NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF HE GROUP BERHAD ("HE GROUP" OR "COMPANY") DATED 12 JANUARY 2024 ("ELECTRONIC PROSPECTUS")

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("**Bursa Securities**") website at www.bursamalaysia.com ("**Website**").

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, Alliance Islamic Bank Berhad ("**AIS**") or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. Bursa Securities, AIS and HE Group have not authorised anyone and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any of our IPO Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

Close of Application

Applications for the IPO Shares will be accepted from **10.00 a.m.** on **12 January 2024** and will close at **5.00 p.m.** on **18 January 2024**. Any change to the timetable will be advertised by HE Group in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia, and will make the relevant announcement through Bursa Securities.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

HE GROUP BERHAD
(Registration No. 202301016404 (1510326-M))
(Incorporated in Malaysia under the Companies Act 2016)

HE GROUP BERHAD

PROSPECTUS

PROSPECTUS

HE GROUP BERHAD

(Registration No. 202301016404 (1510326-M))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH THE LISTING OF HE GROUP BERHAD ("HE GROUP" OR "COMPANY") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

(I) PUBLIC ISSUE OF 86,889,700 NEW ORDINARY SHARES IN THE COMPANY ("HE GROUP SHARES" OR "SHARES") IN THE FOLLOWING MANNER:

(A) 22,000,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;

(B) 11,000,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF HE GROUP; AND

(C) 53,889,700 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

AND

(II) OFFER FOR SALE OF 44,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AT AN IPO PRICE OF RM0.28 PER SHARE PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Sole Underwriter and Placement Agent

ALLIANCE ISLAMIC BANK
Alliance Islamic Bank Berhad 200701018870 (776882-V)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 169.

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

BURSA SECURITIES HAS APPROVED OUR IPO AND THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL FOR THE ADMISSION OF OUR COMPANY TO THE OFFICIAL LIST OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITIES, AND THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THIS ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA ("SC") UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

THIS PROSPECTUS IS DATED 12 JANUARY 2024

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Offerors (as defined in this Prospectus) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Alliance Islamic Bank Berhad, being our Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the offering.

STATEMENTS OF DISCLAIMER

Approval has been granted by Bursa Securities for the listing of and quotation for the securities being offered. Admission to the Official List of ACE Market of Bursa Securities is not to be taken as an indication of the merits of the offering, our Company or our shares.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

This Prospectus, together with the Application Form (as defined in this Prospectus), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Shares listed on Bursa Securities are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Section 236 of the CMSA, is responsible.

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the Securities Commission Malaysia. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the Securities Commission Malaysia. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection herewith.

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our IPO shares are issued/offered in Malaysia solely based on the contents of this Prospectus. Our Directors, Promoters, Principal Adviser, Sponsor, Sole Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Directors, our Promoters and our Principal Adviser, Sponsor, Sole Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction which you may be subject to. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any other application made by you shall be illegal, unenforceable, voidable or void in any such country and jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus (as defined in this Prospectus) and the copy of this Prospectus registered by Bursa Securities are the same.

You are advised that the internet is not a fully secured medium. Your Internet Share Application (as defined in this Prospectus) may be subject to risks or problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined in this Prospectus). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt as to validity or integrity of the Electronic Prospectus, you should immediately request a paper/printed copy of this Prospectus from us, our Principal Adviser or our Issuing House (as defined in this Prospectus).

In the event of any discrepancy arising between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which is identical to the copy of the Prospectus registered with Bursa Securities, will prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

(i) we and our Principal Adviser do not endorse and are not affiliated in any way to the Third Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, information, files or other materials provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

(ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and

(iii) any data, information, files or other materials downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, files, information or other materials.

Where an electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

(i) the Internet Participating Financial Institutions are liable in respect of the integrity of the contents of an electronic Prospectus, to the extent of the contents of the electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software;

(ii) the Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of an electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and

(iii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an electronic Prospectus, the accuracy and reliability of an electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Event(s)	**Tentative Date(s)**
Opening of the application period for our IPO	12 January 2024
Closing of the application period for our IPO	18 January 2024
Balloting of applications	22 January 2024
Allotment of Issue Shares / Transfer of Offer Shares to successful applicants	29 January 2024
Listing on the ACE Market	30 January 2024

In the event there is any change to the indicative timetable above, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia and will also announce it on Bursa Securities' website accordingly.

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DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:

COMPANIES WITHIN OUR GROUP

Group	:	HE Group and Hexatech Engineering, collectively
HE Group or Company	:	HE Group Berhad (202301016404 (1510326-M))
Hexatech Engineering	:	Hexatech Engineering Sdn Bhd (199501008607 (337805-T))

GENERAL

ACE Market	:	ACE Market of Bursa Securities
Act	:	Companies Act 2016, including amendments from time to time and any re-enactment thereof
Acquisition of Hexatech Engineering	:	Acquisition by HE Group of the entire issued share capital of Hexatech Engineering from the Vendors for a purchase consideration of RM15,889,918.50, which was entirely satisfied by the issuance of 353,109,300 new Shares at an issue price of RM0.045 each, which was completed on 22 November 2023
ADA	:	Authorised Depository Agent, a person appointed by Bursa Depository under the Rules of Bursa Depository
AIS or **Principal Adviser** or **Sponsor** or **Sole Underwriter** or **Placement Agent**	:	Alliance Islamic Bank Berhad (200701018870 (776882-V))
Application(s)	:	The application(s) for our IPO Shares by way of Application Form, the Electronic Share Application and/or the Internet Share Application
Application Form(s)	:	The printed application form for the application of our IPO Shares accompanying this Prospectus
ATM	:	Automated Teller Machine
Authorised Financial Institution	:	Authorised financial institution participating in the Internet Share Application with respect to payments for our IPO Shares
Board	:	Board of Directors of HE Group
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
CAGR	:	Compound annual growth rate
CDS	:	Central Depository System

CDS Account(s)	:	Account(s) established by Bursa Depository for a depositor for the recording of deposits or securities and for dealings in such securities by the Depositor
CIDB	:	Construction Industry Development Board
CIDB Act 1994	:	Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994
CMSA	:	Capital Markets and Services Act 2007, including amendments from time to time and any re-enactment thereof
Constitution	:	Constitution of HE Group
COVID-19	:	An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Depositor	:	A holder of a CDS Account
Director(s)	:	Director(s) of our Company and within the meaning given in Section 2 of the CMSA
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EIS	:	Employment Insurance System
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet and/or an electronic storage medium, including but not limited to CD-ROMs *(compact disc read-only memory)*
Electronic Share Application	:	An application for our IPO Shares through a Participating Financial Institution's ATM
Eligible Person(s)	:	Eligible Directors, employees and persons who have contributed to the success of our Group, as further detailed in Section 4.1.1(b)(ii) of this Prospectus
EPF	:	Employees Provident Fund
EPS	:	Earnings per Share
EOT	:	Extension of time
ESA 1990	:	Electricity Supply Act 1990
Financial Years and Period Under Review	:	FYE 2020, FYE 2021, FYE 2022 and FPE 2023, collectively
Financial Years Under Review	:	FYE 2020, FYE 2021 and FYE 2022, collectively
FPE	:	8-month financial period ended 31 August
FYE	:	Financial year ended / ending 31 December, as the case may be
Government	:	Government of Malaysia
GP	:	Gross profit

HEC	:	Hexatech Energy Consolidated Sdn Bhd (199601039159 (411512-P))
H.S.(D)	:	Hakmilik Sementara Pendaftar
H.S.(M)	:	Hakmilik Sementara Pejabat Tanah
IMR or **Vital Factor**	:	Vital Factor Consulting Sdn Bhd (199301012059 (266797-T)), the independent business and market research consultants
IMR Report	:	Independent Assessment of the Power Distribution Systems at End-User Premises Industry in Malaysia prepared by Vital Factor as set out in Section 8 of this Prospectus
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Application, as listed in Section 16 of this Prospectus
Internet Share Application	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institution(s)
IPO	:	Initial public offering of the IPO Shares in conjunction with the Listing comprising the Public Issue and Offer for Sale
IPO Price	:	The price of RM0.28 per IPO Share
IPO Share(s)	:	The Issue Share(s) and Offer Share(s), collectively
ISO	:	International Organisation for Standardisation
Issue Share(s)	:	86,889,700 new Shares, representing 19.75% of the enlarged issued share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of the Prospectus
Issuing House and **Share Registrar**	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
Key Senior Management	:	Key senior management personnel of our Group comprising Lim Soo Cheng, Tang Kok Wai, Nelson Lim Koon Cheong, Seng Keng Theng and Chua Geok Ping
Listing	:	The admission of HE Group to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital of RM40,219,080 comprising 440,000,000 HE Group Shares on the ACE Market of Bursa Securities
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
Listing Scheme	:	The Acquisition of Hexatech Engineering, Public Issue, Offer for Sale and Listing, collectively
Lot 7743		A single-storey detached factory with a double-storey office annexe, a store, a TNB substation, a guard house and a pump house held under Lot 7743, PM 2908, Mukim Kelemak, District of Alor Gajah, State of Melaka and bearing the postal address of No. 58, Jalan Industri 13, Kawasan Perindustrian Alor Gajah, 78000 Alor Gajah, Mukim Kelemak, Melaka

LPD	:	15 December 2023, being the latest practicable date prior to the issuance of this Prospectus
Malaysian Public	:	Malaysian citizens and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day(s)	:	Any day(s) on which Bursa Securities is open for trading of securities, which may include a Surprise Holiday
MCO	:	The nationwide Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19 pandemic
MFRS	:	Malaysian Financial Reporting Standards, as issued by the Malaysian Accounting Standards Board
MITI	:	Ministry of Investment, Trade and Industry of Malaysia
N/A	:	Not applicable or not available
NA	:	Net assets
NBV	:	Net book value
NTA	:	Net tangible assets
Offer for Sale	:	Offer for sale of the Offer Shares at the IPO Price by the Offerors by way of private placement to selected investors
Offer Share(s)	:	44,000,000 existing Shares, representing 10.00% of our enlarged issued share capital, which are to be offered pursuant to the Offer for Sale and subject to the terms and conditions of this Prospectus
Offerors or **Selling Shareholders**	:	HEC, Haw Chee Seng and Eng Choon Leong, collectively
Official List	:	A list specifying all securities which have been admitted for listing on the ACE Market and not removed
Participating Financial Institutions(s)	:	Participating financial institution(s) for the Electronic Share Application, as listed in Section 16 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple
Pink Form Allocation	:	The allocation of 11,000,000 Issue Shares to the Eligible Persons
PO	:	Purchase order
PPE	:	Property, plant and equipment
Promoters	:	Haw Chee Seng and Eng Choon Leong, collectively
Prospectus	:	This prospectus dated 12 January 2024 in relation to the IPO

Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public Issue	:	The public issue of 86,889,700 Issue Shares at the IPO Price comprising: (a) 22,000,000 new Shares, representing 5.00% of our enlarged issued share capital, made available for application by the Malaysian Public; (b) 11,000,000 new Shares, representing 2.50% of our enlarged issued share capital, made available for application by the Eligible Persons; and (c) 53,889,700 new Shares, representing 12.25% of our enlarged issued share capital, made available by way of private placement to selected investors
QC	:	Quality control
Record of Depositors	:	A record provided by Bursa Depository to the Company under Chapter 34 of the Rules of Bursa Depository
ROU	:	Right-of-use
Rules of Bursa Depository	:	Rules of Bursa Depository as issued pursuant to the SICDA
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
Share(s) or **HE Group Share(s)**	:	Ordinary share(s) in HE Group
SICDA	:	Securities Industry (Central Depositories) Act, 1991
Simosynergy	:	Simosynergy Sdn Bhd (201201024614 (1009104-W))
SOCSO	:	Social Security Organisation, also known as PERKESO (Pertubuhan Keselamatan Sosial)
Solicitors	:	Cheang & Ariff
SOP(s)	:	Standard Operating Procedure(s)
Specified Shareholders	:	Haw Chee Seng, Eng Choon Leong, HEC, Yong Chong Cheang and Yong Chong Lim, collectively
SSA	:	Conditional shares sale agreement dated 12 May 2023 for the Acquisition of Hexatech Engineering
ST	:	Energy Commission
Surprise Holiday	:	A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year

TGS	:	TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), our Auditors and Reporting Accountants
TNB	:	Tenaga Nasional Berhad
Underwriting Agreement	:	The underwriting agreement dated 26 December 2023 entered into between our Company and AIS pursuant to our IPO
Vendors	:	HEC, Haw Chee Seng, Eng Choon Leong, Tang Kok Wai, Lim Soo Cheng, Seng Keng Theng, Chua Geok Ping and Yong Chong Lim, collectively

CURRENCIES AND UNITS

RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
USD	:	United States Dollar, the lawful currency of United States of America
km	:	Kilometre
sq. ft.	:	Square feet
%	:	Per centum

CUSTOMERS OF OUR GROUP

The following are details of our customers whose names have been redacted for confidentiality throughout this Prospectus:

Customer A	:	Customer A is a manufacturer of semiconductor components located in Malaysia. It is a subsidiary of a public listed company on the Frankfurt Stock Exchange with headquarters in Munich, Germany. Customer A's holding company is a leading global provider of semiconductors. Customer A's name has not been disclosed as consent was not provided by them. It is one of our major customers for FYE 2020, FYE 2021, FYE 2022 and FPE 2023.
Customer B	:	Customer B is a manufacturer of data storage devices located in Malaysia. It is a subsidiary of a public listed company on the Nasdaq Stock Market with headquarters in California, the United States of America. Customer B's holding company is a leading developer, manufacturer and provider of data storage devices. Customer B's name has not been disclosed as consent was not provided by them. It is one of our major customers for FYE 2021 and FYE 2022.
Customer C	:	Customer C is a manufacturer of electrodeposited copper foil used as input material in the production of batteries and is located in Malaysia. It is a subsidiary of a public listed company on the Korean Stock Exchange with headquarters in Seoul, South Korea. Customer C's name has not been disclosed as consents were not provided by them. It is one of our major customers for FYE 2021 and FPE 2023.

Customer X	:	Customer X is a company involved in the mechanical and engineering services for buildings including high-rise buildings, factories and commercial buildings with headquarter in Kuala Lumpur and operational offices in Penang and Johor, Malaysia. Customer X's name has not been disclosed as consents were not provided by them.
Customer Y	:	Customer Y is a company involved in providing engineering services for the industrial, commercial and medical sectors with headquarter in Penang and operational office in Selangor, Malaysia. Customer Y's name has not been disclosed as consents were not provided by them.

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GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used in this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of those terms:

Air conditioning and mechanical ventilation (ACMV)	:	It refers to a system designed to control and maintain the required temperature, humidity and air quality in a building.
Air insulated switchgear	:	It is a type of electrical switchgear used to control, protect and isolate electrical equipment in high-voltage power systems. Air insulated switchgear uses air as the insulating and arc extinguishing medium. An electrical arc is a sudden high-energy discharge of electricity that occurs when there is an interruption in the normal flow of current through a conductor, such as a cut in a cable. Air insulated switchgear is used in high-voltage power systems such as substations, power plants and large industrial plants. Compared to GIS, air insulated switchgear requires a larger footprint and is cheaper and easier to maintain, however, it is less reliable due to exposure to moisture and pollution.
Ampere	:	A unit of measurement for the flow of electric current through a conductor. 1 ampere is equal to 1 coulomb of electric charge that flows past a given point in one second.
Battery	:	A device that stores direct current. Batteries may be single-use or rechargeable.
Battery charger	:	A device to charge up or to ensure a battery is always charged-up for continuous operation.
Building information modelling (BIM)	:	It is an application software used to create digital representations of building designs and their associated systems and processes. It allows architects, engineers, contractors and other stakeholders to collaborate on coordinated models which provides a better insight into how their work fits into the overall project.
Busbar	:	An electrical conductor, commonly copper, aluminium or brass strip or bar, used for the transmission of electricity from one location or device to one or more locations or devices typically within a localised area. A busbar functions similarly to an electrical cable except it is the preferred method for the distribution of high current within a localised area.
Busway system	:	A busway system is used to transmit power from a power source to various loads or devices in a building or facility. It consists of a prefabricated, enclosed metal housing that contains conductors or busbars for carrying electrical current.
Computer-aided design (CAD)	:	CAD is the use of computer-based software to aid in the creation of digital design in 2D and 3D models.
Certificate of completion and compliance (CCC)	:	Certificate of completion and compliance is issued by the relevant authority or person under the Street, Drainage and Building Act 1974 and any by-laws made under it or such relevant legislation applicable at the material time or any certificate of the same nature issued or approved by the relevant authority in Malaysia.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Certificate of fitness for occupation (CF)	:	A Certificate of Fitness is issued by a qualified person being the professional architect or professional engineer or registered building draughtsman who is registered with the Board of Architects Malaysia or Board of Engineers Malaysia to certify that the development project is completed in accordance with the approved building plans and is safe and fit for occupation.
Certificate of Making Good Defects (CMGD)	:	Certificate of Making Good Defects is issued to the contractor by the architect who is appointed by the customer at the expiry of the DLP when all the defects notified have been rectified. However, it shall not prejudice any other rights regarding latent defects or other breaches of the contract.
Certificate of Practical Completion (CPC)	:	Certificate of Practical Completion issued by the architect on behalf of the customer when the contractor has completed his contractual obligations and has handed over the works to the customer.
Circuit breaker	:	An automatically operated electrical switch that will shut itself off (trips) and stop the flow of electricity if it detects overcurrent.
Commercial developments	:	In the context of this Prospectus, it refers to shopping mall and office buildings.
Critical machinery, equipment and devices	:	It refers to machinery, equipment and devices that is critical to the safety, health or well-being of people, environment or infrastructure where its failure can cause significant harm, damage or disruption. Examples include manufacturing machinery that involve hazardous materials, high temperatures and pressure, as well as data centres and cellular towers that provide critical services for emergency responses and public safety.
Current	:	It is the flow of electricity in a conductor measured in amperes.
Defect liability period (DLP)	:	It is a warranty period where a contractor is required to repair or make good defects at their own cost and expenses for defects in the work performed.
Direct current (DC)	:	Refers to the flow of electricity in one direction only, namely from the negative terminal through the circuit and to the positive terminal. Electricity generated by solar PV systems is in DC. DC has to be converted into AC (using an inverter) before it can be used by most electrical machinery and equipment. Additionally, DC can be stored while AC cannot be stored. As such, for the storage of electric energy, AC is converted into DC for storage.
Distribution substation	:	A type of electrical substation that is used to distribute electrical power to consumers at lower voltages. It is typically located closer to the end users such as residential and commercial areas, and are responsible to reduce or step down the voltages of the power to levels that are safe and suitable for use in homes and businesses. Distribution substations are injection points from 11kV, 22kV and sometimes 33kV systems to the low voltage network (415 volts and 230 volts). It is also referred to as *Pencawang Elektrik* (P/E) according to TNB's terminology.
Electrical system	:	A connection of machinery, equipment and/or devices that requires electricity to perform work.

Electricity	:	It is a power source to, among others, operate electrical machines, equipment and devices. Electricity is a secondary energy source derived from electromagnetism, one of the natural forces. As a secondary energy source, the generation of electricity relies on primary energy sources such as solar, wind, fossil fuels, hydropower, and radioactive materials. In the context of this Prospectus, it is used synonymously with "power", unless indicated otherwise.
End-user premises	:	Refers to a designated area comprising built environments that may incorporate buildings, amenities and facilities. End-user premises include, among others, industrial, commercial, institutional, residential, entertainment and public amenity developments, properties or facilities.
Extension of time (EOT)	:	Extension of time resulting from a delay which could not be reasonably foreseen at the time of contract signing. The granting of an EOT relieves the contractor from liability of damages such as LAD from the original date of contract completion.
Extra Low Voltage (ELV)	:	A voltage less than or equal to 50V.
Faults	:	It refers to a problem in an electrical system that can cause disruption or failure in the normal flow of electricity. A fault may be due to factors, including equipment failure, damage to wires or cables, or a short circuit.
Frequency	:	In electricity, it refers to the number of cycles per second in an alternating current, measured in hertz. The frequency of AC power can affect the performance of some electrical equipment, such as motors and generators. Many electrical equipment and devices are designed to operate at a specific frequency, and deviations exceeding certain upper or lower limits can affect the efficiency and performance of the electrical equipment or devices.
Gas insulated switchgear (GIS)	:	It is a type of electrical switchgear used to control, protect and isolate electrical equipment in high voltage power systems. It is a compact and modular design that utilises sulphur hexafluoride (SF_6) gas as an insulating and arc-extinguishing medium. An electrical arc is a sudden high-energy discharge of electricity that occurs when there is an interruption in the normal flow of current through a conductor, such as a cut in a cable. GIS is used in high voltage power systems such as in substations and large industrial plants. Compared to air insulated switchgear, GIS is more compact and highly reliable due to its enclosed design, however it is generally more expensive and requires specialised maintenance due to the usage of SF_6 gas.
High voltage (HV)	:	A voltage of more than 50kV but less than or equal to 230kV.
Hook-up and retrofitting	:	In the context of this Prospectus, it refers to the process of connecting plant and machinery, and various electrical equipment and component to a power source to form a functional system.
Interconnection	:	In the context of this Prospectus, it refers to the electrical connection of an end-user substation to the power grid or from a solar PV system to a main distribution board in end-user premises.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

kilovolt (kV)	:	Equivalent to one thousand volts.
kilowatt (kW)	:	Equivalent to one thousand watts.
kilowatt peak (kWp)	:	The maximum output of solar PV panels of one thousand watts.
Liquidated and ascertained damages (LAD)	:	Liquidated and ascertained damages are damages payable to a client when a contractor fails to deliver the completed work within the stipulated period in the contract. The damages payable is calculated at a rate stated in the contract.
Loads	:	In the context of this Prospectus, it refers to any machine, equipment or device that uses electricity.
Low voltage (LV)	:	A voltage of more than 50 volts but less than or equal to 1kV.
Main intake substation	:	It is the first electrical substation that receives high voltage power from the power generation station or from the power transmission lines. Its main function is to step down the high voltage power to a lower voltage for further transmission and distribution. The main intake substation is also referred to as *Pencawang Masuk Utama* (PMU) according to TNB's terminology.
Main switchboard	:	A type of power distribution panel that is directly connected to the main source of external electrical power, commonly connected to a substation in industrial plants or large commercial and residential developments. It functions mainly to distribute incoming power safely to other power distribution panels, other types of panels such as MCC and process control panels, as well as individual loads (user machines, equipment, and devices).
Mechanical system	:	It is a group of interconnected physical parts and components that work together to perform a specific task or series of tasks. The movements and interaction of these parts and components require an energy source such as electricity. Examples of mechanical systems include air conditioning and mechanical ventilation, elevators and fire fighting system.
Medium voltage (MV)	:	A voltage of more than 1kV but less than or equal to 50 kV.
Megawatt (MW)	:	Equivalent to one million watts.
Megawatt peak (MWp)	:	The maximum output of solar PV panels of one million watts.
Motor control centre (MCC) panel	:	A type of power distribution panel that is used to provide power and control electric motors from a central location. It functions to control the starting, stopping, and operational speed of electric motors as well as protect the motors from overcurrent, low voltage and electrical faults.
Overcurrent	:	An electrical current in excess of what was originally expected, specified or allowed.
Photovoltaic (PV)	:	Refers to the conversion of sunlight into electricity.
Power	:	In the context of this Prospectus, it is used synonymously with "electricity", unless indicated otherwise.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Power distribution system	:	Power distribution system refers to a network of electrical systems, equipment and components used to distribute and control the flow of electricity from the main power sources to the various electrical load within a building or facility.
Power factor	:	It is a measure of the efficiency of an electrical machine, equipment, device or system. It is defined as the ratio of the real power (measured in watts) to the apparent power (measured in volt-amperes). A low power factor means that the machine, equipment, device or system is not operating efficiently, as some of the energy being supplied is being wasted.
Power grid	:	It refers to the transmission and distribution network from the power generation source to the end-user premises substation. The power grid in Peninsular Malaysia is owned and operated by TNB.
Programmable logic controllers (PLC)	:	PLC can be programmed to read input data, process the data based on conditions and instructions, and send output data for display or further action. In a manufacturing and processing environment, sensors are linked to the PLC to continuously provide input data, while on the output side, it is linked to the distributed control system to integrate with other processes, actuators to initiate an action, switches to turn on or off power supply, and display panels as part of human-machine-interface.
Protection devices	:	Electrical devices that prevent overcurrent in an electrical circuit, thus protecting premises from fire, lives from electrocution, and equipment and machinery from damage.
Relay	:	A switch that opens and closes circuits electromechanically or electronically.
Remote terminal unit (RTU)	:	RTU functions like a PLC with the added function to provide communications between the sensors, instrumentations and control devices placed at the operations as well as communications to a remote command centre. RTU commonly uses wireless transmission to communicate and transmit data in a SCADA system due to the large geographic area covered by the operations such as a natural gas pipeline.
Residential developments	:	In the context of this Prospectus, it refers to high-rise residential buildings and their associated amenities and facilities.
SCORE	:	*Program Penilaian Keupayaan dan Kemampuan Kontraktor* is a programme introduced by the CIDB and SME Corp to measure the capability of local and foreign contractors in Malaysia. It is part of CIDB's ongoing effort to raise the profile of the local construction industry and provide a basis for the development of Malaysian contractors by identifying areas for improvement.
Sensitive machinery, equipment and devices	:	It refers to machinery, equipment and devices that are sensitive to changes in temperature, humidity, pressure, vibration or electromagnetic interference. As such, it requires special care, handling or protection to prevent damage or malfunction. Examples include precision manufacturing machinery, laboratory equipment and medical devices.
Sensors	:	A device that senses or detects various environmental conditions such as heat, pressure or moisture, and produces an output signal to another device or display monitor.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Solar PV system	:	An electric power system designed with one or more solar panels combined with an inverter or controller and other electrical and mechanical hardware to generate power by means of photovoltaics using solar cells.
Stability	:	In the context of power in this Prospectus, it refers to the flow of electricity where its parameters such as voltage, current, frequency and waveform fluctuations within a very narrow and defined upper and lower limit.
Substation	:	Its function is to either step-up or step-down power, as well as to distribute power to other substations or locations within a power grid.
Sub-switchboard	:	A type of power distribution panel that functions as the second level of power distribution where it takes incoming electrical power from the main switchboard and distributes the power to several distribution boards or direct to individual loads.
Supervisory control and data acquisition (SCADA)	:	It is a control system with a central processing unit that monitors and controls a complete site or commonly a system or facility (such as a gas pipeline) spread out over a long distance. The bulk of the site control is performed automatically by a PLC (for localised control) or a RTU (for remote control).
Switchboard	:	An electrical device that distributes electricity from an electrical source to another device or location. It is made up of several electric panels. Each electric panel contains some combination of relays, regulators, transformers and switches that safely divert or distribute electricity to devices and pathways that require the electricity. It also incorporates electrical protection devices.
Switchgear	:	Similar to switchboard with the exception that it handles high and medium voltage power. See switchboard.
Switching substation	:	A type of electrical substation that is primarily used to transfer or switch electrical power between different circuits, to redirect power flow during outages or maintenance, and to isolate the system from faults or overloads. It also functions to supply power to dedicated bulk or large power consumers (33kV, 22kV and 11kV), or to provide bulk capacity transfer from a transmission main intake or primary substation to a load centre for further localised distribution. The switching station is also referred to as *Stesen Suis Utama* (SSU) according to TNB's terminology.
Transformers	:	An electrical equipment that functions to change the voltage of electricity flowing in the circuit. Step-up transformers are used to increase the voltage of electricity, while step-down transformers are used to reduce the voltage of electricity in AC circuits.
Uninterruptible Power Supply (UPS)	:	It is a type of electrical power backup system that provides emergency power to critical equipment in the event of a power outage or voltage fluctuations. It is designed to ensure that important electrical devices such as computers, servers and other sensitive equipment, remain powered and operational during power interruptions.
Variation order	:	A variation order is issued when there is an alteration in the original contract agreement which may include, among others, design, scope of work and/or contract value.
Volt (V)	:	A unit of measure of electrical potential difference.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Watt (W)	:	A unit of measure for energy within an electrical current with a potential difference of one volt and current of one ampere.
Waveform	:	In the context of the supply of electricity, it refers to the shape of a flowing alternating current (AC). The AC flows in a sinusoidal waveform, which means that the voltage and current levels fluctuate in a smooth and repetitive pattern. The frequency of the waveform is standardised, typically at 50 or 60 Hertz (Hz). The waveform of the AC is important as it affects the performance of electrical machine, equipment and devices as they are designed to work most efficiently within a certain upper and lower limit of the sinusoidal waveform. However, some electrical equipment, for example electronic equipment, is particularly sensitive and may fail if the waveform fluctuates outside their tolerance of upper and lower limits.

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PRESENTATION OF INFORMATION

Any reference to words such as “we”, “us”, “our” and “ourselves” in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to “our Company” or “HE Group” in this Prospectus are to HE Group, references to “our Group” are to our Company and our subsidiary taken as a whole. Unless the context otherwise requires, references to “Management” are to our Directors and Key Senior Management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to “you” are to our prospective investors.

In this Prospectus, references to the “Government” are to the Government of Malaysia; and references to “RM” and “sen” are to the lawful currency of Malaysia. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding. Other abbreviations and acronyms used herein are defined in the “Definitions” section and technical terms used herein are defined in the “Glossary of Technical Terms” section. Words denoting the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, bodies corporate and corporations.

References to the provisions of the statues, rules and regulations, enactments, guidelines or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments, guidelines or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments, guidelines or rules of stock exchange for the time being in force.

All reference to dates and times are references to dates and times in Malaysia unless otherwise stated.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding growth and performance of the industry on which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where there is no source stated, it can be assumed that the information originates from us or is extracted from the Independent Market Research Report prepared by Vital Factor which is included in Section 8 of this Prospectus. Vital Factor has been appointed to provide an Independent Market Research Report. In compiling its data for the review, Vital Factor had relied on its research methodology, industry sources, published materials, its own private databases and direct contacts within the industry. Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot assure you that the projections will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

If there are any discrepancies or inconsistencies between the English and Bahasa Malaysia versions of this document, the English version shall prevail.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, future plans and prospects, and objectives of our Group for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Group's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) our business strategies, trends and competitive position;

(ii) our plans and objectives for future operations;

(iii) our financial position;

(iv) potential growth opportunities;

(v) our future earnings, cash flow and liquidity;

(vi) our ability to pay dividends; and

(vii) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(i) the general economic, business, social, political and investment environment in Malaysia and globally;

(ii) government policy, legislation and regulation;

(iii) interest rates, tax rates and exchange rates;

(iv) the competitive environment in the industry in which we operate;

(v) reliance on approvals, licences and permits;

(vi) availability and fluctuations in prices of raw materials; and

(vii) fixed and contingent obligations and commitments.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 9 of this Prospectus on “Risk Factors” and Section 12.3 of this Prospectus on “Management’s Discussion and Analysis of Financial Conditions, Results of Operations and Prospects”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised.

FORWARD LOOKING STATEMENTS (CONT'D)

These forward-looking statements are based on information available to us as at the LPD and are made only as at the LPD. Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of the IPO Shares / transfer of the Offer Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name / *(Designation)*	Address	Nationality
Datuk Christopher Wan Soo Kee *(Independent Non-Executive Chairman)*	No. 51, SS 2/4 47300 Petaling Jaya Selangor	Malaysian
Haw Chee Seng *(Managing Director)*	No. 39, Jalan DP 7 Taman Datuk Palembang Bukit Baru 75150 Melaka	Malaysian
Eng Choon Leong *(Executive Director)*	No. 84, Jalan Wawasan 4/6 Pusat Bandar Puchong 47160 Puchong Selangor	Malaysian
Andrea Huong Jia Mei *(Independent Non-Executive Director)*	546, Jalan 7 Taman Ampang Utama 68000 Ampang Selangor	Malaysian
Ir. Dr. Ng Kok Chiang *(Independent Non-Executive Director)*	No. 79, Jalan 1/8 Villa Heights 43000 Kajang Selangor	Malaysian
Christine Toh Hung Mei *(Independent Non-Executive Director)*	No. 6, Jalan SL 9/10C Bandar Sungai Long 43000 Kajang Selangor	Malaysian

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1. CORPORATE DIRECTORY (CONT'D)

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Andrea Huong Jia Mei	Chairperson	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director
Christine Toh Hung Mei	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Ir. Dr. Ng Kok Chiang	Chairperson	Independent Non-Executive Director
Andrea Huong Jia Mei	Member	Independent Non-Executive Director
Christine Toh Hung Mei	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Christine Toh Hung Mei	Chairperson	Independent Non-Executive Director
Andrea Huong Jia Mei	Member	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARIES	:	Tea Sor Hua 75C, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Telephone No. : (03) 7725 1777 SSM Practicing Certificate No. : 201908001272 Professional Qualification : Malaysian Association of Company Secretaries ("**MACS**") (Membership No. MACS 01324) Lee Siew Fun 75C, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Telephone No. : (03) 7725 1777 SSM Practicing Certificate No. : 202008000735 Professional Qualification : Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") (Membership No. MAICSA 7063623)
REGISTERED OFFICE	:	Third Floor, No. 77, 79 & 81 Jalan SS21/60, Damansara Utama 47400 Petaling Jaya Selangor Telephone No. : (03) 7725 1777 Facsimile No. : (03) 7722 3668 Website : https://www.cospec.com.my/ Email : cms_cospec@yahoo.com
HEAD OFFICE	:	No. 42, Jalan OP 1/5 Pusat Perdagangan One Puchong 47160 Puchong Selangor Telephone No. : (03) 8068 1811 Facsimile No. : (03) 8068 1721 Website : https://www.hexatech.com.my/ Email : corporate@hexatech.com.my

1. CORPORATE DIRECTORY (CONT'D)

AUDITORS AND REPORTING ACCOUNTANTS	:	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 Telephone No. : (03) 9771 4326 Partner-in-charge : Ooi Poh Lim Approval No. : 03087/10/2025J Professional Qualification : Chartered Accountant, Member of Malaysian Institute of Accountants (Membership No. 32145)
SOLICITORS FOR THE LISTING	:	Cheang & Ariff Loke Mansion 273A, Jalan Medan Tuanku 50300 Kuala Lumpur Telephone No. : (03) 2691 0803
PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND PLACEMENT AGENT	:	Alliance Islamic Bank Berhad (Registration No.: 200701018870 (776882-V)) Level 3, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Telephone No. : (03) 2604 3333
ISSUING HOUSE AND SHARE REGISTRAR	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No.: 197101000970 (11324-H)) Unit 32-01, Level 32 Tower A, Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Malaysia Telephone No. : (03) 2783 9299

1. CORPORATE DIRECTORY (CONT'D)

INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS	:	Vital Factor Consulting Sdn Bhd (Registration No. 199301012059 (266797-T)) V Square @ PJ City Centre (VSQ) Block 6, Level 6 Jalan Utara 46200 Petaling Jaya Selangor

Telephone No.	:	(03) 7931 3188
Person-in-charge	:	Wooi Tan
Qualification	:	Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia, Bachelor of Science from The University of New South Wales, Australia and a Fellow of the Australian Marketing Institute, and Institute of Managers and Leaders, Australia

(Please refer to Section 8 of this Prospectus for the profile of the firm and signing partner)

LISTING SOUGHT	:	ACE Market of Bursa Securities
SHARIAH STATUS	:	Approved by the SAC

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS FROM RELEVANT AUTHORITIES

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 6 November 2023 ("**Approval Letter**"), approved:

(i) the admission of our Company to the Official List of the ACE Market; and

(ii) the listing of and quotation for our entire enlarged issued share capital comprising 440,000,000 Shares on the ACE Market.

The approval from Bursa Securities is subject to the following conditions:

Details of conditions imposed	Status of compliance
1. Submission of the following information with respect to the moratorium on the shareholdings of the specified shareholders to Bursa Depository: (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares.	To be complied prior to Listing.
2. Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied.
3. Bumiputera equity requirements for public listed companies as approved / exempted by the SC including any conditions imposed thereon;	To be complied.
4. Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of Listing Requirements;	To be complied prior to Listing.
5. Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of HE Group on the first day of Listing;	To be complied upon Listing.
6. In relation to the public offering to be undertaken by HE Group, to announce at least 2 Market Days prior to the Listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment / allocation; (iii) A table showing the distribution for placement tranche as per the format in Appendix I of the Approval Letter; and (iv) Disclosure of placees who become substantial shareholders of HE Group arising from the public offering, if any. AIS to ensure that the overall distribution of the Company's securities is properly carried out to mitigate any disorderly trading in the secondary market; and	To be complied prior to Listing.

2. APPROVALS AND CONDITIONS (CONT'D)

Details of conditions imposed	Status of compliance
7. HE Group / AIS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of HE Group to the Official List of the ACE Market.	To be complied upon Listing.

2.1.2 SC

Our Listing Scheme is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 8 November 2023, approved the resultant equity structure of HE Group under the Bumiputera equity requirement for public listed companies pursuant to our Listing, subject to the following conditions:

Details of conditions imposed	Status of compliance
1. HE Group to make available at least 50.00% of the Shares offered to the Malaysian Public investors via balloting to Bumiputera public investors at the point of Listing;	To be complied upon Listing.
2. HE Group to allocate 12.50% of its enlarged number of issued shares to Bumiputera investors to be approved or recognised by MITI within 1 year after achieving the profit requirement for companies seeking listing on the Main Market of Bursa Securities or 5 years after being listed on the ACE Market of Bursa Securities, whichever is earlier ("**Compliance Date**");	To be complied.
3. HE Group to submit to the SC a proposal to comply with the equity condition stated in paragraph 2 above, at least 6 months prior to the Compliance Date; and	To be complied.
4. AIS or HE Group to submit HE Group's equity structure to the SC upon completion of the Listing.	To be complied upon Listing.

2.1.3 SAC

The SAC had, vide its letter dated 20 July 2023, classified our Shares as Shariah-compliant based on the latest audited combined financial statements of HE Group for FYE 2022.

2.2 MORATORIUM ON SALE OF SHARES

In compliance with Rule 3.19 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Specified Shareholders as follows:

(i) the moratorium applies to our Specified Shareholders' entire shareholdings for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");

(ii) upon the expiry of the First 6-Month Moratorium, we must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.00% of our total number of issued Shares (adjusted for any bonus issue or subdivision of shares) remain under moratorium for a further 6 months ("**Second 6-Month Moratorium**"); and

(iii) upon the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3rd per annum (on a straight-line basis) of their Shares held under moratorium.

2. APPROVALS AND CONDITIONS (CONT'D)

The Shares of the following Specified Shareholders which will be subject to moratorium are as follows:

	Year 1 after Listing				Year 2 after Listing		Year 3 after Listing	
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Moratorium shares		Moratorium shares	
Name of Specified Shareholder	No. of Shares[(1)]	% of enlarged issued share capital[(2)]	No. of Shares	% of enlarged issued share capital[(2)]	No. of Shares	% of enlarged issued share capital[(2)]	No. of Shares	% of enlarged issued share capital[(2)]
HEC	108,243,720	24.60	77,775,708	17.68	51,850,472	11.78	25,925,236	5.89
Haw Chee Seng	89,840,011	20.42	64,552,202	14.67	43,034,802	9.78	21,517,401	4.89
Eng Choon Leong	65,122,360	14.80	46,791,977	10.63	31,194,651	7.09	15,597,325	3.55
Yong Chong Lim	12,358,826	2.81	8,880,113	2.02	5,920,075	1.35	2,960,038	0.67
Total	**275,564,917**	**62.63**	**198,000,000**	**45.00**	**132,000,000**	**30.00**	**66,000,000**	**15.00**

Notes:

(1) After the Offer for Sale.

(2) Based on the enlarged issued share capital of 440,000,000 Shares after our IPO.

Our Specified Shareholders above have furnished a letter of undertaking to Bursa Securities that they will not sell, transfer or assign any part of their interest in the Shares during the moratorium period. In addition, the shareholders of HEC namely, Yong Chong Cheang and Ralph Krattli have each furnished a letter of undertaking to Bursa Securities that they will not sell, transfer or assign any part of their shareholdings in HEC during the moratorium period.

The moratorium, which is fully accepted by our Specified Shareholders above, is specifically endorsed on our share certificate representing their shareholdings, which is under moratorium to ensure that our Share Registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed.

3. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

3.1 PRINCIPAL DETAILS OF OUR IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

Number of Shares to be issued under the Public Issue	**86,889,700**
- *Malaysian Public*	*22,000,000*
- *Eligible Persons*	*11,000,000*
- *Private placement to selected investors*	*53,889,700*
Number of Shares to be offered under the Offer for Sale	**44,000,000**
Enlarged issued share capital upon Listing	RM40,219,080 comprising 440,000,000 Shares
IPO Price	RM0.28
Market capitalisation upon Listing (based on the IPO Price and our enlarged issued share capital after the IPO)	RM123,200,000

Our Specified Shareholders' entire shareholdings after IPO will be held under moratorium for 6 months from the date of our Listing. Thereafter, our Specified Shareholders' shareholdings amounting to 45% of our total number of Issue Shares (adjusted for any bonus issue or subdivision of shares) will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3rd per year (on a straight line basis) of their Shares held under moratorium upon expiry of the second 6-month period. Further details on moratorium on our Shares and our IPO are set out in Sections 2.2 and 4.1 of this Prospectus, respectively.

3.2 BACKGROUND INFORMATION OF OUR GROUP AND BUSINESS OPERATIONS

Our Company was incorporated in Malaysia on 2 May 2023 under the Act as a private company limited by shares under the name of HE Group Sdn Bhd and was subsequently converted into a public company on 23 May 2023.

Our principal activity is investment holding while the principal activities of our subsidiary, Hexatech Engineering is the provision of power distribution system, other building systems and works, hook-up and retrofitting of electrical equipment and trading.

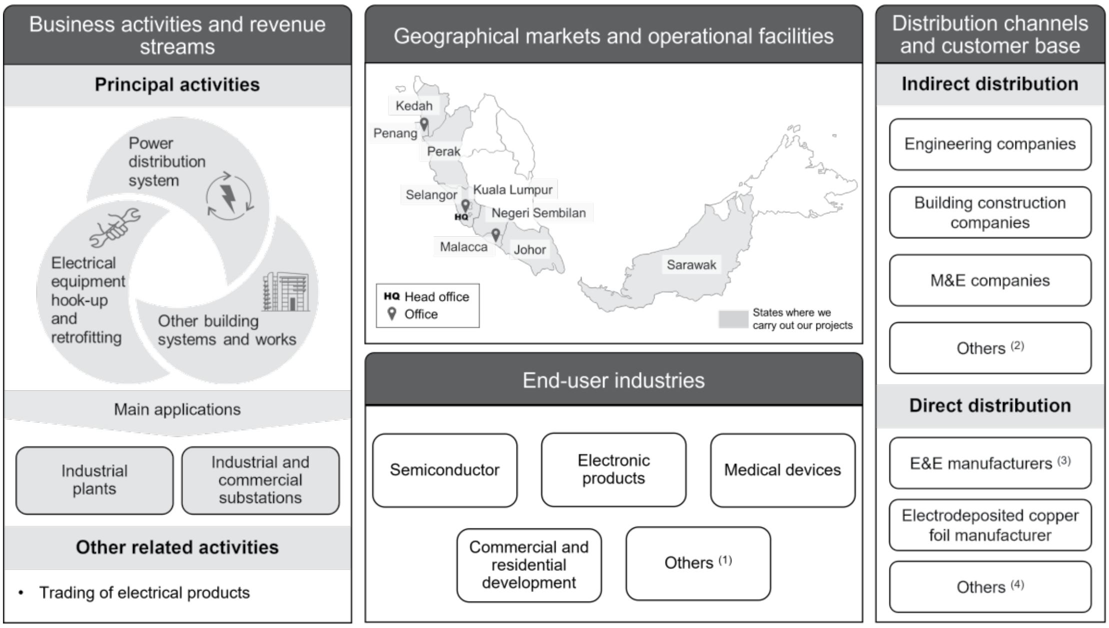
Hexatech Engineering is an electrical engineering service provider focusing on the provision of power distribution systems for end-user premises such as industrial plants, and industrial and commercial substations. It is involved in the design, supply, installation, testing and commissioning of HV, MV, LV and ELV power distribution systems, as well as equipment hook-up and retrofitting which includes the installation of machinery and equipment, and providing upgrades and modifications of electrical equipment.

In addition, Hexatech Engineering also provides other building systems and works including mechanical systems, control and instrumentation systems, as well as civil, structural and architectural works, which they outsourced these works to third parties under their supervision and project management. Hexatech Engineering is also involved in trading of electrical products.

3. PROSPECTUS SUMMARY (CONT'D)

Please refer to Section 7 of this Prospectus for further details on our Group's business operations.

Our Group's business model is depicted in the following diagram:



Notes:

(1) Includes electrodeposited copper foil, battery cell manufacturing, telecommunications, chemical products, gas, solar, education, food and beverage, and glove industries.

(2) Includes mainly manufacturers and suppliers of M&E equipment, electrical contractor, and water treatment service providers.

(3) Includes manufacturers of semiconductor and electronic products.

(4) Includes mainly manufacturers of chemical products, solar PV modules, and gloves, as well as property developers.

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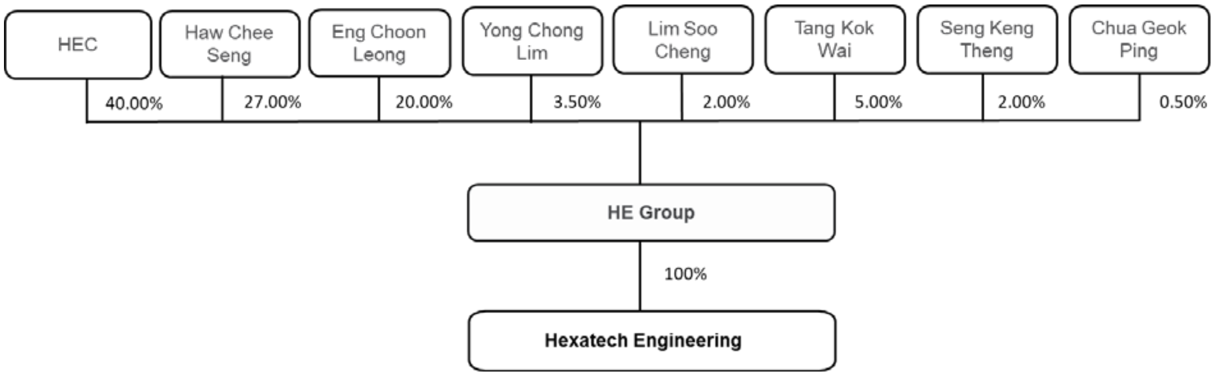
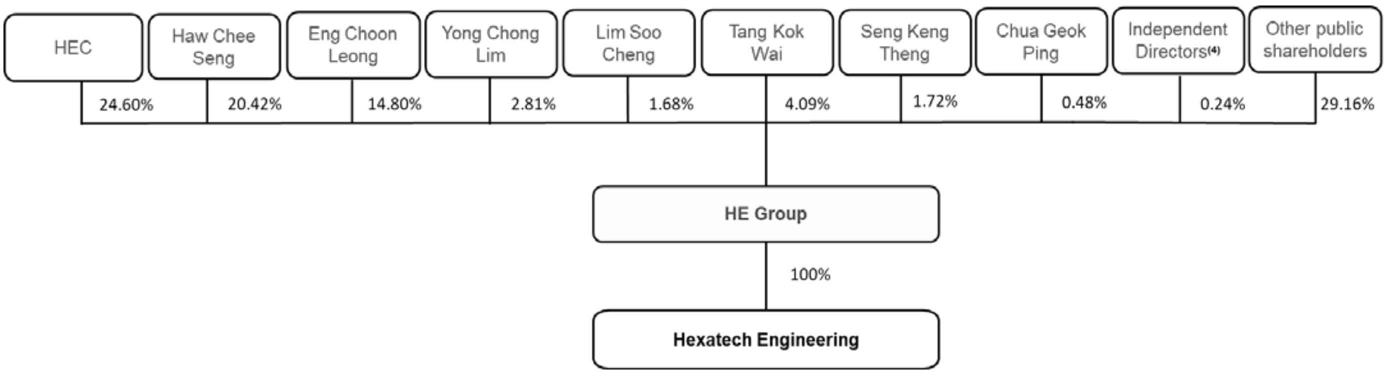
Our Group structure upon Listing is as follows:

After the Acquisition of Hexatech Engineering but before our IPO[(1)]



After our IPO[(2)(3)]



Notes:

(1) Based on the issued share capital of 353,110,300 Shares after the completion of the Acquisition of Hexatech Engineering but before our IPO.

