current assets consists of:

	2024 RM	2023 RM
Property, plant and equipment	1,973,658	1,228,515
Right-of-use assets	1,428,515	133,852
	<u>3,402,173</u>	<u>1,362,367</u>

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	2024		2023	
	Revenue	Non-current	Revenue	Non-current
	RM	assets	RM	assets
	RM	RM	RM	RM
Malaysia	13,190,259	17,946,986	12,402,697	16,096,322
Singapore	47,271,640	1,106,109	35,053,069	3,009,544
China	431,988	-	97,059	-
Thailand	412,647	3,045,644	71,127	1,099,431
Other	12,419	-	211,817	-
	<u>61,318,953</u>	<u>22,098,739</u>	<u>47,835,769</u>	<u>20,205,297</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

31. Segment information (Cont'd)

Information about major customers

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

	Segment	Revenue	
		2024 RM	2023 RM
Customer A	Surface treatment and precision cleaning	<u>30,529,086</u>	<u>16,958,710</u>

32. Related party disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and of the Company if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

Related parties may be individuals or other entities. Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and the Company are as follows:

	Group	
	2024 RM	2023 RM
Sales to a corporate shareholder	3,111,483	1,285,349
Purchase from a corporate shareholder	1,596	66,579
Service from a corporate shareholder	171,663	104,775
Interest charged by Directors	<u>-</u>	<u>38,259</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

32. Related party disclosures (Cont'd)

(c) Remuneration of key management personnel

The remuneration of Directors and other key management personnel are disclosed in Note 27 to the Financial Statements.

33. Financial instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis at amortised cost.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
At amortised cost				
Financial assets				
Trade receivables	15,202,629	12,658,081	-	-
Other receivables	3,239,274	2,418,682	314,490	-
Amount due from a subsidiary	-	-	-	168,716
Amount due from a related party	407,437	240,420	-	-
Amount due from a corporate shareholder	857,903	561,359	-	-
Fixed deposits with licensed bank	575,223	575,223	-	-
Cash and bank balances	4,994,621	3,971,510	185,943	93,019
	<u>25,277,087</u>	<u>20,425,275</u>	<u>500,433</u>	<u>261,735</u>
At amortised cost				
Financial liabilities				
Borrowings	7,311,823	7,312,522	-	-
Trade payables	7,614,066	6,299,005	-	-
Other payables	5,694,146	4,842,095	352,308	177,520
Amount due to a subsidiary	-	-	931,264	-
Amount due to a Director	-	91,800	-	-
	<u>20,620,035</u>	<u>18,545,422</u>	<u>1,283,572</u>	<u>177,520</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

33. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operation whilst managing its credit, liquidity and market risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transaction.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables, amount due from a related party, amount due from a corporate shareholder, fixed deposits with licensed bank, cash and bank balances. The Company's exposure to credit risk arises principally from other receivables, amount due from a subsidiary, cash and bank balances. There are no significant changes as compared to prior financial year.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to its subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

At each reporting date, the Group and the Company assess whether any of the trade receivables and amount due from a subsidiary are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partially or full) when there is no prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

33. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Company's maximum exposure in this respect is RM7,311,823 (2023: RM7,312,522), representing the outstanding banking facilities to the subsidiaries as at the end of the reporting period. There was no indication that any subsidiaries would default on repayment as at the end of the reporting period.

As at the end of the financial year, the Group has 2 (2023: 5) major customers and accounted for approximately 52% (2023: 63%) of the Group's trade receivables outstanding.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting to financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay:

	Less than 1 year RM	Between 1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2024					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Borrowings	3,291,385	1,457,424	4,528,002	9,276,811	7,311,823
Lease liabilities	554,686	862,413	-	1,417,099	1,321,749
Trade payables	7,614,066	-	-	7,614,066	7,614,066
Other payables	5,694,146	-	-	5,694,146	5,694,146
	<u>17,154,283</u>	<u>2,319,837</u>	<u>4,528,002</u>	<u>24,002,122</u>	<u>21,941,784</u>
Financial guarantee	300,000	-	-	300,000	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

33. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay: (Cont'd)

	Less than 1 year RM	Between 1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group (Cont'd)					
2023					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Borrowings	3,125,824	1,654,248	4,684,450	9,464,522	7,312,522
Lease liabilities	2,591,507	1,011,302	-	3,602,809	3,453,640
Trade payables	6,299,005	-	-	6,299,005	6,299,005
Other payables	4,842,095	-	-	4,842,095	4,842,095
Amount due to a Director	91,800	-	-	91,800	91,800
	<u>16,950,231</u>	<u>2,665,550</u>	<u>4,684,450</u>	<u>24,300,231</u>	<u>21,999,062</u>
Financial guarantee	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Company					
2024					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Other payables	352,308	-	-	352,308	352,308
Amount due to a subsidiary	931,264	-	-	931,264	931,264
	<u>1,283,572</u>	<u>-</u>	<u>-</u>	<u>1,283,572</u>	<u>1,283,572</u>
Financial guarantees*	<u>7,311,823</u>	<u>-</u>	<u>-</u>	<u>7,311,823</u>	<u>-</u>
2023					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Other payables	177,250	-	-	177,250	177,250
Financial guarantees*	<u>7,312,522</u>	<u>-</u>	<u>-</u>	<u>7,312,522</u>	<u>-</u>

* Based on the maximum amount that can be called for under the financial guarantee contract.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

33. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The Company provides unsecured financial guarantee to banks in respect of credit facilities granted to certain subsidiaries and monitors on an ongoing basis the performance of the subsidiaries. At end of the reporting period, there was no indication that the subsidiaries would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiaries defaulting in their credit facilities is remote.

(iii) Market risk

(a) Interest rate risk

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to change in interest rates.

The Group manages its interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowing by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

33. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2024	2023
	RM	RM
Fixed rate instruments		
<u>Financial asset</u>		
Fixed deposits with licensed banks	575,223	575,223
<u>Financial liabilities</u>		
Lease liabilities	(1,321,749)	(3,453,640)
Account receivable financing	(2,927,029)	(2,761,468)
Other payables	(797,840)	(898,734)
	<u>(5,046,618)</u>	<u>(7,113,842)</u>
	<u>(4,471,395)</u>	<u>(6,538,619)</u>
Floating rate instruments		
Terms loans	(4,384,794)	(4,551,054)

Interest rate sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flows sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit/(loss) before tax by RM43,848 (2023: RM45,510), arising mainly as a result of lower/higher interest expense on floating rate borrowings. This analysis assumed that all other variables remain constant. The assumed movement in basis points for the interest rate sensitivity analysis based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

33. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Foreign currency risk

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United Singapore Dollar ("SGD"), States Dollar ("USD") and Euro Dollar ("EUR").

The Group and the Company have not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group and the Company would apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting periods are as follows:

	SGD RM	USD RM	EUR RM
Group			
2024			
Financial assets			
Trade receivables	543,931	3,472,081	-
Other receivables	21,111	12,864	79,218
Amount due from a corporate shareholder	857,903	-	-
Cash and bank balances	539	2,170,578	-
	<u>1,423,484</u>	<u>5,655,523</u>	<u>79,218</u>
Financial liabilities			
Trade payables	(603,686)	(896,423)	-
Other payables	(63,916)	-	-
	<u>(667,602)</u>	<u>(896,423)</u>	<u>-</u>
Net currency exposure	<u>755,882</u>	<u>4,759,100</u>	<u>79,218</u>
2023			
Financial assets			
Trade receivables	729,377	3,439,045	-
Other receivables	-	10,955	-
Amount due from a corporate shareholder	561,359	-	-
Cash and bank balances	1,532	162,831	-
	<u>1,292,268</u>	<u>3,612,831</u>	<u>-</u>
Financial liabilities			
Trade payables	(423,846)	(403,319)	(153,740)
	<u>(423,846)</u>	<u>(403,319)</u>	<u>(153,740)</u>
Net currency exposure	<u>868,422</u>	<u>3,209,512</u>	<u>(153,740)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

33. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Foreign currency risk (Cont'd)

The carrying amounts of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting date are as follows:

	SGD RM
Company	
2024	
Financial liability	
Amount due to a subsidiary	<u>(931,264)</u>
2023	
Financial asset	
Amount due from a subsidiary	<u>168,716</u>

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit/(loss) for the financial year to a reasonably possible change in the SGD, USD and EUR exchange rates against the respective functional currencies of the Group entities, with all other variable held constant.