(2) Based on the enlarged issued share capital of 440,000,000 Shares after our IPO.

(3) Assuming our Independent Non-Executive Directors / Key Senior Management will fully subscribe for their respective allocation under the Pink Form Allocation.

(4) Assuming each of our Independent Non-Executive Director will hold 250,000 Shares or 0.06% of the enlarged issued share capital after our IPO, respectively.

Further details of our Group are set out in Section 6 of this Prospectus.

3.3 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

A summary of our Group's competitive advantages and key strengths is set out below:

(i) We have an established track record of 16 years as an electrical engineering service provider to serve as a platform for business sustainability and growth;

(ii) We have a track record in the provision of HV, MV, LV and ELV power distribution systems for end-user premises that provide us with a wide addressable market;

(iii) We service growth end-user industries including semiconductors, medical devices and electronic product industries that provide us with opportunities to sustain and drive our business growth;

(iv) We have both indirect and direct distribution channels to maximise our sales and marketing coverage;

(v) We are a registered CIDB Grade 7 (G7) and Class A electrical contractor that allow us to undertake electrical installation works in Malaysia with no limitation on project size; and

(vi) We have experienced Managing Director, Executive Director and Key Senior Management to grow our business.

Further details of our competitive advantages and key strengths are set out in Section 7.3 of this Prospectus.

3.4 BUSINESS STRATEGIES AND PLANS

A summary of our Group's business strategies and plans is set out below:

(i) Expand our capabilities to be an integrated mechanical, electrical and process utility (MEP) engineering service provider

We intend to expand our internal capabilities to be an integrated MEP engineering service provider. Mechanical and process utility systems are often combined with electrical systems to form integrated systems in various applications such as industrial manufacturing processes and building services.

In the past, any project which involves the provision of mechanical and process utility systems as part of the scope of our contract was entirely subcontracted out to experts in their field under our supervision and project management. Moving forward, we plan to develop this expertise in-house by hiring a team of mechanical engineers, chemical engineers, and process engineers with experience in carrying out the design and engineering of the mechanical and process utility systems.

Essentially, by bringing this expertise in-house, we can bid as an integrated MEP engineering service provider for large industrial and commercial projects. As an integrated MEP engineering service provider, we aim to position ourselves as a single point of contact and responsibility to provide better quality in interfacing these systems and increasing convenience to our customers.

(ii) Set-up physical offices in Kedah and Johor

We currently have offices in Selangor, Malacca and Penang. Our business strategy is to increase our coverage and presence in other states. By setting up physical offices in Kulim, Kedah and Johor Bahru, Johor, we will be able to improve our customer and technical support services promptly due to proximity, and the effectiveness of our sales and marketing activities to capture potential business opportunities in the respective states.

(iii) Expand our end-user industry coverage to include data centres

For the Financial Years and Period Under Review, our focus on industrial plants mainly covers the semiconductor, medical device and electronic product industries. Moving forward, we plan to expand our end-user industry coverage to include data centres.

The provision of reliable and stable power is crucial for the efficient operation of a data centre. As such, our business strategy is to leverage our track record in providing power distribution systems to similar industries that require high-quality power supply such as semiconductors, medical devices and electronic products to service the data centre industry.

Meanwhile, mechanical and process utility system such as ACMV systems are also integral to the development of the data centre as it helps maintain a consistent and optimal temperature and humidity level for equipment to function efficiently.

Further details of our business strategies and plans are set out in Section 7.15 of this Prospectus.

3.5 RISK FACTORS

Our business is subject to a number of risk factors, many of which may have a material adverse impact on our business operations, financial position and performance. A summary of the key risk factors is set out below:

(i) Our business and financial performance are dependent on our ability to secure new and sizeable projects promptly to ensure the continuity of our order book to sustain our business;

(ii) We may face unanticipated increases in project costs including material, subcontractor and labour costs as our projects are typically based on fixed lump sum contracts;

(iii) We have exhibited some degree of reliance on Customer A and the loss of revenue from this customer, if not replaced promptly, may affect our financial performance;

(iv) We are dependent on our subcontractors to carry out certain works for our projects;

(v) Our projects may be subject to delays resulting in the risk of claims relating to LAD;

(vi) We are exposed to the risk of defect liability claims from our customers;

(vii) We may not be able to renew or obtain material licences and permits required to carry out our projects;

(viii) We cannot assure that our business strategies and plans will be commercially successful;

(ix) There is no assurance that our insurance coverage would be adequate;

(x) We may not be able to sustain our revenue growth rate and our financial performance in the future;

(xi) We are dependent on our Managing Director, Executive Director and Key Senior Management for our business continuity; and

(xii) We are subject to foreign exchange fluctuation risks which may impact the profitability of our Group.

Further details on the full list of risk factors are set out in Section 9 of this Prospectus which should be considered before investing in our Shares.

3.6 IMPACT OF COVID-19

During the Financial Years Under Review, our Group's business and onsite operations faced temporary suspension and slowdown of work pursuant to the outbreak of the COVID-19 virus in Malaysia. However, we have sought EOT from our customers for several projects in Kuala Lumpur, Selangor and Penang respectively. As at LPD, all these projects have been completed and handed over to customers.

For the Financial Years and Period Under Review and up to the LPD, we have not encountered any situation where customers had imposed LADs on us due to delays caused by the pandemic. Since 18 March 2020 and up to the LPD, we did not experience any cancellation of contracts or work orders by customers due to the pandemic.

Further details on the impact of COVID-19 to our business and operations are set out in Section 7.10 of this Prospectus.

3.7 DIRECTORS AND KEY SENIOR MANAGEMENT OF OUR GROUP

As at LPD, our Directors and Key Senior Management are as follows:

Name	Designation
Directors	
Datuk Christopher Wan Soo Kee	Independent Non-Executive Chairman
Haw Chee Seng	Managing Director
Eng Choon Leong	Executive Director
Andrea Huong Jia Mei	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang	Independent Non-Executive Director
Christine Toh Hung Mei	Independent Non-Executive Director
Key Senior Management	
Lim Soo Cheng	Chief Financial Officer
Tang Kok Wai	Project and Technical Director
Nelson Lim Koon Cheong	Hook-up and Retrofitting Manager
Seng Keng Theng	Finance and Credit Manager
Chua Geok Ping	Human Resources Manager

Further details of our Directors and Key Senior Management are set out in Sections 5.2 and 5.4 of this Prospectus, respectively.

3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS OF OUR GROUP

The details of our Promoters and/or substantial shareholders, and their respective shareholdings in our Company before our IPO and after our IPO are as follows:

		Before our IPO / As at LPD [(1)]				After our IPO [(2)]			
		Direct		Indirect		Direct		Indirect	
Name	**Nationality / Country of incorporation**	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**
Promoters and substantial shareholders									
Haw Chee Seng	Malaysian	95,340,011	27.00	-	-	89,840,011	20.42	-	-
Eng Choon Leong	Malaysian	70,622,360	20.00	-	-	65,122,360	14.80	-	-
Substantial shareholders									
HEC	Malaysia	141,243,720	40.00	-	-	108,243,720	24.60	-	-
Yong Chong Cheang	Malaysian	-	-	141,243,720[(3)]	40.00	-	-	108,243,720[(3)]	24.60

Notes:

(1) Based on the issued share capital of 353,110,300 Shares after the completion of the Acquisition of Hexatech Engineering but before our IPO.

(2) Based on the enlarged issued share capital of 440,000,000 Shares after our IPO.

(3) Deemed interested by virtue of his interest in HEC pursuant to section 8 of the Act.

Further details of our Promoters and substantial shareholders and their shareholdings in our Company as well as moratorium imposed on their Shares are set out in Sections 5.1 and 2.2 of this Prospectus, respectively.

3.9 USE OF PROCEEDS

Based on the IPO Price of RM0.28, the total gross proceeds of RM24.33 million from our Public Issue will be utilised by our Group in the following manner:

Description of use	RM'000	%	Estimated time frame for use (from our Listing date)
Business expansion	3,650	15.00	Within 30 months
Capital expenditure	1,750	7.19	Within 24 months
Working capital	15,129	62.19	Within 36 months
Estimated listing expenses	3,800	15.62	Within 1 month
Total	**24,329**	**100.00**	

There is no minimum subscription level in terms of the proceeds to be raised from our IPO. Our Company will not receive any proceeds from the Offer for Sale. Further details on the utilisation of proceeds are set out in Section 4.5 of this Prospectus. The financial impact of the use of proceeds from our Public Issue is illustrated in our Pro Forma Combined Statements of Financial Position as at 31 August 2023 as set out in Section 13 of this Prospectus.

3.10 FINANCIAL HIGHLIGHTS

The following table sets out a summary of our Group's audited combined financial statements for the Financial Years and Period Under Review:

	Audited			Unaudited	Audited
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2022 RM'000	FPE 2023 RM'000
Revenue	31,388	100,461	107,573	51,404	138,577
Cost of sales	(27,833)	(89,869)	(92,569)	(43,365)	(122,613)
GP	3,555	10,592	15,004	8,039	15,964
Other income	1,919	414	770	423	414
PBT	1,941	5,479	7,982	4,211	9,951
PAT	1,698	4,134	6,169	3,258	7,255
Total assets	20,490	61,706	89,267	*	110,609
Total equity	9,086	12,720	15,890	*	23,145
Total liabilities	11,404	48,986	73,377	*	87,464

The key financial ratios of our Group are as follows:

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
GP margin[(1)] (%)	11.33	10.54	13.95	15.64	11.52
PBT margin[(2)] (%)	6.18	5.45	7.42	8.19	7.18
PAT margin[(3)] (%)	5.41	4.12	5.73	6.34	5.24
Effective tax rate (%)	12.52	24.55	22.71	22.63	27.09
Trade receivables turnover period[(4)] (days)	77	111	111	*	88
Trade payables turnover period[(5)] (days)	70	156	145	*	124

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
Inventories turnover period(6) (days)	2	2	3	*	2
Current ratio(7) (times)	1.37	1.14	1.13	*	1.18
Gearing ratio(8) (times)	0.50	0.52	0.59	*	0.13

* Not available as there is no comparative figure being prepared for the statements of financial position as at 31 August 2023.

Notes:

(1) GP margin is calculated based on GP divided by revenue.

(2) PBT margin is calculated based on PBT divided by revenue.

(3) PAT margin is calculated based on PAT divided by revenue.

(4) Computed based on net trade receivables (excluding retention sum and expected credit losses) of the respective financial year over the revenue of the respective financial year, multiplied by 366 days for FYE 2020, 365 days for FYE 2021 and FYE 2022, and 243 days for FPE 2023.

(5) Computed based on trade payables (excluding retention sum) of the respective financial year over the cost of sales of the respective financial year, multiplied by 366 days for FYE 2020, 365 days for FYE 2021 and FYE 2022, and 243 days for FPE 2023.

(6) Computed based on inventories of the respective financial year over the cost of sales of the respective financial year, multiplied by 366 days for FYE 2020, 365 days for FYE 2021 and FYE 2022, and 243 days for FPE 2023.

(7) Computed based on current assets divided by current liabilities.

(8) Computed based on total borrowings divided by total equity.

Further details of our Group's financial information are set out in Section 12 of this Prospectus.

3.11 DIVIDEND POLICY

Our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profit recorded and excess of funds not required to be retained for working capital of our business.

Our subsidiary, Hexatech Engineering had declared and paid dividend amounting to RM0.30 million, RM0.50 million and RM3.00 million for FYE 2020, FYE 2021 and FYE 2022, respectively. For FPE 2023, there was no dividend declared, made or paid by our Group or our subsidiary to shareholders. As at LPD, Hexatech Engineering has no intention to declare further dividends prior to the Listing.

Further details of our dividend policy are set out in Section 12.8 of this Prospectus.

4. DETAILS OF OUR IPO

4.1 DETAILS OF OUR IPO

4.1.1 Listing Scheme

Our Listing Scheme in conjunction with and as an integral part of the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities involves the following:

(a) Acquisition of Hexatech Engineering;
(b) Public Issue;
(c) Offer for Sale; and
(d) Listing.

(a) Acquisition of Hexatech Engineering

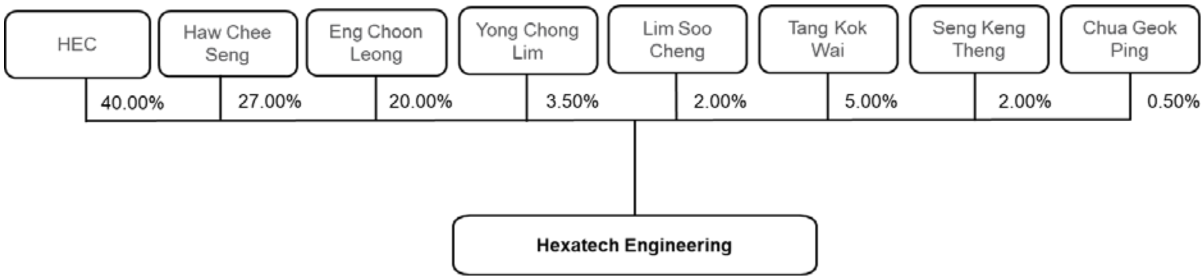
On 12 May 2023, HE Group entered into the SSA to acquire the entire issued share capital of Hexatech Engineering of RM1,000,000 comprising 1,000,000 ordinary shares from the Vendors set out below for a total purchase consideration of RM15,889,918.50. The purchase consideration was entirely satisfied by the issuance of 353,109,300 new Shares at an issue price of RM0.045 per Share to the Vendors as follows:

Vendors	Shareholdings held in Hexatech Engineering (%)	Purchase consideration (RM)	No. of HE Group Shares issued
HEC	40.00	6,355,967.40	141,243,720
Haw Chee Seng	27.00	4,290,278.00	95,339,511
Eng Choon Leong	20.00	3,177,983.70	70,621,860
Tang Kok Wai	5.00	794,495.90	17,655,465
Yong Chong Lim	3.50	556,147.20	12,358,826
Lim Soo Cheng	2.00	317,798.40	7,062,186
Seng Keng Theng	2.00	317,798.40	7,062,186
Chua Geok Ping	0.50	79,449.50	1,765,546
Total	**100.00**	**15,889,918.50**	**353,109,300**

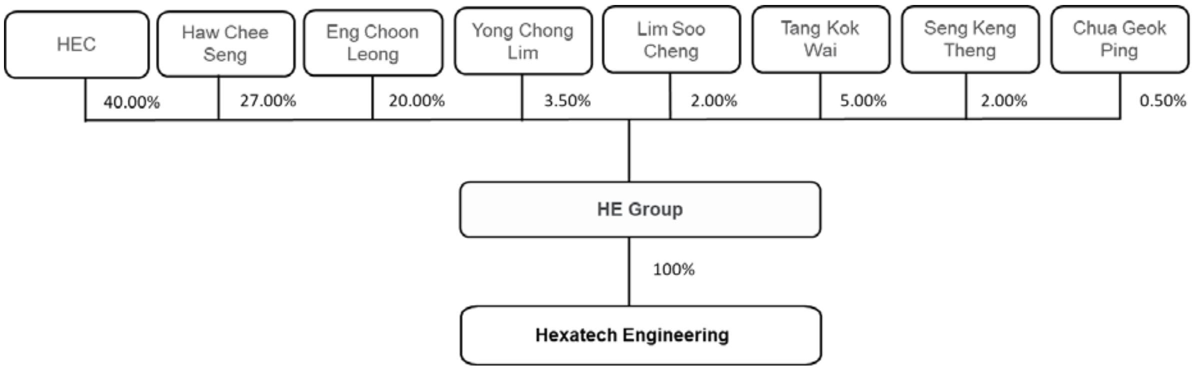
The purchase consideration of RM15,889,918.50 was arrived at on a willing buyer-willing seller basis and after taking into account the audited NA of Hexatech Engineering as at 31 December 2022 of RM15,889,915.

Following the completion of the Acquisition of Hexatech Engineering, our issued share capital increased from 1,000 to 353,110,300 Shares.

Before the Acquisition of Hexatech Engineering



After the Acquisition of Hexatech Engineering but before our IPO (1)



Note:

(1) Based on the issued share capital of 353,110,300 Shares after the completion of the Acquisition of Hexatech Engineering but before our IPO.

(b) Public Issue

The Public Issue of 86,889,700 Shares at the IPO Price representing 19.75% of our enlarged issued share capital will be made available for Application in the following manner:

(i) Malaysian Public (via balloting)

22,000,000 Issue Shares, representing 5.00% of our enlarged issued share capital, will be made available for application by the Malaysian Public through a balloting process, of which 50.00% will be set aside for Bumiputera investors. Any Issue Shares reserved under the Malaysian Public balloting portion which are not fully subscribed for by the Malaysian Public will be made available for subscription as follows:

(a) firstly, by the Eligible Persons (excluding the eligible Directors) under the Pink Form Allocation as described in Section 4.1.1(b)(ii) of this Prospectus;

(b) secondly, by our selected investors as described in Section 4.1.1(b)(iii) of this Prospectus; and

(c) lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

(ii) Eligible Persons

11,000,000 Issue Shares, representing 2.50% of our enlarged issued share capital will be made available for Application by the Eligible Persons.

Details of the Pink Form Allocation to the Eligible Persons are as follows:

Eligible Persons	No. of persons	Pink Form Allocation (No. of Shares)
Directors[1]	4	1,000,000
Employees[2]	54	6,500,000
Persons who have contributed to the success of our Group	44	3,500,000
Total	**102**	**11,000,000**

Notes:

(1) The criteria of allocation to our eligible Directors are based on, among others, their respective roles and responsibilities in our Group.

Our Managing Director and Executive Director have opted not to participate in the Pink Form Allocation as they are undertaking the Offer for Sale. The Directors who are entitled to the Pink Form Allocation are as follows:

Name	Designation	No. of Shares
Datuk Christopher Wan Soo Kee	Independent Non-Executive Chairman	250,000
Andrea Huong Jia Mei	Independent Non-Executive Director	250,000
Ir. Dr. Ng Kok Chiang	Independent Non-Executive Director	250,000
Christine Toh Hung Mei	Independent Non-Executive Director	250,000
		1,000,000

(2) The criteria of allocation to the eligible employees of our Group, which includes our Key Senior Management, are based on, among others, the following factors:

(a) the eligible employee must be a full time and confirmed employee of our Group;

(b) the eligible employee must be on our Group's payroll;

(c) seniority and position;

(d) length of service;

(e) past performance and respective contribution made to our Group; and

(f) the eligible employee must be at least 18 years of age.

The Key Senior Management who are entitled to the Pink Form Allocation are as follows:

Name	Designation	No. of Shares
Lim Soo Cheng	Chief Financial Officer	346,000
Tang Kok Wai	Project and Technical Director	346,000
Nelson Lim Koon Cheong	Hook-up and Retrofitting Manager	386,000
Seng Keng Theng	Finance and Credit Manager	486,000
Chua Geok Ping	Human Resources Manager	346,000
		1,910,000

Please also see Sections 5.2.1 and 5.4.3 for further details of our Directors' and Key Senior Management's shareholdings in our Company as at LPD and after our IPO.

Any Issue Shares reserved under the Pink Form Allocation which are not taken up will be made available for subscription as follows (subject always to the availability of the Issue Shares):

(a) firstly, by other Eligible Persons (excluding the eligible Directors);

(b) secondly, by the Malaysian Public and our selected investors as described in Sections 4.1.1(b)(i) and 4.1.1(b)(iii) of this Prospectus, respectively; and

(c) lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

As at LPD, save for the allocation made available for application as disclosed in Section 4.1.1(b)(ii) of this Prospectus, to the extent known to our Company, our Company is not aware as to whether any of our substantial shareholders, Directors or Key Senior Management have the intention to subscribe for our IPO Shares allocated under Section 4.1.1(b)(i) of this Prospectus for the Malaysian Public. Our Company is also not aware as to whether there is any person intending to subscribe for more than 5.00% of our IPO Shares allocated under Section 4.1.1(b)(i) of this Prospectus for the Malaysian Public.

(iii) Private placement to selected investors

53,889,700 Issue Shares, representing 12.25% of our enlarged issued share capital, will be made available by way of private placement to selected investors.

The Issue Shares reserved under the private placement to selected investors are not underwritten as written irrevocable undertakings to subscribe for the Issue Shares have been obtained from the respective identified investors.

The basis of allocation of our Issue Shares shall take into account the desirability of distributing our Issue Shares to a reasonable number of applicants with a view of broadening the shareholding base of our Company to meet the public spread requirements and to establish a liquid and adequate market for our Shares. Applicants will be selected on a fair and equitable manner.

There is no over-allotment or "greenshoe" option that will result in an increase in the amount of our Issue Shares.

The salient terms of the Underwriting Agreement are set out in Section 4.6 of this Prospectus.

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(c) **Offer for Sale**

Concurrent with our Public Issue, the Offerors will offer 44,000,000 Offer Shares representing 10.00% of our enlarged issued share capital by way of private placement to selected investors. The Offer Shares to be offered by the Offerors and their shareholdings in our Company before and after our IPO are as follows:

			Before our IPO / As at LPD		Offer for Sale			After our IPO	
Name	**Correspondence address**	**Relationship with our Group**	**No. of Shares**	**%(1)**	**No. of Shares**	**%(1) Before IPO**	**%(2) After IPO**	**No. of Shares**	**%(2)**
HEC	No. 27-1, Jalan TTC 26B, Taman Teknologi Cheng, 75250 Melaka	Substantial shareholder	141,243,720	40.00	33,000,000	9.35	7.50	108,243,720	24.60
Haw Chee Seng	No. 39, Jalan DP 7, Taman Datuk Palembang, Bukit Baru, 75150 Melaka	Promoter, substantial shareholder and Managing Director	95,340,011	27.00	5,500,000	1.56	1.25	89,840,011	20.42
Eng Choon Leong	No. 84, Jalan Wawasan 4/6, Pusat Bandar Puchong, 47160 Puchong, Selangor	Promoter, substantial shareholder and Executive Director	70,622,360	20.00	5,500,000	1.56	1.25	65,122,360	14.80

Notes:

(1) Based on the issued share capital of 353,110,300 Shares after the completion of the Acquisition of Hexatech Engineering but before our IPO.

(2) Based on the enlarged issued share capital of 440,000,000 Shares after our IPO.

(d) Listing

Upon completion of our IPO, our Company's entire enlarged issued share capital of RM40,219,080 comprising 440,000,000 Shares shall be listed on the ACE Market of Bursa Securities.

Upon completion of our IPO, our share capital will be as follows:

	No. of Shares	Share capital (RM)
Issued share capital as at the date of this Prospectus	353,110,300	15,889,964
New Shares to be offered pursuant to the Public Issue	86,889,700	24,329,116
Enlarged issued share capital upon Listing	**440,000,000**	**40,219,080**
Offer for Sale (1)	**44,000,000**	**12,320,000**
IPO Price		**RM0.28**
Pro forma combined NA per Share as at 31 August 2023 *(based on our enlarged issued share capital after our IPO, the use of proceeds raised from our Public Issue and net of listing expenses)*		**RM0.10**
Market capitalisation upon Listing *(based on the IPO Price and our enlarged issued share capital after our IPO)*		**RM123,200,000**

Note:

(1) Our Offer for Sale will not have any effect on our share capital.

The IPO Price is payable in full upon Application.

We only have 1 class of shares, being ordinary shares, all of which rank equally with each other. Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing issued share capital, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank equally in all respects with our existing issued share capital, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of transfer of our Offer Shares.

Subject to special rights attaching to any Share which may be issued by us in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed among the shareholders in proportion to the issued share capital at the commencement of the liquidation, in accordance with our Constitution and provisions of the Act.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, or by proxy, or by his / its representative under the instrument of proxy or certificate of appointment of corporate representative or power of attorney ("**Representative**"). On a vote by show of hands, each shareholder present (either in person, or by proxy, or by Representative) shall have 1 vote. On a vote by way of poll, each shareholder present (either in person, or by proxy, or by Representative) shall have 1 vote for each Share held. A proxy may but need not be a shareholder of our Company.

4.2 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by our Directors and Promoters and together with AIS, being our Principal Adviser, Sponsor, Sole Underwriter and Placement Agent after taking into consideration the following factors:

(i) Financial and operating history

Based on our historical audited combined statements of profit or loss and other comprehensive income of our Group for FYE 2022, we recorded a PAT of approximately RM6.17 million representing an EPS of approximately 1.75 sen (based on the existing issued share capital of 353,110,300 Shares) and 1.40 sen (based on the enlarged issued share capital of 440,000,000 Shares upon Listing) resulting in PE Multiple of approximately 16 times and 20 times, respectively.

For illustrative purposes, our EPS of approximately 1.65 sen based on our PAT for FPE 2023 of approximately RM7.26 million and our enlarged issued share capital of 440,000,000 Shares which translate into an annualised PE Multiple of approximately 11 times.

(ii) Order book

Our order book as at LPD of RM211.91 million as set out in Section 12.6 of this Prospectus, which is estimated to be recognised progressively in FYE 2023 and FYE 2024.

(iii) Growth in our revenue and PAT

High growth in our revenue and PAT which was demonstrated by a CAGR of 85.13% and 90.61%, respectively from the FYE 2020 to FYE 2022.

(iv) Business strategies

Our business strategies and future plans as described in Section 7.15 of this Prospectus.

(v) Competitive advantages and key strengths, and the industry overview

Our competitive advantages and key strengths as described in Section 7.3 of this Prospectus, and the industry overview and prospects as set out in the IMR Report in Section 8 of this Prospectus.

(vi) Pro forma combined NA

The pro forma combined NA per Share of approximately RM0.10 as at 31 August 2023 based on the enlarged issued share capital of 440,000,000 Shares, after our IPO and subsequent to the use of proceeds from our Public Issue as set out in Section 4.5 of this Prospectus.

You should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. You should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares. You are also reminded to consider carefully the risk factors as set out in Section 9 of this Prospectus.

4.3 DILUTION

Dilution is computed as the difference between our IPO Price paid by investors for our IPO Shares and the pro forma combined NA per Share of our Group immediately after our IPO. The following table illustrates the effect in our Group's pro forma combined NA per Share to our shareholders:

	RM
IPO Price	0.28
Pro forma combined NA per Share as at 31 August 2023 before our Public Issue	0.07
Pro forma combined NA per Share as at 31 August 2023 after our Public Issue and use of proceeds	0.10
Increase in NA per Share attributable to existing shareholders	0.03
Dilution in NA per Share to new investors	0.18
Dilution in NA per Share to new investors as a percentage of our IPO Price	64.29%

Further details of our Group's pro forma combined NA per Share as at 31 August 2023 are set out in Section 13 of this Prospectus.

Save as disclosed below, there has been no acquisition of any of our Shares by our Promoters, Directors, substantial shareholders, Key Senior Management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares since our incorporation up to the LPD:

Name	**No. of Shares held before our IPO**[(1)]	**No. of Shares from our IPO**	**Total consideration**	**Effective cost for each Share**
			RM	**RM**
Promoters, Directors and substantial shareholders				
Haw Chee Seng	95,340,011	-	4,290,300.50	0.045
Eng Choon Leong	70,622,360	-	3,178,006.20	0.045
Substantial shareholder				
HEC	141,243,720	-	6,355,967.40	0.045

Name	No. of Shares held before our IPO[(1)]	No. of Shares from our IPO	Total consideration	Effective cost for each Share
			RM	RM
Independent Non-Executive Directors				
Datuk Christopher Wan Soo Kee	-	250,000[(2)]	70,000.00	0.280
Andrea Huong Jia Mei	-	250,000[(2)]	70,000.00	0.280
Ir. Dr. Ng Kok Chiang	-	250,000[(2)]	70,000.00	0.280
Christine Toh Hung Mei	-	250,000[(2)]	70,000.00	0.280
Key Senior Management				
Lim Soo Cheng	7,062,186	346,000[(2)]	414,678.37	0.056
Tang Kok Wai	17,655,465	346,000[(2)]	891,375.93	0.050
Seng Keng Theng	7,062,186	486,000[(2)]	453,878.37	0.060
Nelson Lim Koon Cheong	-	386,000[(2)]	108,080.00	0.280
Chua Geok Ping	1,765,546	346,000[(2)]	176,329.57	0.084
Persons connected to substantial shareholder [(3)]				
Yong Chong Lim	12,358,826	-	556,147.17	0.045

Notes:

(1) Based on the issued share capital of 353,110,300 Shares after the completion of the Acquisition of Hexatech Engineering but before our IPO.

(2) Assuming our Independent Non-Executive Directors / Key Senior Management will fully subscribe for their respective allocation under the Pink Form Allocation.

(3) Yong Chong Lim is the brother of Yong Chong Cheang, controlling shareholder of our substantial shareholder, namely HEC.

4.4 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

(i) to enable our Group to raise funds for purposes set out in Section 4.5 of this Prospectus;

(ii) to provide an opportunity for the Malaysian Public and Eligible Persons to participate in our equity;

(iii) to gain recognition through our listing status to enhance our corporate reputation in terms of marketing our projects and to retain and attract new and skilled employees from the M&E industry; and

(iv) to enable us to gain access to the capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities, as and when they arise.

4.5 USE OF PROCEEDS

Based on our IPO Price, the total gross proceeds of RM24.33 million from our Public Issue will be utilised by our Group in the following manner:

Purposes	RM'000	%	Estimated time frame for use (from our Listing date)
Business expansion	3,650	15.00	Within 30 months
Capital expenditure	1,750	7.19	Within 24 months
Working capital	15,129	62.19	Within 36 months
Estimated listing expenses	3,800	15.62	Within 1 month
Total	**24,329**	**100.00**	

There is no minimum subscription level in terms of the proceeds to be raised from our IPO. Our Company will not receive any proceeds from the Offer for Sale.

Pending eventual use, the proceeds raised from our Public Issue will be placed in interest-bearing short-term deposits and/or money market instruments / funds with licensed financial institutions.

4.5.1 Business expansion

We intend to allocate RM3.65 million, representing 15.00% of the gross proceeds from our Public Issue for the hiring of additional engineers and other personnel, purchase and upgrade of equipment and software including computer-related devices such as desktops and laptops, and BIM software for project management, setting up of new offices, as well as marketing, advertising and business development expenses.

The breakdown of the business expansion costs is as follows:

Business expansion	RM'000
Hiring of additional engineers and other personnel	1,340(1)
Purchase and upgrade of equipment and software	500(2)
Setting up of new offices	1,510(3)
Marketing, advertising and business development expenses	300(4)
Total	**3,650**

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Notes:

(1) We have earmarked RM1.34 million for the expansion of our workforce and to strengthen our internal capabilities. Part of our Group's business strategies and plans is to expand our internal capabilities to be an integrated mechanical, electrical and process utility (MEP) engineering service provider by hiring a team of engineers with experience in carrying out the design and engineering of the mechanical and process utility systems as well as to hire new employees to support our current business expansion plans.

The details and number of engineers and other personnel to be hired are as follows:

Engineers

Positions	No. of headcount	Estimated salary for 2 years (RM)
Project Manager	1	360,000
Supervisor	2	308,000

Other personnel

Positions	No. of headcount	Estimated salary for 2 years (RM)
Computer-Aided Design Operator	2	192,000
Account Executive	2	288,000
Human Resource and Administrative Executive	2	192,000

(2) We intend to allocate RM0.50 million to purchase and upgrade equipment and software including desktops, laptops, servers, large format printers and BIM software for mechanical and electrical system designs. The estimated breakdown of the costs for these purchases is as follows:

IT software	No. of concurrent users	No. of subscription years	Description / Purpose	RM'000
BIM software subscription	10	2	For mechanical and electrical system designs	300
Accounting software	10	2	Upgrade of accounting system	60
Primavera P6	2	2	For project management	30
HR system	100[(a)]	2	For HR management	20
Total				**410**

Sub-note:

(a) The HR system that our Company intends to purchase which allows for 100 concurrent users is primarily for all of our Group's employees to access the HR system.

IT hardware	Description / Purpose	RM'000
Desktops, laptops, servers and large format printers	For office use	90
Total		**90**

(3) We intend to allocate RM1.51 million for setting up 2 new offices in Kulim, Kedah and Johor Bahru, Johor, which will mainly cover rental expenses for 2 years as well as renovation and interior fit-outs, and hiring of additional engineers. By setting up physical offices in Kedah and Johor, we will be able to improve our customer and technical support services due to close proximity, and the effectiveness of our sales and marketing activities to capture potential business opportunities in the respective states.

The estimated breakdown of the costs for setting up new offices is as follows:

New offices	RM'000
Set-up of Kedah office	
- Rental of office for 2 years (1,500 to 2,000 sq. ft.)	80
- Renovation and interior fit-out	80
- Hiring of 3 additional engineers for 2 years	580
Set-up of Johor office	
- Rental of office for 2 years (1,500 to 2,000 sq. ft.)	100
- Renovation and interior fit-out	90
- Hiring of 3 additional engineers for 2 years	580
Total	**1,510**

(4) We intend to allocate RM0.30 million for marketing, advertising and business development expenses. We intend to carry out proactive marketing activities including sponsorships, further details are set out in the table below:

Activities	RM'000
Advertisements with the M&E industry association such as Penang Electrical Merchants Association, The Electrical & Electronics Association of Malaysia (TEEAM) and Institute of Engineers Malaysia (IEM), and sponsorships of relevant events	200
Marketing and business development expenses such as producing corporate video, printing marketing brochures as well as travelling costs for client site visits	100
Total	**300**

Any excess amount required for business expansion will be funded by internally generated funds. Please refer to Section 7.15 of this Prospectus for further details on our business strategies and plans in relation to our business expansion.

By hiring a team of engineers with experience in carrying out the design and engineering of the mechanical and process utility systems, we can bid as an integrated MEP engineering service provider for large industrial and commercial projects. We also aim to raise market awareness of our Group and our capabilities through marketing activities which may allow us to capture potential business opportunities. Further, we will be able to improve the effectiveness of our sales and marketing activities by setting up physical offices in Kulim and Johor. Premised on the above, our business expansion is expected to generate business opportunities for us, which in turn, will contribute positively to our future revenue and earnings.

4.5.2 Capital expenditure

We intend to allocate approximately RM1.75 million, representing 7.19% of the gross proceeds from our Public Issue, to purchase trucks for delivery of materials and goods to project sites, and construction equipment such as boom lift, scissor lift and forklift for installation of electrical equipment. The breakdown of the said purchases is as follows:

Capital expenditure	RM'000
Purchase of trucks	750[(1)]
Purchase of construction equipment	1,000[(1)]
Total	**1,750**

Note:

(1) The estimated breakdown of the costs for the purchase of trucks and construction equipment is as follows:

Name	No. of unit(s)	Description / Purpose	RM'000
Trucks	5	For transportation of materials	750
Construction equipment			
- Scissor lift	8	For personnel working at height	560
- Boom lift	2	For personnel working at height	240
- Forklift	2	For loading and unloading of materials	200
Total			**1,750**

The estimated cost for the purchase of trucks and construction equipment was derived based on suppliers' quotations.

As at LPD, we currently owned 2 units of trucks for delivery of materials and goods to project sites. We do not own any construction equipment as we rent construction equipment on project basis from external parties.

In line with the growth of our business and in anticipation of future projects, the availability of new and additional trucks and construction equipment to be owned by us would result in cost savings and improve our operational efficiencies in the planning and coordination of our projects and less dependent on the rental of construction equipment on project basis from external parties.

Any excess amount required for capital expenditure will be funded by internally generated funds. Please refer to Section 7.15 of this Prospectus for further details on our business strategies and plans in relation to our capital expenditure.

4.5.3 Working capital

A total of RM15.13 million representing 62.19% of the gross proceeds from our Public Issue, has been earmarked to supplement the working capital requirements of our Group. Our Group's working capital requirements are expected to increase in tandem with the expected growth in our business. The breakdown of which is as follows:

Working capital	**RM'000**
Performance bonds and warranty bonds for projects(1)	8,000
Payment to suppliers and/or subcontractors(2)	7,000
General working capital(3)	129
Total	**15,129**

Notes:

(1) As at LPD, our Group has an order book amounting to RM211.91 million as set out in Section 12.6 of this Prospectus. We intend to allocate RM8.00 million of the gross proceeds from our Public Issue for performance bonds and warranty bonds, for our existing and future projects to be utilised within 36 months from our Listing date.

A performance bond is to provide guarantee to the customer or project owner that the bidder will meet its contractual obligations (particularly, to meet the project deadline and any other specific requirements set out in the contract). A warranty bond is a financial guarantee made by a contractor to protect the owner of a project from defects in materials or workmanship that might arise during DLP.

Performance bonds and warranty bonds are usually required by our customer or project owner. These bonds typically come in the form of bank guarantees issued by financial institutions. In order for a financial institution to issue a bank guarantee for performance bonds and warranty bonds in favour of our customers, we are required to maintain a security deposit in the form of fixed deposits pledged with licensed banks. These security deposits generally amount up to 30% of the value of the performance bonds and warranty bonds ("**Security Margin**"). As such, this results in the lock-up of a portion of our Group's working capital thereby affecting our liquidity, during the duration of the project.

The performance bond and warranty bond required by the customer or project owner generally range between 5% and 10% of the total project value. The amount to be maintained by us with licensed banks for Security Margin purposes is expected to increase in line with the growth of our business and the value of contracts awarded to us.

Taking into consideration the Security Margin requirement as well as the value of existing contracts and potential contracts we are currently pursuing, we have earmarked RM8.00 million of the IPO proceeds to meet the Security Margin requirement, of which RM5.15 million or 64.38% will be allocated for warranty bonds for our existing projects, while the remaining will be allocated for performance bonds for our future projects. The allocation of RM8.00 million of the IPO proceeds for performance bonds and warranty bonds is expected to free up our internally generated funds for business growth, which would otherwise be used to meet the Security Margin requirement.

(2) We intend to allocate RM7.00 million of the gross proceeds from our Public Issue for payment to subcontractors engaged for, among others, M&E works, and suppliers for electrical components and accessories supplied. We expect to utilise the proceeds for the payment to suppliers and/or subcontractors within 24 months from our Listing date.

(3) General working capital includes payment for administration and operating expenses such as office related expenses, which will be utilised within 24 months from our Listing date.

Our Group had in the past and currently been funding its working capital via bank borrowings and internally generated funds. Therefore, the above working capital allocation from our Public Issue is expected to enhance our Group's liquidity and cash flow position to support the expected growth in our daily operations.

4.5.4 Estimated listing expenses

Our listing expenses are estimated to be RM3.80 million, details of which are as follows:

Estimated listing expenses	RM'000
Professional fees(1)	2,445
Estimated underwriting, placement and brokerage fees	670
Printing and advertising	200
Fees to authorities	85
Miscellaneous expenses and contingencies(2)	400
Total	**3,800**

Notes:

(1) Includes professional and advisory fees for, among others, Principal Adviser, Solicitors, Reporting Accountants and IMR.

(2) Includes other incidental or related expenses in connection with our IPO such as fees to translators, media related expenses and IPO event expenses, and funds reserved for contingency purposes.

If the actual listing expenses are higher than budgeted, the deficit will be funded by the amount allocated for working capital purposes. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.

4.6 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

4.6.1 Underwriting commission

AIS, as our Sole Underwriter, has agreed to underwrite 22,000,000 Issue Shares made available for application by the Malaysian Public and 11,000,000 Pink Form Allocation made available to the eligible Directors, employees and business associates of our Group as set out in Sections 4.1.1(b)(i) and 4.1.1(b)(ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of 2.50% of the total value of the underwritten Shares based on the IPO Price.

4.6.2 Brokerage fee

We will bear the brokerage fee at the rate of 1.00% of the IPO Price in respect of all successful applications that bear the stamp of either AIS, the participating organisations of Bursa Securities, the members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

4.6.3 Placement fee

Our Placement Agent has agreed to place out 53,889,700 Issue Shares and 44,000,000 Offer Shares to be issued and/or offered to selected investors at the rate of up to 2.25% of the value of Shares placed out to selected investors at the IPO Price.

The Offerors will bear the placement fee for the 44,000,000 Offer Shares.

4.7 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

On 26 December 2023, we have entered into an Underwriting Agreement with AIS, being the Sole Underwriter to underwrite 33,000,0000 Issue Shares ("**Underwritten Shares**") on the terms and conditions as set out in the Underwriting Agreement.

4.7.1 The obligations of the Sole Underwriter are conditional on, amongst others, the following:

(a) the approvals referred to in Section 2.1 of this Prospectus remaining valid and have not been revoked or amended and all the conditions imposed therein which have to be complied by the Company prior to Listing, have been complied by the Company;

(b) the receipt by the Sole Underwriter of all relevant documentation and placement monies in respect of the Offer for Sale;

(c) all other necessary approvals and consents required in relation to the IPO and the IPO Shares including but not limited to governmental approvals having been obtained and are in full force and effect;

(d) the issue of the IPO Shares having been approved by the shareholders of the Company in an extraordinary general meeting;

(e) the issue and subscription of the IPO Shares in accordance with the provisions of the Underwriting Agreement is not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);

(f) the Prospectus having been lodged with the Registrar of Companies and registered with Bursa Securities together with all the required documents in accordance with the CMSA, the Act and the relevant laws and regulations;

(g) there having been, on or prior to the last date and time for the receipt of applications and payment for the Issue Shares in accordance with the Prospectus or such later date as the Company and the Sole Underwriter may mutually agree upon consultation with the Bursa Securities ("**Closing Date**") or the extended closing date for the receipt of applications and payment for the Issue Shares pursuant to the Public Issue which will be notified in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia ("**Extended Closing Date**"), as the case may be, no material breach of any representation, warranty, covenant, undertaking or obligation of the Company in the Underwriting Agreement or which is contained in any certificate, statement, or notice provided under or in connection with the Underwriting Agreement or which proves to be incorrect in any material respect;

(h) there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Group or in the prospects or future financial condition or business or operations of the Group (which in the reasonable opinion of the Sole Underwriter, is or will be material in the context of the Public Issue and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering materially inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company contained in the Underwriting Agreement;

(i) the Sole Underwriter receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board approving the Listing, the Prospectus and the Underwriting Agreement, the issue and offer of the IPO Shares and authorising a person or persons to sign the Underwriting Agreement on behalf of the Company; and

(j) the Sole Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in the Underwriting Agreement.

4.7.2 The Sole Underwriter may terminate, cancel or withdraw its commitment before the Closing Date or the Extended Closing Date, if:

(a) the approval of Bursa Securities and other relevant authorities for the Listing is revoked, withdrawn or procured but subject to the conditions not acceptable to the Sole Underwriter;

(b) there is any material breach by the Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company;

(c) there is a material failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement;

(d) there is withholding of information of a material nature from the Sole Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO or Listing, or the distribution or sale of the IPO Shares;

(e) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group;

(f) the Listing does not take place within 3 months from the date of the Underwriting Agreement or such other extended date as may be agreed by the Sole Underwriter;

(g) the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market of Bursa Securities due to exceptional financial circumstances which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the IPO Shares;

(h) a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

  (i) on or after the date of the Underwriting Agreement; and

  (ii) prior to the close of the offering of the Public Issue,

  lower than eighty-five per centum (85%) of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event; or

(i) there shall have occurred, or happened any of the following circumstances:

  (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

  (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

  which, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group as a whole or the success of the IPO or Listing which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

  In the event that the Underwriting Agreement is terminated, the Sole Underwriter and the Company may confer with a view to deferring the Public Issue by amending the terms of the Underwriting Agreement and entering into a new underwriting agreement accordingly, but neither the Sole Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.

4.7.3 Upon any such notice(s) being given pursuant to Section 4.7.2 above, the Sole Underwriter shall be released and discharged from their obligations under the Underwriting Agreement whereupon the following shall take place within 3 Market Days of the receipt of such notice:

(a) the Company shall make payment of Underwriting Commission to the Sole Underwriter in accordance with the Underwriting Agreement;

(b) the Company shall pay or reimburse to the Sole Underwriter the costs and expenses referred to in the Underwriting Agreement; and

(c) each party shall return all other monies (in the case of the Sole Underwriter, after deducting the Underwriting Commission due and owing to the Sole Underwriter under the Underwriting Agreement) including but not limited to the subscription monies paid to the other under the Underwriting Agreement (except for monies paid by the Company for the payment of the expenses as provided under the Underwriting Agreement),

and thereafter, the Underwriting Agreement shall be terminated and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters and substantial shareholders' shareholdings

The following table shows the shareholdings of our Promoters and substantial shareholders before and after our IPO:

		Before our IPO / As at LPD (1)				After our IPO (2)			
		Direct		Indirect		Direct		Indirect	
Name	Nationality / Country of incorporation	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Promoters and substantial shareholders									
Haw Chee Seng	Malaysian	95,340,011	27.00	-	-	89,840,011	20.42	-	-
Eng Choon Leong	Malaysian	70,622,360	20.00	-	-	65,122,360	14.80	-	-
Substantial shareholders									
HEC(4)	Malaysia	141,243,720	40.00	-	-	108,243,720	24.60	-	-
Yong Chong Cheang	Malaysian	-	-	141,243,720(3)	40.00	-	-	108,243,720(3)	24.60

Notes:

(1) Based on the issued share capital of 353,110,300 Shares after the completion of the Acquisition of Hexatech Engineering but before our IPO.

(2) Based on the enlarged issued share capital of 440,000,000 Shares after our IPO.

(3) Deemed interested by virtue of his interest in HEC pursuant to section 8 of the Act.

(4) HEC's shareholders and their respective shareholdings in HEC are Yong Chong Cheang (90.00%) and Ralph Krattli (10.00%).

Save for our Promoters and substantial shareholders above, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company. As at LPD, our Promoters and substantial shareholders have the same voting rights as the other shareholders of our Company and there is no arrangement between our Company and our shareholders with any third parties, the operation of which may, at a subsequent date, result in the change in control of our Company.

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5.1.2 Profiles of Promoters and substantial shareholders

(i) Haw Chee Seng
Promoter, Specified Shareholder, substantial shareholder and Managing Director

Haw Chee Seng, Malaysian, aged 46 is the Promoter, Specified Shareholder, substantial shareholder and Managing Director of our Group. He was appointed to our Board on 2 May 2023.

He obtained an Engineering Diploma in Electrical and Electronics from Midas Institute of Technology, Malaysia in 2000.

He began his career with Hexatech Sdn Bhd *(now known as Galaxy Quantum Vision Sdn Bhd)* as a Wiring Technician in 1997 where he was primarily involved in carrying out electrical installation works. In 2003, he left Hexatech Sdn Bhd and joined Hexatech Engineering as a Project Executive and was tasked with project management responsibilities. In 2005, he was appointed as a director of Hexatech Engineering where he has been overseeing the business development aspect of the company and he still holds the position to date.

In 2006, whilst being a director of Hexatech Engineering with it only having a few ongoing projects during its transitional period to a Class A electrical contractor with ST, he was appointed as an Assistant Project Manager of Pembinaan & Kejuruteraan Hexa Sdn Bhd *(now known as Mepcon Sdn Bhd)* where he was responsible for overseeing the overall project management at the request of Yong Chong Cheang who was the common director and shareholder of Hexatech Engineering and Pembinaan & Kejuruteraan Hexa Sdn Bhd at the relevant time.

Following his acquisition of shares in Hexatech Engineering in 2006, he left Pembinaan & Kejuruteraan Hexa Sdn Bhd and rejoined Hexatech Sdn Bhd as an Assistant Project Manager in 2007 and was responsible for managing and overseeing the overall project management and costing, for a period of 8 months. In the same year, he left Hexatech Sdn Bhd and refocused on his role as a director of Hexatech Engineering to develop and expand its business operations and was responsible for the overall business strategy and direction of Hexatech Engineering. He was instrumental in expanding our Group's end-user industry into semiconductor, medical devices and electronic products industries as well as expanding our Group's geographical market into Northern region and strengthening our Group's presence in Southern region.

In 2023, he was appointed as the Managing Director of our Group and is responsible for the overall business strategic direction of our Group, driving the business development and marketing of our Group as well as overseeing the technical aspects of the projects undertaken by our Group.

Please see Section 5.2.3 for further details of Haw Chee Seng's involvement in principal business activities and directorships outside of our Group at present and in the past 5 years preceding the LPD. Please also see Section 5.6 of this Prospectus for further details of the family relationship between the Promoters, Specified Shareholders, substantial shareholders, Directors and Key Senior Management of our Group.

(ii) Eng Choon Leong
Promoter, Specified Shareholder, substantial shareholder and Executive Director

Eng Choon Leong, Malaysian, aged 51 is the Promoter, Specified Shareholder, substantial shareholder and Executive Director of our Group. He was appointed to our Board on 2 May 2023.

He obtained an Engineering Diploma in Electrical Engineering from the Federal Institute of Technology, Malaysia in 1995, and a Full Technological Certificate for Electrical Engineering Technicians from the City and Guilds of London Institute, United Kingdom in 1995.

He began his career with Hexatech Engineering as a Junior Site Supervisor in 1995. In 1996, he left Hexatech Engineering and joined Hexatech Sdn Bhd *(now known as Galaxy Quantum Vision Sdn Bhd)* as a Project Executive and was involved in project planning, supervision and costing. He left Hexatech Sdn Bhd and joined M&E Hexatech Sdn Bhd in 1997 as a Contracts Executive to oversee new projects secured by M&E Hexatech Sdn Bhd where he focused on materials sourcing, project costing, as well as overall project budget. Upon completion of the relevant projects, he left M&E Hexatech Sdn Bhd and rejoined Hexatech Engineering in 2000 as an Operation Manager due to new projects secured by Hexatech Engineering. Subsequently, he left Hexatech Engineering and rejoined Hexatech Sdn Bhd in 2003 as Contracts Manager to oversee new projects secured by Hexatech Sdn Bhd. During his tenure in both companies, he was in charge of project tendering, project costing, procurement and project management. Prior to his acquisition of shares in Hexatech Engineering, Eng Choon Leong had moved between Hexatech Sdn Bhd, M&E Hexatech Sdn Bhd and Hexatech Engineering to oversee their respective new projects at the request of Yong Chong Cheang, who was the common director and shareholder of the relevant companies at the particular time.

Following his acquisition of shares in Hexatech Engineering in 2006, he left Hexatech Sdn Bhd and was appointed as a director of Hexatech Engineering, a position he holds to date, where he is in charge of overseeing the overall operations of our Group.

In 2023, he was appointed as the Executive Director of our Group and is responsible for the overall business operations of our Group, including project tendering, project engineering and management, costing and overseeing the finance and human resource departments of our Group.

Please see Section 5.2.3 for further details of Eng Choon Leong's involvement in principal business activities and directorships outside of our Group at present and in the past 5 years preceding the LPD. Please also see Section 5.6 of this Prospectus for further details of the family relationship between the Promoters, Specified Shareholders, substantial shareholders, Directors and Key Senior Management of our Group.

(iii) HEC
Specified Shareholder and substantial shareholder

HEC, previously known as HE Consolidated Sdn Bhd was incorporated on 27 November 1996 in Malaysia under the Companies Act 1965 as a private limited company and is deemed registered under the Act. HEC adopted its present name on 8 March 2017.

As at LPD, the principal activity of HEC is investment holding which holds shares in 2 companies namely Hexatech Engineering and Simosynergy.

As at LPD, the issued share capital of HEC is RM5,000,000 comprising 5,000,000 ordinary shares.

As at LPD, the director of HEC is Yong Chong Cheang. The particulars of HEC's shareholders and their shareholdings as at LPD are as follows:

		Direct		Indirect	
Shareholders	Nationality	No. of Shares	%	No. of Shares	%
Yong Chong Cheang	Malaysian	4,500,000	90.00	-	-
Ralph Krattli	Swiss	500,000	10.00	-	-

(iv) Yong Chong Cheang
Specified Shareholder and substantial shareholder

Yong Chong Cheang, Malaysian, aged 63 is the Specified Shareholder and substantial shareholder of our Group.

He obtained a Bachelor in Social Science (Management) from Universiti Sains Malaysia in 1986.

He began his career with McDonald's Corporation as a Training Manager in 1986. In 1989, he left McDonald's Corporation with last position held as an Operations Consultant.

In 1990, with the guidance and support of his brother who was involved in the business of printed circuit board designs and fabrication as well as the business of trading of electronic control components, he founded Hexatech Sdn Bhd *(now known as Galaxy Quantum Vision Sdn Bhd)*. He has been a director of Hexatech Sdn Bhd since its incorporation and he was responsible for the company's overall business management and operations whereby the company was principally involved in the supply, installation and fabrication of electrical and electronic control components.

In 1995, he founded Hexatech Engineering and as a director he was in charge of the overall business operations of the company which was then principally involved in the supply and installation of electrical and electronic control components, mainly LV switchboard. Hexatech Sdn Bhd and Hexatech Engineering were involved in different business segments whereby Hexatech Sdn Bhd was a licensed electrical contractor undertaking electrical contracting works while Hexatech Engineering was involved in the supply and installation of electronic control components such as LV switchboards used in commercial developments.

In 1997, he acquired HEC from its previous shareholder and was appointed as a director in the same year. As a director he was in charge of the company's overall business operations which was then principally involved in the sale and trading of furniture.

Following the acquisition of the entire shareholding of Hexatech Engineering by Haw Chee Seng and Eng Choon Leong respectively in 2006, he resigned as a director of Hexatech Engineering.

As an entrepreneur, he owned and/or held directorships in various other private companies outside of our Group which had similar business as our Group in the past namely, Hexatech Sdn Bhd, M&E Hexatech Sdn Bhd and Hexatech Building Services Sdn Bhd *(subsequently known as Hexatech Energy International Sdn Bhd and Helios Energy International Sdn Bhd)*. As at LPD, these companies are no longer involved in similar business as our Group directly or indirectly.

He also owned and/or held directorships in various other private companies outside of our Group which had similar business as our Group namely, Pembinaan & Kejuruteraan Hexa Sdn Bhd *(now known as Mepcon Sdn Bhd)*, MES Technology Sdn Bhd *(now known as HX Solutions Sdn Bhd)* and Logikontrol Sdn Bhd. As at LPD, he has disposed of all his shareholdings and ceased as a director in these companies.

In view of the above, he is no longer involved in similar business as our Group directly or indirectly.

In addition, he also owned and/or held directorships in various other private companies including among others, Del-Flow Management Services Sdn Bhd *(now known as Noxel Consolidated Sdn Bhd)*, Inovus Technology Sdn Bhd, Del-Flow Electric Sdn Bhd *(subsequently known as Del-Flow Marketing Sdn Bhd and DCSP Sales & Service Sdn Bhd)* and De Grande Leisure Sdn Bhd.

The involvement of Yong Chong Cheang in Hexatech Engineering is solely as a shareholder via HEC and he is not involved in the day-to-day operations and management of Hexatech Engineering.

As at LPD, he is a director and substantial shareholder of HEC. Please refer to Section 5.1.2(iii) of this Prospectus for further details on HEC.

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5.1.3 Changes in our Promoters' and substantial shareholders' shareholdings

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since our incorporation up to the LPD are as follows:

		As at date of incorporation				Before our IPO / As at LPD[(1)]			
		Direct		Indirect		Direct		Indirect	
Name	Nationality / Country of incorporation	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Promoters and substantial shareholders									
Haw Chee Seng	Malaysian	500	50.00	-	-	95,340,011	27.00	-	-
Eng Choon Leong	Malaysian	500	50.00	-	-	70,622,360	20.00	-	-
Substantial shareholders									
HEC	Malaysia	-	-	-	-	141,243,720	40.00	-	-
Yong Chong Cheang	Malaysian	-	-	-	-	-	-	141,243,720[(2)]	40.00

Notes:

(1) Based on the issued share capital of 353,110,300 Shares after the completion of the Acquisition of Hexatech Engineering but before our IPO.

(2) Deemed interested by virtue of his interest in HEC pursuant to section 8 of the Act.

5.1.4 Promoters and substantial shareholders' remuneration and benefits-in-kind

Save for the dividends to be paid or proposed to be paid, if any, to our Promoters and substantial shareholders and the aggregate remuneration and benefits paid or proposed to be paid to our Promoters and substantial shareholders for services rendered to our Group in all capacities for FYE 2022 and proposed to be paid for FYE 2023 as set out in Sections 5.2.4 and 5.4.5 of this Prospectus, there are no other amount or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

5.2 BOARD OF DIRECTORS

Our Board comprises the following members:

Name	Age	Nationality	Date of appointment	Designation
Datuk Christopher Wan Soo Kee	73	Malaysian	26 May 2023	Independent Non-Executive Chairman
Haw Chee Seng	46	Malaysian	2 May 2023	Managing Director
Eng Choon Leong	51	Malaysian	2 May 2023	Executive Director
Andrea Huong Jia Mei	42	Malaysian	26 May 2023	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang	43	Malaysian	26 May 2023	Independent Non-Executive Director
Christine Toh Hung Mei	43	Malaysian	26 May 2023	Independent Non-Executive Director

5.2.1 Shareholdings of our Directors

The following table sets out the direct and indirect shareholdings of our Directors before and after our IPO:

	Before our IPO / As at LPD(1)				After our IPO(2)			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Datuk Christopher Wan Soo Kee	-	-	-	-	250,000(3)	0.06	-	-
Haw Chee Seng	95,340,011	27.00	-	-	89,840,011	20.42	-	-
Eng Choon Leong	70,622,360	20.00	-	-	65,122,360	14.80	-	-
Andrea Huong Jia Mei	-	-	-	-	250,000(3)	0.06	-	-
Ir. Dr. Ng Kok Chiang	-	-	-	-	250,000(3)	0.06	-	-
Christine Toh Hung Mei	-	-	-	-	250,000(3)	0.06	-	-

Notes:

(1) Based on the issued share capital of 353,110,300 Shares after the completion of the Acquisition of Hexatech Engineering but before our IPO.

(2) Based on the enlarged issued share capital of 440,000,000 Shares after our IPO.

(3) Assuming our Independent Non-Executive Directors will fully subscribe for their respective allocation under the Pink Form Allocation.

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5.2.2 Profiles of our Directors

The profiles of our Directors, Haw Chee Seng and Eng Choon Leong, who are also our Promoters and substantial shareholders are disclosed in Section 5.1.2 of this Prospectus.

The profiles of our other Directors are as follows:

(i) Datuk Christopher Wan Soo Kee
Independent Non-Executive Chairman

Datuk Christopher Wan Soo Kee, Malaysian, aged 73 is the Independent Non-Executive Chairman of our Group. He was appointed to our Board on 26 May 2023.

He graduated from the Royal Melbourne Institute of Technology, Australia with a Bachelor in Business (Business Administration) in 1997. He subsequently completed his Master of Business Administration in Training and Human Resource Development from Newport University, United States of America in 1999.

He began his career with the Royal Malaysia Police in 1969 as an Inspector where he served as the Special Branch Officer and his duties were primarily on intelligence procurement. He rose through the ranks over the years and held the rank of Superintendent by 1992 before he was promoted to Assistant Commissioner of Police and served as Deputy Director of Management in 1997. In 2000, he was promoted to Senior Assistant Commissioner II and was made Head of Special Branch in Kuala Lumpur. In 2002, he was promoted to Senior Assistant Commissioner I and became the Chief Police Officer of Melaka. He was then promoted to Deputy Commissioner of Police and was assigned to be the Chief Police Officer of Penang in 2005. In 2006, he was made Commissioner of Police and was appointed as the Director of the Criminal Investigation Department in charge of national criminal investigation.

He retired from the Royal Malaysian Police in 2007 after 38 years of service. He was conferred the Panglima Jasa Negara (PJN) in 2007 by the Yang-di-Pertuan Agong in recognition of his service to the country.

After his retirement, he was appointed as a member of the Election Commission of Malaysia as Commissioner in 2008 and he subsequently retired in 2017. He was also an International Election Observer and had been invited to observe multiple elections including the Mozambique General Elections (2009), Australia General Elections (2010), Kyrgyzstan Parliamentary Elections (2015) and South Korea Legislative Election (2016). He currently is a Director of Development in Mestari Adjusters Sdn Bhd, a company involved in the provision of services as insurance adjusters and investigators where he provides advice and support on business development and act as liaison with Government departments and agencies.

Please see Section 5.2.3 for further details of Datuk Christopher Wan Soo Kee's involvement in principal business activities and directorships outside of our Group at present and in the past 5 years preceding the LPD. Please also see Section 5.6 of this Prospectus for further details of the family relationship between the Promoters, Specified Shareholders, substantial shareholders, Directors and Key Senior Management of our Group.

(ii) Andrea Huong Jia Mei
Independent Non-Executive Director

Andrea Huong Jia Mei, Malaysian, aged 42, is the Independent Non-Executive Director of our Group. She was appointed to our Board on 26 May 2023.

She completed her Diploma in Commerce (Financial Accounting) in 2003 and obtained an Advanced Diploma in Commerce (Financial Accounting) in 2005 from Tunku Abdul Rahman College, Malaysia *(now known as Tunku Abdul Rahman University College)*. She became a member of the Association of Chartered Certified Accountants ("**ACCA**"), United Kingdom in 2011. She has been a Chartered Accountant of the Malaysian Institute of Accountants ("**MIA**") since 2018.

She started her career as an Audit Assistant with Sha, Tan & Co in 2005, and was promoted to Audit Semi-Senior in 2007. She was subsequently promoted and held the post of Audit Senior between 2008 and 2011, where she was responsible for audit assignments of private and public listed companies. Between 2011 to 2014, she was on a career break. In 2014, she was appointed as a director of T & S Secretarial Services Sdn Bhd and held this directorship until 2021. T & S Secretarial Services Sdn Bhd is involved in the provision of secretarial and management services.

She is currently a director of T&S Boardroom Sdn Bhd (since 2020), a company which provides secretarial support services. She is also a director of several private limited companies providing secretarial, tax, accounting and consultancy services. Andrea is also currently an Independent Non-Executive Director of Siab Holdings Berhad (since 2021), Ecoscience International Berhad (since 2021), Yew Lee Pacific Group Berhad (since 2021), and Unique Fire Holdings Berhad (since 2021), being companies listed on the ACE Market.

Please see Section 5.2.3 for further details of Andrea Huong Jia Mei's involvement in principal business activities and directorships outside of our Group at present and in the past 5 years preceding the LPD. Please also see Section 5.6 of this Prospectus for further details of the family relationship between the Promoters, Specified Shareholders, substantial shareholders, Directors and Key Senior Management of our Group.

(iii) Ir. Dr. Ng Kok Chiang
Independent Non-Executive Director

Ir. Dr. Ng Kok Chiang, Malaysian, aged 43, is the Independent Non-Executive Director of our Group. He was appointed to our Board on 26 May 2023.

He graduated from The University of Western Australia, Australia with a Bachelor of Engineering (Electrical and Electronic Engineering) with first class honours in 2005 and Bachelor of Commerce in the same year majoring in Accounting, Finance (Investment), and Managerial Accounting. After his graduation, he pursued his Doctorate of Philosophy in Engineering (Research) and obtained the same from The University of Nottingham, United Kingdom in 2009.

He is a Professional Engineer with Practicing Certificate (Electrical) registered with the Board of Engineers Malaysia since 2011, a Corporate Member (Electrical) of The Institution of Engineers Malaysia since 2011. He is also a Chartered Engineer registered with the Engineering Council of United Kingdom since 2014, and a Chartered Engineer with The Institution of Engineering and Technology, United Kingdom since 2014. He has been a Professional Member of the Malaysia Green Building Confederation *(now known as the Malaysia Green Building Council)* since 2012, and registered as a Green Building Index Facilitator with the Green Building Index Accreditation Panel of Malaysia since 2012.

From 2010 to 2011, he took up the role of Consulting Engineer in ZED-G&P Sdn Bhd, an engineering consultancy company involved in green technology and building consultancy where he was responsible in establishing Green Building Index (GBI) goals for projects, preparing and submitting projects for GBI Completion and Verification Assessments (CVA) and was engaged in electrical designs, drawings and submissions to authorities. After leaving ZED-G&P Sdn Bhd in 2011, he joined MyBig Sdn Bhd, an engineering research company, as a Technical Consultant. In 2012, he was appointed as the Chief Technology Officer of MyBig Sdn Bhd, a position he still holds to-date, where he is responsible for the management of research projects, creation and protection of the company's intellectual properties, implementation of new innovations in the development of prototypes, and supervision of engineers and researchers under his care. He is also a director and shareholder of MyBig Sdn Bhd as at LPD. In 2016, he was also appointed as director of Wee Engineers, an engineering consultancy firm (registered with the Board of Engineers Malaysia) where he was responsible for all electrical designs, drawings, and submissions to the authorities for development projects. In 2018, he was appointed as a director of Wee Consulting Engineers Sdn Bhd, an engineering consultancy company, where he provides consultancy services for engineering projects. He continues to hold both directorships in Wee Engineers and Wee Consulting Engineers Sdn Bhd till current.

He was the Chairman of the Consulting Engineers Special Interest Group in the Institution of Engineers, Malaysia from 2017 to 2018 and the Honorary Auditor of the Institution of Engineering and Technology United Kingdom from 2016 to 2018. He is also an Industrial Advisory Board Member of the Heriot Watt University, Malaysia Campus since 2017 till current, an Industrial Advisory Board Member of The University of Nottingham, Malaysia Campus since 2013 till current, the Assistant Honorary Secretary of TEEAM for the term of 2019 – 2021 and the Honorary Secretary of TEEAM for the term of 2021 – 2023 before being elected as the Vice President of TEEAM for the term 2023 – 2025. He is also currently an Independent Non-Executive Director of ACO Group Berhad (since 2019), being a company listed on the ACE Market and Samaiden Group Berhad (since 2023), being a company listed on the Main Market of Bursa Securities.

Please see Section 5.2.3 for further details of Ir. Dr. Ng Kok Chiang's involvement in principal business activities and directorships outside of our Group at present and in the past 5 years preceding the LPD. Please also see Section 5.6 of this Prospectus for further details of the family relationship between the Promoters, Specified Shareholders, substantial shareholders, Directors and Key Senior Management of our Group.

(iv) Christine Toh Hung Mei
Independent Non-Executive Director

Christine Toh Hung Mei, Malaysian, aged 43, is the Independent Non-Executive Director of our Group. She was appointed to our Board on 26 May 2023.

She graduated from Monash University with a Bachelor of Commerce and Bachelor of Business Systems in 2004 and was admitted as a member of the ACCA in 2009. She also obtained a Bachelor of Laws (Hons) from University of London (External) in 2012 and completed her Certificate of Legal Practice in 2013. She is currently a Fellow of the Chartered Institute of Arbitrators.

She began her career in BDO McCabe Lo Ltd in Hong Kong in 2006 as an Associate. She left BDO McCabe Co Ltd and joined BDO Binder in Malaysia as an Assistant Manager in 2008 where she focused on external audit. In 2009, she left BDO Binder and joined BDO Consulting Sdn Bhd as Assistant Manager where she was in charge of internal audit for listed companies. In 2010, she left BDO Consulting Sdn Bhd and joined Prestar Precision Tube Sdn Bhd as an Assistant Accounts Manager where she was responsible for submission of financial reports, preparing annual budgets and assisting in the company's internal and external reporting requirements. During her tenure with Prestar Precision Tube Sdn Bhd, she was studying her Bachelor of Laws on a part time basis. Upon obtaining her Bachelor of Laws in 2012, she left Prestar Precision Tube Sdn Bhd and commenced her pupillage at Vin & Isaac Lee in 2013. She was called to the Malaysian Bar in 2014 and thereafter continued as an Associate in Vin & Isaac Lee. She left Vin & Isaac Lee in 2016 to join MahWengKwai & Associates as a Legal Assistant and was promoted to Senior Associate in 2018 before being made a Partner in 2019. In 2023, she left MahWengKwai & Associates to set up her own firm, Christine Toh & Co where she currently holds the position of Managing Partner. Her primary practice areas include construction disputes, matrimonial disputes and general litigation.

Please see Section 5.2.3 for further details of Christine Toh Hung Mei's involvement in principal business activities and directorships outside of our Group at present and in the past 5 years preceding the LPD. Please also see Section 5.6 of this Prospectus for further details of the family relationship between the Promoters, Specified Shareholders, substantial shareholders, Directors and Key Senior Management of our Group.

5.2.3 Principal directorships and business activities of our Directors outside our Group

The following table sets out the principal directorships of our Directors outside our Group and the principal business activities performed by our Directors outside our Group as at LPD ("**Present Involvement**") and those other principal directorships of our Directors outside our Group that were held within the past 5 years up to the LPD ("**Past Involvement**"):

(i) Datuk Christopher Wan Soo Kee

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest (%)
Present Involvement					
Nil.					
Past Involvement					
OS Setia Security Sdn Bhd	To engage in the business of private security activities and other building and industrial cleaning activities.	Former director	1 August 2023	30 October 2023	Nil

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(ii) Haw Chee Seng

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest (%)
Present Involvement					
Nil.					
Past Involvement					
HEC	To carry on the business of investment holding in shares	Former director	6 November 2007	27 September 2019	Nil
HEC Pte. Ltd. Inc.	To engage in, conduct and carry on the business of contracting and providing complete and effective solutions in the field of electrical works and to provide total integrated support in electrical and mechanical supplies and operations as well as system maintenance [(1)]	Former director	5 September 2011	9 June 2023	Nil
Infinity Power Engineering Sdn Bhd	Business of construction of engineering projects	Former director	24 May 2016	21 November 2022	Nil
KYK Resources Sdn Bhd	Electrical and electronic control components (dissolved on 9 August 2019)	Former director	9 December 2009	9 August 2019[(2)]	Nil

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest (%)
Simosynergy	To carry on the business of manufacturer of switchgear, electrical and electronic appliances and apparatus	Former director / shareholder	9 July 2012	27 January 2023	Direct: 5.00

Notes:

(1) The company has retired pursuant to the Certificate of Business Retirement issued by the Business Permits and Licensing Office of the City of Muntinlupa, Republic of the Philippines dated 9 June 2023.

(2) The date of resignation is based on the date in which the company was dissolved.

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(iii) Eng Choon Leong

Eng Choon Leong does not have any directorships outside our Group at present and in the past 5 years preceding the LPD. His involvement outside our Group as a shareholder is as follows:

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Involvement as shareholder only					
Simosynergy	To carry on the business of manufacturer of switchgear, electrical and electronic appliances and apparatus	Shareholder	N/A	N/A	Direct: 5.00

(iv) Andrea Huong Jia Mei

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Present Involvement					
T&S Advisors Sdn Bhd	To act as consultant, advisors and marketeers and to provide advice, consultancy and marketing of the services in all fields, including insolvencies, mergers and acquisition, corporate recovery, corporate restructuring, intitial public offering, secretarial and tax planning	Director / Shareholder	18 September 2014	N/A	Direct: 35.00 Indirect: 65.00(1)

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
KK Sha Consulting Sdn Bhd	Provision of goods and services tax, accountancy and corporate management services.	Director / Shareholder	24 October 2014	N/A	Direct: 40.00 Indirect: 50.00[(1)]
Sha Tax Services Sdn Bhd	Provision of taxation, accounting, and corporate management services.	Director	10 June 2018	N/A	Indirect: 90.00[(1)]
Controlrisk Solutions Sdn. Bhd. *(formerly known as AK Bizz Platform Sdn Bhd)*	Provision of business management consultancy services, accounting, bookkeeping and auditing activities and tax consultancy.	Director / Shareholder	9 March 2020	N/A	Direct: 100.00
T&S Boardroom Sdn Bhd	Provision of secretarial support services.	Director / Shareholder	30 July 2020	N/A	Direct: 100.00
Siab Holdings Berhad[(2)]	Investment holding, while its subsidiaries are principally involved in the provision of building construction services and other complementary services such as information and communications technology solutions and services.	Non-Executive Director	24 June 2021	N/A	Nil

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Ecoscience International Berhad[(2)]	Activities of holding companies while its subsidiaries are principally involved in construction of plants and facilities, fabrication of equipment, supply of materials and equipment, fabrication and supply of energy and environmental related equipment, supply of spare parts and construction materials and provision of maintenance services.	Non-Executive Director	2 August 2021	N/A	Nil
Yew Lee Pacific Group Berhad[(2)]	Investment holding company while its subsidiaries are principally involved in manufacturing of industrial brushes and trading of industrial hardware and machinery parts.	Non-Executive Director	6 August 2021	N/A	Nil
Unique Fire Holdings Berhad[(2)]	Activities of holding companies while its subsidiaries are principally involved in the assembly, manufacture and distribution of active fire protection systems, equipment and accessories for built environment and the distribution of custom graphics designed fire extinguishers, other active fire protection systems, equipment and accessories and related services.	Non-Executive Director	8 October 2021	N/A	Nil

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Socialgreen Governance Sdn Bhd *(formerly known as T&S Governance Sdn Bhd)*	Accounting, bookkeeping and auditing activities, tax consultancy	Director / Shareholder	5 October 2021	N/A	Direct: 100.00
Past Involvement					
T & S Secretarial Services Sdn Bhd	Provision of secretarial and management services.	Former director	3 September 2014	12 March 2021	Indirect: 100.00[(1)]

Notes:

(1) Deemed interested by virtue of her spouse's direct shareholdings in the company.

(2) A company listed on the ACE Market of Bursa Securities.

(v) Ir. Dr. Ng Kok Chiang

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Present Involvement					
ACO Group Berhad[(1)]	Investment holding and activities of head offices while its subsidiaries are principally involved in management consultancy activities, distribution of electrical products and accessories	Non-Executive Director / shareholder	5 August 2019	N/A	Direct: 0.31
Mybig Sdn Bhd	Trade as engineering services, medical biotech, automation engineering	Director / shareholder	19 July 2012	N/A	Direct: 25.00
Wee Engineer	Engineering consulting firm	Director	14 January 2016	N/A	Nil
Wee Consulting Engineers Sdn Bhd	Engineering services, other architectural and engineering activities and related technical consultancy, research and development on engineering and technology	Director	19 July 2018	N/A	Nil
Samaiden Group Berhad[(2)]	Investment holding while its subsidiaries are principally involved in engineering, procurement, construction, and commissioning of solar PV systems and power plants and provision of operations and maintenance services	Non-Executive Director / shareholder	30 August 2023	N/A	Direct: 0.01

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Past Involvement					
Nil					

Notes:

(1) A company listed on the ACE Market of Bursa Securities.

(2) A company listed on the Main Market of Bursa Securities.

(vi) Christine Toh Hung Mei

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Present Involvement					
Platinum Leap Sdn Bhd	Investment holding company in shares of a company principally involved as contractors and sub-contractors of all kinds of constructional works	Director / shareholder	1 February 2018	N/A	Direct: 10.00
Tall Innovations Sdn Bhd	Contractors and sub-contractors of all kinds of constructional works	Director	30 September 2020	N/A	Nil
Past Involvement					
Tall Group Berhad	Activities of holding companies (shares)	Former director	1 December 2018	25 October 2019	Nil

Save as disclosed above, our Directors are not involved in other businesses or corporations.

The involvement of our Directors mentioned above in other principal business activities outside of our Group will not affect their commitment and responsilibites to our Group in their respective roles as our Directors, as:

(a) our Non-Executive Directors are not involved in the day-to-day operations of our Group. Their involvement in other business activities outside our Group will not affect their contributions to our Group as the principal activities of those companies are not similar to our Group's business; and

(b) our Managing Director and Executive Director are not involved in the day-to-day operations of other business activities outside our Group. Their involvement, if any, will not affect their ability to perform their roles and responsibilities as well as their contribution to our Group.

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5.2.4 Directors' remuneration and benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our current Directors for services rendered to our Group for FYE 2022 and proposed to be paid for FYE 2023 are as follows:

FYE 2022	Salaries RM'000	Fees and allowances RM'000	Bonuses RM'000	Statutory contributions [(1)] RM'000	Benefits-in-kind RM'000	Total RM'000
Independent Non-Executive Directors						
Datuk Christopher Wan Soo Kee	-	-	-	-	-	-
Andrea Huong Jia Mei	-	-	-	-	-	-
Ir. Dr. Ng Kok Chiang	-	-	-	-	-	-
Christine Toh Hung Mei	-	-	-	-	-	-
Non-Independent Executive Directors						
Haw Chee Seng	256	21	94	46	6	423
Eng Choon Leong	225	11	87	39	3	364

FYE 2023	Salaries RM'000	Fees and allowances RM'000	Bonuses RM'000	Statutory contributions [(1)] RM'000	Benefits-in-kind RM'000	Total RM'000
Independent Non-Executive Directors						
Datuk Christopher Wan Soo Kee	-	11	-	-	-	-
Andrea Huong Jia Mei	-	7	-	-	-	-
Ir. Dr. Ng Kok Chiang	-	7	-	-	-	-
Christine Toh Hung Mei	-	7	-	-	-	-
Non-Independent Executive Directors						
Haw Chee Seng	336	24	70	52	6	488

FYE 2023	Salaries RM'000	Fees and allowances RM'000	Bonuses RM'000	Statutory contributions [(1)] RM'000	Benefits-in-kind RM'000	Total RM'000
Eng Choon Leong	276	24	51	42	3	396

Note:

(1) These comprise contributions to EPF, EIS and SOCSO.

The remuneration of our Directors, which includes salaries, fees and allowances, bonuses, as well as other benefits-in-kind, must be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board, subject to the provisions of our Constitution. Our Directors' fees and benefits-in-kind must be further approved and endorsed by our shareholders at a general meeting.

5.3 BOARD PRACTICES

5.3.1 Directors' term of office

As at LPD, the date of expiry of the current term of office for each of our Director and the period that each of them has served in that office is as follows:

Directors	Date of appointment	Date of expiry of the current term of office	Approximate no. of years in office up to the date of this Prospectus
Datuk Christopher Wan Soo Kee	26 May 2023	At our first annual general meeting	less than 1 year
Haw Chee Seng	2 May 2023	At our first annual general meeting	less than 1 year
Eng Choon Leong	2 May 2023	At our first annual general meeting	less than 1 year
Andrea Huong Jia Mei	26 May 2023	At our first annual general meeting	less than 1 year
Ir. Dr. Ng Kok Chiang	26 May 2023	At our first annual general meeting	less than 1 year
Christine Toh Hung Mei	26 May 2023	At our first annual general meeting	less than 1 year

5.3.2 Audit and Risk Management Committee ("ARMC")

The ARMC shall solely comprise Independent Non-Executive Directors. The ARMC was constituted on 29 May 2023 with the function of assisting our Board in fulfilling its oversight responsibilities. The composition of our ARMC is set out below:

Name	Designation	Directorship
Andrea Huong Jia Mei	Chairperson	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director
Christine Toh Hung Mei	Member	Independent Non-Executive Director

The main functions of our ARMC as stated in its term of reference include, among others:

(i) to consider any matters concerning the appointment and re-appointment, the audit and non-audit fees and any questions of resignation or dismissal of external auditors;

(ii) to review with the external auditors:
   (a) audit plan, scope and nature of the audit of our Group;
   (b) evaluation and findings of the system of risk management and internal controls;
   (c) the management letter and management's response with regard to the problems and reservations arising from their audits;
   (d) audit reports on financial statements; and
   (e) any other matters that the external auditors wish to discuss (in the absence of management where necessary);

(iii) to review the internal audit plan, processes, the results of internal audit assessments or investigations undertaken and whether or not appropriate action is taken on the recommendations made;

(iv) to review the adequacy and effectiveness of our Group's internal control systems, anti-corruption and whistle-blowing as evaluated, identified and reported by our management, internal or external auditors as well as to review whether actions taken to ratify the same are appropriate or timely;

(v) to review the quarterly results and year end financial statements of our Group before the approval by our Board;

(vi) to review and assess the adequacy and effectiveness of the systems of internal control, anti-corruption, whistle-blowing, governance process and accounting control procedures and appropriate systems in place to manage and mitigate risks;

(vii) to review our Group's risk managing policy and implementation of the risk management framework;

(viii) to consider and review any related-party transactions and potential conflict of interest that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(ix) to report promptly to Bursa Securities on any matter which has not been satisfactorily resolved resulting in a breach of the Listing Requirements;

(x) to verify the allocation of options under a share issuance scheme or the allocation of Shares according to any incentive plan for employees of our Group, if any;

(xi) to review and conduct an annual performance evaluation of the internal and external auditors in respect of each financial year under review;

(xii) to prepare the ARMC Report at the end of the financial year for inclusion in the annual report of our Company; and

(xiii) to carry out such other functions or assignments as may be delegated by our Board from time to time.

5.3.3 Nomination Committee ("NC")

The NC was constituted on 29 May 2023 by our Board. The composition of our NC is set out below:

Name	Designation	Directorship
Ir. Dr. Ng Kok Chiang	Chairperson	Independent Non-Executive Director
Andrea Huong Jia Mei	Member	Independent Non-Executive Director
Christine Toh Hung Mei	Member	Independent Non-Executive Director

The main functions of our NC as stated in its term of reference include, among others:

(i) to review, assess, and recommend suitable candidates for appointment as Directors of our Company, as well as retiring Directors seeking re-election at the annual general meeting. When making recommendations to our Board regarding directorship or re-appointment, NC must consider the "Fit and Proper Criteria" outlined in our Company's Directors' Fit and Proper Policy. These criteria include, but are not limited to:

(a) diversity in skills, knowledge, expertise, experience, age, cultural background and gender;
(b) competence and professionalism;
(c) character and integrity;
(d) time and commitment;
(e) any business interest or relationship that may result in a conflict of interest that could affect the execution of the role; and
(f) in the case of candidates for the position of Independent Director, the committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Director;

(ii) to evaluate the necessary mix of skills, experience, core competencies, and diversity (including age, cultural background, and gender) of our Board and Board Committees and may utilise independent sources to identify qualified candidates for our Board;

(iii) to assess the contribution and performance of each Director to ensure our Board and Board Committees operate effectively and efficiently;

(iv) to review the size, structure, balance, and composition of our Board and Board Committees to ensure optimal performance;

(v) to identify and review the core competence, skills and other qualities including but not limited to the skills, knowledge, experience and diversity required by each of our Non-Executive Directors, that are essential to contribute towards the effectiveness and balance of our Board;

(vi) to review and evaluate the contributions made by each member of our Board, including our Independent Non-Executive Directors and Chairman of our Board, as well as our Non-Independent Executive Directors;

(vii) to assess each Director's ability to contribute to our Board's decision-making process and ensure that our Board operates actively, efficiently, and effectively in all its decision-making;

(viii) to conduct an annual review of the term of office and performance of the ARMC and each of its members to assess whether the ARMC and its members have fulfilled their duties in accordance with their terms of reference;

(ix) to evaluate annually the effectiveness of our Board and Board Committees as a whole for assessing the contribution to the effectiveness of the decision-making process of our Board;

(x) to review and assess annually the independence of our Independent Non-Executive Directors;

(xi) to review, consider and make recommendations regarding the continuation in office of Independent Non-Executive Directors who have served for more than 9 years;

(xii) to oversee the development of succession planning of our Board and Key Senior Management;

(xiii) to assess and recommend the re-election of Directors who are due to retire in accordance with our Constitution; and

(xiv) to carry out such other functions or assignments as may be delegated by our Board from time to time.

5.3.4 Remuneration Committee ("RC")

The RC was constituted on 29 May 2023 by our Board. The composition of our RC is set out below:

Name	Designation	Directorship
Christine Toh Hung Mei	Chairperson	Independent Non-Executive Director
Andrea Huong Jia Mei	Member	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director

The main functions of our RC as stated in its term of reference include, among others:

(i) to review and recommend to our Board the appropriate remuneration packages for our Board members, with or without professional advice;

(ii) to review and recommend fees and benefits payable to our Board members;

(iii) to assist our Board in formulating policies and guidelines for the composition of various components of remuneration such as basic salary, bonus, and other benefits-in-kind for our Directors and Key Senior Management;

(iv) to ensure that remuneration packages and benefits for our Directors and Key Senior Management align with our Company's business strategies, long-term objectives, and remuneration policy, as well as comply with all laws, rules, regulations, and guidelines set by relevant authorities and our Board;

(v) to develop and administer a fair and transparent procedure for setting policy on the remuneration of our Directors and Key Senior Management, which considers the demands, complexities, and performance of our Company, as well as the skills and experience required;

(vi) to implement our Board's remuneration policy and procedures in a transparent process, including reviewing and recommending matters related to the remuneration of our Directors and Key Senior Management;

(vii) to ensure that the level of remuneration packages is fair and appropriate according to the industry, general market sentiments, or conditions, and our Company's operating results, as well as our Directors and Key Senior Management's merit, qualification, competence, and individual performance;

(viii) to ensure that appropriate rewards, benefits, compensation, and remuneration are offered to retain Directors, and structuring remuneration packages to link rewards to individual performance; and

(ix) to carry out any other functions delegated by our Board that would benefit our Company and ensure the effective discharge of our RC's duties and responsibilities.

5.3.5 Malaysian Code on Corporate Governance ("MCCG")

Our Board acknowledges and takes cognisance of the MCCG which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture. Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCCG to have a Board comprising a majority of independent directors. Further, our Group has at least 30% women directors on our Board whereby we have 2 women directors out of a total of 6 Directors. Our Chairman is also not a member of our ARMC, NC and RC.

5.4 KEY SENIOR MANAGEMENT

5.4.1 Key Senior Management team

The composition of our Key Senior Management is set out below:

Name	Age	Nationality	Designation
Lim Soo Cheng	51	Malaysian	Chief Financial Officer
Tang Kok Wai	47	Malaysian	Project and Technical Director
Nelson Lim Koon Cheong	49	Malaysian	Hook-up and Retrofitting Manager
Seng Keng Theng	53	Malaysian	Finance and Credit Manager
Chua Geok Ping	50	Malaysian	Human Resources Manager

5.4.2 Profiles of our Key Senior Management

The profiles of our Key Senior Management are as follows:

(i) Lim Soo Cheng
Chief Financial Officer

Lim Soo Cheng, Malaysian, aged 51 is the Chief Financial Officer of our Group.

She was admitted to the Graduateship of the Institute of Chartered Secretaries and Administrators ("**ICSA**") in 1998 and was elected as an Associate of the ICSA in 2002. She became a member of the Company Secretaries Practice Group in 1998 under the auspices of the Malaysian Association of the Institute of Chartered Secretaries and Administrators (*now known as the Malaysian Institute of Chartered Secretaries and Administrators*). She was elected as an associate with the designation Chartered Secretary and Chartered Governance Professional of the Chartered Governance Institute in 2002. She then obtained her certification as Certified Financial Planner from the Financial Planning Association of Malaysia in 2003. She became a qualified chartered accountant and was admitted as a member of ACCA in 2015 and subsequently was admitted as a fellow of ACCA in 2020. She was admitted as a chartered accountant with MIA in 2015.

She began her career with Purnama Prima Sdn Bhd as an Administration Officer in 1996 and was responsible for the company's accounting matters. She then joined Kestrel Securities Sdn Bhd in 2000 as an Accounts Executive. Pursuant to the acquisition of Kestrel Securities Sdn Bhd by Allied Avenue Assets Securities Sdn Bhd, she was offered a position in Allied Avenue Assets Securities Sdn Bhd as an Accounts Executive in 2002 where she was responsible for financial management reporting and submission of statutory reports. In 2003, she left Allied Avenue Assets Securities Sdn Bhd and joined Del-Flow Management Services Sdn Bhd *(now known as Noxel Consolidated Sdn Bhd)* as an Accounts Manager and was subsequently promoted to Finance and Administrative Manager in 2005. During her tenure with Del-Flow Management Services Sdn Bhd, she was overseeing the company's accounts and administrative matters. She left Del-Flow Management Services Sdn Bhd and joined Hexatech Sdn Bhd *(now known as Galaxy Quantum Vision Sdn Bhd)* in 2006 as a Finance and Administrative Manager overseeing all accounting and administrative matters of its group of companies.

In 2007, she left Hexatech Sdn Bhd and joined Inovus Technology Sdn Bhd as a Finance and Administrative Manager where she was in charge of overall finance & administration matters. She left Inovus Technology Sdn Bhd to join HEC in 2008 as Finance and Administrative Manager for her career development and to gain further experience in managing accounting and administrative matters for a group of companies. She was subsequently promoted to Senior Finance and Administrative Manager in 2013 where she was responsible for the group of companies' finance and administrative matters as well as their legal and secretarial matters. In 2014, she was promoted to Financial Controller where she was given more responsibility to oversee the accounts, finance, legal and company secretarial matters of the group of companies.

She left HEC and joined Hexatech Engineering as Financial Controller in 2022 where she is in charge of the company's finance, accounts, tax, legal and company secretarial departments.

In 2023, she was redesignated as the Chief Financial Officer of our Group and is currently overseeing the finance, accounts, tax, legal and company secretarial departments of our Group.

Please see Section 5.4.4 for further details of Lim Soo Cheng's involvement in principal business activities and directorships outside of our Group at present and in the past 5 years preceding the LPD. Please also see Section 5.6 of this Prospectus for further details of the family relationship between the Promoters, Specified Shareholders, substantial shareholders, Directors and Key Senior Management of our Group.

(ii) Tang Kok Wai
Project and Technical Director

Tang Kok Wai, Malaysian, aged 47 is the Project and Technical Director of our Group.

He obtained a Certificate for Electrical Engineering (Power) from Port Dickson Polytechnic in 1997 and began his career with Siemens Components (Advanced Technology) Sdn Bhd as a Quality Technician in 1997. He left Siemens Components (Advanced Technology) Sdn Bhd in 1997 to further his studies and obtained his Diploma of Electrical Engineering (Power Electronics and Control) from Port Dickson Polytechnic in 1998. He joined Techsu Steel Corporation Sdn Bhd in 1999 as a Technician where he was responsible for handling and operating cold roll machines before leaving the company in 2000 to further his studies in Universiti Teknologi Malaysia. He obtained a Bachelor of Electrical & Electronic Engineering from Universiti Teknologi Malaysia in 2004.

Upon graduation from Universiti Teknologi Malaysia, he joined Hexatech Sdn Bhd *(now known as Galaxy Quantum Vision Sdn Bhd)* as a Project Engineer where he was involved in electrical installations and machinery hook-up projects and was responsible for the technical, regulatory, procurement and engineering aspects of the projects. In 2005, he was promoted to Assistant Manager. He left Hexatech Sdn Bhd and joined Hexatech Building Services Sdn Bhd *(now known as Helios Energy International Sdn Bhd)* in 2007 as an Assistant Manager and was appointed a director. He was promoted to Project Manager in 2008 where he was responsible for overall project management including overseeing the technical, regulatory, procurement and engineering aspects of electrical installations and machinery hook-up projects. In 2012, he left his position as Project Manager in Hexatech Building Services Sdn Bhd but remained as a director and joined HEC as a Project Director where he was responsible for tendering of projects as well as contract negotiations. In the same year, he left HEC and refocused in Hexatech Building Services Sdn Bhd as a director. In 2017, he resigned as a director of Hexatech Building Services Sdn Bhd and rejoined HEC as a Project Director. In 2021, while he was still an employee of HEC, he was seconded to Hexatech Engineering to oversee and manage a specific project. In 2022, he left HEC and joined Hexatech Engineering as a Project Director where he oversees the project management and technical aspects of projects.

In 2023, he was redesignated as the Project and Technical Director of our Group and is currently overseeing the engineering and technical aspects of our Group's projects.

Please see Section 5.4.4 for further details of Tang Kok Wai's involvement in principal business activities and directorships outside of our Group at present and in the past 5 years preceding the LPD. Please also see Section 5.6 of this Prospectus for further details of the family relationship between the Promoters, Specified Shareholders, substantial shareholders, Directors and Key Senior Management of our Group.

(iii) Nelson Lim Koon Cheong
Hook-up and Retrofitting Manager

Nelson Lim Koon Cheong, Malaysian, aged 49 is the Hook-up and Retrofitting Manager of our Group.

He is currently a Registered Construction Personnel with CIDB.

After completing his secondary school education, he began his career with Hexatech Sdn Bhd *(now known as Galaxy Quantum Vision Sdn Bhd)* as a Wiring Technician in 1995 and assisted in project implementation and machinery hook-ups. He left Hexatech Sdn Bhd and joined Telesolve Sdn Bhd *(now known as Go Smart Consolidated Sdn Bhd)* as a Supervisor in 2002 and was responsible for supervision of the retrofitting and machinery hook-ups. He left Telesolve Sdn Bhd and rejoined Hexatech Sdn Bhd in 2003 as a Project Executive and took on more responsibilities in project supervision. He left Hexatech Sdn Bhd in 2006 and joined Hexatech Engineering as a Project Executive. He was promoted to Assistant Project Manager in Hexatech Engineering in 2008 where he was involved in project implementation and project supervision. He was subsequently promoted to Project Manager in 2010, where he was responsible for project supervision and implementation, costing and budgeting as well as project tendering. In 2011, he left Hexatech Engineering and joined MES Technology Sdn Bhd *(now known as HX Solutions Sdn Bhd)* as a Project Manager. He left MES Technology Sdn Bhd and rejoined Hexatech Engineering in 2014 where he assumed his previous role as Project Manager, a position he holds to date.

In 2023, he was redesignated as the Hook-up and Retrofitting Manager of our Group and is in charge of overseeing the hook-up and retrofitting works of our Group's projects.

Please see Section 5.4.4 for further details of Nelson Lim Koon Cheong's involvement in principal business activities and directorships outside of our Group at present and in the past 5 years preceding the LPD. Please also see Section 5.6 of this Prospectus for further details of the family relationship between the Promoters, Specified Shareholders, substantial shareholders, Directors and Key Senior Management of our Group.