	2024 RM	2023 RM
Group		
Effect on profit/(loss) after tax		
SGD/RM		
- Strengthened 1% (2023: 1%)	7,559	8,684
- Weakened 1% (2023: 1%)	<u>(7,559)</u>	<u>(8,684)</u>
USD/RM		
- Strengthened 1% (2023: 1%)	47,591	32,095
- Weakened 1% (2023: 1%)	<u>(47,591)</u>	<u>(32,095)</u>
EUR/RM		
- Strengthened 1% (2023: 1%)	792	(1,537)
- Weakened 1% (2023: 1%)	<u>(792)</u>	<u>1,537</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

33. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Foreign currency risk (Cont'd)

Foreign Currency Sensitivity analysis (Cont'd)

The following table demonstrates the sensitivity of the Company's loss for the financial year to a reasonably possible change in the SGD exchange rates against the respective functional currencies of the Group entities, with all other variable held constant.

	2024 RM	2023 RM
Company		
Effect on loss after tax		
SGD/RM		
- Strengthened 1% (2023: 1%)	(9,313)	(1,687)
- Weakened 1% (2023: 1%)	<u>9,313</u>	<u>1,687</u>

(c) Fair value of financial instruments

The carrying amounts of short-term receivables, payables, cash and cash equivalents approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

34. Fair value of non-financial instruments

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial year.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

34. Fair value of non-financial instruments (Cont'd)

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

34. Fair value of non-financial instruments (Cont'd)

The following table summarises the methods used in determining the fair value of non-financial assets of the Group on a recurring basis at 31 December 2024 and 31 December 2023:

Non-financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair values
	2024 RM	2023 RM				
Group Property, plant and equipment	12,484,019	-	Level 2	<u>Lands and buildings</u> Comparison approach which reflects recent market transactions for similar properties.	<u>Lands and buildings</u> Adjustment for factors such as plot size, location, encumbrances and current use.	<u>Lands and buildings</u> The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as starting point for valuation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

35. Capital management

The Group's and the Company's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Borrowings	7,311,823	7,312,522	-	-
Lease liabilities	1,321,749	3,453,640	-	-
Less: Fixed deposits with licensed banks	(575,223)	(575,223)	-	-
Less: Cash and bank balances	(4,994,621)	(3,971,510)	(185,943)	(93,019)
Net debts	<u>3,063,728</u>	<u>6,219,429</u>	<u>(185,943)</u>	<u>(93,019)</u>
Total equity	<u>30,087,903</u>	<u>20,734,804</u>	<u>16,137,673</u>	<u>17,004,256</u>
Debt-to-equity ratio (times)	<u>0.10</u>	<u>0.30</u>	<u>(0.01)</u>	<u>(0.01)</u>

36. Significant events during the financial year

- i. On 8 October 2024, TA Securities announced on behalf of the Board that the Company proposed to undertake the following:
 - a. Proposed private placement via the issuance of up to 49,300,000 new ordinary shares at an issue price to be determined at a later date. Based on the indicative issue price of RM0.25 per placement share, the Company will raise gross proceeds of up to RM12,325,000 ("Proposed Private Placement").
 - b. Proposed acquisition of a plastic injection moulding business ("Plastic Business") from We Total Engineering Sdn. Bhd. ("WTE") for a total purchase consideration of RM6,036,000 to be satisfied entirely in cash;
 - c. Proposed diversification of the business activities of MClean Group to include plastic injection moulding business; and

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

36. Significant events during the financial year (Cont'd)

- i. On 8 October 2024, TA Securities announced on behalf of the Board that the Company proposed to undertake the following: (Cont'd)

- d. Proposed reduction of up to RM35,000,000 of the issued share capital of MClean pursuant to section 117 of the Companies Act 2016.