(iv) Seng Keng Theng
Finance and Credit Manager

Seng Keng Theng, Malaysian, aged 53 is the Finance and Credit Manager of our Group.

He obtained a Diploma in Accounting from RIMA College, Malaysia in 1993.

He began his career with Hexatech Sdn Bhd *(now known as Galaxy Quantum Vision Sdn Bhd)* as an Accounts Clerk in 1995 and was responsible for the company's accounting matters. He left Hexatech Sdn Bhd and joined Logikontrol Sdn Bhd in 1997 as an Accounts Executive. In 2000, he left Logikontrol Sdn Bhd and joined Del-Flow Marketing Sdn Bhd *(now known as DCSP Sales & Service Sdn Bhd)* as an Accounts Executive and was redesignated as a Finance Executive in 2002 where he was responsible for the company's accounting and purchasing matters. He left Del-Flow Marketing Sdn Bhd in 2003 and rejoined Hexatech Sdn Bhd in 2004 as an Accounts Executive in charge of accounting and finance matters. In 2006, he left Hexatech Sdn Bhd and rejoined Del-Flow Marketing Sdn Bhd where he assumed his previous position of Accounts Executive. In 2007, he left Del-Flow Marketing Sdn Bhd and joined Hexatech Engineering as an Assistant Manager, and was subsequently promoted to Finance Manager in 2010, where he oversees the finance and administrative matters of Hexatech Engineering.

In 2023, he was redesignated as the Finance and Credit Manager of our Group and is in charge of the finance, credit control and administrative matters of our Group.

Please see Section 5.4.4 for further details of Seng Keng Theng's involvement in principal business activities and directorships outside of our Group at present and in the past 5 years preceding the LPD. Please also see Section 5.6 of this Prospectus for further details of the family relationship between the Promoters, Specified Shareholders, substantial shareholders, Directors and Key Senior Management of our Group

(v) Chua Geok Ping
Human Resources Manager

Chua Geok Ping, Malaysian, aged 50 is the Human Resources Manager of our Group.

She obtained her Professional Diploma in Entrepreneurship & Management from Entrepreneurship Institute International, Malaysia in 2017.

After completing her secondary school education in 1992, she began her career in 1993 with Emporium Formosa Sdn Bhd as a Consignment Clerk and assisted in the recording of accounting entries as well as preparation of purchase orders and invoices. She left Emporium Formosa Sdn Bhd and joined Hanjo Holding Sdn Bhd in 1994 as an Accounts Clerk responsible for daily recording of accounting entries and ensuring timely payments on invoices and purchase orders. In 1995, she left Hanjo Holding Sdn Bhd and joined Hexatech Sdn Bhd *(now known as Galaxy Quantum Vision Sdn Bhd)* as Administrative Clerk where she was responsible for the accounts and bookkeeping of the company. She left Hexatech Sdn Bhd and joined Pembinaan & Kejuruteraan Hexa Sdn Bhd *(now known as Mepcon Sdn Bhd)* in the same year as an Accounts Clerk. In 1999, she left Pembinaan & Kejuruteraan Hexa Sdn Bhd and joined Del-Flow Electric Sdn Bhd *(now known as DCSP Sales & Service Sdn Bhd)* as an Accounts Clerk. In 2000, she left Del-Flow Electric Sdn Bhd and joined De Grande Leisure Sdn Bhd as an Accounts Executive where she was responsible for the accounts of the company including recording of accounting entries and managing employees' claims. In 2001, she left De Grande Leisure Sdn Bhd and joined Del-Flow Management Services Sdn Bhd *(now known as Noxel Consolidated Sdn Bhd)* as an Accounts Executive. She left Del-Flow Management Services Sdn Bhd and rejoined Pembinaan & Kejuruteraan Hexa Sdn Bhd as an Accounts Executive in 2002. She left Pembinaan & Kejuruteraan Hexa Sdn Bhd and joined Hexatech Sdn Bhd in 2005 as an Accounts Executive. She left Hexatech Sdn Bhd and joined Hexatech Energy International Sdn Bhd *(now known as Helios Energy International Sdn Bhd)* in 2007 and was promoted to Senior Accounts Executive where she was responsible for preparation of accounts and payroll. In 2009, she left Hexatech Energy International Sdn Bhd and rejoined Hexatech Sdn Bhd as a Senior Accounts Executive where she was responsible for the full set of accounts, payroll and attendance of employees.

In 2013, she left Hexatech Sdn Bhd and joined HEC as a Human Resources Manager where she was in charge of all human resources matters relating to the group of companies including salary administration, labour relations and overall recruitment and employee management. She left HEC and joined Hexatech Engineering in 2022 as a Human Resources Manager overseeing the human resource department of our Group including managing employee life cycles, developing recruitment and retention strategies as well as overall recruitment and employee management.

In 2023, she was redesignated as the Human Resources Manager of our Group and is in charge of the human resources department of our Group.

Please see Section 5.4.4 for further details of Chua Geok Ping's involvement in principal business activities and directorships outside of our Group at present and in the past 5 years preceding the LPD. Please also see Section 5.6 of this Prospectus for further details of the family relationship between the Promoters, Specified Shareholders, substantial shareholders, Directors and Key Senior Management of our Group.

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5.4.3 Shareholdings of our Key Senior Management

The direct and indirect shareholdings of our Key Senior Management before and after our IPO are as follows:

	Before our IPO / As at LPD[(1)]				After our IPO[(2)(3)]			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Lim Soo Cheng	7,062,186	2.00	-	-	7,408,186	1.68	-	-
Tang Kok Wai	17,655,465	5.00	-	-	18,001,465	4.09	-	-
Nelson Lim Koon Cheong	-	-	-	-	386,000	0.09	-	-
Seng Keng Theng	7,062,186	2.00	-	-	7,548,186	1.72	-	-
Chua Geok Ping	1,765,546	0.50	-	-	2,111,546	0.48	-	-

Notes:

(1) Based on the issued share capital of 353,110,300 Shares after the completion of the Acquisition of Hexatech Engineering but before our IPO.

(2) Based on the enlarged issued share capital of 440,000,000 Shares after our IPO.

(3) Assuming our Key Senior Management will fully subscribe for their respective allocation under the Pink Form Allocation.

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5.4.4 Principal directorship of our Key Senior Management and principal business activities performed outside of our Group

The principal activities performed outside of our Group at present and in the past 5 years preceding the LPD by our Executive Directors who are part of the Key Senior Management are set out in Section 5.2.3 of this Prospectus.

The following table sets out our Key Senior Management's Present Involvement and Past Involvement:

(i) Lim Soo Cheng

Lim Soo Cheng does not have any principal business activities outside our Group as at LPD or directorships outside our Group at present and in the past 5 years preceding the LPD.

(ii) Tang Kok Wai

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Present Involvement					
Nil.					
Past Involvement					
HEC Pte. Ltd. Inc.	To engage in, conduct and carry on the business of contracting and providing complete and effective solutions in the field of electrical works and to provide total integrated support in electrical and mechanical supplies and operations as well as system maintenance [(1)]	Former director	5 September 2011	9 June 2023	Nil

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
HX Solutions Sdn Bhd (*formerly known as Hexatech Solutions Sdn Bhd*)	Company consist of carrying business as supplier, installers, maintainers, repairers of and dealers in electrical system	Former director	26 September 2017	20 September 2021	Nil

Note:

(1) The company has retired pursuant to the Certificate of Business Retirement issued by the Business Permits and Licensing Office of the City of Muntinlupa, Republic of the Philippines dated 9 June 2023.

(iii) Nelson Lim Koon Cheong

Nelson Lim Koon Cheong does not have any principal business activities outside our Group as at LPD or directorships outside our Group at present and in the past 5 years preceding the LPD.

(iv) Seng Keng Theng

Seng Keng Theng does not have any directorships outside our Group at present and in the past 5 years preceding the LPD. His involvement outside our Group as a shareholder is as follows:

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Involvement as shareholder only					
Simosynergy	To carry on the business of manufacturer of switchgear, electrical and electronic appliances and apparatus	Shareholder	N/A	N/A	Direct: 5.00

(v) Chua Geok Ping

Chua Geok Ping does not have any principal business activities outside our Group as at LPD or directorships outside our Group at present and in the past 5 years preceding the LPD.

The involvement of our Key Senior Management mentioned above in other principal business activities outside of our Group will not affect their commitment and responsilibites to our Group as they are not involved in the day-to-day operations of other business activities outside our Group. Their involvement, if any, will not affect their ability to perform their roles and responsibilities as well as their contribution to our Group.

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5.4.5 Key Senior Management's remuneration and benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Managing Director and Executive Director who are part of the Key Senior Management for services rendered to our Group for FYE 2022 and proposed to be paid for FYE 2023 are set out in Section 5.2.4 of this Prospectus.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our other Key Senior Management for FYE 2022 and proposed to be paid for FYE 2023 are as follows:

	Remuneration band (RM)	
	FYE 2022	**FYE 2023 (proposed)**
Name	**RM'000**	**RM'000**
Lim Soo Cheng	150-200	200-250
Tang Kok Wai	200-250	250-300
Nelson Lim Koon Cheong	100-150	150-200
Seng Keng Theng	100-150	150-200
Chua Geok Ping	50-100	100-150

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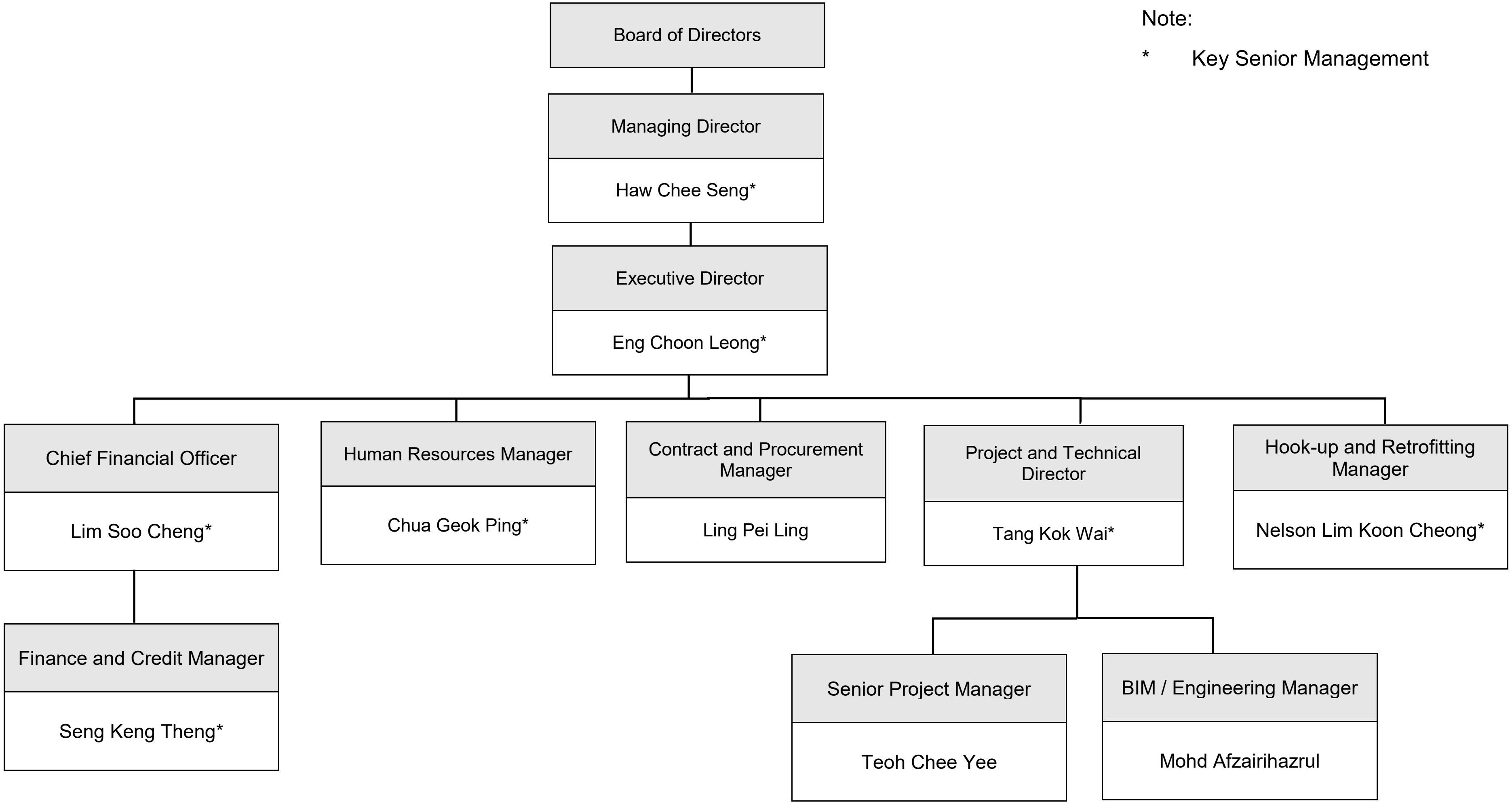
5.4.6 Management reporting structure

The management reporting structure of our Group as at LPD is as follows:



Note:

* Key Senior Management

5.5 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at LPD, none of our Promoters, Directors and Key Senior Management is or has been involved in any of the following events (whether in or outside Malaysia):

(i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a director or member key senior management;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) in the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) in the last 10 years, any judgement was entered against him, or finding at fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;

(v) in the last 10 years, he was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;

(vi) being the subject of any order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;

(vii) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(viii) has an unsatisfied judgement against him/her.

5.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no other family relationships and/or associations between any of our Promoters, substantial shareholders, Directors and Key Senior Management:

Yong Chong Lim, the Specified Shareholder of HE Group, is the brother of Yong Chong Cheang who is the Specified Shareholder and controlling shareholder of HEC.

5.7 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into or to be entered into by our Directors or any member of our Key Senior Management with our Group.

6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

Our Company was incorporated in Malaysia on 2 May 2023 under the Act as a private limited company under the name of HE Group Sdn Bhd and was subsequently converted to a public limited company on 23 May 2023 to facilitate our Listing.

Our principal activity is investment holding while the principal activities of our subsidiary, Hexatech Engineering is as disclosed in Section 6.4 of this Prospectus.

6.2 SHARE CAPITAL AND CHANGES IN SHARE CAPITAL

As at LPD, our issued share capital is RM15,889,964 comprising 353,110,300 Shares.

Details of the changes in the issued share capital of our Company since incorporation up to the LPD are as follows:

Date of allotment	No. of Shares	Nature of transaction	Consideration	Cumulative issued share capital (RM)	Cumulative no. of Shares
2 May 2023	1,000	Allotment	Cash	45	1,000
22 November 2023	353,109,300	Allotment	Non-cash	15,889,964	353,110,300

Upon completion of our Public Issue, our issued share capital will increase to RM40,219,080 comprising 440,000,000 Shares.

As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital in respect of our Shares. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the allotments as tabulated above.

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

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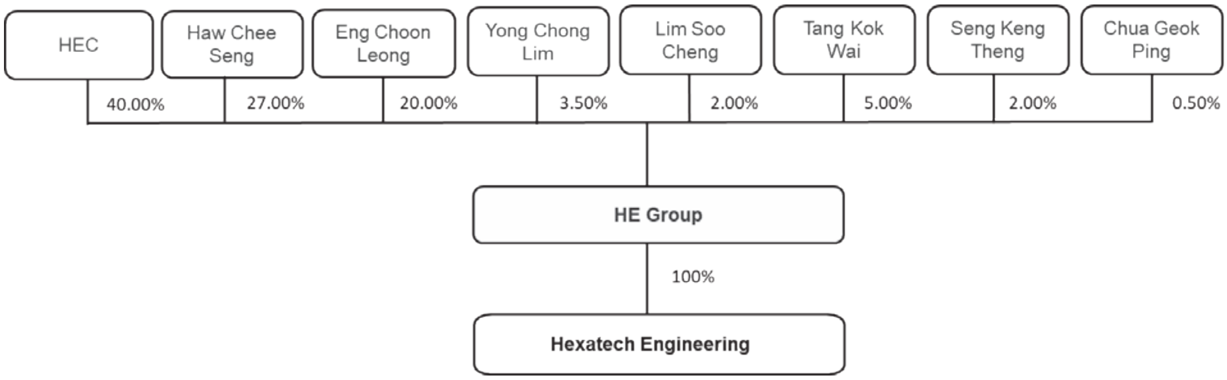
6.3 OUR GROUP STRUCTURE

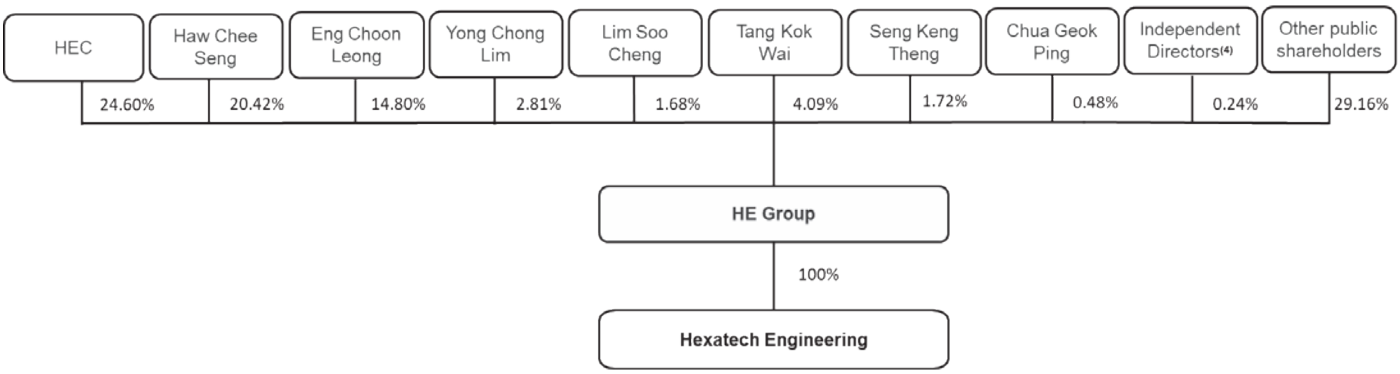
Our Group was formed on 22 November 2023 pursuant to the completion of the Acquisition of Hexatech Engineering whereby Hexatech Engineering became a wholly-owned subsidiary of our Company.

Our Group structure upon Listing is as follows:

After the Acquisition of Hexatech Engineering but before our IPO(1)



After our IPO(2)(3)



Notes:

(1) Based on the issued share capital of 353,110,300 Shares after the completion of the Acquisition of Hexatech Engineering but before our IPO .

(2) Based on the enlarged issued share capital of 440,000,000 Shares after our IPO.

(3) Assuming our Independent Non-Executive Directors / Key Senior Management will fully subscribe for their respective allocation under the Pink Form Allocation.

(4) Assuming each of our Independent Non-Executive Director will hold 250,000 Shares or 0.06% of the enlarged issued share capital after our IPO, respectively.

6.4 DETAILS OF OUR SUBSIDIARY

As at LPD, the details of Hexatech Engineering is as follows:

Name and registration no.	Date / Place of incorporation	Principal place of business	Effective equity interest (%)	Principal activities
Hexatech Engineering Sdn Bhd (199501008607) (337805-T))	29 March 1995 / Malaysia	Malaysia	100%	Provision of power distribution system, other building systems and works, hook-up and retrofitting of electrical equipment and trading.

6.4.1 Hexatech Engineering

(i) Background and history

Hexatech Engineering was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 29 March 1995 and deemed registered under the Act, under the name of Hexatech Electric (M) Sdn Bhd and thereafter assumed its present name on 10 July 2000.

(ii) Principal place of business

Hexatech Engineering's principal place of business is at No. 42, Jalan OP 1/5, Pusat Perdagangan One Puchong, 47160 Puchong, Selangor.

(iii) Principal activities and products/services

Hexatech Engineering is principally involved in the provision of power distribution system, other building systems and works, hook-up and retrofitting of electrical equipment and trading.

(iv) Share capital

As at LPD, the issued share capital of Hexatech Engineering is RM1,000,000 comprising 1,000,000 ordinary shares.

The changes in Hexatech Engineering's issued share capital since incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Consideration	Cumulative no. of shares	Cumulative share capital (RM)
3 April 1995	2	Cash	2	2
1 November 2001	99,998	Cash	100,000	100,000
20 September 2003	100,000	Cash	200,000	200,000
11 July 2005	100,000	Cash	300,000	300,000
26 November 2007	700,000	Cash	1,000,000	1,000,000

(v) Shareholder

Upon completion of the Acquisition of Hexatech Engineering, Hexatech Engineering became our wholly-owned subsidiary.

(vi) Subsidiary or associated company

Hexatech Engineering does not have any subsidiary or associated company.

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6.5 MATERIAL INVESTMENTS AND DIVESTITURES

Save as disclosed below, there are no material investments and divestitures made by us within or outside Malaysia for the Financial Years and Period Under Review and up to the LPD:

	Audited				Unaudited
	FYE 2020 RM'000	**FYE 2021 RM'000**	**FYE 2022 RM'000**	**FPE 2023 RM'000**	**1 September 2023 up to the LPD RM'000**
Buildings	-	1,204	530	974	-
Tools and equipment	-	*	-	-	-
Computers	8	33	39	8	2
Motor vehicles	-	131	292	110	-
Office equipment	2	17	25	91	3
Furniture and fittings	-	15	47	263	3
Renovation	-	-	162	228	-
Electrical installation	-	-	-	15	-
Total	**10**	**1,400**	**1,095**	**1,689**	**8**

* Negligible.

Our material investments during the Financial Years and Period Under Review and up to the LPD mainly comprised of acquisition of buildings, purchase of motor vehicles and renovation works. Our material investments were primarily funded via a combination of bank borrowings and internally generated funds.

For FYE 2021, there was an addition of buildings of RM1.20 million comprising ROU assets arising from rental of properties amounted to RM0.08 million and 2 units of properties arising from partial settlement of contract price for a project amounted to RM1.12 million. The partial settlement is arising from payment for the supply, installation, testing, commissioning and maintenance of power distribution system for a residential development in Shah Alam, Selangor, and it was mutually agreed with the customer. Please refer to Section 6.6.1(No. 2 and 3) of this Prospectus for further details of the said 2 properties.

For FYE 2022, our capital expenditure incurred for buildings amounted to RM0.53 million was mainly due to rental of properties classified as ROU assets.

For FPE 2023, our capital expenditure incurred for buildings amounted to RM0.97 million was mainly due to rental of properties classified as ROU assets.

Subsequent to the Financial Years and Period Under Review and up to the LPD, we incurred capital expenditure mainly for office equipment, furniture and fittings, and computers amounted to RM0.008 million or approximately RM8,000.

6.6 MATERIAL PROPERTIES

6.6.1 Owned properties

As at LPD, we own the following properties:

No.	Registered / Beneficial owner	Title / Postal address	Tenure	Description / Existing use	Date of CF / CCC	Land area / Built-up area (approximate)	Category of land use / Express condition / Restriction in interest	Material encumbrances	NBV as at 31 August 2023 (RM'000)
1.	Hexatech Engineering(1)	Geran 334179, Lot 179014, M1-C-20-560, Mukim Klang, Daerah Klang, Negeri Selangor / 03-19-02 (Type B) Gaya Resort Homes, Unit 03-19-02, Persiaran Kemuning Damai, Seksyen 32, Bukit Rimau, 40460 Shah Alam, Selangor	Freehold	Description: Apartment unit Existing use: Vacant	1 December 2021	Land area: N/A Built-up area: 883 sq. ft.	Category of land use: N/A Express condition: For business use only Restriction in interest: Nil	Nil.	480
2.	Hexatech Engineering(1)	Geran 334179, Lot 179014, M1-C-19-548, Mukim Klang, Daerah Klang, Negeri Selangor / 03-18-10 (Type D) Gaya Resort Homes, Unit 03-18-10, Persiaran Kemuning Damai, Seksyen 32, Bukit Rimau, 40460 Shah Alam, Selangor.	Freehold	Description: Apartment unit Existing use: Vacant	1 December 2021	Land area: N/A Built-up area: 1,421 sq. ft.	Category of land use: N/A Express condition: For business use only Restriction in interest: Nil	Nil.	700

Note:

(1) Hexatech Engineering entered into a sale and purchase agreement dated 25 July 2019 with PDMC Property Sdn Bhd as developer for the purchase of this property. As at LPD, the vacant possession of this property has been delivered but is pending registration of transfer of legal ownership to Hexatech Engineering. We intend to sell and/or rent these properties subject to an acceptable offer.

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6.6.2 Rented properties

As at LPD, the material properties rented by our Group are as follows:

Landlord	Tenant	Postal address	Description / Existing use	Built-up area (approximate)	Tenure	Rental per annum (RM'000)
Glamorous Symphony Sdn Bhd	Hexatech Engineering	3-A, Jalan Melaka Raya 19, Taman Melaka Raya, 75000 Melaka	Description: 3-storey shoplot Existing use: Office	1,540 sq. ft.	1 April 2022 – 31 March 2024	12
LTH Services Sdn Bhd	Hexatech Engineering	No.47-1, Jalan Borealis 3, Pusat Commercial Borealis, 14110 Bandar Cassia, Batu Kawan, Penang	Description: 2-storey shoplot Existing use: Office	1,300 sq. ft.	15 September 2022 – 14 September 2024	30
NGT Holdings Sdn Bhd	Hexatech Engineering	No. 42-G, 42-1. 42-2, (Basement), Jalan OP 1/5, Pusat Perdagangan One Puchong, 47160 Puchong, Selangor	Description: 3-storey shoplot Existing use: Office	7,192 sq. ft.	1 February 2023 – 31 January 2026	144
Loh Bus Services Sdn Bhd	Hexatech Engineering	2 units of lodging at PMT 1596, Jalan Perusahaan Valdor, Kawasan Perindustrian Valdor, 14200 Sungai Jawi, Penang	Description: Hostel Existing use: Accommodation for foreign workers[(1)]	1,011 sq. ft.	1 June 2023 – 31 May 2024	108.24

Note:

(1) We note that this property has been certified vide certificate of accommodation no. AC/10700/2021/42972 pursuant to Section 24(D) of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 dated 19 November 2021 and that such certificate is issued to Passion Paradise Sdn Bhd as the centralised accommodation provider. A centralised accommodation provider under the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 is a person who provides and manages a centralised accommodation and supervises the services provided therein for one or more employers. Loh Bus Services Sdn Bhd is one of the tenants of Passion Paradise Sdn Bhd who is the landlord and owner of the property. Loh Bus Services Sdn Bhd has procured the consent of Passion Paradise Sdn Bhd as the centralised accommodation provider pursuant to a letter dated 25 May 2023 to enter into tenancy agreement with Hexatech Engineering.

7. BUSINESS OVERVIEW

7.1 OUR INCORPORATION AND HISTORY

7.1.1 History of our Group

Our Company was incorporated in Malaysia under the Act on 2 May 2023 as a private limited company under the name of HE Group Sdn Bhd. On 23 May 2023, it was converted to a public limited company and assumed its present name. Our Company is an investment holding company and was incorporated to facilitate our Listing on Bursa Securities.

We are an electrical engineering service provider focusing on power distribution systems for end-user premises such as industrial plants, and industrial and commercial substations. We are involved in the design, supply, installation, testing and commissioning of HV, MV, LV and ELV power distribution systems, as well as hook-up and retrofitting of electrical equipment which includes the installation of machinery and equipment, and providing upgrades and modifications of electrical equipment.

We also provide other building systems and works including mechanical systems, control and instrumentation systems, as well as civil, structural and architectural works, which we outsourced these works to third parties under our supervision and project management. We are also involved in trading of electrical products.

We principally operate in Malaysia where our head office is in Selangor with offices in Malacca and Penang.

The history of our Group can be traced back to 1995 when our subsidiary, Hexatech Engineering was incorporated and commenced operations to undertake the supply and installation of electrical and electronic control components mainly LV switchboard. Hexatech Engineering was incorporated under the initial name of Hexatech Electric (M) Sdn Bhd in 1995 before assuming its present name in 2000.

Hexatech Engineering was initially incorporated by two shareholders namely, Yong Chong Cheang and Ho Swee Geok, where each of them held a 50.00% equity interest in the company. In 2006, our Managing Director, Haw Chee Seng, and Executive Director, Eng Choon Leong, acquired 60.00% and 40.00% equity interests in Hexatech Engineering, respectively. Subsequently, in 2007, Hexatech Engineering increased its issued share capital by RM0.70 million resulting in HEC becoming the largest shareholder with 60.00% equity interest, followed by Haw Chee Seng (20.00%) and Eng Choon Leong (20.00%). Haw Chee Seng, our Managing Director and Eng Choon Leong, our Executive Director are the main driving force behind the business growth, development and strategic direction of Hexatech Engineering. Please refer to Section 5.1.2 of this Prospectus for the profiles of Haw Chee Seng, our Managing Director, and Eng Choon Leong, our Executive Director, respectively.

As at LPD, HEC holds a 40.00% equity interest in Hexatech Engineering together with Haw Chee Seng and Eng Choon Leong who holds 27.00% and 20.00% equity interests, respectively. The remaining 13.00% of equity interest is currently held by some of the Key Senior Management including our Chief Financial Officer, Lim Soo Cheng (2.00%), our Project and Technical Director, Tang Kok Wai (5.00%), our Finance and Credit Manager, Seng Keng Theng (2.00%), and our Human Resources Manager, Chua Geok Ping (0.50%) as well as the brother of Yong Chong Cheang, Yong Chong Lim (3.50%).

7.1.2 Key events and milestones

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

Year	Key Events and Milestones
1995 - 2005	• Hexatech Engineering was incorporated under the former name of Hexatech Electric (M) Sdn Bhd which commenced operations in 1995 to undertake the supply and installation of electrical and electronic control components, mainly LV switchboard. Between 1995 and 2005, Hexatech Engineering was mainly involved in the supply and installation of power distribution systems including LV switchboards for commercial developments. • In 2000, Hexatech Engineering assumed its present name. • In 2001, Hexatech Engineering obtained ISO 9001 quality management system certification.
2005 - 2006	• Our Group's current Managing Director, Haw Chee Seng, and current Executive Director, Eng Choon Leong were appointed as Directors of Hexatech Engineering in 2005 and 2006, respectively.
2007	• Hexatech Engineering was registered as a Class A electrical contractor with ST for electrical works with no tender limitation on the size or value of the project. • We secured our first contract for the industrial sector to supply and install an electrical busway system for a semiconductor plant in Kulim, Kedah. The project was secured through indirect distribution channel where the customer is an engineering company. The project has a total contract value of RM0.15 million and was completed within the same year. • We secured a contract for the supply and installation of a power distribution system including an LV switchboard and busway system for a semiconductor manufacturing plant in Kulim, Kedah. The project was secured through indirect distribution channel where the customer is an engineering company. The project has a total contract value of RM9.79 million and was completed in 2008. • We secured our first contract for the design, supply, installation, testing and commissioning a power distribution system including 33kV switchgear, LV electrical distribution system, emergency generator system, motor control centre and facility monitoring system for a semiconductor manufacturing plant in Senai, Johor. The project was secured through indirect distribution channel where the customer is a building construction company. The project has a total contract value of RM31.00 million and was completed in 2008.
2008	• Hexatech Engineering was registered as a CIDB Grade 7 (G7) contractor for M&E engineering works with no tender limitation on the size or value of the project.
2009	• We secured our first contract through direct distribution channel from a manufacturing plant owner totalling RM68.25 million for the supply, installation, testing and commissioning of an 11kV/415V distribution substation and power distribution system for a solar PV module manufacturing plant in Alor Gajah, Malacca. The project was completed in 2011.

Year	Key Events and Milestones
2012	• We secured our first HV power distribution system project involving the design and supply of major electrical equipment including GIS, main switchboard, substation control system, and DC battery charger for a 132/33/11kV main intake substation in Bandar Utama, Selangor. The project was secured through indirect distribution channel where the customer is an engineering company. The project has a total contract value of RM8.27 million and was completed in 2013. • We secured our first contract to install a solar PV system for a 5MWp solar power plant at Kuala Perlis, Perlis. The project was secured through direct distribution channel from the solar PV company. The project has a total contract value of RM0.52 million and was completed within the same year.
2013	• We invested in a rooftop solar PV system with an installed generating capacity of 172kWp on a factory building located in Alor Gajah, Malacca. We entered into a Renewable Energy Power Purchasing Agreement (REPPA) with Tenaga Nasional Berhad (TNB) and received Feed-in Approval from SEDA for 21 years.
2014	• We secured a contract for the supply, installation, testing and commissioning of a power distribution system for a confectionery manufacturing plant and its 33kV MV substation in Senai, Johor. The project was secured through indirect distribution channel where the customer is an engineering company. The project has a total contract value of RM40.00 million and was completed in 2016.
2015	• We secured a contract for the design, supply, installation, testing and commissioning of the power distribution system for a 33kV substation for a commercial development in Bandar Utama, Selangor. The project was secured through direct distribution channel from the commercial development company. The project has a total contract value of RM11.80 million and was completed in 2018.
2018	• We secured our first project in East Malaysia for the supply and installation of a power distribution system including 33kV GIS and a DC system for an electrodeposited copper foil manufacturing plant in Kuching, Sarawak. The project was secured through direct distribution channel from the manufacturing company. The project has a total contract value of RM5.35 million and was completed within the same year.
2021	• We secured our first project which involved the construction of a 3-storey 132kV main intake substation for an electronic products manufacturing plant in Batu Kawan, Penang. The scope of the project involves civil, structural and architectural works, as well as supply, installation, testing and commissioning of power distribution, ACMV, and fire protection systems for the substation. The project was secured through direct distribution channel from the manufacturing company. The project has a total contract value of RM55.32 million and was completed in 2022. • We secured a project which involved the supply, installation, testing and commissioning of a power distribution system for a medical device manufacturing plant in Batu Kawan, Penang. The project was secured through indirect distribution channel where the customer is an engineering company. The project has a total contract value of RM43.35 million where the EOT application is pending approval from the customer. Please refer to Section 7.4.5.1 for further details on our on-going projects.

7. BUSINESS OVERVIEW (CONT'D)

Year	Key Events and Milestones
2022	• We secured our largest contract to date totalling approximately RM240 million which involved the design, supply, installation, testing and commissioning of a power distribution system for a semiconductor manufacturing plant in Kulim, Kedah. The project was secured through direct distribution channel from the manufacturing company. This is an ongoing project which is expected to be completed by October 2024. • We were appointed by Vertiv (Malaysia) Sdn Bhd ("Vertiv") to become one of their authorised product reseller and service provider on a non-exclusive basis for Vertiv products in Malaysia for alternate current power system, and power monitoring and management system. Vertiv (Malaysia) Sdn Bhd *(formerly known as Emerson Network Power (Malaysia) Sdn Bhd)* is a subsidiary of Vertiv Holdings Co, an American provider of power, cooling and IT infrastructure for data centres, communication networks, and commercial and industrial facilities. We use Vertiv products for the provision of power distribution systems as well as for our trading business.

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7.1.3 Our awards, recognitions and certifications

The awards, recognitions and certifications that our subsidiary, Hexatech Engineering, has received in the Financial Years and Period Under Review and up to the LPD include the following:

Year	Awards, recognitions and certifications
2022	Award from Vertiv (Malaysia) Sdn Bhd for having the highest growth achievement among all existing partners in the manufacturing sector category for the year 2022.
2022	Award from Vertiv (Malaysia) Sdn Bhd for having the highest sales achievement among all Diamond Partners (more than RM4 million) across all industries for the year 2022.
2023	Certificate of Environment, Health and Safety (EHS) Appreciation from Customer A for the contribution towards the achievement of 5 million safe manhours without lost time injury in July 2023.
	Certificate of Achievement from Exyte Malaysia Sdn Bhd for the achievement of 8 million cumulative injury-free manhours in June 2023.
	Certificate of Achievement from CIDB and SME Corp Malaysia for the achievement of 3-star SCORE rating for the year 2023 which shows that we have good management and technical capabilities, we are compliant to best practices and we have good project management.

As at LPD, we have also been accredited with the following quality management system:

Company within our Group	Accreditation	Scope	Issuing party	Validity period
Hexatech Engineering	ISO 9001:2015 Management System	Provision of supply, installation, maintenance and servicing of mechanical and electrical systems	Bureau Veritas	15 August 2023 to 7 August 2026

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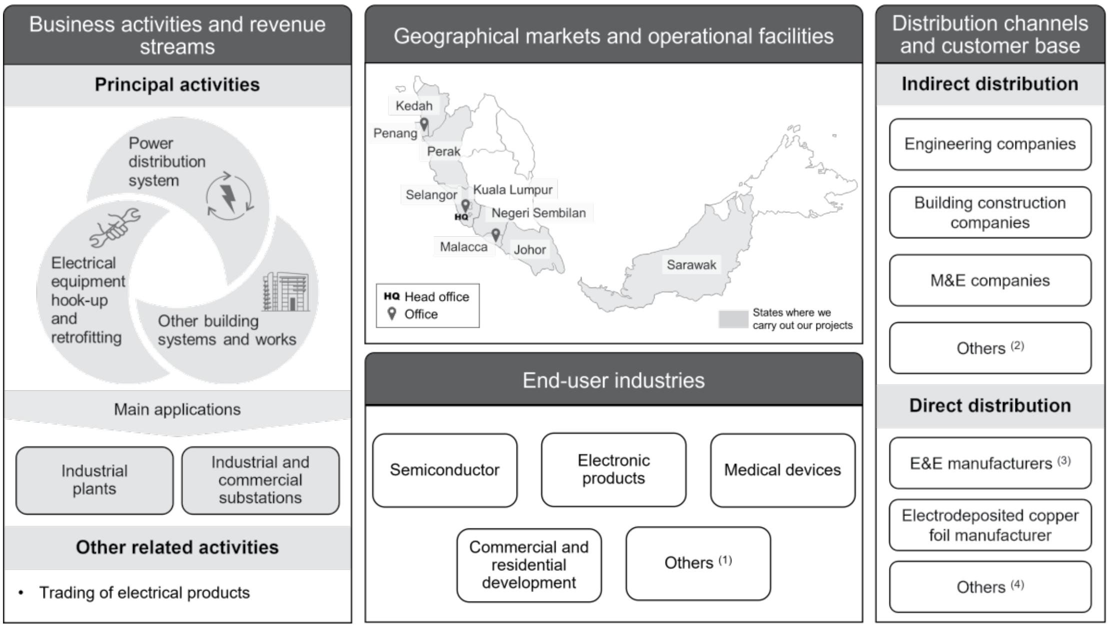
7.2 OVERVIEW OF OUR BUSINESS

7.2.1 Our business model

Our business model is depicted in the following diagram:



Notes:

(1) Includes electrodeposited copper foil, battery cell manufacturing, telecommunications, chemical products, gas, solar, education, food and beverage, and glove industries.

(2) Includes mainly manufacturers and suppliers of M&E equipment, electrical contractor, and water treatment service providers.

(3) Includes manufacturers of semiconductor and electronic products.

(4) Includes mainly manufacturers of chemical products, solar PV modules, and gloves, as well as property developers.

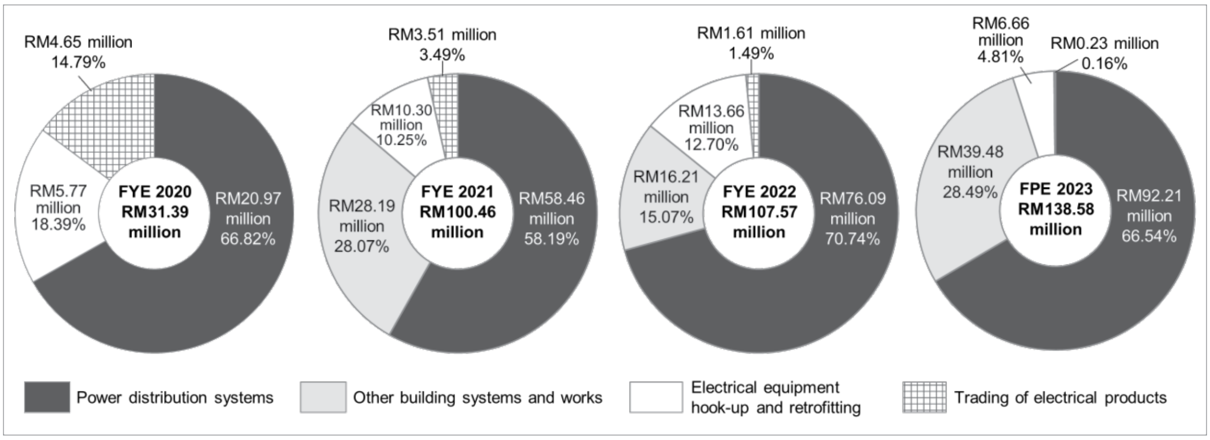
7.2.2 Business activities and revenue streams

We are an electrical engineering service provider focusing on the provision of power distribution systems for end-user premises such as industrial plants, and industrial and commercial substations. We are involved in the design, supply, installation, testing and commissioning of HV, MV, LV and ELV power distribution systems.

We also provide other building systems and works including mechanical systems, control and instrumentation system, as well as civil, structural and architectural works, which we outsourced to third parties under our supervision and project management. We also carry out electrical equipment hook-up and retrofitting which includes the installation of machinery and equipment, and providing upgrades and modifications of electrical equipment to complement our power distribution system works. We are also involved in trading of electrical products.

7. BUSINESS OVERVIEW (CONT'D)

Our revenue segmentation by business activities



(i) Power distribution systems

We are involved in the provision of power distribution systems for end-user premises incorporating the network of electrical systems, equipment and components used to distribute and control the flow of electricity from the main power source from the substation to the various electrical loads within a building, facility or built environment. A power distribution system takes the high-voltage power generated by utility companies and transformed it into lower-voltage power that is safe and suitable for use by electrical machinery, equipment and devices.

Our power distribution systems involve integrating, among others, interconnections to the power grid, substations, transformers, switchgear, switchboards, distribution boards, motor control centre panels, process control panels, capacitor banks, alternate current/direct current (AC/DC) systems, electrical wiring, busway systems, switches and outlets that are vital to the operations of electrical machinery, equipment and devices. Power distribution systems also incorporate protection and current moderating devices and systems to ensure the safety of people and properties, as well as to meet the quality of current required by critical and sensitive machinery, equipment and devices.

Our scope of work covers the design, supply, installation, testing and commissioning of the power distribution system. Our team of electrical engineers and technicians are capable of providing comprehensive design of the power distribution systems encompassing the technical planning, technical conceptualisation and detailed engineering of the power distribution networks from substations to all electrical systems, equipment and devices up to the termination points in end-user premises. We also handle the procurement of electrical equipment and components from suppliers and manufacturers, as well as the installation and integration of the electrical equipment with wiring and busway systems. We also carry out testing and commissioning to warrant the reliability and safety of the electrical systems.

For the Financial Years and Period Under Review, revenue from the provision of power distribution systems for end-user premises accounted for the majority of our revenue at RM20.97 million (66.82%), RM58.46 million (58.19%), RM76.09 million (70.74%) and RM92.21 million (66.54%) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

(ii) Other building systems and works

We also provide other complementary works to our power distribution systems for end-user premises including the provision of other building systems and works such as mechanical systems, control and instrumentation systems, as well as civil, structural and architectural works. The architectural works mainly involve the design aspect of the project taking into consideration, among others, the function of the building or facility, layout and utilisation of space, floor plan and aesthetics. These building systems and works commonly form part of the overall scope of our contract where we are responsible for the project management of these other building systems and works. Under the supervision of our project managers, we engage subcontractors and professionals including architects and engineers to support our Group with construction-related works and the design, supply, installation, testing and commissioning of mechanical, and control and instrumentation systems.

In 2021, we secured our first project which involved other building systems and works where the scope of the project included the construction of a 3-storey 132kV main intake substation for an electronic products manufacturing plant in Batu Kawan, Penang. Revenue contribution from the provision of other building systems and works accounted for RM28.19 million (28.07%), RM16.21 million (15.07%) and RM39.48 million (28.49%) of our total revenue for FYE 2021, FYE 2022 and FPE 2023, respectively. We did not record any revenue from the provision of other building systems and works in FYE 2020.

(iii) Electrical equipment hook-up and retrofitting

We also provide electrical equipment hook-up and retrofitting services which refers to the process of connecting plant and machinery, and various electrical equipment and components to a power source to form a functional operation system, and providing upgrades and modifications of electrical equipment. This segment of our business is complementary to our power distribution systems as all the equipment that we provide hook-up and retrofitting services are mainly to obtain power for their safe operation and to integrate them with other machinery, equipment and devices where required.

Revenue contribution from electrical equipment hook-up and retrofitting accounted for RM5.77 million (18.39%), RM10.30 million (10.25%), RM13.66 million (12.70%) and RM6.66 million (4.81%) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

(iv) Trading of electrical products

We are also involved in trading of electrical products such as power cables, metering panels, copper busbars, power conditioning systems such as capacitor banks, reactors and UPS, as well as other electrical products. Revenue contributed from trading of electrical products accounted for RM4.64 million (14.79%), RM3.51 million (3.49%), RM1.61 million (1.49%) and RM0.23 million (0.16%) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

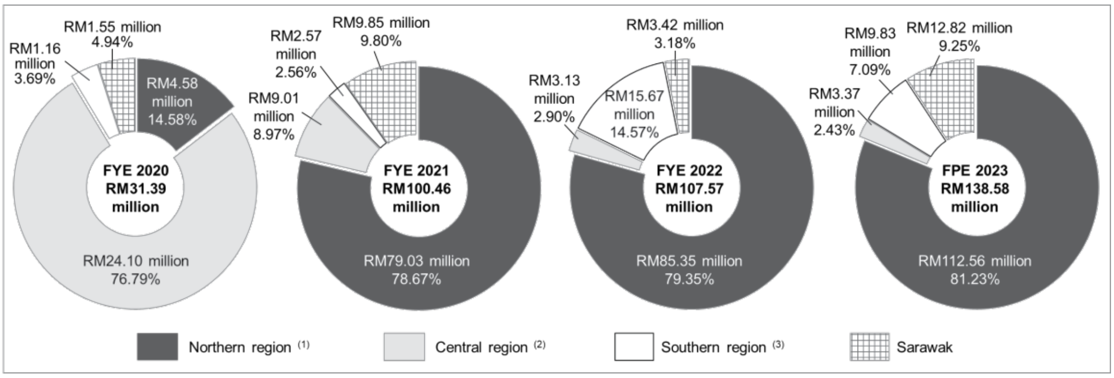
7.2.3 Geographical markets and operational facilities

We operate in Malaysia with our head office in Selangor, and sales and service offices in Penang and Malacca. With these offices, we manage our projects, provide technical support services as well as carry out sales and marketing activities to existing and potential customers in various states in Malaysia.

For the Financial Years and Period Under Review, all our revenues were from Malaysia where we derived revenues from projects located in the Northern region (Penang, Kedah and Perak), Central region (Selangor and Kuala Lumpur), and Southern region (Johor, Malacca and Negeri Sembilan) of Peninsular Malaysia, as well as Sarawak in East Malaysia.

The breakdown of our revenue by geographical markets for the Financial Years and Period Under Review is as follows:

Our revenue segmentation by geographical markets



Notes:

Revenue by geographical markets is based on the location of the project sites.

(1) Includes Penang, Kedah and Perak.

(2) Includes Selangor and Kuala Lumpur.

(3) Includes Malacca, Negeri Sembilan and Johor.