The proceeds from the Proposed Private Placement are intended to be utilised for purchase consideration of a Plastic Business of RM6,036,000 working capital requirement of the Plastic Business of RM5,639,000 and estimated expenses for the proposal of RM650,000.

- ii. On 8 October 2024, the Company entered into a Sale and Purchase Agreement (“SPA”) with WTE to acquire the Plastic Business for a cash consideration of RM6,036,000 by utilising the partial proceeds raised from the Proposed Private Placement. The acquisition has been completed on 28 March 2025.
 - iii. On 9 October 2024, the Principal Advisor, TA Securities Holdings Berhad has submitted additional listing application in relation to the Proposed Private Placement to Bursa Securities on behalf of the Company.

On 13 November 2024, Bursa Securities has approved the listing and quotation of up to 49,300,000 Placement Shares to be issued pursuant to the Proposed Private Placement subject to certain conditions:

On 26 December 2024, the Board of Directors had fixed the issued priced for the Proposed Private Placement at RM0.27 per Placement Share.

37. Significant events subsequent to the financial year

- i. On 9 January 2025, the Company issued 49,000,000 new ordinary shares at issue price of RM0.27 per Placement Share raising gross proceeds amounting to RM13,230,000.
- ii. On 13 January 2025, the Company had incorporated a new subsidiary named MClean Plastic Engineering Sdn. Bhd..
- iii. On 3 February 2025, the Company and WTE had vide a letter extended the Conditional Period for the fulfilment of the Conditions Precedent of the SPA from 7 February 2025 to 7 March 2025. All other terms and conditions of the SPA remained unchanged. The acquisition of Plastic Business was completed on 28 March 2025 in accordance with terms and conditions of the SPA.
- iv. On 10 February 2025, the Companies Commission of Malaysia issued a notice to the Company confirming the reduction of Share Capital. Following the completion of the Share Capital Reduction, the issued share capital of the Company as at 10 February 2025 is RM29,203,332 comprising 246,213,000 ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

37. Significant events subsequent to the financial year (Cont'd)

- v. On 20 February 2025, a subsidiary, DWZ entered into SPA with Tan Ngooi Thai, Wong Lee Lee and Tan Yean Long ("Purchaser") for disposal of all that unit of 1 ½ storey Semi Detached Factory held under freehold individual title identified as Geran 321827, Lot 122700 (previously known as HSD 331228, PTD 153772), Mukim Plentong, Daerah Johor Bahru, Negeri Johor bearing the postal address at No. 30, Jalan Maju 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor (hereinafter referred to as "the said Property") for a cash consideration of RM2,600,000 only, subject to the terms and conditions contained in the SPA.

38. Financial guarantees

	Group	
	2024	2023
	RM	RM
Bank Guarantee		
Bank guarantee issued to Jabatan Kastam Diraja Malaysia for license of manufacturing warehouse.	300,000	300,000
	<u>300,000</u>	<u>300,000</u>
	Company	
	2024	2023
	RM	RM
Corporate Guarantee		
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiaries	7,311,823	7,312,522
	<u>7,311,823</u>	<u>7,312,522</u>

39. Comparative information

- (i) The financial statements of the Group and of the Company for financial year ended 31 December 2023 were audited by another firm of Chartered Accountants.
- (ii) Certain comparative figures were reclassified to confirm with current financial years' presentation. Specifically, a portion of retained earnings amounting to RM120,588 has been reclassified to non-controlling interests to reflect the underlying economic arrangement and group presentation policy. These adjustments had no impact on the consolidated total equity.