For the Financial Years and Period Under Review, the main contributor of our revenue in terms of geographical markets shifted from Central region in FYE 2020 to Northern region in FYE 2021, FYE 2022 and FPE 2023. This was mainly attributed to 2 projects secured in Penang which led to the increase in revenue contribution from the Northern region, and completion of several projects in Kuala Lumpur and Selangor which led to the decrease in revenue contribution from the Central region in FYE 2021. For FYE 2022 and FPE 2023, our revenue from the Northern region was mainly attributed to a project secured in Kedah and 2 projects secured in Perak.

7.2.4 End-user industry

For the recent 2 Financial Years Under Review, we carry out projects mainly for end-users in the semiconductor, medical device and electronic product industries. For FYE 2020, FYE 2021, FYE 2022 and FPE 2023, our revenue contribution from the semiconductor, medical device and electronic product industries cumulatively accounted for 21.90% (RM6.87 million), 80.88% (RM81.25 million), 93.45% (RM100.53 million) and 83.86% (RM116.21 million) of our total revenue, respectively.

7. BUSINESS OVERVIEW (CONT'D)

The quality of the supply of electricity for the semiconductor, medical devices and electronic product industries is crucial as their operations rely on high precision, sensitive, critical and often high-speed equipment. The quality of the electricity supply refers to the characteristics of the electrical power provided to customers which include factors such as the reliability, stability, and consistency of the power supply. The quality of the electricity supply is also measured by various parameters, including voltage, frequency and waveform stability. These parameters can affect performance and efficiency, and cause damage to some sensitive and critical electrical machinery, equipment and devices if they fall outside acceptable ranges. In some cases, it also affects the output products. As such, the design and installation of power distribution systems for these industries will need to incorporate various electrical equipment, devices and components aimed at ensuring the quality supply of electricity to prevent or minimise operational disruptions. It also will include other safety devices to mitigate or minimise the negative impact of unintended overcurrent that may cause damage to lives and properties.

We also carry out projects for end-users in the commercial and residential development industry. Our services provided for commercial and residential developments were mainly for the supply and installation of switching and distribution substations.

The breakdown of our revenue by end-user industries for the Financial Years and Period Under Review is as follows:

	FYE 2020			FYE 2021			FYE 2022			FPE 2023		
End-user industry	**RM'000**	**%**	**No. of Customer(2)**	**RM'000**	**%**	**No. of Customer(2)**	**RM'000**	**%**	**No. of Customer(2)**	**RM'000**	**%**	**No. of Customer(2)**
Semiconductor	6,873	21.90	14	10,278	10.23	12	65,295	60.70	21	106,946	77.17	17
Medical devices	-	-	-	1,575	1.57	1	31,456	29.24	5	9,267	6.69	9
Electronic products	-	-	-	69,400	69.08	1	3,778	3.51	1	-	-	-
Commercial and residential developments	19,081	60.79	8	4,701	4.68	3	403	0.38	5	*	#	1
Others(1)	5,434	17.31	9	14,507	14.44	11	6,641	6.17	7	22,364	16.14	8
Total revenue	**31,388**	**100.00**	**31**	**100,461**	**100.00**	**28**	**107,573**	**100.00**	**39**	**138,577**	**100.00**	**35**

* Less than RM1,000; # Less than 0.01%

Notes:

(1) Includes electrodeposited copper foil, battery cell manufacturing, telecommunication, chemical product, gas, solar, education, food and beverage, and glove industries, as well as revenue from trading of electrical products.

(2) Include customers for power distribution systems, other building systems and works, electrical equipment hook-up and retrofitting works as well as trading.

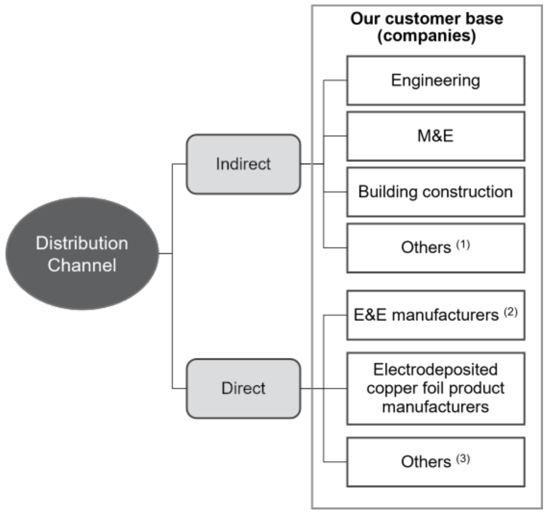
7.2.5 Distribution channels and customer base

We use both indirect and direct distribution channels for our sales and marketing.

Indirect distribution channel refers to projects that we secure through intermediaries who work directly with project owners. These customers mainly include engineering, M&E and building construction companies that are responsible to deliver a complete facility or building system to the facility owner. In this situation, we work as a subcontractor to our customers.

Direct distribution channel refers to projects that are secured directly from customers who are owners of the manufacturing plant or property development projects. Our direct distribution channel strategy focuses our sales and marketing activities directly with the ultimate decision-makers, which enables us to work closely with our customers to meet their technical specifications and requirements, as well as business objectives.

Our distribution channels and customer base



(1) Includes mainly manufacturers and suppliers of M&E equipment, electrical contractor, and water treatment service providers.

(2) Includes manufacturers of semiconductor and electronic products.

(3) Includes mainly manufacturers of chemical products, solar PV modules, and glove, as well as property developers.

For the Financial Years and Period Under Review, our revenue segmented by distribution channels are as follows:

	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Indirect distribution channel	**27,162**	**86.54**	**13,252**	**13.19**	**76,238**	**70.87**	**65,855**	**47.52**
Engineering companies	2,320	7.39	2,208	2.20	31,494	29.28	9,539	6.88
Building construction companies	18,813	59.94	5,774	5.75	23,522	21.87	44,444	32.07
M&E companies	1,408	4.49	1,657	1.64	18,660	17.34	4,999	3.61
Others (1)	4,621	14.72	3,613	3.60	2,562	2.38	6,873	4.96
Direct distribution channel	**4,226**	**13.46**	**87,209**	**86.81**	**31,335**	**29.13**	**72,722**	**52.48**
E&E manufacturers (2)	3,372	10.74	77,283	76.93	27,251	25.33	59,744	43.11
Electrodeposited copper foil manufacturers	589	1.88	9,849	9.80	3,423	3.18	12,821	9.25
Others (3)	265	0.84	77	0.08	661	0.62	157	0.12
Total revenue	**31,388**	**100.00**	**100,461**	**100.00**	**107,573**	**100.00**	**138,577**	**100.00**

Notes:

(1) Includes mainly manufacturers and suppliers of M&E equipment, electrical contractor, and water treatment service providers.

(2) Includes manufacturers of semiconductor and electronic products.

(3) Includes mainly manufacturers of chemical products, solar PV modules, gloves and medical devices, as well as property developers.

For FYE 2020 and FYE 2022, our revenue was mainly through our indirect distribution channel. However, in FYE 2021, our revenue was mainly through our direct distribution channel as we secured 2 projects directly from Customer B who is the owner of an electronic product manufacturing plant in Penang. In FPE 2023, our revenue was mainly through our direct distribution channel as we secured 1 project directly from Customer A who is the owner of a semiconductor manufacturing plant in Kedah.

7.2.6 Mode of operation

Our mode of operations for our business in terms of securing work orders, payment terms and other main contractual terms and conditions are as follows:

(i) Securing projects/works

The revenue model for the provision of power distribution systems, and other building systems and works are based on contracts or work orders issued by customers. We secure these contracts or work orders through the submission of tender bids or quotations mainly through invitation or request for quotations from prospective customers including industrial plant owners, property developers, engineering companies, building construction companies and M&E companies, as well as through referrals from project consultants such as engineers, architects and quantity surveyors.

All our contracts are project specific. While most project contracts cover all scope of work and delivery schedules for a specific project, some contracts also involve the issuance of work orders within the project contract. We do not have any umbrella contract that covers more than one project. All our contracts are lump sum contracts, which may or may not have variation orders.

We secure projects/works through both indirect and direct distribution channels. For projects/works secured through indirect distribution channel, we work as a subcontractor where we report directly to our customers who are the main contractors of the project.

As for projects/works secured through direct distribution channel, we work as the main contractor where we are responsible for liaising with all parties such as the authorities, suppliers, engineers, consultants and subcontractors for the project. We report directly to the customer who is the ultimate decision-maker. Please refer to Section 7.2.5 of this Prospectus for further details on our distribution channels and customer base.

In some cases, a tender bond is required to be submitted along with the tender bid document to provide a guarantee to the customer that we will undertake the project if we are awarded the project.

The revenue model for our electrical equipment hook-up and retrofitting services as well as trading of electrical products are mainly based on purchase or work orders issued by customers as and when required. All our purchase or work orders are lump sum contracts and commonly do not have variation orders.

As at LPD, we have one framework agreement which provides for general terms and conditions as well as scheduled rates for materials and labour for electrical equipment hook-up and retrofitting services. As and when required, the customer will issue POs to us to carry out work during the validity period of the framework agreement, which is for 1 year and is renewable on a yearly basis. There is no assurance that our customer will issue any PO and we are not the exclusive service provider under the framework agreement.

(ii) Retention sum and performance bond

Generally within the industry, projects for the provision of power distribution system are subject to retention sum. Similarly, for most of our contracts, we are required to agree to a retention sum of our invoices which our customers will retain for an agreed period after the completion of our work. Typically, a retention sum equivalent to 5% to 10% of the total contract sum will be retained by the customer for a period of 12 to 24 months. Depending on the terms of the contract, the retention sum will usually be released in two portions where the first portion (representing 50% of the total retention sum) will be released upon issuance of the CPC, while the remaining 50% will be released upon the issuance of CMGD or upon the expiration of the DLP.

Similarly, we are entitled to retain payment of part of our subcontractors' invoices as retention sum up to a maximum of 5% to 10% of the total contract sum as stipulated in our contracts with subcontractors. We generally release 50% of the retention sum upon the issuance of CPC, while the remaining half of the retention sum will be released after the end of the DLP.

Depending on the terms of the contract with our customers, we may or may not be required to issue a performance bond which generally ranges between 5% and 10% of the total contract sum in the form of a bank guarantee. The requirement for the issuance of performance bond is on a case-by-case basis depending on the terms of the contract agreed with our customers. In the event of any justifiable non-performance on our part, our customers may call on part or all of the performance bond. The performance bond is typically valid until the issuance of CPC. Thereafter, the performance bond is replaced with a warranty bond during the DLP. In some cases, we require a performance bond from our subcontractors.

Some of our customers require the issuance of performance bond in addition to a retention sum, while others may only require either a performance bond or a retention sum.

(iii) Progressive claims

During the various stages of the project, we will submit progress claims either monthly or based on agreed project milestones. The approval of the progressive claims is subject to the architect's/engineer's certification which allows us to invoice the customer.

(iv) Project contract period obligation

We are obligated to complete the project within the period stipulated in the contract. Generally, our project period ranges between 3 months and 26 months depending on the scope and size of the project. However, for the Financial Years and Period Under Review, our project period ranges between 4 and 40 months mainly because our business and onsite operations faced temporary suspension and slowdown of work pursuant to the outbreak of the COVID-19 pandemic in Malaysia. In the event of any delays in the completion of a project, we are subject to LAD claims by the customer as stipulated in the contract. Our contract's LAD ranges between 0.1% and 0.5% of the contract value per calendar day up to a maximum of 5% to 10% of the total contract value.

Under normal operating conditions, we will seek an EOT from the customer if the project encounters any unforeseen circumstances that may affect the completion date, which is subject to approval by the customer.

(v) Variation order(s)

In some cases, during or soon after the completion of a project, the customer may request variation orders for the project which may include additions, omissions, substitutions, alterations and/or changes to the work scope.

We are usually notified of a variation order in writing describing the details of the variation works and, where required, accompanied with revised drawings. We will submit our costing and the expected timeframe for the variation work to the customer for their approval.

Variation orders are generally addendums to existing contracts where all general conditions of the original project contracts still hold for the variation orders except for the additional scope of work, price and time extension to complete the additional work.

(vi) Post completion

We are responsible for the rectification of defects, and equipment warranty during the DLP, which generally ranges from 12 to 24 months from the issuance of a CPC.

We are responsible for any rectification works together with the respective subcontractors, including nominated subcontractors who work under our supervision and project management. If there is a defect liability claim that is attributable to the works carried out by a subcontractor, we usually require the subcontractor to perform the rectification works and related costs will be borne by the said subcontractor. The cost of all defect liability claims not attributable to our subcontractors will be fully borne by us.

We are also responsible to replace any defective electrical equipment together with the respective electrical equipment supplier. Generally, the electrical equipment that we purchase are covered against manufacturing defects by their respective product warranties and as such, the manufacturers or suppliers are responsible for providing suitable replacements. As the product warranty period usually commenced upon commissioning, in some cases, we may need to purchase an extended product warranty to cover the entire DLP.

7.3 OUR COMPETITIVE ADVANTAGES AND KEY STRENGTHS

7.3.1 We have an established track record of 16 years as an electrical engineering service provider to serve as a platform for business sustainability and growth

We have been operating as an electrical engineering service provider focusing on the development of power distribution systems for end-user premises for approximately 16 years since we registered as a Class A electrical contractor with ST in 2007 and as a Grade 7 (G7) M&E contractor with CIDB in 2008. Since then, we have provided power distribution systems for various end-user premises such as industrial plants, industrial and commercial substations, as well as commercial and residential buildings.

For the Financial Years and Period Under Review and up to the LPD, we have completed 17 projects involving the provision of power distribution systems for end-user premises with a cumulative contract value of RM185.16 million. As at LPD, we have 6 on-going projects involving the provision of power distribution systems for end-user premises which are to be completed by 2024. For further information on our on-going and completed projects, please refer to Sections 7.4.5.1 and 7.4.5.2 of this Prospectus.

Throughout our 16 years as an electrical engineering service provider, we have established business relationships with our customers including indirect customers such as engineering, building construction and M&E companies, as well as direct customers such as E&E and electrodeposited copper foil manufacturers. Our established track record has enabled us to secure our largest contract to date directly from the industrial plant owner, namely Customer A, valued at approximately RM240 million. Additionally, our established track record also enabled us to garner the trust among our customers substantiated by our revenue growth which increased from RM31.39 million in FYE 2020 to RM107.57 million in FYE 2022, representing a CAGR of 85.13%. Furthermore, our revenue for FPE 2023 grew by 169.61% from RM51.40 million in FPE 2022 to RM138.58 million. In this respect, our track record serves as an important reference and testament for our Group to secure new projects to sustain and grow our business.

7.3.2 We have a track record in the provision of HV, MV, LV and ELV power distribution systems for end-user premises that provide us with a wide addressable market

For the Financial Years and Period Under Review, we have carried out projects involving HV, MV, LV and ELV power distribution systems. Our cumulative revenue from projects involving HV and MV systems accounted for 46.30% (RM14.53 million), 41.07% (RM41.27 million), 12.31% (RM13.24 million) and 14.84% (RM20.56 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. Our cumulative revenue from projects involving LV and ELV systems accounted for 20.52% (RM6.44 million), 17.11% (RM17.19 million), 58.43% (RM62.86 million) and 51.70% (RM71.65 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

Our track record and portfolio of services covering HV, MV, LV and ELV power distribution systems at end-user premises provide us with a large addressable market to sustain as well as grow our business. Our service coverage includes end-user premises' substations as well as buildings, facilities and other built-environment.

7.3.3 We service growth end-user industries including semiconductors, medical devices and electronic product industries that provide us with opportunities to sustain and drive our business growth

For the recent 3 Financial Years and Period Under Review, the main end-user industries that we served were the semiconductor, medical device and electronic product industries which cumulatively accounted for 21.90% (RM6.87 million), 80.88% (RM81.25 million), 93.45% (RM100.53 million) and 83.86% (RM116.21 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

These industries attract significant investments in Malaysia. The value of investments approved for the electronic product segment (which includes semiconductors and other electronic products) recorded a CAGR of 37.3% between 2020 and 2022 amounting to RM25.7 billion in 2022. Similarly, the value of investments approved for the medical devices industry (excluding rubber-based medical devices such as face masks and rubber gloves) recorded a CAGR of 46.2% between 2020 and 2022 amounting to RM4.7 billion in 2022 *(Source: IMR Report).*

These industries also require a high-quality power supply to run their high-value, sensitive, critical and often high-speed machinery and equipment. As we have a track record of serving these types of customers and applications, it places us in a good position to further secure power distribution projects from these types of industrial operations.

Our business focus aided by our track record in these industries that attract significant amounts of investments in Malaysia will provide the platform to sustain and grow our business.

7.3.4 We have both indirect and direct distribution channels to maximise our sales and marketing coverage

We use both indirect and direct distribution channels to maximise our sales and marketing and to cultivate closer business relationships with our customers.

Our indirect customers mainly include engineering, building construction and M&E companies. For the Financial Years and Period Under Review, revenue contribution from indirect customers accounted for 86.54% (RM27.16 million), 13.19% (RM13.25 million), 70.87% (RM76.24 million) and 47.52% (RM65.86 million) for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. Using an indirect distribution channel allows us to enlarge our sales and marketing coverage to potential customers through our intermediary business network, as well as participate in projects where we are not aware, or in areas where we are underrepresented.

Additionally, we have solicited and secured sales using the direct distribution channel which focuses our sales and marketing efforts directly with the ultimate decision-makers. Our direct customers include mainly industrial plant owners and manufacturers themselves, such as E&E manufacturers. Revenue contribution from direct customers accounted for 13.46% (RM4.23 million), 86.81% (RM87.21 million), 29.13% (RM31.34 million) and 52.48% (RM72.72 million) for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. Using a direct distribution channel allows us to work closely with the ultimate decision maker to meet their technical specifications and requirements, as well as business objectives.

Having both indirect and direct distribution channels provide us with a larger addressable market compared to relying only on one channel of distribution. In addition, having two distribution channels provide mitigation against a drop in securing projects from one distribution channel. As such, our ability to secure projects using both indirect and direct distribution channels will help sustain and grow our business.

7.3.5 We are a registered CIDB G7 and Class A electrical contractor that allow us to undertake electrical installation works in Malaysia with no limitation on the project size

Companies that wish to undertake any electrical works and construction works in Malaysia are required to register with ST and CIDB, respectively. We are registered as a Class A electrical contractor with ST and a G7 M&E contractor with CIDB since 2007 and 2008, respectively. As a Class A contractor and a G7 M&E contractor, we can bid for projects and undertake electrical installation works with no limitation on the project size or value. To maintain our Class A electrical contractor and G7 contractor status, some of the requirements include paid-up capital of at least RM750,000, employment of a prescribed number of technical personnel with relevant qualifications and number of years of experience as specified by ST and CIDB. These conditions serve as barriers to entry for new entrants, particularly those with limited experience, and financial and technical personnel resources. Our ability in maintaining our status as a Class A electrical contractor with ST and a G7 M&E contractor with CIDB demonstrates our capabilities in providing electrical installation works and they serve as references for us to participate in tenders for new projects.

As of 18 December 2023, there are 7,392 electrical contractors registered with ST, of which 1,227 of them are Class A electrical contractors who can undertake electrical work with no restrictions in value *(Source: IMR Report)*.

Additionally, as at LPD, we are registered with CIDB as a G7 contractor under the M&E category with 17 specialisation including medium and high voltage electrical installation works. As of 18 December 2023, there are 9,644 CIDB G7 M&E contractors. Meanwhile, there are 1,938 M&E contractors focusing on medium and high voltage electrical works including installation as well as underground and overhead cabling works, of which 796 of them are G7 contractors *(Source: IMR Report)*.

We are one of the 1,227 Class A electrical contractors making up 16.6% of the total number of electrical contractors (7,392), and one of the 796 CIDB G7 contractors focusing on medium and high voltage electrical works making up 8.3% of the total number of CIDB G7 M&E contractors (9,644), thus providing us with a competitive advantage as we compete with relatively fewer operators in the industry.

As such, this provides us with wide opportunities to secure electrical engineering projects across all sizes of projects.

7.3.6 We have experienced Managing Director, Executive Director and Key Senior Management to grow our business

We have an experienced management team headed by our Managing Director, Haw Chee Seng and our Executive Director, Eng Choon Leong, who brings with them approximately 26 years and 28 years of experience, respectively, in providing electrical engineering-related services. As Directors of our Group, Haw Chee Seng and Eng Choon Leong have been instrumental in the growth and development of our Group.

Our Directors are supported by our Key Senior Management as follows:

- Lim Soo Cheng, our Chief Financial Officer, brings with her approximately 27 years of experience in accounting and finance-related activities. She is currently responsible for overseeing our Group's finance, accounts, tax, legal and company secretarial departments;

- Tang Kok Wai, our Project and Technical Director, brings with him approximately 20 years of experience in electrical installation works and project management of projects. He is currently responsible for overseeing the engineering and technical aspects of our Group's projects;

- Nelson Lim Koon Cheong, our Hook-up and Retrofitting Manager, brings with him approximately 28 years of experience in electrical equipment hook-up and retrofitting services. He is currently responsible for overseeing our Group's electrical equipment hook-up and retrofitting projects;

- Seng Keng Theng, our Finance and Credit Manager, brings with him approximately 28 years of experience in accounting and finance-related activities. He is responsible for overseeing our Group's overall finance, credit control and administrative matters; and

- Chua Geok Ping, our Human Resources Manager, brings with her approximately 10 years of experience in administration and human resources management. She is responsible for managing our Group's human resources department.

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7.4 OUR SERVICES

7.4.1 Power Distribution at End-User Premises

7.4.1.1 Overview

We are an electrical engineering service provider focusing on the provision of power distribution systems for end-user premises such as industrial plants, as well as industrial and commercial substations. Our Group's project involvement starts from the development of the substation within the end-user premises to obtain power from the power grid, and then to distribute power to the end-user premises' facilities for use by electrical machinery, equipment and devices in industrial plants and facilities, as well as commercial and residential developments.

End-user substations

We construct and install substations which provide the connection between the power grid and the end-user premises. Our scope of work for substations covers the following:

- design and construct the substation building;
- design cabling and wiring including interconnection to the power grid, within the substation building as well as into end-user buildings and facilities;
- specify, procure and install transformers, switchgear and other electrical equipment and components; and
- test and commission the entire substation facility.

End-user premises' facilities

We are also involved in the provision of power distribution systems within end-user premises' facilities for use by electrical machinery, equipment and devices. Our scope of work for end-user premises covers:

- design, procure, install, test and commission all the switchboards, distribution boards, motor control centre panels and process control panels, where relevant;
- cables and wiring within the premises; and
- connection to outlets or end-user electrical systems and devices.

Our project may cover end-to-end services including the development of end-user premises' substations together with the provision of power distribution systems within end-user premises' facilities, or separately as standalone projects. For the Financial Years and Period Under Review, the majority of our revenue is derived from projects involving substations and power distribution in industrial plants.

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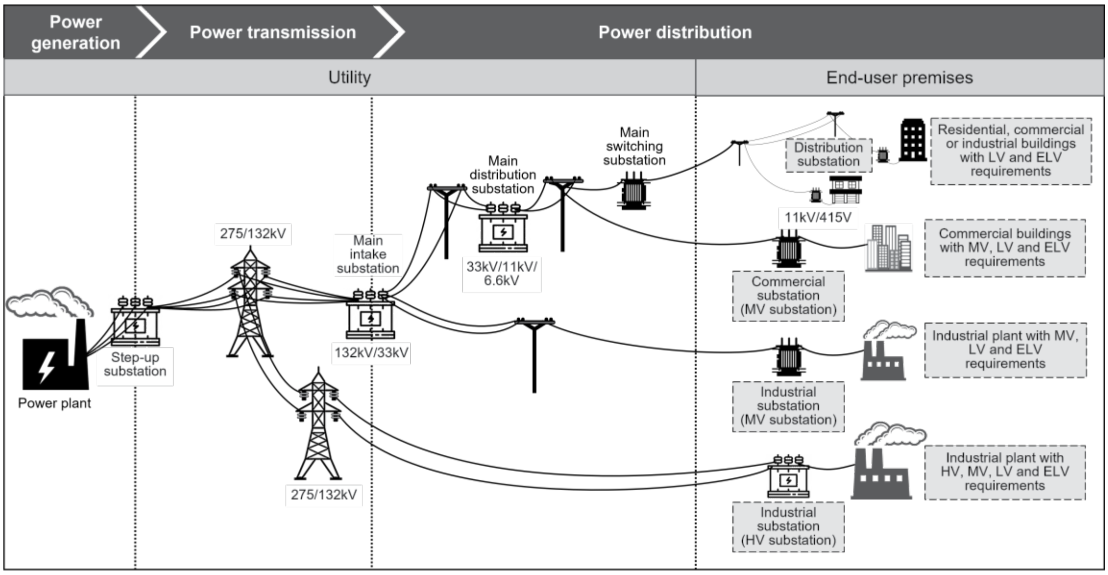
7. BUSINESS OVERVIEW (CONT'D)

The following diagram is an overview of the areas that we cover within the end-user premises' power distribution segment:



kV = kilovolt; V = volt; HV = high voltage; MV = medium voltage; LV = low voltage; ELV = extra low voltage

We design, supply, install, test and commission substations and power distribution systems for these end-user premises

The above diagram also indicates the common voltages from the step-up substation at the power generation plant to the various types of end-user premises and applications. We are involved in the provision of HV, MV, LV and ELV power distribution systems for industrial and commercial substations, as well as industrial plants. Commonly end-user premises that require a high-voltage power distribution system will also include all the lower-voltage power distribution systems. For example, an HV power distribution will commonly also require MV, LV and ELV power distribution to serve the overall end-user premises.

For the Financial Years and Period Under Review, our revenue contribution from power distribution at end-user premises based on voltage requirements is as follows:

Power distribution at end-user premises	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%*	RM'000	%*	RM'000	%*	RM'000	%*
High voltage system	-	-	15,924	15.85	673	0.63	381	0.27
Medium voltage system	14,532	46.30	25,341	25.22	12,567	11.68	20,182	14.56
Low voltage system	5,013	15.97	11,936	11.88	53,625	49.85	56,472	40.75
Extra low voltage system	1,428	4.55	5,259	5.23	5,453	5.07	5,439	3.93
Others(1)	-	-	-	-	3,777	3.51	9,741	7.03
Total revenue for the provision of power distribution system	**20,973**	**66.82**	**58,460**	**58.19**	**76,095**	**70.74**	**92,215**	**66.54**

* Percentage of the total revenue of RM31.39 million, RM100.46 million, RM107.57 million and RM138.58 million for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

Note:

(1) Others include uninterruptible power supply (UPS) system.

For the Financial Years and Period Under Review, revenue contributions from power distribution systems at end-user premises based on applications are as follows:

Power distribution systems at end-user premises	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%*	RM'000	%*	RM'000	%*	RM'000	%*
Industrial plants	2,254	7.18	11,348	11.30	73,097	67.95	89,412	64.52
Industrial/commercial substations	17	0.06	40,310	40.12	2,146	2.00	45	0.03
Commercial and residential buildings	18,702	59.58	4,680	4.66	(126)[(2)]	(0.12)	-	-
Other infrastructure[(1)]	-	-	2,122	2.11	978	0.91	2,758	1.99
Total revenue for power distribution system	**20,973**	**66.82**	**58,460**	**58.19**	**76,095**	**70.74**	**92,215**	**66.54**

* Percentage of total revenue of RM31.39 million, RM100.46 million, RM107.57 million and RM138.58 million for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

Notes:

(1) Other infrastructure refers to an open-air car park for an industrial building and a telecommunication data centre.

(2) Refers to reversal of revenue due to variation order to lower the total contract value.

7.4.1.2 Industrial plants

Power distribution systems for industrial plants are critical for the safe and efficient operation of the facilities and the machinery, equipment and devices within the facilities. The electrical system installed in industrial plants is often more complex compared to residential home buildings due to its higher voltage requirements to operate power-intensive machinery and equipment.

The type of electrical equipment and components that are used in an industrial plant may vary depending on the type of industry, the size of the facility, and the specific requirements of the plant. This is as follows:

Voltage supply requirements	Some examples of machinery, equipment and devices served by our power distribution systems
High voltage (50 kV to 230kV)	• Ion implantation and plasma etching machines used in a semiconductor manufacturing plant • X-ray inspection machine used for the inspection process of semiconductor components
Medium voltage (1kV to 50kV)	• Large motors and pumps to drive high-powered equipment • Heavy-duty machinery such as cranes, hoists and elevators • Large-scale ACMV and ducting system • Industrial lighting with large indoor or outdoor spaces such as warehouses • Refrigeration systems • UPS systems
Low voltage (50V to 1kV)	• General lighting systems • Security and fire alarm systems • Control and instrumentation systems such as programmable logic controller, motor control centres, sensors and flow meters • Building automation systems such as ACMV control systems and energy management systems • Power sockets for office and computing equipment

Voltage supply requirements	Some examples of machinery, equipment and devices served by our power distribution systems
Extra low voltage (less than 50V)	• Telecommunication systems • Data networks including routers and wireless access points • Security systems including electronic access system • Sensors and control systems • Public address systems

For the Financial Years and Period Under Review, we installed and integrated power distribution systems for industrial plants with HV supply requirements such as semiconductor manufacturing plants as well as MV supply requirements such as semiconductors, electronic products, medical devices and glove manufacturing plants. In addition, high-value and critical industries, such as semiconductor, medical device and electronic product industries require a quality supply of electricity for their operations of machinery, equipment and devices. The quality of the electricity supply refers to the characteristics of the electrical power provided to customers which include factors such as the reliability, stability, and consistency of the power supply. The quality of the electricity supply is also measured by various parameters, including voltage, frequency and waveform stability. These parameters can affect performance and efficiency and can cause damage to some sensitive electrical machinery, equipment and devices if they fall outside acceptable ranges, and in some cases affects the quality of the output products.

For the Financial Years and Period Under Review, our revenue contribution from power distribution systems at end-user premises by type of industrial plants is as follows:

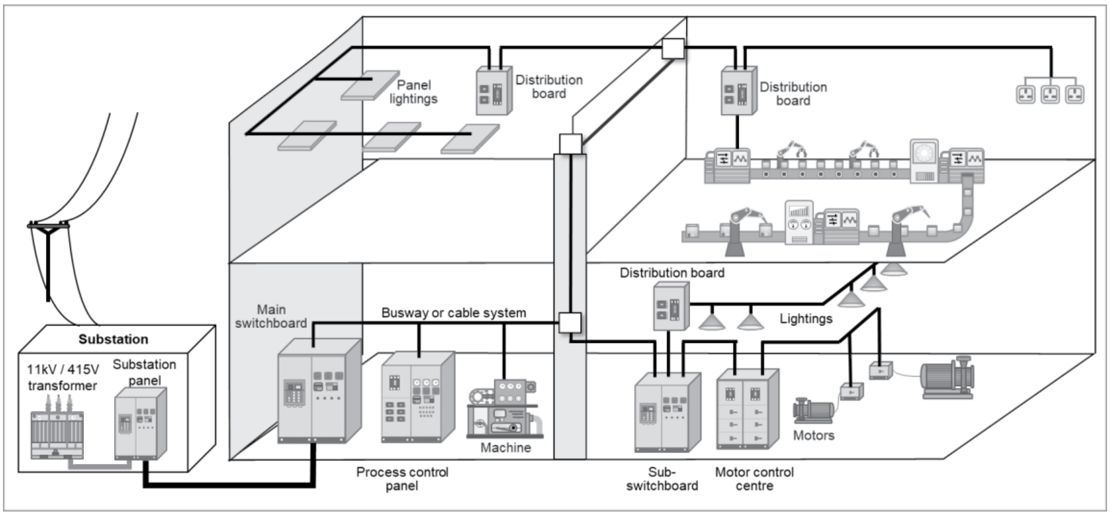
Power distribution system by type of industrial plants	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%*	RM'000	%*	RM'000	%*	RM'000	%*
Semiconductor	1,551	4.94	-	-	40,206	37.37	61,662	44.50
Medical device	-	-	442	0.44	29,346	27.28	8,593	6.20
Electrodeposited copper foil	589	1.88	9,850	9.81	3,364	3.13	12,739	9.19
Others[(1)]	114	0.36	1,056	1.05	181	0.17	6,418	4.63
Total revenue for industrial plants	**2,254**	**7.18**	**11,348**	**11.30**	**73,097**	**67.95**	**89,412**	**64.52**

* Percentage of the total revenue of RM31.39 million, RM100.46 million, RM107.57 million and RM138.58 million for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

Note:

(1) Others include gloves, food and beverage, and battery cell manufacturing plants.

Example layout of a power distribution system in an industrial plant



The following are some of the common power systems and equipment that we specify, supply, install, test and commission for industrial plants:

- **Power distribution:** This system distributes electrical power throughout the facility and includes transformers, switchgear, main switchboards, sub-switchboards, motor control centres, and distribution boards installed in the plant's electrical room. An electrical room is the point of origin for the power distribution system and serves as a hub for the plant's electrical network. We design electrical rooms to meet specific requirements such as load calculations, working spaces and clearances for operation and maintenance works, as well as the coordination of the electrical installation with other building systems to ensure the safety of the facility's property, equipment and occupants.

  The types of distribution panels that we specify, supply, install, test and commission are as follows:

  - **Main switchboard:** It is a power distribution panel that is directly connected to the main source of external power. It functions mainly to distribute the main incoming power, such as from substations, safely to other power distribution panels such as distribution boards, motor control centre (MCC) panels and process control panels as well as individual loads such as electrical machines, equipment and devices.

  - **MCC panel:** It is used to provide power and to control electric motors from a central location. It functions to control the starting, stopping and operational speed of electric motors as well as protect the motors from overcurrent, low voltage and any electrical faults. MCC panel typically house variable frequency drives which is a type of motor controller that drives an electric motor by varying the frequency and voltage of its power supply according to specifications.

  - **Sub-switchboards:** It functions as the second level of power distribution where it takes incoming electrical power from the main switchboard and distributes the power to several distribution boards or direct to individual loads.

  - **Distribution boards:** It is a second or third level of power distribution that distributes electrical power from either the main switchboard or sub-switchboard to individual loads.

7. BUSINESS OVERVIEW (CONT'D)

The equipment specification and requirements are specified by the customer and are provided to the equipment manufacturers.

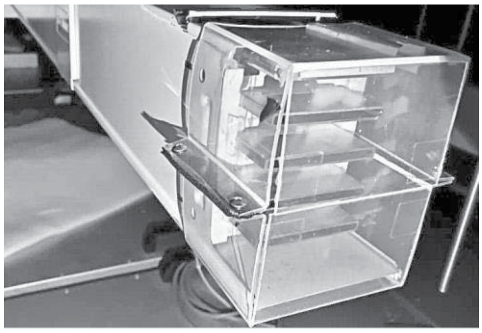
Electrical wiring system

- **Electrical wiring system:** This system uses power cables and wires to connect the different components of the electrical system and transports electricity from the incoming power supply from the utility's substation to the various distribution panels and subsequently to end-user machinery, equipment, devices and outlet sockets.

- **Busway system:** An alternative to an electrical wiring system which consists of a prefabricated, enclosed metal housing that contains conductors or busbars for carrying the electrical current. A busbar is a long solid metal commonly made of copper, brass or aluminium to carry electricity from one location to another. It is designed to be flexible and modular, allowing for easy installation and reconfiguration of the power distribution system. It is typically used in large industrial buildings where a high level of reliability and flexibility in conducting electricity is required compared to electrical wiring system. In addition, busway system has less voltage drop over longer distances, better heat dissipation and more space efficient compared to electrical wiring system.

Busway system

Busway termination



- **Lighting:** This system provides lighting for the industrial plant and includes internal and external lighting fixtures, a control system and emergency lighting. Industrial plants typically require a large amount of lighting covering a wide area both for safety and operational purposes.

- **Safety system:** This system includes safety-related electrical equipment and components such as lightning protection and grounding system, overcurrent protection devices, and surge protection devices.

- **Emergency system:** This system provides emergency lighting and backup electric power in the event of power failure. It includes UPS and backup generators. UPS and backup generators are crucial for industrial plants that require a continuous power supply as it protects that plant against power outages and fluctuations, reduce downtime, maintain data integrity and improve the safety of personnel and equipment. We are one of the authorised service providers of Vertiv products, such as UPS system, on a non-exclusive basis in Malaysia for alternate current power system, and power monitoring and management system.

- **Security system:** This system includes access control systems, close circuit television (CCTV) and fire alarm systems.

7. BUSINESS OVERVIEW (CONT'D)

Some of our notable projects in which we have installed power distribution systems for industrial plants for the Financial Years and Period Under Review are as follows:

Power distribution system for a medical device manufacturing plant


Low voltage main switchboard panel


11kV medium voltage switchgear panel

Power distribution system for a semiconductor manufacturing plant


33kV medium voltage switchgear panel


Lighting control circuit

7.4.1.3 Industrial and commercial substations

Most large developments such as industrial plants and commercial developments which require bulk and high voltage power supply are required to build their substation within their development properties. Electricity generated and transmitted from utility power stations are high voltage (132kV or 275kV) and will need to be stepped down to lower voltages (33kV or 11kV) for safe consumption by end-user machinery, equipment and devices. The size of the substation depends on the customer's voltage requirements and maximum electricity demand.

Generally, substations must be located at the front entrance of a development with separate access from the main development access. It must allow easy access by the power grid owner and operator such as TNB and Sarawak Energy Berhad personnel to perform maintenance or upgrading works without needing the customer's permission.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years and Period Under Review, our revenue contribution from the power distribution system by types of substations is as follows:

Type of substations	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%*	RM'000	%*	RM'000	%*	RM'000	%*
High voltage	-	-	39,810	39.62	1,681	1.57	-	-
Medium voltage	17	0.05	500	0.50	465	0.43	45	0.03
Total revenue by type of substations	**17**	**0.05**	**40,310**	**40.12**	**2,146**	**2.00**	**45**	**0.03**

* Percentage of the total revenue of RM31.39 million, RM100.46 million, RM107.57 million and RM138.58 million for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

For the Financial Years and Period Under Review, we have carried out the design and construction of the substation building, and design, procure, install, test and commission the power distribution equipment for the following type of substations:

- **HV substation (132kV GIS substation)**

HV substation serves to distribute bulk power supply to heavy industry customers with high voltage requirements at 132kV.

132kV gas insulated (GIS) substation for a semiconductor manufacturing plant

A 132kV GIS substation comprises a standalone 3-storey building where the ground level will be the cable cellar and the upper levels will include the 132kV and 33kV switchgear room, control and relay room, and battery room.

Some of the major electrical equipment and components in a 132kV GIS substation include the 132kV GIS switchgear, 33kV switchgear, 11kV switchgear, transformers, battery and battery charger, control relay panels, neutral earth resistors, remote terminal unit, as well as power and control cables. Other electrical equipment and components fitted include an LV distribution board, lighting, earth fault indicator, power socket outlets and emergency lighting.

- **MV substation (33kV substation)**

33kV substation serves to distribute bulk power supply to industrial and commercial customers with medium voltage requirements at 33kV.

A 33kV substation comprises a standalone building with a switchgear room, control room, battery room and metering room. Incoming and outgoing cable connections would be installed in underground cable trenches or half-storey ground-level cable cellar. The building design of the substation may vary depending on the availability of land and the suitability of the development site.

Some of the major electrical equipment and components in a 33kV substation include 33kV air insulated or GIS switchgear, battery and battery charger, control relay panel, remote terminal unit, as well as power and control cables. Other electrical equipment and components fitted include LV distribution boards, lighting, earth fault indicator, power socket outlets and emergency lighting.

33kV substation for a medical device manufacturing plant

- **MV substation (6.6kV or 11kV substation)**

MV substation serves to distribute bulk power supply to industrial and commercial customers with medium voltage requirements at 6.6kV or 11kV.

An MV switching substation comprises a standalone building with a switchgear room, battery room, transformer and metering room if required.

Some of the major electrical equipment in a 6.6kV or 11kV switching substation include air-insulated and GIS switchgear vacuum circuit breaker, transformer, battery and battery charger, remote terminal unit and power cables. Other electrical equipment and components fitted include an LV distribution board, lighting, earth fault indicator, power socket outlets and emergency lighting.

For all our substation projects, we are responsible to carry out the design, procure, install, test and commission of the power distribution system. Civil and structural works, as well as installation, testing and commissioning of power distribution systems, are outsourced to subcontractors who work under our supervision and project management. Commissioning is carried out together with the owner and operator of the power grid which in Peninsular Malaysia is TNB and in Sarawak is Sarawak Energy Berhad.

7.4.1.4 Commercial and residential developments

Large commercial and residential developments require robust electrical systems to meet the power and lighting needs of the built environment, buildings and their occupants. Generally, large commercial and residential developments require medium voltage (1kV to 50kV) power supply to operate machinery and equipment. These large commercial and residential developments would also require a low and extra low-voltage power supply to operate other systems.

Voltage supply requirements	Some examples of machinery, equipment and devices served by our power distribution systems
Medium voltage (1kV to 50kV)	• Large-scale ACMV and ducting system • Large motors and pumps to drive high-powered equipment • Heavy-duty machinery such as elevators and escalators • Lighting system for large indoor or outdoor spaces such as parking lots • Data centres and server rooms • Refrigeration systems used by supermarkets
Low voltage (50V to 1kV)	• General lighting systems • Security and fire alarm systems • Building automation systems such as ACMV control systems and energy management system • Power sockets for office and IT equipment

Voltage supply requirements	Some examples of machinery, equipment and devices served by our power distribution systems
Extra low voltage (less than 50V)	• Telecommunication systems • Data networks including routers and wireless access points • Security systems • Sensors and control systems • Public address systems

The following are some of the common power systems and equipment at the end-user premises where we are responsible for the design, supply, install, test and commission of large commercial and residential developments:

- power distribution system including main switchboards, sub-switchboards and distribution boards;
- electrical wiring system from switchgear and switchboards up to termination points;
- lighting system;
- safety system;
- emergency system; and
- security system.

7.4.1.5 Our scope of work for power distribution at end-user premises

For our power distribution system projects, we carry out the role of a main contractor as well as a subcontractor depending on project contracts. Our responsibilities include the following:

(i) Project planning and management

As the main electrical engineering contractor, we are responsible for the overall management of the construction of the building (where relevant) and the design, procurement, installation, testing and commissioning of a facility's power distribution system. Once we secure a contract, we will form a project team that will oversee, manage and monitor the execution of the project. This covers the various stages of project planning and implementation up to the completion and handover to our customers. We are also responsible for liaising with all stakeholders including authorities, suppliers, subcontractors and consultants such as architects and engineers.

Our project planning and management are focused on the following:

- ensure the projects are in accordance with design and specifications;
- ensure timely completion and delivery of the project;
- ensure the project adheres to the budget;
- ensure purchase of insurance such as Workmen's Compensation, Erection All Risks, and 3rd party liability;
- ensure declaration of projects to the CIDB and payment of CIDB levy, if required;
- ensure all necessary licences, permits and approvals required for the project are obtained, for building construction only;
- manage, liaise and coordinate all parties engaged in the project;
- manage and mitigate any unforeseen circumstances, conditions or occurrences;
- ensure workers' health and safety;
- ensure security and protection of machinery, equipment and other assets on site; and
- minimising the adverse impact of the installation works on the environment and neighbouring properties, traffic flow and occupants.

Part of the project planning includes procurement planning covering the following:

- Procurement of electrical equipment such as switchgear, transformers, switchboards, distribution boards, motor control centre panels, process control panels, power cables and trunking systems. In some projects, the brand of electrical equipment is specified by our customers, especially critical and high-value equipment such as switchgear, switchboards, transformers as well as high and medium-voltage power cables.

- Selection and appointment of an electrical installation company licensed with ST or engagement of individual certified chargeman and wireman to carry out electrical installation, testing and commissioning works.

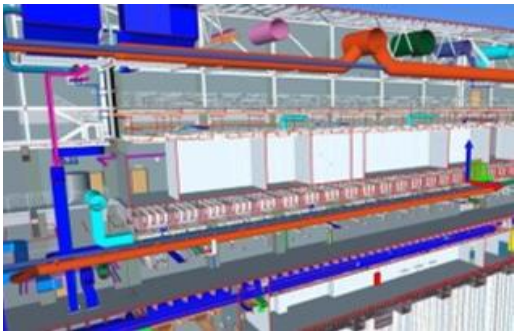
As the subcontractor, we are only responsible for part of the electrical engineering project as stipulated in the contract where the submission and obtaining the necessary approval and permits will be managed and coordinated by the main contractor. In addition, we work under the supervision as well as report to the main contractor.

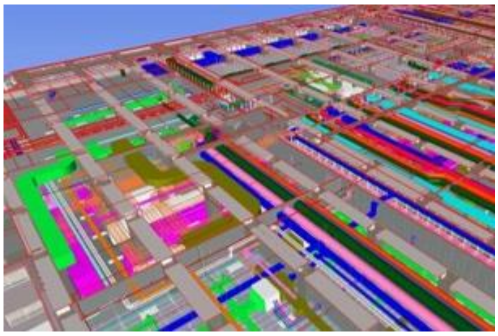
(ii) Design and engineering

The electrical system's design starts from the contract procurement and tendering stage. During the tendering stage, in some cases, we are involved in the conceptual design proposal based on the customer's requirements. In situations where the conceptual design has already been prepared by the customer or its engineers, we will follow their design. There are also situations where we may provide alternative designs for safety reasons as well as to optimise project cost and delivery timeline.

Our team of engineers utilise Building Information Modelling (BIM) software such as Autodesk Revit to create detailed three-dimension (3D) models of the facility's power distribution system which would include data associated with the physical and functional characteristics of the electrical system.

Examples of our 3D models of an industrial plant's power distribution system





The designing of the facility's power distribution system includes the following key processes:

Power system design and analysis

- Calculate the power system network parameters to evaluate and optimise the performance of the electrical system. This involves studying the behaviour of the electrical system under different operating conditions, identifying areas of inefficiency or instability and developing strategies to improve the system's performance and quality of electricity provided;

- Perform load flow analysis to determine voltages and currents throughout the electrical system under normal operating conditions to help ensure that the system is operating within its design limits;

- Perform short circuit analysis to determine potential faults and select appropriate protective devices such as relays, circuit breakers and fuses. This process is to ensure protective devices operate correctly to isolate faults while mitigating or minimising the impact on the rest of the system;

- Perform grounding and bonding analysis to determine a low-impedance path for fault currents that will protect personnel and equipment from electric shock or overcurrent.

Electrical equipment selection

- The capacity of electrical equipment is selected based on load requirements and power consumption of machinery, equipment and devices;

- Cost of equipment and installation method to ensure it is within budget;

- Compatibility of equipment with existing electrical infrastructure, if any; and

- Selection of major electrical equipment such as transformers, switchgear, switchboard and UPS, based on performance as well as to fit within the space provided.

Layout, space needs and access

- Layout of equipment in the electrical room considering equipment size, configuration, and access width and depth;

- Adequate aisle space and clearances for electrical equipment installation, replacement, operation and maintenance; and

- Requirement for ventilation and air conditioning, exhaust and cooling including ductwork, dampers and louvres.

(iii) Construction and installation management

During the execution of the project, we are responsible for supervising and managing the construction and installation of the power distribution system. We engage licensed electrical installation companies registered with ST or certified electricians to carry out the electrical installation works using the electrical works' method statements prepared by our project team.

Some of the work involved during this stage includes:

- **Equipment installation:** The electrical equipment is installed in designated locations and may involve mounting the equipment onto walls or securing them on floors and connecting the equipment with appropriate junction boxes, cabling and wiring. Equipment installation is typically done per the manufacturer's recommendation.

- **Cable and wire installation:** Cables and wires are installed and connected between the electricity supply equipment and the plant's machinery and equipment. Cable and wire management systems such as conduits or trays are also installed to protect and organise the cables and wires.

- **Cable and wire termination**: This involves the process of connecting the end of a power cable or wire to electrical machinery, equipment, device or outlet sockets, or another cable. This process is carried out by certified cable joiners.

- **Underground cable trenching:** For projects which involve the construction of substations, an underground cable trench is typically constructed to provide interconnection to another substation or the power grid.

- **Earthing and lighting protection:** The power distribution system is equipped with earthing and lighting protection system to protect against electrical overcurrent and lightning strikes to prevent or minimise damage to lives and properties. This also involves the installation of lightning protection systems.

We oversee the installation works involving the interconnecting and interfacing of various electrical supply systems with the facility's machinery and equipment, control and instrumentation systems, and mechanical systems, where applicable. Upon completion of the electrical installation work, our quality assurance and quality control (QAQC) team will jointly inspect the work done with the customer's representative.

(iv) Quality assurance and health, safety and environment management

We are also responsible to conduct quality control procedures, overseeing the health and safety of employees, contractors and customers, as well as ensuring compliance with environmental regulations throughout the project lifecycle. We would typically develop a project-specific quality management and control plan to guide our employees and subcontractors. Our quality assurance team would then verify that the project is executed following design specifications and quality standards.

We are also responsible to inspect all incoming electrical equipment and components to ensure that they meet all the necessary specifications, quality, standards and approvals.

(v) Inspection, testing and commissioning

We are responsible to conduct and supervise the inspection, testing and commissioning of power distribution systems to validate and ensure that the systems are installed properly and able to function safely and efficiently, and operate as designed and specified. We engage licensed electrical testing companies registered with ST and certified chargemen to conduct various tests based on the testing and commissioning procedures prepared by our QAQC team.

The testing and commissioning procedures for a power distribution system typically involve the following:

- **Visual inspection:** The system is visually inspected to ensure that all equipment and components are properly installed and there are no loose connections, damaged parts or potential failure areas.

- **Testing of individual equipment:** Each main electrical equipment and component of the power distribution system such as transformers, switchgear, switchboards, protection relays and cables, are tested at the site to ensure they function properly. This process is usually undertaken by the respective equipment supplier/manufacturer or their representative as part of their Site Acceptance Test.

- **Functional testing:** Once all the individual equipment has been tested, the entire system is tested for its functional performance. This may include simulating different operating conditions to ensure that the system can handle various loads, faults or overcurrent conditions.

- **Performance testing:** The power distribution system is tested under various loads and operating conditions to ensure that it meets the specified performance criteria. This may involve testing voltage and current levels, power factor, insulation resistance and other parameters. Testings are commonly carried out with the customers or their representatives together with our engineers. For interconnection to the power grid, testings also involve a representative from the owner of the power grid, which in Peninsular Malaysia is TNB.

- **Integrated system testing:** The power distribution system is tested together with other systems within the facility such as mechanical systems to ensure that they are integrated correctly and work together properly.

- **Commissioning:** Once the power distribution system has been tested and found to be functioning properly, it is commissioned and put into service. This may involve synchronising generators, connecting the system to the power grid, and verifying that all the protection systems are working correctly.

Throughout the testing and commissioning stage, we will document and record all the results of the test and ensure that the power distribution system meets all necessary performance, standards and regulation criteria. These tests form part of the baseline test values for comparison with subsequent routine maintenance tests to identify any downward trend in performance.

(vi) Approval, completion and handover

Upon satisfactory inspection of our works, the architect or engineer will issue us a CPC which effectively indicates the successful handover of the project to our customer. We are also responsible for the rectification of defects during the DLP which generally ranges from 12 to 24 months depending on the terms of the contract. We will then receive the certificate of making good defects upon the expiry of the DLP.

7.4.2 Other Building Systems and Works

We also provide other building systems and works as follows:

- installation of mechanical systems;
- integration of control and instrumentation systems; and
- provision of civil, structural and architectural works.

These works are commonly part of our overall project contracts and we are responsible for their execution and completion. For these types of work, we engage subcontractors where we will provide the overall project management and supervision.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years and Period Under Review, our revenue contribution for the provision of other building systems and works are as follows:

Other building systems and works	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	**%***	**RM'000**	**%***	**RM'000**	**%***	**RM'000**	**%***
Mechanical system	-	-	4,400	4.38	9,286	8.63	23,360	16.86
Control and instrumentation systems	-	-	3,185	3.17	5,389	5.01	16,119	11.63
Civil, structural and architectural	-	-	20,610	20.52	1,537	1.43	-	-
Revenue for other building systems and works	**-**	**-**	**28,195**	**28.07**	**16,212**	**15.07**	**39,479**	**28.49**

* Percentage of the total revenue of RM31.39 million, RM100.46 million, RM107.57 million and RM138.58 million for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

Under the management and supervision of our project managers, we engage subcontractors for the supply, installation, testing and commissioning of the following building systems and works:

(i) Mechanical systems

Mechanical systems are often combined with electrical systems to form integrated systems in various applications such as industrial manufacturing processes and building services. Mechanical systems within a built environment include any services using machines (e.g., pumps, motors and fans) connected to series of parts and components (e.g., ductwork and pipes) to perform various functions. Examples of mechanical systems include ACMV, elevators, and fire protection systems. In some cases, it may also include process utility system.

The following are some of the mechanical systems that we provide for industrial plants and industrial/commercial substations:

- **ACMV system:** This system is designed to control and maintain the required temperature, humidity and air quality in the building. It includes equipment and systems such as air handling units, cooling towers, chillers and air distribution ducts.

- **Fire-protection system:** This system is designed to detect and suppress fires, as well as to alert building occupants and the fire department. It includes equipment such as fire detection and alarm system, fire suppression system, and smoke control system.

- **Process utility system:** This system is designed for the operation of process equipment for an industrial plant. It includes equipment and systems such as compressed air systems, water treatment systems and waste treatment systems.

We engage subcontractors for the above mechanical systems works where our role mainly involves overall management, supervision and coordination. In addition, we will carry out inspection prior to the completion of works by the subcontractors to ensure that they are in compliance to specifications and in accordance to customers' requirements.

(ii) Control and instrumentation system

Control and instrumentation systems (C&I) are an important part of a building's electrical system which is responsible for monitoring, controlling and optimising various operations within a building. C&I systems use electrical and electronic components such as controllers and sensors to monitor various parameters such as temperature and humidity and subsequently provide feedback and adjustment to the building's operation in real-time to optimise the building systems to ensure the comfort and safety of occupants, and efficient operations of electrical machinery and equipment.

The following are some of the C&I systems that we provide for industrial plants and commercial developments:

- **Facility Management and Control System (FMCS):** A comprehensive system that integrates and controls various building systems and industrial processes. It is designed to manage and optimise the operation of critical production equipment, mechanical and electrical systems, and other building systems to ensure the efficient and reliable operation of an industrial plant and the comfort and safety of occupants. It includes hardware, software and networking such as sensors, controllers, devices, communications networks, software applications and user interfaces.

- **Supervisory Control and Data Acquisition (SCADA) system:** A process control system with a central processing unit that acquires data, monitors and controls a complete site or commonly a system or facility spread out over a long distance.

- **Programmable Logic Controller (PLC) system:** A process control system that can be programmed to read input data, process the data based on conditions and instructions, and send output data for display or further action. In a manufacturing and processing environment, sensors are linked to the PLC to continuously provide input data, while on the output side, it is linked to the distributed control system to integrate with other processes, actuators to initiate an action, switches to turn on or off the power supply, and display panels as part of human-machine-interface.

We engage subcontractors for the above C&I works where our role mainly involves overall management, supervision and coordination. In addition, we will carry out inspection prior to the completion of works by the subcontractors to ensure that they are in compliance to specifications and in accordance to customers' requirements.

(iii) Civil, structural and architectural works

Civil, structural and architectural works refer to the design and construction of the physical building including earthworks, piling and foundation works, building construction, interior and exterior fittings and finishing, parameter fencing, plumbing and landscaping.

For the Financial Years and Period Under Review, our projects which includes civil, structural and architectural works were for an industrial substation and an open-air car park infrastructure for an electronic product manufacturing plant.

We engage professionals including engineers and architects for the design and specifications of the other building systems, supervise our subcontractors carrying out the work to ensure that they comply to specifications as well as obtaining all relevant approvals, permits and certifications. Our role is to ensure that the design and specifications are in accordance to our customers' requirements and timeline.

We also engage subcontractors for our civil and structural works where they are responsible for carrying out the works. Our role is to ensure that the works carried out by our subcontractors are in accordance to agreed design, specifications and timeline.

7.4.3 Electrical Equipment Hook-Up and Retrofitting

We provide electrical equipment hook-up and retrofitting services, which entail connecting various electrical equipment and components as well as connecting them to a power source to form functional systems.

Electrical equipment hook-up typically involves:
- identifying the different electrical components required for a particular application;
- selecting the appropriate wiring and connectors; and
- physically connecting these components in the correct configuration;

while retrofitting typically involves:
- upgrades and/or modifications of electrical equipment.

It may also involve testing and troubleshooting to ensure that the system is working correctly.

Our electrical equipment hook-up and retrofitting services mainly cover the following:

- **Hook-up of new production lines:** For a new installation of machinery, we are also required to install new electrical equipment such as switchboards, motor control centres, and process control systems and hook them up to the new machinery. This may involve connecting power sources, control circuits, and sensors, as well as running cables and wiring, and installing connectors.

- **Upgrades, retrofits and modifications**: For upgrading, retrofitting or modifying a customer's existing power distribution system, we may be required to replace or connect new electrical equipment and components, or rearrange existing connectors to accommodate changes to the customer's new production line.

Our scope of work for electrical equipment hook-up and retrofitting also includes design, supply, installation and testing. Similarly, designs are undertaken by our electrical engineers and procurement of electrical equipment is carried out by our procurement team. Meanwhile, we engage licensed electrical installation and testing companies to undertake the installation and testing works under our supervision and management.

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7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years and Period Under Review and up to LPD, our on-going electrical equipment hook-up and retrofitting works with PO value of RM1.00 million and above are as follows:

No.	Customer	Type of building application	Location	PO value (RM'000)	Start year(1)	Expected Completion year(2)
1.	Kinetics Systems Malaysia Sdn Bhd	Semiconductor manufacturing plant	Kulim, Kedah	5,231	October 2023	August 2024
2.	Customer A	Semiconductor manufacturing plant	Kulim, Kedah	1,274	December 2023	May 2024

Notes:

(1) Start year based on expected date for the commencement of work agreed with the customer.

(2) Expected completion year based on mutual agreement with the customer.

For the Financial Years and Period Under Review and up to LPD, our completed electrical equipment hook-up and retrofitting works with PO value of RM1.00 million and above are as follows:

No.	Customer	Type of building application	Location	PO value (RM'000)	Start year(1)	Completion year(2)
1.	Sum Technic Sdn Bhd	Semiconductor manufacturing plant	Muar, Johor	1,087	November 2020	March 2021
2.	Customer A	Semiconductor manufacturing plant	Kulim, Kedah	4,010	May 2021	September 2021

Notes:

(1) Start year based on the date of PO.

(2) Completion year based on date of invoice.

7.4.4 Trading of electrical products

We carry out trading of electrical products such as power cables, metering panels, copper busbars, power conditioning systems such as capacitor banks, reactors and UPS, as well as other electrical products. Commonly, our trading of electrical products is from existing customers to replace or upgrade parts of their power distribution systems, as well as from ad hoc sales to new customers. Trading of electrical products is not our business focus and it is an opportunity to provide convenience to customers. We do not have a dedicated sales and marketing team for our trading of electrical products.

We are one of the authorised product reseller of Vertiv products on a non-exclusive basis in Malaysia for the following solutions:

- alternate current power system including UPS systems, power control and monitoring, power distribution, and power transfer switches; and
- power monitoring and management system.

While we are an authorised product reseller of Vertiv products, we are not exclusive and there are other Vertiv resellers in Malaysia. As such, moving forward, we expect trading of electrical products to represent a small proportion of our total revenue.

Our traded products comprise both local and imported products which we source from local suppliers.

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7.4.5 Our On-Going and Completed Projects

7.4.5.1 On-going projects

As at LPD, our on-going projects involving the provision of power distribution systems and other building systems and works for end-user premises amounted to a total contract value (including variation orders) of RM422.96 million are listed below. For avoidance of doubt, the list below excludes electrical equipment hook-up and retrofitting services.

No.	Customer	Project's scope of works	Type of building application	Location	Contract value[1] ('000)	Start year[2]	Expected completion year[3]	Approximate stage of completion, as at LPD[4]
1.	Exyte Malaysia Sdn Bhd	Supply, installation, testing and commissioning of power distribution system (MV, LV and power quality monitoring system)	Medical device manufacturing plant	Batu Kawan, Penang	RM 46,490	October 2021	December 2023[5] [6]	91%
2.	Zalam Corporation Sdn Bhd	Supply, installation, testing, and commissioning of power distribution system (MV, LV and ELV system)	Semiconductor manufacturing plant	Ipoh, Perak	RM 42,313	April 2022	January 2024[5] [7]	95%
3.	Zalam Corporation Sdn Bhd	Supply, installation, testing, and commissioning of mechanical system (ACMV and utility system)	Semiconductor manufacturing plant	Ipoh, Perak	RM 44,283	April 2022	January 2024[5] [8]	93%
4.	Customer A	Design, supply, installation, testing, commissioning and maintenance of power distribution system (MV, LV and ELV system), and control and instrumentation system	Semiconductor manufacturing plant	Kulim, Kedah	RM 244,737[9]	August 2022	October 2024	40%
5.	Customer X	Supply, installation, testing and commissioning of power distribution system (HV and SCADA system)	Semiconductor manufacturing plant	Malacca	RM 38,440	April 2023	July 2024	2%
6.	Customer B	Supply and installation of UPS system	Electronic products manufacturing plant	Batu Kawan, Penang	RM6,700	November 2023	June 2024	*

7. BUSINESS OVERVIEW (CONT'D)

* Have not commenced as at LPD.

Notes:

(1) Contract value including variation orders.

(2) The start year of the project is based on the date of the letter of award or PO.

(3) The expected completion year of the project is based on the date of completion stated in the letter of award or PO unless otherwise specified.

(4) Based on the percentage of completion methods.

(5) Based on EOT or revised handover date provided by the customer.

(6) As at LPD and subsequent to LPD, we received variation orders for additional works relating to changes in design and requirements from the customer. On 22 December 2023, we submitted an EOT application to the customer and this is pending approval.

(7) The installation works of the power distribution system only commenced in July 2023 due to the delay in the handover of site by the main contractor/customer. On 3 July 2023, we have submitted a notice of delay to the customer. In September 2023, we renewed and extended the project's insurance up to 30 November 2023, upon the request by the customer. As at LPD, the project is approximately 95% completed and is pending installation of ELV equipment and external street lightings. As at LPD, we renewed and extended the project's insurance up to 31 January 2024, upon the request by the customer.

(8) The installation works of the mechanical system only commenced in July 2023 due to the delay in the completion of civil and structural works contractors. On 3 July 2023, we have submitted a notice of delay to the customer. In September 2023, we renewed and extended the project insurance up to 30 November 2023, upon the request by the customer. As at LPD, the project is approximately 93% completed and is pending the provision of building management system and overall system balancing, testing and commissioning works. As at LPD, we renewed and extended the project's insurance up to 31 January 2024, upon the request by the customer.

(9) The original contract value received on 11 August 2022 was RM242.98 million. Since then and up to LPD, there were variation orders issued by the customer, including increases and reduction in the scope of work which ultimately resulted in a cumulative increase in contract value to RM244.74 million. The variation orders were mainly relating to design refinement and including additional systems and/or equipment as well as revised equipment requirements such as lower equipment ratings, and reduction in equipment quantity.

7.4.5.2 Completed projects

The following is a list of our completed projects involving the provision of power distribution systems and other building systems and works for end-user premises for the Financial Years and Period Under Review and up to the LPD, with total contract value (including variation orders) of RM2.00 million and above are listed below. For avoidance of doubt, the list below excludes electrical equipment hook-up and retrofitting services.

No.	Customer	Project's scope of works	Type of building application	Location	Contract value[(1)] (RM'000)	Start year[(2)]	Completion year[(3)]
1.	Domain Resources Sdn Bhd	Supply, installation, testing and commissioning of power distribution system (MV system)	Commercial building	Bukit Jalil, Kuala Lumpur	21,774	July 2018	November 2021
2.	Exyte Malaysia Sdn Bhd	Supply, installation, testing and commissioning of the process busway system	Semiconductor manufacturing plant	Kulim, Kedah	12,754	December 2018	February 2020
3.	Ragawang Corporation Sdn Bhd	Supply, installation, testing, commissioning and maintenance of power distribution system (LV and ELV system)	Residential development	Shah Alam, Selangor	9,646	April 2019	August 2021
4.	Customer C	Supply, installation, testing and commissioning of power distribution system (MV system)	Electrodeposited copper foil manufacturing plant	Kuching, Sarawak	6,536	July 2019	July 2020
5.	Customer C	Supply, installation, testing and commissioning of power distribution system (MV system)	Electrodeposited copper foil manufacturing plant	Kuching, Sarawak	13,098	April 2021	June 2022
6.	Customer B	Civil, structural and architectural works, as well as supply, installation, testing and commissioning of power distribution system (LV and ELV system), and mechanical system (fire protection system)	Open car park infrastructure for an electronic products manufacturing plant	Batu Kawan, Penang	17,803	June 2021	April 2022
7.	Customer B	Civil, structural and architectural works, as well as supply, installation, testing and commissioning of power distribution system (HV and ELV system) and mechanical system (ACMV and fire protection system)	Substation for an electronic products manufacturing plant	Batu Kawan, Penang	55,321	January 2021	April 2022

No.	Customer	Project's scope of works	Type of building application	Location	Contract value(1) (RM'000)	Start year(2)	Completion year(3)
8.	Customer Y	Supply and installation of UPS and cooling system	Semiconductor manufacturing plant	Batu Kawan, Penang	2,850	December 2021	April 2022
9.	Sum Technic Sdn Bhd	Design, supply, installation, testing and commissioning of power distribution system (MV and LV system)	Semiconductor manufacturing plant	Muar, Johor	12,354	February 2022	December 2022
10.	Zofar Mechanical & Electrical Engineering Sdn Bhd	Design, supply, installation, testing and commissioning of power distribution system (MV and LV system)	Telecommunication building	Kepong, Kuala Lumpur	3,543	October 2022	July 2023
11.	Customer C	Supply and installation of power distribution system (MV system)	Electrodeposited copper foil manufacturing plant	Kuching, Sarawak	13,482	October 2022	September 2023
12.	Exyte Malaysia Sdn Bhd	Supply, installation, testing and commissioning of power distribution system (MV and LV system) and mechanical system (ACMV and fire protection system)	Substation of a medical device manufacturing plant	Batu Kawan, Penang	2,379	March 2021	October 2023
13.	Xeonics Co., Ltd	Supply and installation of UPS system	Battery cell manufacturing plant	Seremban, Negeri Sembilan	USD 2,027 (RM9,352)(4)	October 2022	November 2023

Notes:

(1) Contract value including variation orders.

(2) The start year of the project is based on the date of the letter of award or PO.

(3) The completion year of the project is based on CPC date or final account date depending on the availability of the document.

(4) Based on exchange rate of USD1 = RM4.614 being the average exchange rate for August 2023.

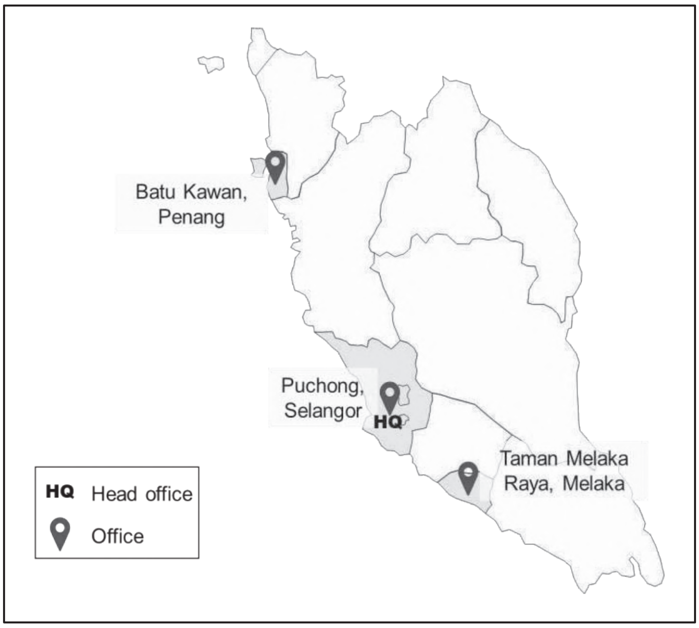
7.5 OPERATIONAL FACILITIES, CAPACITIES AND OUTPUT

7.5.1 Operational Facilities

As at LPD, the location of our operational facilities is as follows:

Companies within the Group	Main Functions	Approximate Built-up Area (sq. ft.)	Ownership	Address
HE Group and Hexatech Engineering	Head office	7,192	Rented	No. 42 Jalan OP 1/5, Pusat Perdagangan One Puchong, 47160 Puchong, Selangor, Malaysia
	Office	1,540	Rented	No. 3-A, Jalan Melaka Raya 19, Taman Melaka Raya, 75000 Melaka, Malaysia
	Office	1,300	Rented	No. 47-1, Jalan Borealis 3, Pusat Komersial Borealis, 14110 Bandar Cassia, Batu Kawan, Penang, Malaysia

The following diagram sets out our operational facilities in Malaysia, as at LPD:



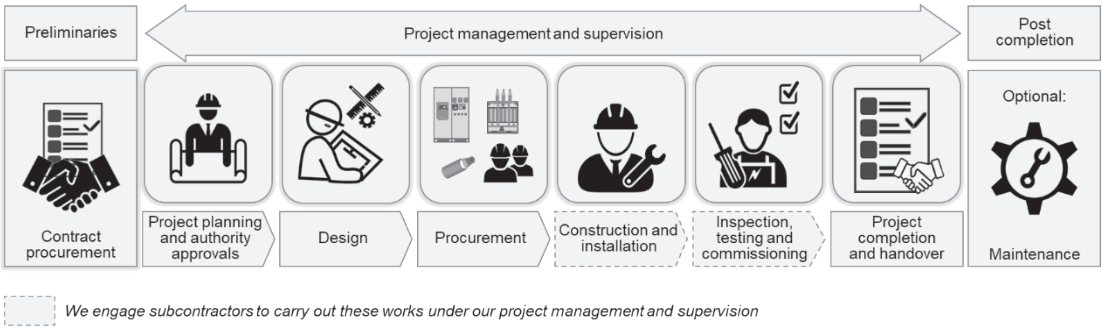
7.5.2 Production Capacity, Output and Utilisation

Production output, capacity and utilisation do not apply to our business operations as our business activities are service-based and we carry out most of our work at project sites.

7.6 PROCESS FLOW

Provision of power distribution systems, and other building systems and works

The general process flow of the provision of power distribution systems, and other building systems and works are depicted in the diagram below:



Contract procurement

Our projects are secured through tenders, invitations or referrals from existing or prospective customers. Before participating in the tender or providing a quotation to the prospective customer, we will conduct a preliminary assessment of the contract terms, the creditworthiness of the prospective customer as well as the financial attractiveness of the project.

Once the preliminary assessment has been carried out and we decide to participate in the project, our contract department will commence the preparation of the tender bid documents or quotation for the project. During the preparation of tender bid documents or quotation proposals, we would carry out site assessment, costing, budgeting, identification of statutory and regulatory requirements, evaluation of predetermined design and specification, project scheduling as well as resource planning including financial, manpower and supply of materials. Our purchasing department will provide their input on cost estimation for materials and services to the contracts department for the preparation of tender bid documents or quotation proposals.

For projects which cover design as part of the scope of the contract, our electrical engineers will prepare the preliminary engineering design for the electrical systems. Meanwhile, for projects which include mechanical systems, control and instrumentation systems, or civil and structural construction, the preliminary design will be undertaken by external architects or engineers.

The commercial proposal with the pricing is then submitted along with our technical proposal and supporting documents. In some cases, a tender bond is required to be submitted along with the tender bid document to provide a guarantee to the customer that we will undertake the project upon successful tender.

Following the submission of the tender bid or quotation proposal, we will attend an interview with the prospective customer to review, negotiate and provide clarification on the terms of the tender bid or quotation proposal. Typically, the review process takes approximately 1 to 4 months from our tender bid or quotation proposal submission to the issuance of the letter of award by the customer after which a contract will be signed or a PO will be issued. Generally, some of the terms stipulated in the contract or PO include, among others, our scope of work, contract value, date of commencement and completion of work, DLP, insurance coverage, payment term and terms on LAD.

Project planning and authority approvals

Upon receiving the contract or PO from the customer, we will set up a project team commonly comprising a project manager, engineers, technical personnel and safety officers and supervisors. The project team will conduct a project kick-off meeting with the customer and their consultants to run through the project requirements, planning and scheduling.

The project planning phase involves the preparation of a detailed master project development plan including, among others, project schedule and deliverables, workflow, costing, financial resources, team members' roles and responsibilities, insurance policies, traffic management plan, logistics arrangement, waste removal, worker's health and safety practices and quality requirements.

Our project team will ensure all the relevant regulatory permits and approvals required for the commencement of the project are in place such as electricity supply application from the power grid owner and operator, namely TNB. For projects which involve substation building construction, development plans and construction permits are required from the local councils.

Design

The design process is only applicable for projects that include design as part of the scope of the contract.

Our responsibilities for design include planning, coordinating and participating in the early development of conceptual design up to the detailed design covering various areas including, drawings for electrical, and in some situations including mechanical, and control and instrumentation systems as well as civil, structural and architectural drawings, if any.

As part of our core competency in developing power distribution systems, our electrical engineers undertake the electrical system drawings internally. Please refer to Section 7.4.1.5(ii) of this Prospectus for further details on our processes for the design and engineering of the power distribution system. Meanwhile, the drawings for mechanical systems, control and instrumentation systems as well as civil, structural and architectural are undertaken by external architects or engineers. We will consolidate and facilitate the submission of the drawings to the customer for finalisation. For the development of substations, we are also responsible to liaise with TNB for the final acceptance of the technical design and specifications of the substation.

For other projects where the design is pre-determined by the customer, submissions to authorities are done by the customer or the professionals appointed by the customer. We will obtain the designs from the customer and plan our installation and/or construction works according to the approved design.

Procurement

Our procurement activity involves the procurement of electrical equipment and materials, the appointment of subcontractors, the sourcing of labour as well as rental of machinery and equipment.

In most cases, the procurement and selection of brands and suppliers for critical electrical equipment such as switchgear, transformers, switchboards, distribution boards, process control panels and motor control centre panels as well as HV and MV power cables are based on pre-approved suppliers or preferences by the customers or their consultants. As such, we will request quotations from the respective pre-approved or preferred suppliers. For other electrical equipment and materials, the selection of suppliers is based on their price, timeliness of delivery, reputation, reliability and product quality. We procure parts and materials for our provision of power distribution systems, and other building systems as well as trading operations.

We appoint subcontractors to carry out certain works under our management and supervision. This includes the electrical installation, testing and commissioning works as well as the provision of mechanical systems, control and instrumentation systems, and civil, structural and architectural works. Our contracts department will identify potential subcontractors and request a quotation or call for tenders. The identification of potential subcontractors is mainly through their application to our procurement department or referrals and recommendations from customers. In some situations, nominated subcontractors are provided by our customers or their project consultant as they are specialists in their field of work. In this case, we would subcontract these works to the respective nominated subcontractor.

Once we receive the quotation from the subcontractors, we will review the proposed quotation and conduct a background check on the subcontractors. The appointment of subcontractors, except for nominated subcontractors, will be based on the result of their performance evaluation conducted by our contract department considering criteria such as quality of work, experience, record of timely completion of work, responsiveness to instruction, availability of resources including manpower, machinery and equipment, materials and financing, as well as their Quality, Safety and Health (QSH) compliance. Our contract department will prepare a letter of award based on the contract value and terms negotiated and agreed. Some of the information stipulated in the letter of award include the contract value, scope of work, timeline for the commencement and completion of work, and payment terms.

Construction and installation work

Upon handover of the project site to us, our project team will begin engaging with our subcontractors to commence the installation of the relevant facilities and equipment, as well as construction work, if any.

For construction work, it will involve civil, structural and architectural works. For installation work, it will involve mechanical, and electrical works, depending on the scope of our contract. We engage subcontractors to carry out all the construction and installation works under our project management and supervision.

Our project team will be stationed on-site to supervise and monitor the progress of the subcontractors, ensure that the works are carried out as per the drawing plan and contract specifications as well as the works comply with the relevant regulations and standards. The customer, consultants and/or architects will also perform periodic site visits together with our project team to monitor the project's progress and adherence to specifications.

Inspection, testing and commissioning

Upon the completion of the installation and integration of electrical equipment, we will carry out inspection, testing and commissioning with the relevant equipment suppliers and subcontractors to ensure that their respective works are as stipulated in their respective work orders. For substation projects, we would need to liaise with a representative from the utility company which is TNB for Peninsular Malaysia, on the inspection, testing and commissioning of the substation.

Meanwhile, for projects which involve mechanical, and control and instrumentation systems, our project manager will ensure that all specified inspection, testing and commissioning have been carried out by the respective subcontractors under the supervision of an authorised officer by our customer.

Any defects identified during the inspection, testing and commissioning will be promptly rectified and the cost of these works borne by the respective subcontractors. At the same time, we will also demobilise resources and materials from the site, and prepare as-built drawings, operations and maintenance manuals as well as warranty certificates for our customers.

Project completion and handover

The project is deemed to be completed upon receiving CPC for new projects or final acceptance, issued by the customer or the project architect/consultants. Upon the issuance of the CPC, we are liable for the rectification of defects during the DLP, which ranges from 12 months up to 24 months. Upon the expiration of the DLP, we will receive the CMGD for the project where we will be able to claim our final retention sum. For the Financial Years and Period Under Review and up to the LPD, there have not been any defect liability claims from our customers.

7.7 SALES AND MARKETING STRATEGIES

7.7.1 Marketing Strategy

Our marketing positioning and activities to address business opportunities, retain existing customers and secure new customers are focused on the following:

- Position and market ourselves as an electrical engineering service provider focusing on power distribution systems for end-user premises with in-house engineering and CIDB G7 capabilities in managing sizeable design, supply, installation, testing and commissioning of power distribution projects.

- Leverage on our strengths as an established operator with a long and proven track record of 16 years as an electrical engineering service provider focusing on the development of power distribution systems for industrial plants particularly in critical and high-value industries such as semiconductors, medical devices and electronic products. This is supported by the list of projects that we have completed since 2007 which serves as our reference sites.

- Position and market ourselves with the capabilities to provide development of HV, MV, LV and ELV power distribution systems for end-user premises to facilitate a wider coverage of potential jobs.

- Position and market ourselves with the capabilities to provide end-to-end power distribution systems for end-user premises from end-user premises substations to industrial plants, and commercial and residential complexes, and where relevant to incorporate provision of mechanical systems, control and instrumentation systems, as well as civil, structural and architectural works.

- Utilise our indirect channel strategy to secure work with intermediaries such as engineering companies to benefit from their customer bases to extend our sales coverage in areas and locations where we are underrepresented.

Some of our sales and marketing strategies and approaches include the following:

- Actively review tender notices to bid for new projects;

- Increase our market presence and profile among engineering companies, consultants, architects and building owners;

- Maintain business relationships with our existing customers as well as business associates including architects, consultants, engineers and quantity surveyors for any upcoming developments and market opportunities;

- Continue with business development activities by establishing and maintaining good business relationships with existing and prospective customers; and

7. BUSINESS OVERVIEW (CONT'D)

- Active participation as a member of The Electrical and Electronics Association of Malaysia (TEEAM) to promote our business operations.

Sales and marketing activities including business development are headed by our Managing Director, Haw Chee Seng and supported by our Executive Director, Eng Choon Leong, our Project and Technical Director, Tang Kok Wai, as well as our engineers and other management professionals. Additionally, our Executive Director, Eng Choon Leong heads the contract department that is responsible for the preparation of tender and quotation submissions.

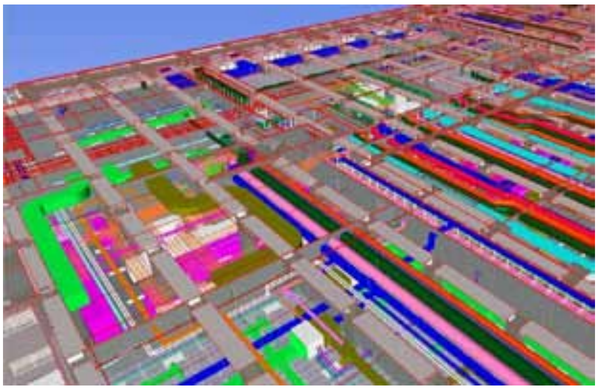
7.8 RESEARCH AND DEVELOPMENT

Due to the nature of our Group's business, we do not have any research and development activities and we did not recognise any research and development expenditure for the Financial Years and Period Under Review.

7.9 TECHNOLOGY USED

We utilise Building Information Modelling (BIM) software in the operation of our business. BIM software is used to create digital representations of building designs and their associated systems and processes. It allows architects, engineers, contractors and other stakeholders to collaborate on coordinated models which provide better insight into how their work fits into the overall project, ultimately helping all parties to work more efficiently and effectively.

An example of the 3D model of a facility's building systems including electrical system (in orange, white, grey and blue colour)



It also allows sharing of data and information throughout the entire project lifecycle, from planning and design to construction and operations. BIM software includes a range of tools, functions and features to facilitate visualisation, data analysis, clash detection and collaboration.

We utilise BIM software for the following:
- create digital 3D models of the facility's electrical system;
- insert, extract, update, modify and improve on the electrical system's design based on information provided by the project's architect, engineers and other subcontractors before the system is built;
- monitor subcontractor's progress and work scope; and
- generate construction documents, shop drawings and as-built drawings.

We use the following software for various purposes:

- **Autodesk BIM 360 Build** – a cloud-based platform to manage projects from design to completion where all stakeholders including customers, architects, engineers and subcontractors can communicate and share information in real-time. We utilise this programme for document management including requests for information and submission of progress reports, quality management including the creation of checklists, field management including progress tracking and site activity monitoring, as well as safety management;

- **Autodesk Revit** – a desktop software tool to create and modify detailed 3D models, generate construction documents and rendering of designs;
- **Autodesk Navisworks** – a desktop software tool to review, coordinate and combine 3D models of the building systems from various sources to identify and resolve design clashes and issues before the commencement of construction and/or installation works; and
- **Autodesk AutoCAD** – to create detailed engineering drawings and documents such as plans, sections, elevations and other details.

7.10 MATERIAL INTERRUPTIONS TO OUR BUSINESS

Save as disclosed below, there has not been any material disruption to our business activities during the Financial Years and Period Under Review and up to the LPD.

7.10.1 COVID-19 pandemic in Malaysia

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The Government implemented several measures to reduce and control the spread of the COVID-19 pandemic commencing on 18 March 2020. These measures include restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic, cultural and recreational activities. As a result, we experienced some temporary interruptions to our business operations due to the restrictions imposed by the Government to contain the COVID-19 pandemic.

(a) Various restrictions and measures in 2020

During the first MCO period in 2020, our operations were temporarily suspended for 26 days from 18 March 2020 to 22 April 2020. During this period, our employees worked from home and we notified our customers of the suspension of work at the project site due to the restrictions imposed. We subsequently received approvals from MITI on 22 April 2020 for the resumption of our business operations at our Puchong office while our Malacca and Penang offices remained closed. Subsequently, we gradually resumed partial operations at our project sites between 23 April 2020 and 25 January 2021 at 30% to 50% capacity, depending on the location of the project sites. All office-based staff including designers and software engineers continued to work from home.

Beginning on 4 May 2020, the Government implemented the Conditional MCO ("**CMCO**") and Recovery MCO ("**RMCO**") where some of the measures were relaxed, including allowing many economic sectors to resume business. Restrictions on the movement of people within Malaysia were also relaxed while restrictions on international travel were modified slightly.

Following the upliftment of the MCO and implementation of CMCO and subsequently RMCO, we increased our site operations capacity from 50% to 70% from 4 May 2020 onwards, according to the guidelines and standard operating procedures from the Government.

(b) Various restrictions and measures in 2021

Towards the end of 2020, the number of COVID-19 infections increased and subsequently on 13 January 2021, MCO 2.0 was imposed on selected states including Melaka, Johor, Penang, Selangor, Sabah and the Federal Territories of Kuala Lumpur, Putrajaya and Labuan. Companies that have previously obtained MITI approval during MCO 1.0 were allowed to continue their operations while adhering to the standard operating procedures. During MCO 2.0, we received approvals from the MITI on 12 January 2021 which allowed us to operate at both our offices and site operations while adhering to standard operating procedures. Our Puchong and Penang offices remained in operation from 13 January 2021 with 30% workforce capacity, while we closed our Malacca office. Our project site operation in Penang continued to operate however with 30% workforce capacity. The MCO 2.0 then transitioned to the CMCO or RMCO depending on the states.

Subsequently, due to the increasing trend of daily COVID-19 cases from April 2021 onwards, the Government reimposed a nationwide MCO 3.0 from May 2021 to June 2021. The measures imposed under the MCO 3.0 included among others, restrictions on the movement of people within Malaysia and restrictions on international travel to and from Malaysia, the closure of all businesses except those classified under the "essential economic sector" or have received written approval from MITI to operate, and only 30% of employees in the top management were allowed to be in the office. During the MCO 3.0, we were allowed to continue to operate at our head office, other offices and site operations while adhering to standard operating procedures. Our project sites in Penang, Kedah and Kuala Lumpur continued to operate however with 30% workforce capacity.

The National Recovery Plan ("**NRP**") consisted of 4 phases including FMCO and Phase 1 of NRP which commenced on 1 June 2021 and subsequently transitioned to Phases 2, 3 and 4 in various stages depending on the number of new COVID-19 cases and vaccination rate in different states.

During this period, one of our projects in Penang stopped work from June 2021 up to September 2021. We also received approval from MITI between 31 May 2021 and 14 June 2021 which allowed us to operate our project sites in Penang and Kedah during the NRP Phase 1 according to guidelines and standard operating procedures.

During the NRP period, we were also affected by the implementation of the Enhanced MCO ("**EMCO**") in a large part of Selangor and several localities in Kuala Lumpur from 3 July 2021 to 16 July 2021. Control measures were stricter and tighter in EMCO areas. The list of economic activities deemed as essential services in EMCO areas was reduced. Our operations at Puchong head office in Selangor and a project site in Kuala Lumpur were suspended for 14 days from 3 July 2021 to 16 July 2021 and all our management and administrative staff worked from home. Our offices and project sites in Penang and Kedah were not affected by this restriction and they continued to operate accordingly.

(c) Transition into an endemic phase in 2022

On 1 April 2022, Malaysia began its transition into the endemic phase, and we continued to operate at full workforce capacity according to Government SOP and guidelines.

7.10.2 Impact of COVID-19 on our business operations

Our business and onsite operations were affected by the various phases of MCOs and NRP which have resulted in the temporary suspension and slowdown of work during these respective periods. In light of this, we have sought EOT from our customers for several of our projects in Kuala Lumpur, Selangor and Penang. As at LPD, all these projects have been completed and handed over to our customers.

The EOT obtained are based on provision for force majeure events in our contracts with our customers, as a result of various phases of MCOs and NRP which caused a temporary suspension of works as well as additional time required to recommence work sites, i.e. remobilising construction workers, equipment and supply of materials as well as the time taken to establish the required SOPs at the construction sites. For the Financial Years and Period Under Review and up to the LPD, we have not encountered any situation where our customers had imposed LADs on us due to delays caused by the pandemic.

Since 18 March 2020 and up to the LPD, we did not experience any cancellation of contracts or work orders by customers.

7.10.3 Impact of COVID-19 on our financial performance

(a) FYE 2020

As a result of the temporary suspension of our operations for 26 days from 18 March 2020 to 22 April 2020, our financial performance was adversely affected due to the temporary halt of our projects causing a delay in recognition of revenue which is based on percentage completion.

In FYE 2020, we encountered a temporary suspension of our onsite operations for certain projects between March 2020 and May 2020. This includes projects for the provision of a power distribution system for the substation of a commercial development in Kuala Lumpur and a residential development in Selangor, as well as electrical equipment hook-up services for a semiconductor manufacturing plant in Penang. As such, this resulted in a decrease in our revenue by 51.44% to RM5.58 million in the second quarter of FYE 2020 (1st quarter FYE 2020: RM11.49 million). Subsequently, when projects resumed operations in May 2020, our revenue increased by 78.67% to RM9.98 million in the third quarter of FYE 2020.

(b) FYE 2021

In FYE 2021, our project sites in Penang, Kedah and Kuala Lumpur continued to operate however with lower workforce capacity, thus resulting in slower progress of work in the first half of 2021. As such, this resulted in lower revenue being recorded in the first half of FYE 2021 of RM11.17 million as compared to RM89.29 million in the second half of FYE 2021.

Despite the interruptions to the business operations due to the COVID-19 restrictions, overall, our revenue for FYE 2021 grew by 220.04% from RM31.39 million in FYE 2020 to RM100.46 million in FYE 2021.

(c) FYE 2022

In FYE 2022, our project sites were not disrupted by any restrictions and they continued to operate according to the project's schedule. Overall, our revenue for FYE 2022 increased by 7.08% to RM107.57 million.

(d) FPE 2023

In FPE 2023, our project sites were not disrupted by any restrictions and they continued to operate according to the project's schedule. Our revenue for FPE 2023 increased by 169.61% to RM138.58 million (FPE 2022: RM51.40 million).

7.10.4 Impact of COVID-19 on our supply chain

During the MCO, FMCO, EMCO and NRP periods, our supply chain was to a certain extent affected as our suppliers and subcontractors were equally impacted by the temporary suspension of business operations arising from the various lockdowns and containment measures imposed by the authorities.

Nonetheless, our projects were not materially impacted by the suspension of our suppliers' and subcontractors' operations as some of our projects were also temporarily suspended pending the approval of the MITI to resume. Further, some of our project sites were operating at lower capacity to comply with the SOP and operating capacity requirements imposed by the Government, thus, resulting in slower progress and utilisation of materials and resources.

Additionally, we faced some delays in obtaining certain materials from our suppliers as there were disruptions in the global supply chain of electrical and electronic products which are components of some of our electrical equipment. Nevertheless, the delivery of equipment to our customers was not materially affected as our planning for the procurement of materials took into consideration our project timeline as well as the delivery time of the said materials.

7.11 SEASONALITY

We do not experience any material seasonality in our business as the nature of our business operations is project-based and is not subject to seasonal influences or fluctuations.

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7.12 MAJOR CUSTOMERS

Our top 5 major customers for the Financial Years and Period Under Review are as follows:

FYE 2020

No.	Major customers	Types of major services/products	Revenue contribution RM'000	%	[1]Length of relationship Years
1.	Domain Resources Sdn Bhd[2] [4]	Provision of a power distribution system for the substation of a commercial development in Kuala Lumpur	13,960	44.48	4
2.	Ragawang Corporation Sdn Bhd[2]	Provision of a power distribution system for a residential development in Selangor	4,777	15.22	1
3.	Mepcon Sdn Bhd[2]	Trading of cables, metering panel and genset	4,271	13.61	4
4.	Customer A[3]	Electrical equipment hook-up services for a semiconductor manufacturing plant in Penang	3,373	10.74	5
5.	Exyte Malaysia Sdn Bhd[2]	Provision of a process busway system for a semiconductor manufacturing plant in Kedah	1,565	4.98	5
		Sub-total for top 5 customers	**27,946**	**89.03**	
		Total revenue	**31,388**	**100.00**	

FYE 2021

No.	Major customers	Types of major services/products	Revenue contribution RM'000	%	[1]Length of relationship Years
1.	Customer B[3]	Provision of power distribution and mechanical system, and civil, structural and architectural works of a 132kV substation and an open car park for an electronic products manufacturing plant in Penang	69,400	69.08	1
2.	Customer C[3]	Provision of a power distribution system including GIS switchgear and DC system for an electrodeposited copper foil manufacturer in Sarawak	9,849	9.80	3
3.	Customer A[3]	Electrical equipment hook-up services for a semiconductor manufacturing plant in Penang	7,883	7.85	6

No.	Major customers	Types of major services/products	Revenue contribution RM'000	%	[1]Length of relationship Years
4.	Ragawang Corporation Sdn Bhd[2]	Provision of a power distribution system for a residential development in Selangor	4,094	4.08	2
5.	Mepcon Sdn Bhd[2]	Trading of cables, reactors, capacitors and metering panels	3,283	3.27	5
		Sub-total for top 5 customers	**94,509**	**94.08**	
		Total revenue	**100,461**	**100.00**	

FYE 2022

No.	Major customers	Types of major services/products	Revenue contribution RM'000	%	[1]Length of relationship Years
1.	Exyte Malaysia Sdn Bhd [2]	Power distribution system for a medical device manufacturing plant in Penang	30,482	28.34	7
2.	Customer A[3]	Power distribution, and control and instrumentation system for a semiconductor manufacturing plant in Kedah	23,473	21.82	7
3.	Zalam Corporation Sdn Bhd[2]	Power distribution system for a semiconductor manufacturing plant in Perak	23,304	21.66	1
4.	Sum Technic Sdn Bhd[2]	Power distribution system for a semiconductor manufacturing plant in Johor	13,602	12.64	4
5.	Customer B[3]	Power distribution and mechanical system, and civil and structural works for an electronics product manufacturing plant in Penang	3,778	3.51	2
		Sub-total for top 5 customers	**94,639**	**87.97**	
		Total revenue	**107,573**	**100.00**	

FPE 2023

No.	Major customers	Types of major services/products	Revenue contribution RM'000	%	[(1)] Length of relationship Years
1.	Customer A[(3)]	Power distribution, and control and instrumentation system for a semiconductor manufacturing plant in Kedah	58,358	42.11	8
2.	Zalam Corporation Sdn Bhd[(2)]	Power distribution and mechanical system for a semiconductor manufacturing plant in Perak	44,279	31.95	2
3.	Customer C[(3)]	Power distribution system for an electrodeposited copper foil manufacturer in Sarawak	12,821	9.25	5
4.	Exyte Malaysia Sdn Bhd [(2)]	Power distribution system for a medical device manufacturing plant in Penang	8,940	6.45	8
5.	Xeonics Co., Ltd[(2)]	Supply and installation of UPS system for a battery cell manufacturing plant	6,360	4.59	1
		Sub-total for top 5 customers	**130,758**	**94.35**	
		Total revenue	**138,577**	**100.00**	

Notes:

(1) The length of relationship is determined at each respective FYE.

(2) Customer from indirect distribution channel.

(3) Customer from direct distribution channel.

(4) Domain Resources Sdn Bhd is a subsidiary of Malton Berhad, a company listed on the Main Market of Bursa Securities.