40. Date of authorisation for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 April 2025.

LIST OF PROPERTIES

Registered owner	Location	Description/ Existing use	Date of certificate of fitness/ Year of Acquisition	Approximate age of building years/Tenure	Land/area built-up area sq.ft.	Audited net book value as at 31-Dec-24 RM '000
MClean Technologies (M) Sdn. Bhd.	No 12, Jalan Maju 1, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Electroplating and surface treatment]	30 Jan 1999 / 26 Dec 2019	26	14,402.10	2,805
DWZ Industries Sdn. Bhd.	No 30, Jalan Maju 1, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Electroplating and surface treatment]	17 Jan 2006 / 21 Feb 2006	19	12,604.53	2,566
DWZ Industries Sdn. Bhd.	No 20, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Spray painting]	30 Jan 1999 / 26 Sep 2007	26	9,601.40	1,897
DWZ Industries Sdn. Bhd.	No 22, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Inspection, packing & storage]	30 Jan 1999 / 9 May 2011	26	9,601.40	1,895
DWZ Industries Sdn. Bhd.	No 25, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Electroplating and surface treatment]	30 Jan 1999 / 31 Mar 1998	26	10,505.57	1,995
DWZ Industries Sdn. Bhd.	No 27, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Electroplating and surface treatment]	30 Jan 1999 / 31 Mar 1998	26	8,998.62	1,796
DWZ Industries Sdn. Bhd.	No 30, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Inspection, packing & storage]	30 Jan 1999 / 30 Jun 2011	26	10,796.20	2,096

ANALYSIS OF SHAREHOLDINGS AS AT 10 APRIL 2025

Total Number of Issued Shares : 246,213,000 ordinary shares
No. of holders : 2,882
Class of shares : Ordinary shares
Voting rights : One vote per ordinary share

DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

Size of Holdings	No. of holders	%	No. of Ordinary Shares Held	%
1-99	11	0.3817	183	0.0001
100 to 1,000	355	12.3178	213,013	0.0865
1,001 to 10,000	1,267	43.9625	7,793,400	3.1653
10,001 to 100,000	1,071	37.1617	36,610,000	14.8692
100,001 to <5% of shares	176	6.1069	116,069,917	47.1421
5% and above	2	0.0694	85,526,487	34.7368
TOTAL	2,882	100.000	246,213,000	100.000

SUBSTANTIAL SHAREHOLDERS AS AT 10 APRIL 2025

(As per Register of Substantial Shareholders)

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows: -

No.	Shareholders	Direct		Indirect	
		No. of shares	%	No. of shares	%
1.	Accrelist Crowdfunding Pte Ltd	61,269,397	24.884	-	-
2.	Datuk Dr. Terence Tea Yeok Kian	-	-	61,269,397 [^]	24.884 [^]
3.	Decor Industries Pte Ltd	23,664,590	9.611	-	-
4.	DGC Holdings Pte Ltd	-	-	23,664,590	9.611 ^{**}
5.	Lim Han Kiau	-	-	23,664,590	9.611 ^{**}

Note:

[^] Deemed interested by virtue of his interest in Accrelist Crowdfunding Pte Ltd pursuant to Section 8 of the Companies Act, 2016 ('the Act').

^{**} Deemed interest by virtue of its shareholding in Decor Industries Pte. Ltd. pursuant to Section 8 of the Companies Act

DIRECTORS' INTERESTS IN SHARES AS AT 10 APRIL 2025

(As per Register of Directors' Shareholdings)

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

No.	Shareholders	Direct		Indirect	
		No. of shares	%	No. of shares	%
1	Datuk Dr. Terence Tea Yeok Kian	-	-	61,269,397 [^]	24.884 [^]
2	Muhammad Radzi Bin Embong	-	-	-	-
3	Chuah Ai Wen	-	-	-	-
4	Lee Yee Wooi	-	-	-	-

Note:

[^] Deemed interested by virtue of his interest in Accrelist Crowdfunding Pte Ltd pursuant to Section 8 of the Companies Act, 2016 ('the Act').