We have exhibited some degree of reliance on Customer A by virtue of its revenue contribution to our total revenue which grew from 10.74% in FYE 2020 and 7.85% in FYE 2021 to 21.82% in FYE 2022 and 42.11% in FPE 2023. Nevertheless, the contract with this customer is expected to be completed in October 2024. Please refer to Section 9.1.3 of this Prospectus for further details on our risk on reliance with Customer A.

Notwithstanding that certain major customer of our Group had contributed substantially to our revenue during the Financial Years and Period Under Review, we are not dependent on Exyte Malaysia Sdn Bhd, Mepcon Sdn Bhd, Ragawang Corporation Sdn Bhd and Zalam Corporation Sdn Bhd due to the nature of our business which is project based. This is further substantiated by the following reasons:

- Exyte Malaysia Sdn Bhd was not among our top 5 major customers in FYE 2021, nevertheless our total revenue continued to grow by 220.04% in FYE 2021;

- Mepcon Sdn Bhd's revenue contribution decreased from RM4.27 million in FYE 2020 to RM3.28 million in FYE 2021. Furthermore, the revenue contribution from Mepcon Sdn Bhd as a proportion to our total revenue decreased from 13.61% in FYE 2020 to 3.27% in FYE 2021 and Mepcon Sdn Bhd was not among our top 5 major customers in FYE 2022;

- Ragawang Corporation Sdn Bhd's revenue contribution decreased from RM4.78 million in FYE 2020 to RM4.09 million in FYE 2021 following the completion of the project in August 2021. Its revenue contribution as a proportion to our total revenue also decreased from 15.22% in FYE 2020 to 4.08% in FYE 2021 and Ragawang Corporation Sdn Bhd was not among our top 5 major customers in FYE 2022; and

- Although Zalam Corporation Sdn Bhd's revenue accounted for 21.66% or RM23.30 million in FYE 2022 and 31.95% or RM44.28 million in FPE 2023, the 2 projects for Zalam Corporation Sdn Bhd were already 95% and 93% completed as at LPD, and both these projects will be completed by January 2024.

Our business is project-based where our revenue contribution from major customers varies on a year-to-year basis and the period of our projects ranges between 4 and 40 months for the Financial Years and Period Under Review.

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7.13 TYPES, SOURCES AND AVAILABILITY OF MATERIALS

The following are the types of materials and services that we purchased for our business operations for FYE 2020, FYE 2021, FYE 2022 and FPE 2023:

Purchases of Materials and Services

	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Materials	**19,948**	**73.32**	**51,671**	**60.27**	**65,423**	**72.47**	**70,782**	**57.69**
Power cables and wires	3,957	14.54	7,165	8.36	22,425	24.84	28,077	22.88
Cable trunking and accessories	484	1.78	3,612	4.21	6,381	7.07	7,511	6.12
Switchgear	11,776	43.28	18,537	21.62	5,225	5.79	8,164	6.65
Transformers and capacitors	244	0.90	11,397	13.29	3,300	3.65	1,623	1.32
Switchboards and other electrical panels	1,929	7.09	2,218	2.59	5,465	6.05	2,091	1.71
Power conditioning/ energy management system	-	-	4,381	5.11	8,267	9.16	4,816	3.93
UPS system	-	-	1,870	2.18	3,898	4.32	10,146	8.27
Other electrical products[(1)]	1,558	5.73	2,491	2.91	10,462	11.59	8,354	6.81
Subcontracted services	**7,216**	**26.52**	**33,951**	**39.61**	**24,306**	**26.92**	**50,370**	**41.05**
Electrical installation works	7,216	26.52	13,292	15.51	13,828	15.31	16,240	13.24
Provision of mechanical systems	-	-	3,105	3.62	9,397	10.41	23,791	19.39
Control and instrumentation works	-	-	-	-	-	-	10,176	8.29
Civil, structural and architectural works	-	-	17,554	20.48	1,081	1.20	163	0.13
Rental of machinery and equipment[(2)]	**43**	**0.16**	**105**	**0.12**	**553**	**0.61**	**1,552**	**1.26**
Total	**27,207**	**100.00**	**85,727**	**100.00**	**90,282**	**100.00**	**122,704**	**100.00**

Notes:

(1) Includes copper busbars, lighting and fittings, diesel generator set, DC battery and charger unit and other electrical components.

(2) Includes rental of forklifts, scissor lifts, boom lifts, scaffoldings and cranes.

7. BUSINESS OVERVIEW (CONT'D)

Purchases of materials for our operations accounted for 73.32% (RM19.95 million), 60.27% (RM51.67 million), 72.47% (RM65.42 million) and 57.69% (RM70.78 million) of our total purchases for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. Some of the materials that we purchased include cable and wires, cable trunking and accessories, switchgear, transformers, capacitors, switchboards and other electrical panels, and power conditioning/energy management system. Our purchases of local materials accounted for 55.82%, 62.90%, 90.56% and 83.19% for FYE 2020, FYE 2021,FYE 2022 and FPE 2023, respectively. Our purchases of imported materials accounted for 44.18%, 37.10%, 9.44% and 8.52% for FYE 2020, FYE 2021,FYE 2022 and FPE 2023, respectively. For the Financial Years and Period Under Review, we have not experienced any material impact on the prices of imported materials resulting from fluctuations in foreign currencies. This is because we purchase the imported materials through local suppliers, save for FPE 2023, where the price is based on a fixed price agreed with the supplier upon the issuance of the PO. The imported materials are mainly sourced from China and Germany by the local suppliers. In FPE 2023, we purchased materials from a foreign supplier, namely from Singapore, amounting to RM0.67 million or 0.54% of our total purchases for FPE 2023. Moving forward, we may continue to make purchases from foreign suppliers and hence we may be exposed to foreign currency fluctuations. Please refer to Section 9.1.12 of this Prospectus for further details on the risks of foreign currency exchange fluctuations.

Power cables and wires are one of the key materials used in the provision of power distribution systems. The prices of power cables are subject to price fluctuations as it is made largely from copper, which is globally traded commodity. As such, any fluctuations in copper prices would directly affect the prices of power cables and wires. Please refer to Section 9.1.2 for further details on the risks of fluctuations in the prices of our materials.

Purchases of subcontracted services accounted for 26.52% (RM7.22 million), 39.61% (RM33.95 million), 26.92% (RM24.31 million) and 41.05% (RM50.37 million) of our total purchases for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. The following are some of the services where we engage local service providers to carry out the work:

- **Electrical installation works** - We engage licensed electrical installation companies registered with ST or certified electricians and chargemen to carry out the electrical installation, testing and commissioning works under our supervision and management;

- **Provision of mechanical systems** - We subcontract out the entire scope of work to the external service provider for the provision of mechanical systems including ACMV, fire protection and process utility system to carry out the design, supply, installation, testing and commissioning works;

- **Control and instrumentation works** – We subcontract out the entire scope of work to the external service provider for the provision of control and instrumentation works including the Facility Management and Control System;

- **Civil, structural and architectural works** – We subcontract out the entire scope of work to an external service provider which includes earthworks, piling and foundation works, building construction, interior and exterior fittings and finishing, parameter fencing, plumbing and landscaping.

Rental of machinery and equipment accounted for 0.16% (RM0.04 million), 0.12% (RM0.11 million), 0.61% (RM0.55 million) and 1.26% (RM1.55 million) of our total purchases for FYE 2020, FYE 2021,FYE 2022 and FPE 2023, respectively. This includes the rental of forklifts, scissor lifts, boom lifts, scaffoldings and cranes.

7.14 MAJOR SUPPLIERS

Our top 5 major suppliers for the Financial Years and Period Under Review are as follows:

FYE 2020

No.	Major suppliers	Types of major services/products	Purchases contribution RM'000	Purchases contribution %	[(1)]Length of relationship Years
1.	Ablecon Power System Sdn Bhd	GIS switchgear and transformer	11,598	42.63	2
2.	Mepcon Sdn Bhd[(2) (8)]	Subcontractor for electrical installation services	4,819	17.71	2
3.	Southern Cable Sdn Bhd[(3)]	Power cables	3,897	14.32	1
4.	Sin Hong Li Electrical Engineering	Subcontractor for electrical installation services	1,037	3.81	5
5.	Industrial Switchgear Sdn Bhd	Copper busbar and LV switchboard	634	2.33	5
		Sub-total for top 5 suppliers	**21,985**	**80.80**	
		Total purchases	**27,207**	**100.00**	

FYE 2021

No.	Major suppliers	Types of major services/products	Purchases contribution RM'000	Purchases contribution %	[(1)] Length of relationship Years
1.	HHC Building Construction Sdn Bhd	Subcontractor for civil, structural and architectural works	17,566	20.49	1
2.	Supplier A[(4)]	Power transformers	10,047	11.72	1
3.	Supplier B[(5)]	GIS switchgear	9,320	10.87	1
4.	Mepcon Sdn Bhd[(2) (8)]	Subcontractor for electrical installation services	6,657	7.66	3
5.	Supplier C [(6)]	GIS switchgear	5,436	6.34	6
		Sub-total for top 5 suppliers	**49,026**	**57.19**	
		Total purchases	**85,727**	**100.00**	

FYE 2022

No.	Major suppliers	Types of major services/products	Purchases contribution RM'000	%	[1]Length of relationship Years
1.	Southern Cable Sdn Bhd[3]	Power cables	14,204	15.73	3
2.	Supplier C[6]	FMCS	8,267	9.16	7
3.	Sum Technic Sdn Bhd [9]	Subcontractor for ACMV system	7,630	8.45	1
4.	Poscon Engineering Sdn Bhd	GIS switchgear	4,653	5.15	1
5.	Vertiv (Malaysia) Sdn Bhd[7]	UPS and power conditioning system	3,238	3.59	2
		Sub-total for top 5 suppliers	**37,992**	**42.08**	
		Total purchases	**90,282**	**100.00**	

FPE 2023

No.	Major suppliers	Types of major services/products	Purchases contribution RM'000	%	[1]Length of relationship Years
1.	Southern Cable Sdn Bhd[3]	Power cables	26,995	22.00	4
2.	Sum Technic Sdn Bhd [9]	Subcontractor for ACMV system	21,269	17.33	2
3.	Bakat Industri Sdn Bhd	Subcontractor for control and instrumentation works	9,717	7.92	1
4.	Simosynergy Sdn Bhd [10]	Switchgear	8,009	6.53	10
5.	Vertiv (Malaysia) Sdn Bhd[7]	UPS and power conditioning system	6,142	5.01	3
		Sub-total for top 5 suppliers	**72,132**	**58.79**	
		Total purchases	**122,704**	**100.00**	

Notes:

(1) The length of the relationship is determined at each respective FYE.

(2) Mepcon Sdn Bhd is a related party during the respective FYE. Please refer to Section 10.1.1 of this Prospectus for further details on RPT transactions.

(3) Southern Cable Sdn Bhd is a subsidiary of Southern Cable Group Berhad, a company listed on the Main Market of Bursa Securities.

(4) Supplier A is a private company based in Penang, Malaysia that is principally involved in general trading, and engineering services, as well as operates as a contractor. Supplier A's name has not been disclosed as consent was not provided by them.

(5) Supplier B is a private company based in Penang, Malaysia that is principally involved in general trading, and engineering services, as well as operates as a contractor. Supplier B's name has not been disclosed as consent was not provided by them.

(6) Supplier C, a subsidiary of a listed entity on the Frankfurt Stock Exchange, is involved in providing products and solutions for various sectors focusing on, among others, technology infrastructure for buildings, grids and distributed energy systems, as well as automation and digitalisation solutions for industrial sectors.

(7) We are one of the authorised product resellers of Vertiv products on a non-exclusive basis in Malaysia. We purchase Vertiv products from their Malaysian operations through our procurement department.

(8) Mepcon Sdn Bhd is principally involved in the supply, installation and maintenance of electrical systems as well as the manufacturing and distribution of electrical and electronic appliances. It is both a customer and a supplier to our Group where we supplied materials such as cables, reactors, capacitors, metering panels and genset to them. Meanwhile, we engage them as one of our subcontractors for electrical installation works for a residential development project in Selangor; a project in Penang for an open car park infrastructure for an electronic products manufacturing plant; and a project in Sarawak for an electrodeposited copper foil manufacturing plant.

(9) Sum Technic Sdn Bhd is principally involved in the provision of M&E engineers and engineering works, contractors and consulting engineers for utilities piping and cleanroom architecture works. Sum Technic Sdn Bhd specialises in mechanical works such as ACMV system. It is both a customer and a supplier to our Group where they engaged us as a subcontractor for the design, supply, installation, testing and commissioning of power distribution system for a semiconductor manufacturing plant in Johor. Meanwhile, we engage them as our subcontractor for ACMV system for a project in Perak for a semiconductor manufacturing plant.

(10) Simosynergy Sdn Bhd is a related party during FPE 2023. Please refer to Section 10.1.1 of this Prospectus for further details on RPT transactions.

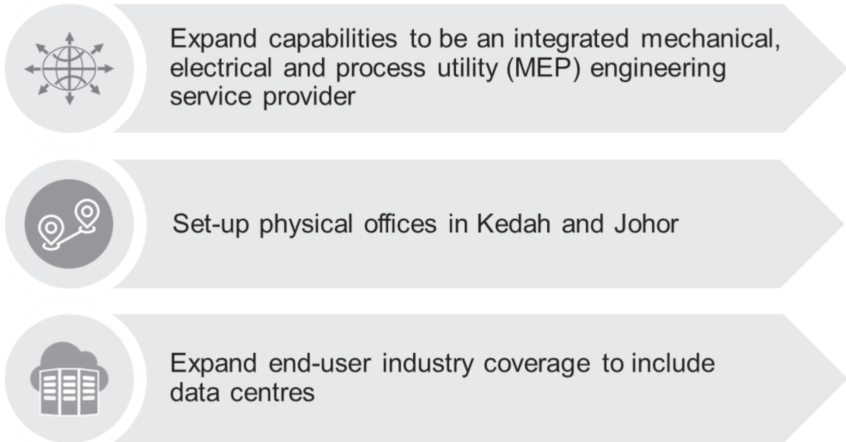
Notwithstanding that certain of our major suppliers had contributed substantially to our purchases during the Financial Years and Period Under Review, we are not dependent on any of our suppliers as the subcontracted services, and the materials, electrical equipment and products that we purchased are available for purchase from other local suppliers.

7. BUSINESS OVERVIEW (CONT'D)

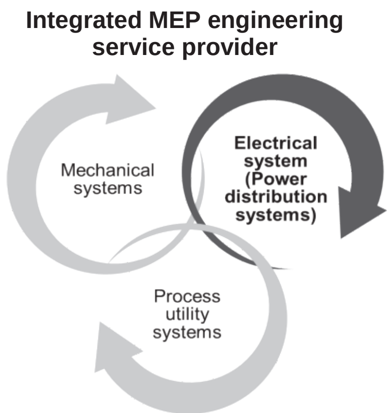
7.15 BUSINESS STRATEGIES AND PLANS

We are an electrical engineering service provider focusing on the provision of power distribution systems for end-user premises including industrial plants, as well as industrial and commercial substations.

Moving forward, our business strategies and plans are to continue with our existing business as well as embark on expanding our business and improving our support system as follows:



7.15.1 Expand our capabilities to be an integrated MEP engineering service provider



We have been operating as an electrical engineering service provider focusing on the development of power distribution systems for end-user premises for approximately 16 years. As at LPD, we have a team of 20 electrical engineers.

As part of our business strategies and plans, we intend to expand our internal capabilities to be an integrated mechanical, electrical and process utility (MEP) engineering service provider and will update our Certificate of Registration of Contractor with CIDB to include additional categories and specifications as may be applicable to offer integrated MEP engineering services. Mechanical and process utility systems are often combined with electrical systems to form integrated systems in various applications such as industrial manufacturing processes and building services.

In the past, any project which involves the provision of mechanical and process utility systems as part of the scope of our contract was entirely subcontracted out to experts in their field under our supervision and project management. Moving forward, we plan to develop this expertise in-house by hiring a team of mechanical engineers, chemical engineers, and process engineers with experience in carrying out the design and engineering of the mechanical and process utility systems. Building a team internally would provide us with better control and coordination over the project's work and progress as well as improve knowledge transfer within the organisation for better decision-making, innovation and more efficient processes. Furthermore, in the long run, it may be more cost-effective compared to outsourcing these works to third parties.

7. BUSINESS OVERVIEW (CONT'D)

Essentially, by bringing this expertise in-house, we can bid as an integrated MEP engineering service provider for large industrial and commercial projects that commonly separate the mechanical, electrical and process utility scope of work to be carried out by different companies. As an integrated MEP engineering service provider, we aim to position ourselves as a single point of contact and responsibility to provide better quality in interfacing these systems and increasing convenience to our customers.

This is also in line with our plans to expand our end-user industry coverage to data centres, as disclosed in Section 7.15.3. Data centres are powered by electrical systems and cooled by mechanical systems including refrigeration of chilled water and air-conditioning systems, as well as process utility systems such as pumping of chilled water to areas that need them.

We estimate that a sum of RM1.84 million will be required to build our team and strengthen our internal capabilities which are expected to be funded by the proceeds from the Public Issue and this include the following:

(i) Employing additional 9 engineers and other personnel comprising project manager, supervisors and CAD operator, account executive and human resource and administrative executive;

(ii) to purchase and upgrade equipment and software including desktops, laptops, servers, large format printers and BIM software for mechanical and electrical system designs.

Details of estimated expenditure which will be funded through IPO proceeds are as follows:

	RM'000
Hiring of additional engineers and other personnel	1,340
Purchase and upgrade of equipment and software	500
Total	**1,840**

7.15.2 Set-up physical offices in Kedah and Johor

We currently have offices in Selangor, Malacca and Penang from which we manage our projects, provide technical support services and carry out sales and marketing activities to existing and potential customers.

Our business strategy is to increase our coverage and presence in other states by setting up offices in Kulim, Kedah and Johor Bahru, Johor by 2025.

For the Financial Years and Period Under Review, our revenue contribution from projects in Kedah and Johor amounted to 10.99%, 7.85%, 21.87% and 42.43% as well as 2.26%, 2.52%, 12.67% and 2.14% of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

Our existing and proposed future offices in Malaysia

Currently, we have an ongoing contract for the provision of power distribution, and control and instrumentation system for Customer A in Kulim, Kedah valued at RM244.74 million (including variation orders, as at LPD) which will be completed by October 2024. We have also been providing hook-up and retrofitting services to Customer A and other customers in Kedah during the Financial Years and Period Under Review. Moving forward, we intend to continue providing hook-up and retrofitting services to these existing customers as well as secure projects from other industrial plants in Kedah. According to MIDA, there were 195 approved projects in Kedah with a total investment of RM13.13 billion of which 85% (RM11.15 billion) of these investments were from foreign sources. These projects are mostly located in Kulim, Kedah *(Source: MIDA)*. This would provide opportunities to our Group to secure projects from these new developments in Kulim, Kedah.

Meanwhile, our intention to set-up an office in Johor is to capitalise on future investments in Johor. According to MIDA, in 2022, there were 570 approved projects in Johor with a total investment of RM70.61 billion of which 83% (RM58.79 billion) of these investments were from foreign sources. The total approved investments in Johor in 2022 were largely contributed by data centre investments (RM51.1 billion) followed by manufacturing sector investments (RM14.6 billion) *(Source: MIDA)*. These potential opportunities motivate us to expand our operations to Johor.

While we have a physical office in Melaka, it is approximately 220 km from Johor Bahru. The distance between Melaka and Johor Bahru would make it inconvenient for us to carry out or supervise construction or installation works, and to provide technical support promptly. In addition, due to the total approved investments in 2022, our proximity to potential customers in Johor may provide us with an advantage in bidding and securing new jobs.

While we have a physical office in Batu Kawan, Penang, our decision to set up a new office in Kulim, Kedah is premised on our growing revenue from Kedah which grew from RM3.45 million in FYE 2020 to RM23.53 million in FYE 2022, representing a CAGR of 161.20%. We envisaged that our proximity to existing customers will enable us to provide technical support promptly and may provide us with an advantage in bidding and securing new jobs in Kedah.

By setting up physical offices in Kedah and Johor, the Group will be able to improve the customer and technical support services promptly due to proximity, and the effectiveness of its sales and marketing activities to capture potential business opportunities in the respective states.

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7. BUSINESS OVERVIEW (CONT'D)

The total estimated cost of setting up the 2 new offices would be RM2.26 million, which will be funded through IPO proceeds as well as internally generated funds as follows:

	Source of funds		
	IPO proceeds (RM'000)	**Internally generated funds (RM'000)**	**Total (RM'000)**
Set-up of Kedah office	**740**	**294**	**1,034**
- Rental of office space between 1,500 to 2,000 sq. ft, for 2 years	80	-	80
- Renovation and interior fit-out	80	-	80
- Hiring of 5 additional engineers, for 2 years	580	240	820
- Utilities expenses, for 2 years	-	24	24
- Marketing expenses, for 2 years	-	30	30
Set-up of Johor office	**770**	**458**	**1,228**
- Rental of office space between 1,500 to 2,000 sq. ft, for 2 years	100	-	100
- Renovation and interior fit-out	90	-	90
- Hiring of 5 additional engineers and 1 supporting staff, for 2 years	580	384	964
- Utilities expenses, for 2 years	-	24	24
- Marketing expenses, for 2 years	-	50	50
Total	**1,510**	**752**	**2,262**

7.15.3 Expand our end-user industry coverage to include data centres

For the Financial Years and Period Under Review, our focus on industrial plants mainly covers the semiconductor, medical device and electronic product industries. Moving forward, one of our business strategies and plans is to expand our end-user industry coverage to include data centres.

Data centres are an essential infrastructure of our domestic and global digital economy. A data centre comprises a secured building that houses sensitive and critical equipment to provide computer processing, storage and communication capabilities to users including industries, commerce, government and the general community. Some of these computing, storage and communications equipment include processors, servers, disk drives, switches, routers and firewalls. These equipment require supporting facilities such as, among others, uninterrupted power supply, cooling and humidity controlled equipment, fire alert and suppression system, and security system.

The provision of reliable and stable power is crucial for the efficient operation of a data centre. In particular, computing and communications equipment require high-quality power that fluctuates within a tight tolerance limit. These equipment are also highly susceptible to damage arising from overcurrent. As such, our business strategy is to leverage our track record in providing power distribution systems to similar industries that require high-quality power supply such as semiconductors, medical devices and electronic products to service the data centre industry.

Meanwhile, mechanical and process utility system such as air-conditioning and mechanical ventilation (ACMV) systems are also integral to the development of the data centre as it helps maintain a consistent and optimal temperature and humidity level for equipment to function efficiently. It is also important to maintain good air quality which is clean and free of contaminants such as dust and pollutants which can damage sensitive equipment and cause failures. As such, we also intend to leverage our plan to expand our internal capabilities by building a team of experts in mechanical, and process utility systems, as disclosed in Section 7.15.1 of this Prospectus.

We anticipate the data centre industry to be a growing industry in Malaysia as domestic and global economies and communities increasingly rely on digitalisation for their daily operations, transactions, communications and entertainment. According to the IMR Report, the Government launched the Malaysia Digital Economy Blueprint in February 2021 to provide an enabling environment for local data centre companies to specialise in high-end cloud computing services between 2021 and 2025. In 2022, the total approved investments in data centre and cloud computing service projects amounted to RM72.4 billion (*Source: IMR Report).*

Given our intended expansion into providing power distribution services for data centres in Malaysia, in September 2022, we were appointed by Vertiv (Malaysia) Sdn Bhd to become one of their authorised product reseller and service provider on a non-exclusive basis for Vertiv products in Malaysia. Vertiv (Malaysia) Sdn Bhd, formerly known as Emerson Network Power (Malaysia) Sdn Bhd, is a subsidiary of Vertiv Holdings Co, an American provider of power, cooling and IT infrastructure for data centres, communication networks, and commercial and industrial facilities.

Currently, our appointment by Vertiv covers the following solutions:

- alternate current power system including UPS systems, power control and monitoring, power distribution, and power transfer switches; and
- power monitoring and management system.

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7.16 EMPLOYEES

As at LPD, our Group has a total workforce headcount of 122, which consists of 55 Malaysian permanent employees, 39 Malaysian contract workers and 28 contract foreign workers from Myanmar, Indonesia and Bangladesh. The following sets out the number of our employees according to the business function or department as at LPD:

Department	Contractual worker		Permanent employee		Total
	Local	Foreign	Local	Foreign	
Contract and Procurement	1	-	3	-	4
Finance and Accounts	-	-	4	-	4
Human Resource and Administration	2	-	6	-	8
Project and Engineering	36	28	42	-	106
Total workforce	**39**	**28**	**55**	**-**	**122**

As at LPD, local employees accounted for approximately 77.05% of our total workforce while 22.95% were foreign workers. All our foreign workers have valid working permits issued and there has been no breach of any immigration laws by our Group.

None of our employees belong to any labour union. In the Financial Years and Period Under Review up to the LPD, there were no industrial disputes pertaining to our employees.

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7.17 MAJOR LICENCES, PERMITS AND APPROVALS

As at LPD, we hold the following major licences, permits and registrations for our business operations:

No.	Licence Holder	Issuer / Authority	Date of Issuance / Validity	Type of Licence / Permit / Registration	Salient Conditions	Status of compliance
1.	Hexatech Engineering	CIDB	16 August 2023 to 19 September 2026	Certificate of Registration of Contractor for Grade G7 pursuant to the CIDB Act 1994 Registration No.: 0120080812-ML119575	As set out in note (1) below.	Complied
2.	Hexatech Engineering	ST	12 September 2023 to 11 September 2024	Certificate of Registration as an Electrical Contractor No. 2018/02327 pursuant to the Electricity Regulations 1994 ("**ER 1994**") Registration No.: ST(TKL)SGR/C/KE/01376/2015	Hexatech Engineering is permitted to perform or carry out the business of provision of electrical works as electrical contractor at No. 42-G, 42-1. 42-2, (Basement), Jalan OP 1/5, Pusat Perdagangan One Puchong, 47160 Puchong, Selangor under Class A.	Complied
3.	Hexatech Engineering	Subang Jaya City Council	7 October 2023 to 6 October 2024	Business Premises Licence for the office located at No. 42-G & 42-1 & 42-2 & basement, Jalan OP 1/5, Pusat Perdagangan One Puchong, 47160 Puchong, Selangor, Malaysia Account No.: 20230400232	Nil.	N/A

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence Holder	Issuer / Authority	Date of Issuance / Validity	Type of Licence / Permit / Registration	Salient Conditions	Status of compliance
4.	Hexatech Engineering	Malacca Historic City Council	11 May 2023 to 8 May 2024	Business Premises Licence for the premises situated at No 3-A Jalan Melaka Raya 19, Taman Melaka Raya, 75000 Melaka Licence No.: 209040128312023	Nil.	N/A
5.	Hexatech Engineering	Seberang Perai City Council	19 December 2023 to 31 December 2024	Business Premises Licence for the premises situated at 47-1, Jalan Borealis 3, Pusat Komersial Borealis 14110 Simpang Ampat Pulau Pinang Licence No.: PRI/01/20220902/4070	Nil.	N/A

Note:

(1) The salient conditions are as follows:

(a) A person registered under the CIDB Act 1994 shall notify CIDB from time to time, whenever there is any change in the capital, particulars relating to experience and/or qualifications of employees, employment, ownership, or the board of directors or management, of the company within 30 days of the change.

(b) This registration with CIDB will be cancelled, suspended or revoked in the event that:

(i) Hexatech Engineering fails to comply with any applicable laws and regulation, including but not limited to the CIDB Act 1994;

(ii) Hexatech Engineering has been declared a bankrupt;

(iii) a petition of winding up connected with Hexatech Engineering has been made;

(iv) Hexatech Engineering fails to comply with any provision of the CIDB Act 1994;

(v) Hexatech Engineering was found to have made false or fraudulent declarations or representations in the course of their application for this registration;

(vi) Hexatech Engineering abandons an ongoing construction project without reasonable cause;

(vii) Hexatech Engineering is found guilty by a competent court or any other investigative body established under any written laws for negligence in any construction work performed;

(viii) Hexatech Engineering has breached or failed to comply with its responsibilities and obligations as stated in this registration.

As at LPD, we have obtained all licences, permits and approvals required for the business operations of our Group.

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7.18 INTELLECTUAL PROPERTY RIGHTS

As at LPD, our Group does not have any patents, trademarks, registrations and other intellectual property rights.

7.19 MATERIAL DEPENDENCY ON CONTRACTS, INTELLECTUAL PROPERTY RIGHTS, LICENCES AND PERMITS

Save as disclosed in Section 7.17 of this Prospectus, as at LPD there are no contracts including commercial or financial contracts, intellectual property rights including patents and copyrights, licences or permits which our Group's business or profitability is materially dependent on.

7.20 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

Our business operations are regulated and governed by guidelines, regulations and laws in Malaysia. The following is an overview of the relevant regulatory requirements governing our Group which are material to our business operations:

7.20.1 CIDB Act 1994

The CIDB Act 1994 governs the establishment of CIDB and to provide for its function relating to the construction industry and all matters in connection therewith.

Section 25 of the CIDB Act 1994 stipulates that no person shall carry out or complete, undertake to carry out or complete any construction work or hold himself out as a contractor, unless he is registered with CIDB and holds a valid certificate of registration issued by CIDB under the CIDB Act 1994. Pursuant to the Registration of Contractors (Construction Industry) Regulations 1995, every registered contractor shall be capable of carrying out construction works according to the grade of registration specified in the certificate of registration and the grade of registration determines the value of construction works which a registered contractor is capable of carrying out.

Any person who fails to comply with Section 25 of the CIDB Act 1994 shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM100,000.

As at LPD, Hexatech Engineering holds a valid Certificate of Registration of Contractor for Grade G7 issued by CIDB with further details of the certificate set out in Section 7.17 of this Prospectus.

7.20.2 ESA 1990

The ESA 1990, including the ER 1994 regulate the electricity supply industry, the supply of electricity, the licensing of any electricity installation, as well as the registration of any electrical contractors, manufacturers, importers and any competent person involved in the supply or use of electricity.

Pursuant to Regulation 75 of the ER 1994, no person shall perform or carry out any electrical work unless he holds a valid certificate of registration as an electrical contractor issued under the ER 1994. An electrical contractor can be classified into 4 classes, Class A, B, C and D, each permitted to undertake electrical work of certain value and is further required to keep in employment a certain number of wiremen of certain qualification, depending on the classification of its registration.

A person who contravenes or fails to comply with any of the provisions of the ER 1994 shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding 1 year or both.

As at LPD, Hexatech Engineering holds a Class A Certificate of Registration as an electrical contractor issued by ST with further details of the certificate set out in Section 7.17 of this Prospectus.

7.20.3 Employees Minimum Standards of Housing and Amenities Act 1990 ("EMSHAA 1990")

The EMSHAA 1990 and the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 issued under the EMSHAA 1990, imposes, among other things, the minimum standards on accommodation for employees and the requirement for employers to obtain a certificate of accommodation from the Department of Labour Peninsular Malaysia for each accommodation premise.

To obtain the certificate of accommodation, the employer is required to ensure that every accommodation provided for employees complies with the minimum standards which includes, amongst others, the minimum space requirement for workers' accommodation, basic facilities, as well as safety and hygiene standards required under the EMSHAA 1990 or any regulations made thereunder. Pursuant to the EMSHAA 1990, failure to obtain such certification may constitute to a fine not exceeding RM50,000 with respect to each employees' accommodation without a certificate of accommodation.

As at LPD, we have contracted a centralised accommodation provider holding a valid certificate of accommodation to provide accommodation services to our foreign workers.

7.20.4 Local Government Act 1976 ("LGA 1976")

Pursuant to Section 102 of the LGA 1976, local authorities are empowered to make, amend and revoke bylaws. Presently, our Group's business activities are carried out in locations under the jurisdiction of the Subang Jaya City Council ("**MBSJ**"), Seberang Perai City Council ("**MBSP**") and Malacca Historic City Council ("**MBMB**"). The applicable bylaws are the Licensing of Trades, Businesses and Industries (Subang Jaya City Council) By-Laws 2007 ("**MBSJ By-Laws 2007**"), Municipal Council Province Wellesley License Fees By-Laws 1980 ("**MBSP By-Laws 1980**") and Licensing of Trades (Malacca Historic City Council) By-Laws 2010 ("**MBMB By-Laws 2010**").

These bylaws provide that no person shall operate any activity of trade, business and industry or use any place or premise in the respective areas of each local council for any activity of trade, business and industry without a licence issued by the respective local council. A contravention of the MBSJ By-Laws 2007 and the MBSP By-Laws 1980 constitutes an offence and shall, on conviction be liable to a fine not exceeding RM2,000 and/or to imprisonment for a term not exceeding 1 year and to a further fine not exceeding RM200 for each day during which such offence is continued after conviction. A contravention of the MBMB By-Laws 2010 constitutes an offence and shall, on conviction be liable to a fine not exceeding RM2,000 and/or to imprisonment for a term not exceeding 1 year.

As at LPD, our Company has a valid business licence issued by MBSJ, MBSP and MBMB respectively with further details of the licences set out in Section 7.17 of this Prospectus.

The above summary does not purport to be an exhaustive description of all laws and regulations of which our business is subject to.

As at LPD there are no breach of laws, regulations, rules or requirements governing the conduct of our business and environmental issues which may materially affect our Group's business or operations and usage of properties owned by our Group.

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Vital Factor Consulting Sdn Bhd
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Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor, Malaysia
Tel (603) 7931 3188
Fax (603) 7931 2188
www.vitalfactor.com

18 December 2023

The Board of Directors
HE Group Berhad
No. 42, Jalan OP 1/5,
Pusat Perdagangan One Puchong,
47160 Puchong, Selangor

Dear Sirs and Madams

Independent Assessment of the Power Distribution Systems for End-User Premises Industry

We are an independent business consulting and market research company based in Malaysia. We commenced our business in 1993 and, among others, our services include the provision of business plans, business opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market studies. We have also assisted in corporate exercises since 1996, having been involved in initial public offerings, takeovers, mergers and acquisitions, and business regularisations for public listed companies on the Bursa Malaysia Securities Berhad (Bursa Securities) where we acted as the independent business and market research consultants. Our services for corporate exercises include business overviews, independent industry assessments, management discussion and analysis, and business and industry risk assessments.

We have been engaged to provide an independent assessment of the above industry for inclusion in the prospectus of HE Group Berhad for the listing of its shares on the ACE Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, the availability of timely information and analyses based on secondary and primary market research as at the date of this report. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions, actions or inactions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the securities of any company.

Our report may include information, assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan has a degree in Bachelor of Science from the University of New South Wales, Australia and a degree in Master of Business Administration from the New South Wales Institute of Technology (now known as the University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders. He has more than 20 years of experience in business consulting and market research, as well as assisting companies in their initial public offerings and listing of their shares on Bursa Malaysia Securities.

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Date of Report: 18 December 2023

INDEPENDENT ASSESSMENT OF THE POWER DISTRIBUTION SYSTEMS FOR END-USER PREMISES IN MALAYSIA

1. INTRODUCTION

- HE Group Berhad, together with its subsidiary, (herein referred to as Hexatech Group) is an electrical engineering service provider focusing on power distribution systems for end-user premises such as industrial plants as well as industrial and commercial substations serving largely manufacturers in the semiconductor, medical devices and electronic product industries, which shall form the focus of this report.

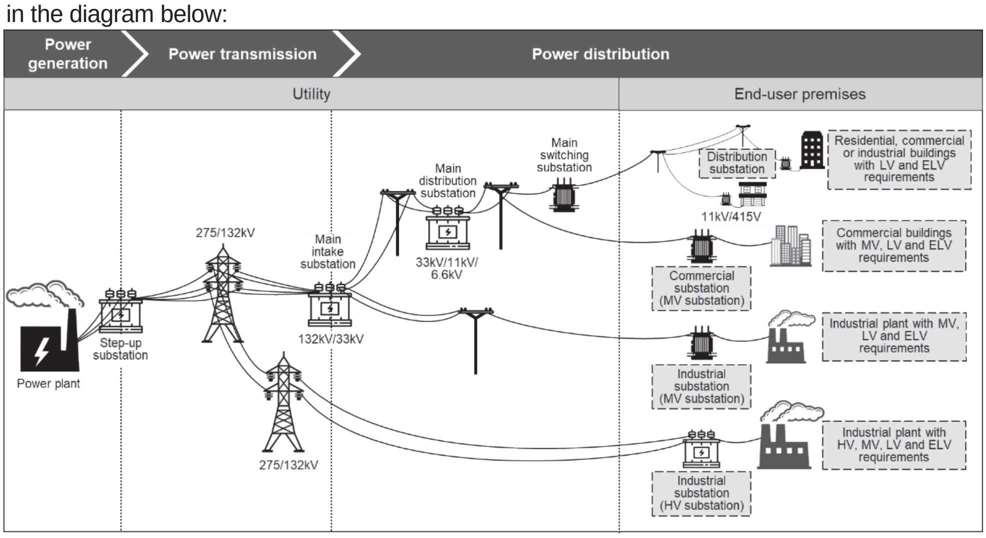
- Hexatech Group is also involved in other building systems and works including mechanical systems, control and instrumentation systems, civil, structural and architectural works, as well as electrical equipment hook-up and retrofitting services. These activities form a smaller proportion of Hexatech Group's total revenue and this report will provide some coverage.

- In this report, gross domestic product (GDP) refers to nominal GDP unless stated otherwise, power is used interchangeably with electricity, and all data and statistics are based on the latest available to the public as at the date of this report. This report primarily discusses the 3-year period from 2020 to 2022 as it represents more recent industry performance compared to the 5-year period from 2018 to 2022. This approach is also pertinent as it demonstrates how the industry recovers from the effect of the COVID-19 pandemic, despite the compound annual growth rate (CAGR) for the years 2020 to 2022 starting from a low base in 2020. Nevertheless, 3-year and 5-year CAGR data are provided.

2. OVERVIEW OF THE POWER DISTRIBUTION SYSTEMS FOR END-USER PREMISES

2.1 Power Grid in Malaysia

- In Malaysia, power is generated at various locations, transmitted and distributed via a national or state-wide power grid. The overview of Malaysia's power grid and the end-users are illustrated in the diagram below:



kV = kilovolt; V = volt; HV = high voltage; MV = medium voltage; LV = low voltage; ELV = extra low voltage

Hexatech Group designs, supplies, installs, tests and commissions substations and power distribution systems for these end-user premises

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- The power industry comprises power generation and the power grid comprising transmission and distribution systems across the country, states and territories. In Peninsular Malaysia, the power grid is under the purview of Tenaga Nasional Berhad (TNB), while Sarawak and Sabah are under Sarawak Energy Berhad (SEB) and Sabah Electricity Sdn Bhd (SESB) respectively. SESB is majority-owned by TNB together with the State Government of Sabah. The Suruhanjaya Tenaga (Energy Commission) of Malaysia (ST) is the regulator for the energy sector, including the power industry in Peninsular Malaysia and Sabah.

- **Power generation** mainly takes place in power plants where electricity is generated using primary energy including non-renewable sources such as coal, natural gas, fuel oil and diesel as well as renewable sources such as solar, hydro and biomass.

- **Power transmission** refers to the delivery of electricity over long distances from power plants to distribution substations, where the electricity generated at power plants goes through step-up transformers to a higher voltage to minimise energy loss during long-distance transmission. The high-voltage electricity is transmitted mainly through overhead power cables to step-down substations, where the distribution networks take over.

- **Power distribution** involves one or more stages of step-down substations stepping to a voltage level that is appropriate for use in end-user premises.

- Generally, the power grid can be segmented as follows:
  - **utility segment** refers to the portion of the power grid that is owned and operated by a utility company such as TNB, SEB or SESB. The utility company is responsible for operating, maintaining and upgrading the infrastructure to ensure a safe, reliable and efficient power supply to end users. The infrastructure used in delivering electricity from power generation plants to end-user premises includes, among others, transmission and distribution lines, and substations; and
  - **end-user segment** refers to the final destination where electrical power is delivered and consumed by end-users in their premises such as residential, commercial, institutional and industrial premises, as well as amenities, facilities and infrastructure. Large energy users such as high-rise residential, commercial, industrial and infrastructure developments commonly have their substations to connect to the power grid.

  Hexatech Group is involved in the end-user segment of the power distribution systems mainly for industrial plants as well as industrial and commercial substations.

2.2 Power Distribution for End-User Premises

- Within the distribution network, substations are focused on stepping up or down electricity, and safely distributing electricity to various locations and end-user premises. Thus, substations incorporate equipment such as transformers for stepping up or down electricity, switchgear, switchboards and control panels to divert electricity at the appropriate voltage, and protection systems to prevent damage to equipment, properties and lives due to short circuits, power leakages and overcurrent.

- The design of the power distribution systems may vary depending on the type of end-user premises, and the machinery, equipment and processes involved. Power distribution systems for high power usage industrial premises are more complex compared to residential or commercial premises. In some industries, the need for power quality is important to meet the requirements of sensitive and critical machinery, equipment and devices:
  - **voltage levels:** Medium and heavy industrial premises typically require a higher voltage to support the operation of power intensive machinery and equipment. In contrast, residential, commercial and light industrial premises require lower voltages to operate household appliances, as well as less power intensive machinery and equipment.

Voltage	Definition*	Common power distribution system applications
Extra Low Voltage (ELV)	≤ 50V	Used for low-power applications where there is minimal risk of fire and electrical shock to people. Commonly used in buildings and built environments for telecommunications, alarm, close-circuit television, electronic access and public address systems.
Low Voltage (LV)	> 50V-1kV	Used for appliances, lighting and other electrical loads within residences and small to medium-sized commercial and light industrial facilities. Many household appliances, lightings and air-conditioning require 240V to operate. Some industrial and commercial facilities require 415V to operate some electrical and mechanical systems such as elevators, air conditioning and mechanical ventilation (ACMV) systems, and the operation of processing and manufacturing machinery and equipment.
Medium Voltage (MV)	> 1kV-50kV	Used in large commercial and industrial facilities such as shopping centres, manufacturing plants and data centres. This level of voltage is required to run commercial-scale machinery and equipment such as lighting, ACMV, elevators, district cooling plants, and processing and manufacturing machinery and equipment for industries.
High Voltage (HV)	> 50kV-230kV	Used in large industrial facilities that use high power for their processing and manufacturing requirements such as smelting, electric arc furnace, petrochemical and chemical processing, and utility water treatment.

** As per TNB, which may differ from other definitions (Source: TNB). ≤ Less than or equal to; > Greater than; kV = Kilovolts; V = Volts.*

- **power quality** refers to the characteristics of the power supply that may affect the reliability, efficiency and safety of operating electrical machinery, equipment and devices. Power quality is important for some industries that use sensitive and critical electrical machinery, equipment and devices that are susceptible to power quality issues such as voltage and current fluctuations, sudden interruptions, fluctuating harmonics, sags and swells as well as transient voltage surges. These issues may affect performance and cause damage to electrical machinery, equipment and devices, and may also adversely affect the manufactured or processed outputs. As such, power distribution systems for such end-user premises must consider, among others, voltage regulations, power factor correction, load balancing, harmonic mitigation and use of uninterruptible power supply.

Hexatech Group is involved in HV, MV, LV and ELV power distribution systems for end-user premises including substations. It is also involved in power distribution systems for the semiconductor, medical device and electronic product manufacturing industries which require a quality power supply to operate sensitive and critical machinery, equipment and devices.

3. PERFORMANCE OF ECONOMY AND POWER DISTRIBUTION FOR END-USER PREMISES

3.1 GDP

- GDP measures the gross value added to the output of goods and services in a country or sector during a specified period. Real GDP measures the "real" changes in output over time, due to changes in the quantity of goods and services produced, rather than changes in their prices.

- Power distribution systems for end-user premises are enabled by electrical installations, which is a part of the larger specialised construction industry that focuses on the construction of parts of buildings and civil engineering works without the responsibility of the entire project.

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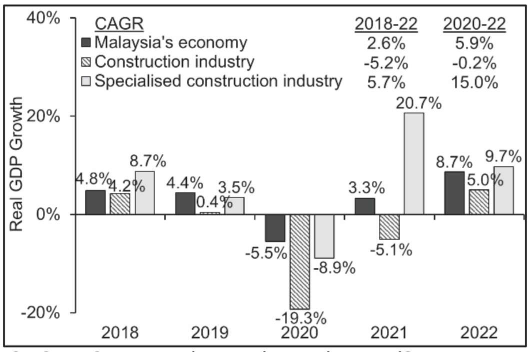
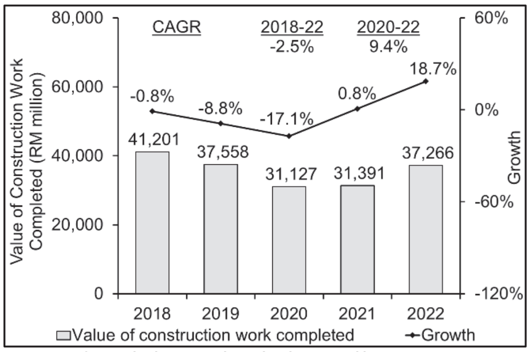
Real GDP of Malaysia's Economy, the Construction Industry and the Specialised Construction Industry



Value of Construction Work Completed for Non-Residential Buildings



CAGR= Compound annual growth rate. (Source: Department of Statistics, Malaysia (DOSM))

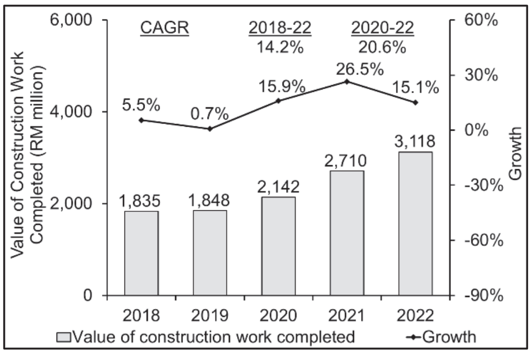
- Between 2020 and 2022, Malaysia's economy as well as the construction industry including specialised construction, have been gradually recovering from the adverse impact of the COVID-19 pandemic. For the first 9 months of 2023, the real GDP of Malaysia's economy, as well as the construction and specialised construction industries continued to grow by 3.9%, 7.0% and 8.5% respectively, compared to the corresponding period in 2022 *(Source: DOSM)*. Growth in the economy and construction industry, particularly the specialised construction industry, will provide opportunities for operators involved in power distribution systems for end-user premises, including Hexatech Group.

- Hexatech Group is involved in power distribution systems focusing on industrial plants. The construction of industrial buildings, among others, is categorised under non-residential buildings. As such, growth in the construction of industrial buildings will provide opportunities for operators involved in the development of power distribution systems for industrial facilities. The value of construction work completed for the non-residential building segment experienced a CAGR of 9.4% between 2020 and 2022, and grew by 4.8% for the first 9 months of 2023 compared to the corresponding period in 2022 *(Source: DOSM)*.

3.2 Electrical Installation

- Electrical installation includes electrical wiring and fittings, telecommunications wiring, computer network and cable television wiring, and lighting and security systems. The value of construction work completed for electrical installation grew at a CAGR of 20.6% between 2020 and 2022, partially attributed to the implementation of small-scale projects *(Source: Bank Negara Malaysia (BNM))*. For the first 9 months of 2023, the value of construction work completed for electrical installation grew by 18.4% compared to the corresponding period in 2022 *(Source: DOSM)*.