ANALYSIS OF SHAREHOLDINGS AS AT 10 APRIL 2025 CONT'D

LIST OF TOP 30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Ordinary Shares	%
1.	ACCRELIST CROWDFUNDING PTE. LTD.	61,269,397	24.885
2.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	24,257,090	9.852
3.	JCS GROUP PTE LTD	11,689,017	4.748
4.	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN. BHD. EXEMPT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	8,012,600	3.254
5.	CHAY TIAN LOKE	6,000,000	2.437
6.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEONG MAY SUET	5,160,000	2.096
7.	CHOW KOK MENG, BERT	5,000,000	2.031
8.	NG WYMIN	4,300,000	1.747
9.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DEREK CHEONG SHENG ZE	4,250,000	1.726
10.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW PHAIK LING	4,000,000	1.625
11.	LOH TOH HEOH	3,000,000	1.219
12.	LAI HEI TIM	2,500,000	1.015
13.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR DEUTSCHE BANK AG SINGAPORE (ASING WM CLT)	2,433,100	0.988
14.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KARAMJIT KAUR A/P PALL SINGH (E-KLC)	2,147,100	0.872
15.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SIM POH SEAN	2,000,000	0.812
16.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SOONG YEW NAM	2,000,000	0.812
17.	OOI SIEW CHAI	1,772,700	0.720
18.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD	1,715,800	0.697
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MOHAMED ADZMAN BIN MOHAMED SURA	1,409,100	0.572
20.	ANDY LIM CHIN KEAT	1,200,000	0.487
21.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG CHIN HO	1,189,600	0.483
22.	TAN KHENG THIAN	1,148,500	0.467
23.	ONG SAY TATT	1,082,500	0.440
24.	OH BANG HAN	1,027,100	0.417
25.	LIEW TIONG HWA	1,000,000	0.406
26.	OOI ENG BEE	970,000	0.394
27.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SING KANG	950,000	0.386
28.	GAN ZI XIANG	939,500	0.382
29.	TAN WAN SHIH	915,500	0.372
30.	GOH JIA YONG	900,000	0.366

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth ("15th") Annual General Meeting of MClean Technologies Berhad ("the Company" or "MClean") will be held at Synergy 1 Room, LG2, The Westin Kuala Lumpur, 199, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on **Thursday, 29 May 2025 at 3.00 p.m.** or at any adjournment thereof to transact the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note)**
2. To re-elect the following directors who retire in accordance with Clause 76(6) of the Company's Constitution and being eligible, have offered themselves for re-election.
 - a. Datuk Dr Terence Tea Yeok Kian **(Ordinary Resolution 1)**
 - b. Muhammad Radzi Bin Embong **(Ordinary Resolution 2)**
 - c. Chuah Ai Wen **(Ordinary Resolution 3)**
 - d. Lee Yee Wooi **(Ordinary Resolution 4)**
3. To approve the payment of Directors' Fees amounting to RM138,000 for the financial year ending 31 December 2025. **(Ordinary Resolution 5)**
4. To re-appoint Messrs. TGS TW PLT as Auditors for the financial year ending 31 December 2025 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

SPECIAL BUSINESS

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

5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** **(Ordinary Resolution 7)**

"THAT pursuant to Sections 75 and 76 of the Act and subject to the approval of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad ("Bursa Securities") allowed for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Securities for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

THAT in connection with the above, pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 12(3) of the Company's Constitution, that approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate."

NOTICE OF ANNUAL GENERAL MEETING CONT'D

SPECIAL BUSINESS CONT'D

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

6. **PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE")** *(Ordinary Resolution 8)*

"THAT, subject to the provisions of the ACE Market Listing Requirements of Bursa Securities, approval be and is hereby given for the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate") for the Company and/or its subsidiary companies ("the Group") to enter into and to give effect to the category of Recurrent Related Party Transactions of a Revenue or Trading nature from time to time with the Related Parties as specified in Section 2.3 of the Circular to Shareholders dated 30 April 2025 provided that such transactions are:-

- (a) recurrent transactions of a revenue or trading nature;
- (b) necessary for the day-to-day operations;
- (c) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (d) are not prejudicial to the minority shareholders of the Company.

THAT such approval shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) is revoked or varied by resolution passed by shareholders in a general meeting, whichever is earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

7. To transact any other ordinary business of which due Notice has been given.

By Order of the Board
MCLEAN TECHNOLOGIES BERHAD

TAN TONG LANG (MAICSA 7045482 / SSM PC NO. 202208000250)
THIEN LEE MEE (LS0010621 / SSM PC NO. 201908002254)
Company Secretaries

Dated: 30 April 2025

NOTICE OF ANNUAL GENERAL MEETING CONT'D

NOTES:

1. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 19 May 2025**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.
2. A member who is entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at an Annual General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Annual General Meeting.
4. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. A member who has appointed a proxy or attorney or authorised representative to participate at AGM must request his/her proxy or attorney or authorised representative to register himself/herself for AGM.
8. To be valid, the Proxy Form duly completed must be deposited at the office of the Share Registrar of our Company, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan or email to admin@aldpro.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging this proxy form is **3.00 p.m. on Tuesday, 27 May 2025**.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. For a corporate member who has appointed an authorised representative, must deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
13. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll.

NOTICE OF ANNUAL GENERAL MEETING CONT'D

EXPLANATORY NOTES - ORDINARY BUSINESS:

1. **ITEM 1 OF THE AGENDA** **AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

The Audited Financial Statements under this Agenda item is meant for discussion only as the provision of Section 248(1) and Section 340(1)(a) of the Companies Act 2016 (the "Act") does not require a formal approval of the shareholders and hence this Agenda item is not put forward for voting by shareholders of the Company.

2. **ITEM 2 OF THE AGENDA – ORDINARY RESOLUTIONS 1 TO 4 RE-ELECTION OF DIRECTORS**

Datuk Dr. Terence Tea Yeok Kian, Muhammad Radzi Bin Embong, Chuah Ai Wen, and Lee Yee Wooi are standing for re-election as Directors of the Company and, being eligible, have offered themselves for re-election in accordance with Clause 76(6) of the Company's Constitution at the 15th Annual General Meeting (AGM).

Datuk Dr. Terence Tea Yeok Kian, Muhammad Radzi Bin Embong, and Chuah Ai Wen were appointed as Directors on 9 July 2025, while Lee Yee Wooi was appointed on 1 October 2024. In accordance with Clause 76(6) of the Company's Constitution, all four are subject to re-election at the forthcoming 15th AGM.

The Board, through the Nominating Committee, has considered and assessed the retiring Directors and has confirmed that they meet the qualifications prescribed under Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Furthermore, they possess the character, experience, integrity, competence, and time required to effectively fulfill their roles as Directors.

3. **ITEM 3 OF THE AGENDA - ORDINARY RESOLUTION 5: PAYMENT OF DIRECTORS' FEES**

Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board agreed that the shareholders' approval shall be sought at the 15th AGM on the payment of Directors' fees of an amount up to RM138,000 to the Non-Executive Directors for the financial year ending 31 December 2025. If the proposed Ordinary Resolution 5 has been passed at the 15th AGM pursuant to Clause 50 of the Company's Constitution and Section 230(1) of the Companies Act 2016.

4. **ITEM 5 OF THE AGENDA - ORDINARY RESOLUTION 6: RE-APPOINTMENT OF AUDITORS**

The Board has through the Audit Committee, considered the re-appointment of Messrs. TGS TW PLT as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 15th Annual General Meeting are disclosed in the Audit Committee Report of the 2024 Annual Report.

SPECIAL BUSINESS:

5. **ITEM 6 OF THE AGENDA - ORDINARY RESOLUTION 7: AUTHORITY TO DIRECTORS TO ISSUE AND ALLOT SHARES**

This is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 30 May 2024 ("the previous Mandate"). The previous Mandate was not utilized and accordingly no proceeds were raised therefrom. The Proposed Ordinary Resolution 7 is proposed for the purpose of granting the renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue up to a maximum of 10% of the issued and paid-up share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a new mandate. The mandate is to provide flexibility for the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

NOTICE OF ANNUAL GENERAL MEETING CONT'D

EXPLANATORY NOTES - SPECIAL BUSINESS: CONT'D

5. ITEM 6 OF THE AGENDA - ORDINARY RESOLUTION 7: AUTHORITY TO DIRECTORS TO ISSUE AND ALLOT SHARES CONT'D

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company had on 9 January 2025 completed the Private Placement of 49,000,000 ordinary shares at an issue price of RM0.27 per placement share and raised RM13,230,000.00 in proceeds from this placement exercise. The details of the utilisation of the proceeds as at 31 March 2025 as disclosed in the section under Additional Compliance Information of the Annual Report 2024.

Section 85(1) of the Companies Act 2016 provides as follows:

"85. Pre-emptive rights to new shares

- 1) Subject to the Constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."*

Clause 12(3) of the Company's Constitution provides as follows:

Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

By voting in favour of the proposed ordinary resolution 7, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85(1) of the Companies Act, 2016 and Clause 12(3) of the Company's Constitution to be first offered any new shares ranking equally to the existing issued shares of the Company which will result in a dilution of their shareholding percentage in the Company.

6. ITEM 7 OF THE AGENDA ORDINARY RESOLUTION 8: PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE

The purpose of this Ordinary Resolution 8 if passed, will allow the Group to continue to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms that are not more favorable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 30 April 2025 for further information.

CDS Account No.	
No. of shares held	

I/We* _____ NRIC/Passport/Company Registration No.* _____
[Full name in block]

of _____

Tel.: _____ Email Address: _____

being member(s) of **MCLEAN TECHNOLOGIES BERHAD** hereby appoint:

Full Name (in Block)	NRIC/Passport No.*	Proportion of Shareholdings	
		No. of Shares	%
Address			
Tel. & Email Address:			

and / or*

Full Name (in Block)	NRIC/Passport No.*	Proportion of Shareholdings	
		No. of Shares	%
Address			
Tel. & Email Address:			

or failing him, the Chairman of the Meeting, as my/our* proxy to vote for me/us* and on my/our* behalf at the **Fifteenth ("15th") Annual General Meeting ("AGM")** of the Company to be held at Synergy 1 Room, LG2, The Westin Kuala Lumpur, 199, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on **Thursday, 29 May 2025 at 3.00 p.m.** or any adjournment thereof, and to vote as indicated below:

Item	Agenda	Resolution	**FOR	**AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2024 and the Reports of the Directors and Auditors thereon.			
Ordinary Business:				
2.	Re-election of Directors who retire by rotation in accordance with Clause 76(6) of the Company's Constitution: -			
2.1	Datuk Dr Terence Tea Yeok Kian	Ordinary Resolution 1		
2.2	Muhammad Radzi Bin Embong	Ordinary Resolution 2		
2.3	Chuah Ai Wen	Ordinary Resolution 3		
2.4	Lee Yee Wooi	Ordinary Resolution 4		
3.	Approval of Directors' fees for the financial year ending 31 December 2025.	Ordinary Resolution 5		
4.	Re-appointment of Messrs. TGS TW PLT as Auditors and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6		
Special Business:				
5.	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 7		
6.	Proposed Renewal of Existing Shareholders' Mandate	Ordinary Resolution 8		

****Please indicate with an "X" or "√" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.**

(* Please delete if not applicable)

Signed this _____ day of _____ 2025.

Signature***
Member

Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

1. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 19 May 2025**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.
2. A member who is entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at an Annual General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Annual General Meeting.
4. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. A member who has appointed a proxy or attorney or authorised representative to participate at AGM must request his/her proxy or attorney or authorised representative to register himself/herself for AGM.
8. To be valid, the Proxy Form duly completed must be deposited at the office of the Share Registrar of our Company, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan or email to admin@aldpro.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging this proxy form is **3.00 p.m. on Tuesday, 27 May 2025**.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. For a corporate member who has appointed an authorised representative, must deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
13. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll.

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AFFIX
STAMP

The Share Registrar of
MCLEAN TECHNOLOGIES BERHAD
c/o Aldpro Corporate Services Sdn Bhd
Registration No. 202101043817 (1444117-M)
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan

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MClean

MClean Technologies Berhad
201001009003 (893631-T)

Suite 1301, 13th Floor, City Plaza, Jalan Tebrau,
80300 Johor Bahru, Johor, Malaysia