Value of Construction Work Completed for Electrical Installation*



**Subset of the specialised construction industry. (Source: DOSM)*

- In Malaysia, ST requires all electrical installations to be registered. As such, the number of applications for new electrical installations indicates the demand for electrical installation, while the number of applications for existing electrical installations represents opportunities for maintenance or upgrading works. Between 2020 and 2022, the number of applications for

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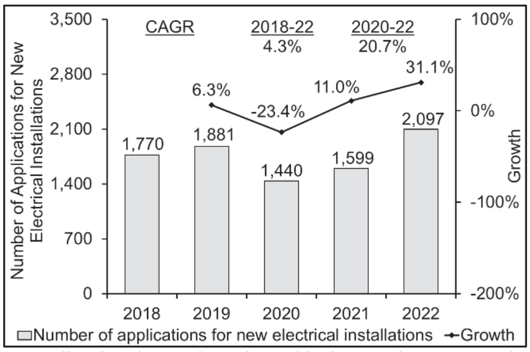
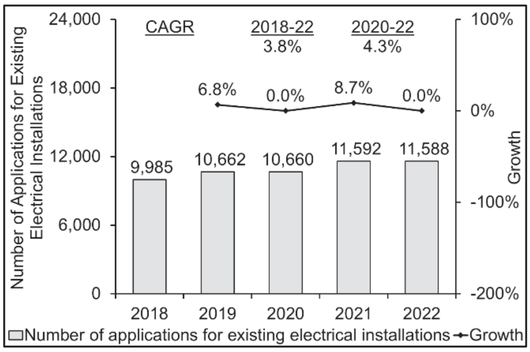
new and existing electrical installations grew at a CAGR of 20.7% and 4.3% respectively. For the first 9 months of 2023, the number of applications for new electrical installations grew by 0.1%, while the number of applications for existing electrical installations declined by 15.3%, compared to the corresponding period in 2022 *(Source: ST).*

Number of Applications* for New Electrical Installations



Number of Applications* for Existing Electrical Installations

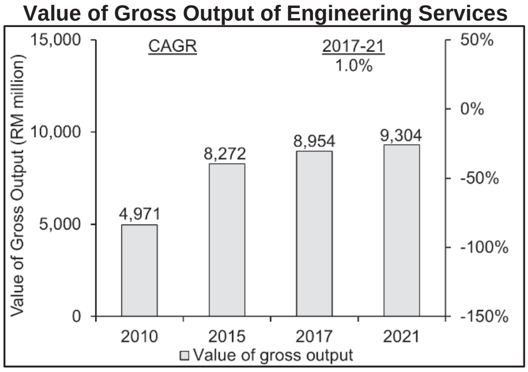


** Application for registration with the ST (Source: ST)*

3.3 Engineering Services

- Engineering services include activities such as engineering design and consulting, and project management relating to construction, which is key to supporting electrical installation. As such, the following section will assess the performance of engineering services in terms of the value of gross output which may be used to indicate the revenue from engineering services provided. Between 2017 and 2021, the value of gross output of engineering services grew at a CAGR of 1.0%.

Value of Gross Output of Engineering Services



Latest available statistics. (Source: DOSM)

- Hexatech Group's main business activities are a part of engineering services.

4. DEMAND DEPENDENCIES

- Hexatech Group is involved in the development of power distribution systems for critical and high-value industries such as the semiconductor, medical device and electronic product industries. As such, growth in these user industries and their ecosystems in Malaysia may provide an attractive environment for both domestic and foreign entities to establish and expand their manufacturing facilities in Malaysia, which will provide opportunities for operators in the development of power distribution systems for critical and high-value industries.

4.1 Semiconductor and Electronic Product Industry

4.1.1 Performance of the Semiconductor and Electronic Product Industry

- Electronic components and boards comprise diodes, transistors and similar semiconductor devices, electronic integrated circuit micro assemblies, electrical capacitors and resistors, printed circuit boards, display components and other components for electronic applications.

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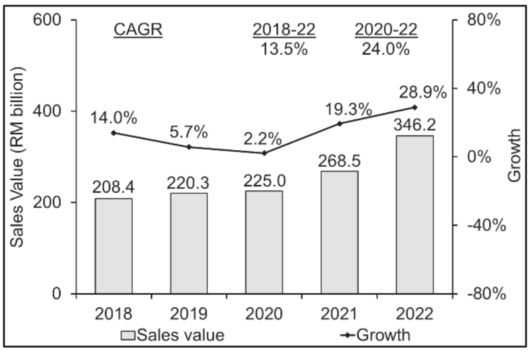
- Between 2020 and 2022, the sales value of the manufacture of electronic components and boards in Malaysia grew at a CAGR of 24.0%, where growth in 2022 was 28.9% mainly due to strong demand from the global semiconductor market, especially for chip products *(Source: Ministry of Finance (MoF))*. While global semiconductor sales may have slowed in the fourth quarter of 2022, the electrical and electronics (E&E) segment remained in expansion mode amid the fulfilment of backlog in orders *(Source: BNM)*. For the first 9 months of 2023, the sales value of the manufacture of electronic components and boards in Malaysia grew by 6.9% compared to the corresponding period in 2022 *(Source: DOSM)*.

Sales Value of Electronic Components and Boards*

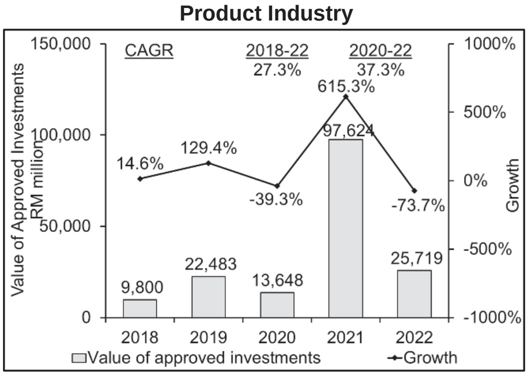


** Refers to domestic production. (Source: DOSM)*

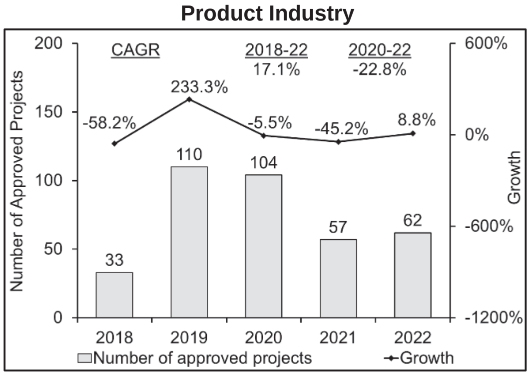
4.1.2 Investments in the Semiconductor and Electronic Product Industry

- Between 2020 and 2022, the E&E industry in Malaysia recorded a CAGR of 36.8% in terms of the total value of approved investments. Over the same period, the number of approved projects declined at an average annual rate of 15.4%. *(Source: MIDA)*

Value of Approved Investments in the Electronic Product Industry



Number of Approved Projects in the Electronic Product Industry



(Source: Malaysian Investment Development Authority (MIDA))

- In 2022, the electronic product segment represented 87.9% of the total value of approved investments for the E&E industry, while the remainder was for the electrical product segment. In 2022, the value of approved investments in the electronic product industry in Malaysia declined by 73.7% following a growth of 615.3% in 2021 that was mainly contributed by foreign direct investments in the electronic components sector. Out of the RM25.7 billion approved investment in 2022, 96.9% were foreign direct investments, while the remaining 3.1% were domestic investments. *(Source: MIDA)*

- Some of the approved E&E projects in 2022 included, among others, Inari Technology Sdn Bhd with an investment of RM397 million for an expansion of its packaging of fifth-generation mobile network (5G) radio frequency (RF) systems in Penang as well as its research and development, and industrial attachment programmes in collaboration with local institutions. In addition, there was also an approved E&E project in 2022 from TF AMD Microelectronics (Penang) Sdn Bhd with an investment of RM1.2 billion for the expansion of its testing and assembly of semiconductors in Penang. *(Source: MIDA)*

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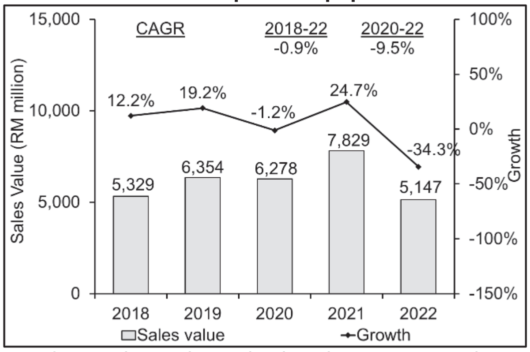
- For the first 9 months of 2023, the total value of approved investments for the E&E industry grew by 154.2% to RM57.4 billion compared to the corresponding period in 2022. This includes Lumileds Malaysia Sdn Bhd, with an investment of RM25.7 billion for the manufacture of light-emitting diode (LED) chips, devices, sub-assemblies, and LED-based lighting products/systems/modules. *(Source: MIDA)*

4.2 Medical Devices Industry

4.2.1 Performance of the Medical Devices Industry

- Irradiation, electromedical and electrotherapeutic equipment include irradiation apparatus and tubes, CT scanners, positron emission tomography (PET) scanners, magnetic resonance imaging (MRI) equipment, medical laser equipment, endoscopic equipment and ultrasound equipment, electrocardiographs, pacemakers, hearing aids, and food and milk irradiation equipment.

Sales Value of Irradiation, Electromedical and Electrotherapeutic Equipment*

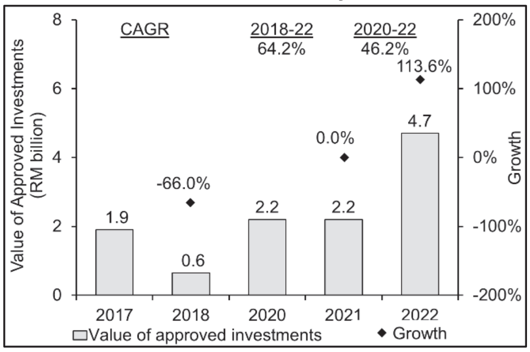


** Refers to domestic production. (Source: DOSM)*

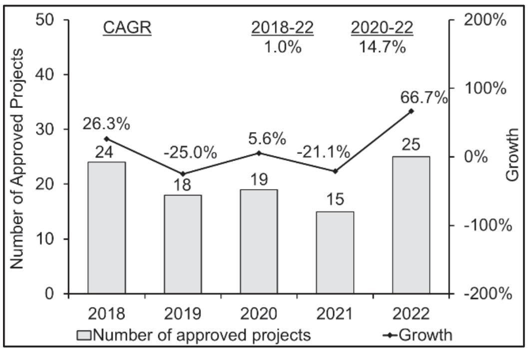
- Between 2020 and 2022, the sales value of the manufacture of irradiation, electromedical and electrotherapeutic equipment in Malaysia declined at an average annual rate of 9.5% mainly attributed to the decline of 34.3% in 2022. The decline in 2022 was contributed by import substitution where the import value of medical devices grew by 21.9% in 2022. Additionally, the export value of medical devices grew by 26.3% in 2022. For the first 9 months of 2023, the sales value of the manufacture of irradiation, electromedical and electrotherapeutic equipment in Malaysia grew by 2.9% compared to the corresponding period in 2022. *(Source: DOSM)*

4.2.2 Investments in the Medical Devices Industry

Value of Approved Investments in the Medical Devices Industry*



Number of Approved Projects in the Medical Devices Industry*



*Note: There are no data for the value of approved investments for 2019. * Based on high-end, high-value added medical devices, which excludes, among others, face masks and rubber gloves. (Source: MIDA)*

- Between 2020 and 2022, the value of approved investments for high-end, high-value added medical devices industry in Malaysia recorded a CAGR of 46.2%. Meanwhile, the number of approved projects grew at a CAGR of 14.7%. In 2022, the value of approved investments in the medical device industry in Malaysia grew by 113.6% to RM4.7 billion across 25 projects. Out of the RM4.7 billion investment in 2022, 95.7% were foreign direct investments, while the remaining 4.3% were domestic investments. *(Source: MIDA)*

5. DATA CENTRES IN MALAYSIA

- As part of Hexatech Group's business strategies and plans to expand into power distribution systems for data centres, the following section will provide some prospects for the data centre industry in Malaysia.

- The total approved investments in the information and communication industry declined by 9.8% from RM12.2 billion to RM11.0 billion in 2021, and subsequently grew by 670.0% to RM84.7 billion in 2022, primarily driven by data centre and cloud computing service projects amounted to RM72.4 billion which represented 85.5% of the total approved investments in the information and communication industry. Some of the approved data centre projects in 2022 included, among others, a data centre and data hosting project between Bridge Data Centres and ByteDance Ltd, as well as a data centre project by YTL Power International Bhd. For the first 9 months of 2023, the total approved investments in the information and communication industry declined by 44.4% to RM 45.6 billion compared to the corresponding period in 2022. This includes the establishment of a hyperscale data centre by GDS IDC Services (Malaysia) Sdn Bhd. *(Source: MIDA)*

- According to the Malaysia Digital Economy Blueprint launched in February 2021, the Government aimed to provide an enabling environment for local data centre companies to specialise in high-end cloud computing services between 2021 and 2025. Initiatives undertaken by MIDA include the Data Centre Investment Coordination Task Force (DCICTF), a platform to expedite the implementation of data centre projects and assist with formulating strategies to develop the data centre industry. In addition, the Government had on 20 July 2022 granted an exemption of the 30% Bumiputera equity requirement on land acquisitions valued above RM20 million for data centre projects. This exemption is valid until 2025 and is expected to facilitate data centre investments in Malaysia.

6. COMPETITIVE LANDSCAPE

6.1 Industry Players

- The following is a list of companies in Malaysia that are involved in the development of power distribution systems for end-user premises, among other business activities. It is not an exhaustive list and serves to indicate the performance of companies that operates within the power distribution systems for end-user premises including industrial premises and/or substations.

Company/Group	FYE/ FPE (1)	Rev (2) (RM mil)	GP (2) (RM mil)	GP (2) Margin	PBT/LBT(2) (RM mil)	PBT/LBT Margin(2)	PAT/LAT(2) (RM mil)	PAT/LAT Margin(2)
PESTECH S/B (3)	Jun-22	298.5	n.a.	n.a.	13.0	4.4%	12.1	4.1%
SECM S/B	Dec-22	204.0	20.3	10.0%	7.5	3.7%	5.0	2.4%
Kinergy Advancement Bhd (4)	Dec-22	187.0	28.1	15.0%	4.9	2.6%	2.8	1.5%
NLE Electrical Engineering S/B	Dec-22	186.6	23.6	12.6%	17.7	9.5%	13.4	7.2%
CBH Engineering S/B	Dec-22	172.2	40.1	23.3%	23.8	13.8%	15.2	8.8%
Bond M & E S/B (5)	Jun-23	164.1	2.9	1.8%	7.9	4.8%	5.8	3.5%
Exyte Services (Malaysia) S/B	Dec-22	117.3	5.2	4.4%	3.2	2.8%	2.5	2.1%
Hexatech Group	**Dec-22**	**107.6**	**15.0**	**13.9%**	**8.0**	**7.4%**	**6.2**	**5.7%**
LWE Engineering S/B	Jun-22	95.5	28.7	30.1%	13.0	13.6%	10.1	10.6%
Hong Hin Electrical S/B	Dec-22	59.8	11.1	18.6%	8.1	13.6%	6.1	10.2%
Carpeton Industries S/B	Dec-22	56.5	2.8	4.9%	0.6	1.0%	0.4	0.8%
Protech Builders S/B	May-22	42.7	8.5	19.8%	1.6	3.8%	1.3	3.0%
Cabnet M&E S/B (6)	Feb-23	44.1	7.8	17.7%	3.6	8.1%	2.5	5.7%
Telewiring Electrical Eng. S/B	Dec-22	39.1	3.2	8.1%	1.1	2.9%	0.7	1.9%
Emas Jaya Electric S/B	Sep-22	35.0	4.4	12.5%	1.7	4.7%	1.4	4.0%

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Company/Group	FYE/ FPE (1)	Rev (2) (RM mil)	GP (2) (RM mil)	GP (2) Margin	PBT/LBT(2) (RM mil)	PBT/LBT Margin(2)	PAT/LAT(2) (RM mil)	PAT/LAT Margin(2)
Gecmal S/B	Dec-22	28.6	5.1	17.7%	0.8	2.7%	0.5	1.8%
MN Power Transmission S/B(7)	Jun-22	27.2	4.7	17.2%	2.5	9.3%	2.0	7.2%
Letrik P.J. Union S/B	Dec-22	19.7	n.a.	n.a.	-0.8	-3.9%	-0.8	-4.0%

FYE= Financial year ended; FPE= Financial period ended; Rev= Revenue; GP= Gross profit; PBT= Profit before tax; LBT= Loss before tax; PAT= Profit after tax; LAT= Loss after tax; S/B= Sendirian Berhad; Bhd= Berhad; n.a.= not available; mil= million; Eng.= Engineering

(1) Latest available audited financial information.
(2) Derived from the development of power distribution systems for end-user premises and may include other business activities.
(3) A subsidiary of PESTECH International Berhad, a company listed on Bursa Securities.
(4) Listed on Bursa Securities.
(5) A subsidiary of Hollysys Automation Technologies Ltd, a company listed on the NASDAQ.
(6) Based on the financial period from 1 September 2021 to 28 February 2023. A subsidiary of Cabnet Holdings Berhad, a company listed on Bursa Securities.
(7) A subsidiary of MN Holdings Berhad, a company listed on Bursa Securities.

The criteria for selecting the above companies are as follows:
- Registered with the ST as electrical contractors and Construction Industry Development Board (CIDB) as Grade 7 mechanical and electrical contractors; and
- Involved in the development of power distribution systems for industrial premises and/or substations in Malaysia.

6.2 Market Size and Share

- The market size of electrical installation works and the share of Hexatech Group are estimated as follows:

	Malaysia	Hexatech Group	
	2022 Market Size (1) (RM million)	FYE 2022 Revenue (2) (RM million)	2022 Market share (3) (%)
Electrical installation	3,118	90	3

(1) Based on the value of construction work completed for electrical installation (Source: DOSM).
(2) Hexatech Group's total revenue for FYE 2022 was RM107.6 million, of which only RM90 million was related to electrical installation works comprising power distribution systems and electrical equipment hook-ups.
(3) Hexatech Group's electrical installation revenue, divided by the market size. (Source: Hexatech Group and Vital Factor analysis).

7. BARRIERS TO ENTRY

- Some barriers to entry to the power distribution systems for end-user premises industry include track record, meeting regulatory requirements and availability of experienced technical resources as well as registration with ST. As a service-based industry, capital requirements are generally not a major barrier to entry. A CIDB Grade 7 company requires paid-up capital of at least RM750,000. The number of operators would provide some indication of the level of barriers to entry.

- As of 18 December 2023, there are 7,392 electrical contractors registered with ST, of which 1,227 of them are Class A electrical contractors who can undertake electrical works with no restrictions in value. Hexatech Group is a Class A electrical contractor. As for CIDB, as of 18 December 2023, there are 9,644 Grade 7 M&E contractors, and 1,938 registered M&E contractors focusing on medium and high voltage electrical works including installation as well as underground and overhead cabling, of which 796 of them are Grade 7 contractors. CIDB Grade 7 has the most stringent conditions with no limit to the value of projects undertaken. Hexatech Group is a CIDB Grade 7 contractor. Given the number of Class A electrical contractors and CIDB Grade 7 contractors, barriers to entry into the power distribution systems for end-user premises industry are not overly onerous.

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8. INDUSTRY CONSIDERATION FACTORS

- Power distribution systems for end-user premises are closely related to the construction industry, represented by the specialised construction subsector which includes electrical installation. For the first 9 months of 2023, the value of construction work completed for electrical installation grew by 18.4%, while the number of applications for new electrical installations grew by 0.1%, compared to the corresponding period in 2022 *(Sources: DOSM and ST)*. The real GDP of the construction industry is estimated to grow by 6.3% in 2023, mainly supported by the civil engineering and specialised construction activity subsectors in the first half of 2023, and growth across all subsectors in the second half of 2023. In 2024, the construction industry is forecasted to grow by 6.8% following the anticipated improved performance across all subsectors *(Source: MoF)*. The continuing growth in the construction industry particularly for electrical installation will help sustain and provide opportunities for operators involved in the development of power distribution systems for end-user premises.

- Power distribution systems for end-user premises are largely driven by performance and investments in user industries. For the first 9 months of 2023, the sales value of the manufacture of electronic components and boards in Malaysia grew by 6.9%, while irradiation, electromedical and electrotherapeutic equipment grew by 2.9%, compared to the corresponding period in 2022 *(Source: DOSM)*. Growth and new investments in the semiconductor, electronic product and medical devices industries may increase demand for power distribution systems for industrial facilities.

- In October 2022, the New Investment Policy (NIP) was introduced by the Ministry of Investment, Trade and Industry (MITI), outlining various strategies to ensure Malaysia remains a competitive destination for high-value investments which can deliver sustainable and holistic economic growth. In 2023, the MITI further launched the New Industrial Master Plan (NIMP) 2030 for Malaysia's industrial development covering, among others, the E&E and medical device industries. Its implementation targets a total investment of up to RM95 billion, and is expected to grow Malaysia's manufacturing value-added by a CAGR of 6.5% between 2022 and 2030. This will reinvigorate and catalyse Malaysia's investment growth, which will in turn create opportunities for operators involved in the development of power distribution systems for end-user premises. Between 2020 and 2022, foreign direct investments in Malaysia experienced a CAGR of 13.3%, amounting to RM879.1 billion in 2022 *(Source: DOSM)*.

- The Malaysian economy is estimated to grow by 4.0% in 2023, with a forecast real GDP growth between 4.0% and 5.0% in 2024. The anticipated growth is expected to be led by the services sector, driven by sustained domestic consumption and improved export activities. In the manufacturing sector, growth is expected to be supported by improved export-oriented industries particularly the E&E, and favourable domestic-oriented industries. Meanwhile, the construction sector is expected to be supported by expansion across all subsectors. *(Source: MoF)*

- Under Budget 2024, efforts to attract investments included among others, the following:
  - allocation of RM100 million each for the NIMP 2030 Industrial Development Fund (NIDF) and the NIMP 2030 Strategic Co-Investment Fund (CoSIF). The NIDF will cover among others, research, development, commercialisation and innovation, technology adoption, talent development and industrial cluster development, while the CoSIF will be used to support mission-based projects identified under the NIMP 2030;
  - establishment of a high-technology industrial area in Kerian, Perak to widen the E&E cluster ecosystem in the northern region;
  - establishment of an investment and trade coordination action committee to facilitate foreign direct investments and domestic direct investments; and
  - allocation of RM100 million for the Domestic Investment Strategic Fund, which, among others, allows Malaysian companies to upgrade machinery and equipment, increase R&D activities, upskill talent through training initiatives and international certification of their products.

9. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 Our business and financial performance are dependent on our ability to secure new and sizeable projects promptly to ensure the continuity of our order book to sustain our business

As the nature of our business is project-based, our revenue is derived from the execution and completion of projects. In this respect, our financial performance is dependent on our ability to continually submit tender bids and quotation proposals, secure new projects and replenish our order book. Revenue contribution from our projects comprising provision of power distribution systems, and other building systems and works accounted for approximately 66.82% (RM20.97 million), 86.26% (RM86.65 million), 85.81% (RM92.30 million) and 95.03% (RM131.69 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

As at LPD, the total unbilled contract value of our on-going projects based on contracts secured was RM211.91 million, which is expected to sustain our business until 2024. Please refer to Section 12.6 of this Prospectus for further details of our order book. Although we have 6 on-going projects as at LPD, there is no assurance that we would be able to continuously secure new and sizeable projects promptly, nor can we assure that the new projects we secured will be commercially favourable to us in terms of the overall project profitability.

If we are unable to secure new and sizeable projects promptly, our order book may reduce over time and this would adversely affect our business sustainability and future financial performance. Additionally, our order book is also subject to unexpected adjustments in the scope of work which could occur from time to time during the project's duration. Any reductions in the contract value or scope of work will reduce the value of our order book and revenue to be generated thereafter, and if we are unable to secure new and sizeable projects promptly to supplement these reductions, this would, in turn, affect our long-term sustainability and business growth, as well as future financial performance.

9.1.2 We may face unanticipated increases in project costs including material, subcontractor and labour costs as our projects are typically based on fixed lump sum contracts

Our projects are mainly based on fixed lump sum contracts where the contract value is agreed upon and specified in the contract. In the event of any increases in costs, we are unable to increase the contract value as it is based on a fixed price. As such, if there are any unanticipated increases in costs during project execution where we are unable to pass on such increases to our customers, we would have to absorb these costs and thus affecting our financial performance. Some of these unanticipated increases in project cost may include, among others, the following:

- Increase in material costs, such as power cables, switchgear, transformers and distribution boards, of which some such as, power cables, are influenced by commodity prices and subjected to price fluctuations. For the Financial Years and Period Under Review, the material costs accounted for 73.32% (RM19.95 million), 60.27% (RM51.67 million), 72.47% (RM65.42 million) and 57.69% (RM70.78 million) of our total purchases of materials and services for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

- Increase in subcontractor costs. During the Financial Years and Period Under Review, subcontractor costs accounted for 26.52% (RM7.22 million), 39.61% (RM33.95 million), 26.92% (RM24.31 million) and 41.05% (RM50.37 million) of our total purchases of materials and services for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively;

- Increase in costs of products and services due to inflation, shortages in materials, supply chain disruptions and other factors; and

- Delays attributed to external factors relating to the site and interactions with external contractors working at the site.

The unanticipated cost increases may arise due to the time gap between cost estimation from submission of tender bids or quotation proposals and award of contract which may take 1 to 4 months, and completion of certain projects which may take up to 24 months to complete from the award of the contract. Although we have experience in project budgeting to estimate costs during the submission of tender bids or quotation proposals including incorporating buffer for labour and material cost increases, there is no assurance that we may not face unanticipated cost increases in the future.

Power cables and wires are one of the key materials used in the provision of power distribution systems. The purchases of power cables and wires accounted for 14.54% (RM3.96 million), 8.36% (RM7.17 million), 24.84% (RM22.43 million) and 22.88% (RM28.08 million) of our total purchases of materials and services for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. The prices of our power cables are subject to price fluctuations as it is made largely from copper, which is a globally traded commodity. As such, any fluctuations in copper prices would directly affect the prices of power cables and wires.

Generally, our project cost estimation of materials and subcontractor services are based on, among others, existing prices and quotations from suppliers and subcontractors, past price trends, potential commodity price fluctuations, potential foreign exchange rate fluctuations, potential price increases and buffer for contingencies. In the event of any unfavourable fluctuations in the cost of these materials and subcontractor fees during the project period it may increase our overall project cost.

For the Financial Years and Period Under Review, our Group has experienced price fluctuations in our materials, particularly cables.

9.1.3 We have exhibited some degree of reliance on Customer A and the loss of revenue from this customer, if not replaced promptly, may affect our financial performance

We have exhibited some degree of reliance on Customer A by virtue of its revenue contribution to our total revenue for the FYE 2022 and FPE 2023. Revenue contribution from Customer A grew from 10.74% in FYE 2020 and 7.85% in FYE 2021 to 21.82% in FYE 2022 and 42.11% in FPE 2023. Nevertheless, the contract with this customer is expected to be completed in October 2024.

As such, any significant reduction in the value of the contracts, deferment and/or cancellation in the contracts or purchase orders from this customer or the loss of this customer, if not replaced in a timely manner, would materially and adversely affect our financial performance.

Although we will continue to bid for other contracts, there is no assurance that we will be able to successfully secure contracts. If we are unable to secure other contracts to replace the revenue contribution from Customer A after the completion of the contract in October 2024, our financial performance would be materially and adversely affected.

9.1.4 We are dependent on our subcontractors to carry out certain works for our projects

We engage subcontractors to perform certain works including, among others, mechanical works, control and instrumentation works, civil, structural and architectural works, as well as installation, testing and commissioning of power distribution systems. Subcontractor costs accounted for approximately 26.52% (RM7.22 million), 39.61% (RM33.95 million), 26.92% (RM24.31 million) and 41.05% (RM50.37 million) of our total purchases of materials and services for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

We select subcontractors for our projects via tenders after taking into consideration their track record, financial strength, workmanship, efficiency, reliability, capacity and pricing. In some cases, our subcontractors have been pre-selected or nominated by our customers. The scope of subcontracting works as well as terms and conditions including retention sum and completion period are specified in the contract awarded to the subcontractors. This allows us to claim any damages or compensation in the event of poor, late or non-performance by our subcontractors.

We are subject to the risks associated with poor, late or non-performance by our subcontractors. While we may attempt to seek compensation from the relevant subcontractors, we may, from time to time, be required to compensate our customers before receiving the said compensation from the relevant subcontractors or the amount of the claims from our customers cannot be recovered in full or at all from the subcontractors. In these cases, we may be required to bear some or all of the costs of the claims from our customers, which will adversely affect our results of operations and financial performance. Furthermore, if our subcontractors' performance is not up to the expectations of our customers, our reputation may also be adversely affected resulting in increased difficulties in securing new projects.

For the Financial Years and Period Under Review and up to the LPD, we have not experienced any material claims from our customers relating to the work completed by our subcontractors. Nevertheless, there is no assurance that we would not experience any claims from our customers relating to the poor, late or non-performance of our subcontractors in the future.

9.1.5 Our projects may be subject to delays resulting in the risk of claims relating to LAD

Our projects must be completed within the timeline specified in the contracts. Although we may continue to monitor and manage the projects closely and adhere to our project execution schedule and milestones, there is a risk that we may not be able to complete our project in time due to various factors including external factors that are beyond our control. Any delay in the completion of our works will result in project cost overruns, and potential LAD claims from our customers which may adversely affect our financial performance and reputation.

Delay in a project may occur from time to time due to various circumstances such as delay in obtaining permits or approvals from regulatory authorities, issues relating to engineering, safety or site conditions, shortage of materials or labour, and changes in government policies relating to foreign labour. In the event we encounter any of these circumstances that cause delays in our projects, we will seek EOT from our customers. As an EOT is still subject to the approval of our customer, there is no assurance that we would not experience any claims for LAD or penalties for delays in the completion of projects. For the Financial Years and Period Under Review and up to the LPD, we have not encountered any situation where our customers had imposed LAD on us.

9.1.6 We are exposed to the risk of defect liability claims from our customers

The DLP for our contracts with our customers generally ranges from 12 to 24 months from the issuance of CPC. Typically, our customers retain 5 to 10% of the total contract sum throughout the contract period until the issuance of CPC by the architect or engineer where half of the retention sum will be released, while the remaining half is released upon issuance of CMGD at the end of the DLP. During the DLP, we are responsible to repair, rectify and make good any defects which may surface or be identified at our cost and expenses. For materials supplied by our suppliers or works undertaken by our subcontractors, we will require them to either replace defective materials or restore defective works to the required specifications without additional cost or expense to us.

The terms of our letters of award to subcontractors allow us to claim any damages or compensation in the event of non-performance, late or poor performance by our subcontractors. To the extent we are unable to seek recourse from our suppliers and subcontractors, we would be liable for the repair costs and damages which will in turn increase our project costs. If such defects are material, our reputation, business operation and financial performance will be materially and adversely affected. During the Financial Years and Period Under Review and up to the LPD, we encountered an incident which requires the replacement of defective power cables for a project during the DLP amounting to RM0.20 million paid in FYE 2023.

As at LPD, we are in the midst of obtaining a third-party laboratory test report of the defective power cables for the reimbursement of the said replacement cost from our supplier.

During the Financial Years and Period Under Review and up to the LPD, we have not experienced any defect liability claims or any claims for compensation and retention sum asserted by our customers against us, which has materially affected our operations and financial performance. Nevertheless, there can be no assurance that we will not be subjected to any material defect liability claims in the future which may have an adverse impact on our business operations and financial performance.

9.1.7 We may not be able to renew or obtain material licences and permits required to carry out our projects

Our subsidiary, Hexatech Engineering, is registered with CIDB as a Grade G7 contractor which allows us to bid and carry out projects without any limit on the value of work, as well as a Class A Electrical Contractor with ST. Our registrations are subject to compliance with the restrictions, conditions and regulations imposed under the CIDB Act 1994 and the ESA 1990 and any failure to comply with them could result in the suspension, revocation, or non-renewal of our registrations, which will in turn materially and adversely affect our business activities, reputation and financial performance.

During the Financial Years and Period Under Review and up to the LPD, we have not encountered any compounds or penalties from CIDB or ST.

In addition to the CIDB Act 1994 and the ESA 1990, we are required to obtain certain licences and permits to operate our business. These licences and permits are subject to periodic reviews and renewals by the relevant government authorities or agencies. Please refer to Section 7.17 of this Prospectus for details of these material licences and permits.

As at LPD, we have not experienced any non-renewal or revocation of our certificates of registration, licences or permits. However, there can be no assurance that we will be able to continue to renew them promptly in the future. Any fines, non-renewal or revocation of our registrations, licences and permits may materially and adversely affect our business and operations.

9.1.8 We cannot assure that our business strategies and plans will be commercially successful

Our business strategies and plans are focused on leveraging on our key strengths and capitalising on our competencies in the provision of power distribution systems. We plan to continue with our existing business as well as embark on expanding our internal competency in mechanical and process utility systems to become an integrated MEP engineering service provider, set-up physical offices in Kedah and Johor, expansion of our end-user industry coverage. Please refer to Section 7.15 of this Prospectus for further details on our strategies and plans.

The implementation of these business strategies and plans involves capital expenditure as well as operating expenses such as staff costs. The feasibility and implementation of such business strategies and plans will also depend on, among others, favourable economic conditions, timing of execution and regulatory framework and policies.

The prospects and future growth of our business are dependent on our ability to implement and execute our strategies and plans effectively and promptly. There is a risk that we may not be able to successfully implement our business strategies and plans promptly nor can we provide assurance that our business strategies will be commercially successful or that we will be able to anticipate all the business and operational risks associated with our strategies and plans. Some of the factors that may affect our timing and objectives to execute our business strategies and plans include, among others, the inability to secure sufficient funding and/or bank borrowings, limitations in human resources or experience, regulatory changes, and other unanticipated delays.

In the event of any delays or failures in executing our business strategies or plans effectively, our future business growth or expected financial prospects or returns may be adversely affected.

9.1.9 There is no assurance that our insurance coverage would be adequate

We maintain general insurance policies where practicable, covering both our provision of services and employees in line with general business practices, with policy specifications and insured limits which we believe are reasonable. Currently, the insurance policies taken up by us include contractor's all risk, workmen's compensation, and public liability. All the insurance coverages are subject to exclusions and limitations of liability both in amount and for the insured events such as willful act or negligence, war and act of terrorism. However, if the amount of claims exceeds the coverage of the insurance policies that we have taken up, we may be liable for shortfalls in the amount claimed. In such events, our financial position will be adversely and materially affected.

For the Financial Years and Period Under Review and up to the LPD, there has not been any claim which exceeded the coverage of our general insurance policies.

Although we have taken the necessary steps to ensure that our provision of services and employees are adequately insured, there can be no assurance that our insurance coverage would be adequate to compensate for the replacement costs of the assets or any consequential losses arising thereof.

9.1.10 We may not be able to sustain our revenue growth rate and our financial performance in the future

Our revenue growth grew from RM31.39 million in FYE 2020 to RM107.57 million in FYE 2022, representing a CAGR of 85.13%. In FPE 2023, our revenue grew by 169.61% from RM51.40 million in FPE 2022 to RM138.58 million. Our growth was mainly contributed by several high-value contracts of approximately RM40 million per contract in FYE 2021 and FYE 2022, one of which was our largest contract to date amounting to approximately RM240 million which was secured in FYE 2022. In addition, we also expanded our business activities where the contribution from other building systems and works represented 15.07% (RM 16.21 million) and 28.49% (RM39.48 million) of our total revenue in FYE 2022 and FPE 2023 where there was no revenue contribution in FYE 2020.

As our business is mainly project-based, there can be no assurance that we will be able to achieve similar growth rates and financial performance in the future. If we are unable to maintain adequate revenue and profit growth, our financial position would be negatively affected.

9.1.11 We are dependent on our Managing Director, Executive Director and Key Senior Management for our business continuity

Our achievements are largely attributed to the continued efforts of our Managing Director, Executive Director and Key Senior Management who are directly responsible for the vision, strategic direction, leadership, business planning and development, as well as management and running our Group's day-to-day operations. The loss of services from any of our Managing Director, Executive Director and/or Key Senior Management, and our subsequent inability to recruit suitable replacements promptly, may adversely affect our business operations and financial performance as well as our continuing ability to compete effectively in the industry. Please refer to Sections 5.1.2 and 5.4.2 of this Prospectus for the profiles of our Managing Director, Executive Director and Key Senior Management.

As part of our management succession plan, we have identified suitable personnel to facilitate knowledge transfer and to build upon their capabilities to take on senior management and operations positions to ensure the continuity of our business. Although we have competitive remuneration packages in place and a succession plan, there is no assurance that we would be able to retain the services of our Managing Director, Executive Director and Key Senior Management.

9.1.12 We are subject to foreign exchange fluctuation risks which may impact the profitability of our Group

In FPE 2023, we are exposed to foreign exchange fluctuation risks as part of our revenue and purchases were transacted in foreign currencies. In FPE 2023, RM6.36 million or 4.59% of our total revenue were transacted in USD and RM0.67 million or 0.54% of our total purchases were transacted in SGD. Meanwhile, in FYE 2020, FYE 2021, and FYE 2022, none of our revenue and purchases were transacted in foreign currencies.

Moving forward, we may continue to generate sales and make purchases in foreign currencies. As at LPD, we do not use any financial instrument to hedge our exposure against transactions in foreign currencies. Should this exposure become substantial in the future, we may need to enter into derivative contracts with financial institutions to minimise the impact of foreign exchange fluctuations. Nevertheless, there can be no assurance that any future fluctuations in exchange rates will not have a material and adverse effect on our financial conditions and our profitability.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We are subject to risks inherent in the construction industry

We are involved in the provision of power distribution systems for industrial buildings, substations as well as commercial and residential buildings which are part of the construction industry. As we will continue to operate within this industry, our business is subject to the inherent risks in the construction industry, which include, among others, the following:

(i) General economic conditions, where a slowdown in the economy may cause an increase in unemployment, low or no wage increases, reduction in consumer wealth and confidence as well as deterioration in business conditions and confidence resulting in a lower demand for industrial, commercial or residential property investments and purchases thus negatively affecting the construction industry;

(ii) shortage of labour and increases in labour costs resulting in delays in construction and higher project costs;

(iii) increase in material costs which may result in lower margins and/or higher prices of construction and properties; and

(iv) changes in lending policies and practices by financial institutions which would affect building owners' ability to obtain adequate funds for construction.

Risks inherent in the construction industry affects operators involved in the development of power distribution system at end-user premises as most of such projects are for new properties such as industrial, commercial and residential developments.

9.2.2 We are subject to the demand and performance of end-user industries

As an electrical engineering service provider focusing on providing power distribution systems to end-user premises, particularly the semiconductor, medical devices and electronic products industries, we are dependent on the demand and performance of the operators in these end-user industries. For the Financial Years and Period Under Review, we were dependent on the operators in the semiconductor, medical devices and electronic products industries as our major source of revenue, as demonstrated by our revenue contribution from these industries. Our revenue contribution from semiconductor, medical devices and electronic products industries cumulatively accounted for 21.90% (RM6.87 million), 80.88% (RM81.25 million), 93.45% (RM100.53 million) and 83.86% (RM116.21 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

As we have no control over the prospects and success of operators in these industries, our financial performance may be adversely affected if operators in these industries experience an economic downturn or low demand for their products, which affects their capital investment decisions. Nevertheless, for the Financial Years and Period Under Review, our Group's revenue has increased from RM31.39 million to RM100.46 million, RM107.57 million and RM138.58 million in FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

Any downturn in the performance of the semiconductor, medical devices and electronic products industries or any development in the political, economic and regulatory environment where our customers operate or serve will have a negative impact on the demand for our services. In the event we are unable to secure new contracts or projects from operators in these industries, may adversely affect our business operations and financial performance.

9.2.3 We are subject to competition from other electrical engineering companies

We are registered as a Class A electrical contractor with ST and registered with CIDB as a G7 contractor for M&E engineering works. As of 18 December 2023, there are 7,392 electrical contractors registered with ST, of which 1,227 of them are Class A electrical contractors who can undertake electrical work with no restrictions in value. As for CIDB, there are 1,938 registered M&E contractors focusing on medium and high voltage electrical works including installation as well as underground and overhead cabling works, of which 796 of them are G7 contractors as of 18 December 2023 (*Source: IMR Report*).

Our competitors may have a longer track record, more financial and skilled personnel resources and other advantages compared to us. The existence of competition would also result in competitive pressure on various aspects including pricing and timing of project completion. Although we have our competitive advantages, there is no assurance that we will be able to compete effectively against our peers. In the event we are unable to remain competitive or unable to build on our competitive advantages and key strengths moving forward, our prospects and financial performance may be adversely affected. Please refer to Section 7.3 of this Prospectus for further details on our competitive advantages and key strengths.

9.2.4 We are subject to economic, social, political and regulatory risks in Malaysia as well as the occurrence of force majeure events such as global pandemic risks

Any adverse changes in the political, social, economic and regulatory conditions in Malaysia may harm our business operations and financial performance. Our business is also susceptible to the risks of any outbreak of diseases that could result in localised epidemics or pandemics causing interruptions in our business operations while adversely affecting our financial performance. Please refer to Section 7.10.1 of this Prospectus for further details on the adverse impact of the COVID-19 pandemic.

Changes in the political, social, economic and regulatory conditions could arise from, among others, changes in political leadership, geopolitical events, general economic and business conditions, fluctuations in interest rates, acts of terrorism, riots, wars and/or sanctions, prolonged pandemic or the emergence of new epidemics or pandemics, expropriation or nationalisation, fiscal and monetary policies such as inflation, deflation, methods of taxation, tax policies, repatriation of profits, foreign worker levy and exchange control measures, unemployment trends, deterioration of international bilateral relationships, and other matters that may influence consumer and business confidence and spending.

Some of our customers, as well as addressable customer groups, are dependent on global demand for their products and events that affect directly or indirectly their business operations and financial conditions. As such, our business prospects are also directly and indirectly affected by global events such as, among others, geopolitical events, financial crises, trade conflicts and sanctions, technological changes and shifts in consumer trends and behaviour.

As a result, this may cause our addressable customer group to revise, defer, halt or abandon their development or expansion plans. As such, there can be no assurance that any adverse economic, social, political, and regulatory developments which are beyond our control, will not materially affect our business operations and financial performance.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 There has been no prior market for our Shares

Prior to our Listing, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop, or, if developed, that such market can be sustained. The IPO Price was determined after taking into consideration a number of factors including but not limited to our business strategies and our financial and operating history.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and the market price of our Shares will not decline below the IPO Price.

9.3.2 The trading price and volume of our Shares upon Listing may be volatile

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

(i) material variations in our financial results and operations;

(ii) success or failure of our management in implementing future plans, and business and growth strategies;

(iii) gain or loss of an important business relationship;

(iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(v) changes in conditions affecting our industry, the prevailing global and local economic conditions or stock market sentiments or other events or factors;

(vi) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed on Bursa Securities;

(vii) additions or departures of key personnel;

(viii) fluctuations in stock market prices and volumes;

(ix) involvement in claims, litigation, arbitration or other form of dispute resolution; or

(x) general operational and business risks.

9.3.3 There may be a potential delay to or failure of our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:

(i) our Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;

(ii) the revocation of approvals from the relevant authorities for the Listing and / or admission for whatever reason; or

(iii) we are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25.00% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

Where prior to the allotment and issuance of our IPO Shares:

(a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(b) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the allotment and issuance of our IPO Shares:

(aa) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

(bb) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:

- the sanction of our shareholders by special resolution in a general meeting, supported by consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

- the sanction of our shareholders by special resolution in a general meeting, supported by a solvency statement from our Directors.

9.3.4 The interest of our Specified Shareholders who control our Group may not be aligned with the interest of our other shareholders

Our Specified Shareholders will collectively hold 62.63% of our enlarged number of issued Shares upon Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group including the election of Directors, the timing and payment of dividends as well as having substantial voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they and persons connected with them are required to abstain from voting either by law, relevant guidelines or regulations. Therefore, there is a risk of non-alignment of interests by our Specified Shareholders with those of our other shareholders.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding 6 months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

10.1.1 Material Related Party Transactions

Save for the Acquisition of Hexatech Engineering and as disclosed below, our Group has not entered into nor proposes to enter into any material related party transactions for the Financial Years and Period Under Review, and for the subsequent financial period up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 September 2023 up to the LPD RM'000
1.	• Hexatech Engineering • HEC	• Hexatech Engineering is a wholly-owned subsidiary of HE Group • HEC is a major shareholder of HE Group • Yong Chong Cheang is a director and a major shareholder of HEC, having a 90.00% direct equity interest	(i) Sale of electrical products by Hexatech Engineering to HEC	208.64 (0.66% of the Group's revenue)	-	-	-	-
			(ii) Purchase of electrical product by Hexatech Engineering from HEC	-	29.79 (0.03% of the Group's cost of sales)	1.11 (0.001% of the Group's cost of sales)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 September 2023 up to the LPD RM'000
			(iii) Services rendered by HEC to Hexatech Engineering on project management [(1)]	27.60 (0.10% of the Group's cost of sales)	408.90 (0.46% of the Group's cost of sales)	-	-	-
			(iv) Administrative fees [(2)] charged by HEC to Hexatech Engineering	81.38 (4.19% of the Group's PBT)	82.39 (9.51% of the Group's PBT)	10.34 (0.14% of the Group's PBT)	-	-
			(v) Administrative fees [(3)] charged by Hexatech Engineering to HEC	-	-	20.00 (0.25% of the Group's PBT)	-	-
2.	• Hexatech Engineering • Mepcon Sdn Bhd ("**Mepcon**")	• Hexatech Engineering is a wholly-owned subsidiary of HE Group • Mepcon was wholly-owned by HEC previously[(7)]	(i) Sale of electrical products and electrical equipment hook-up and retrofitting services by Hexatech Engineering to Mepcon	4,271.07 (13.61% of the Group's revenue)	3,282.54 (3.27% of the Group's revenue)	536.71 (0.50% of the Group's revenue)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 September 2023 up to the LPD RM'000
		• HEC is a major shareholder of HE Group • Yong Chong Cheang is a major shareholder of HE Group, and was a director of Mepcon previously	(ii) Subcontract work rendered by Mepcon to Hexatech Engineering	4,818.77 (17.31% of the Group's cost of sales)	6,656.90 (7.41% of the Group's cost of sales)	1,425.97 (1.54% of the Group's cost of sales)	-	-
			(iii) Lease rental and other related expenses (4) charged by Mepcon to Hexatech Engineering	39.30 (2.02% of the Group's PBT)	68.74 (1.25% of the Group's PBT)	110.51 (1.38% of the Group's PBT)	30.00 (0.30% of the Group's PBT)	-
			(vi) Administrative fees (3) charged by Hexatech Engineering to Mepcon	-	-	20.00 (0.25% of the Group's PBT)	-	-
3.	• Hexatech Engineering • Simosynergy	• Hexatech Engineering is a wholly-owned subsidiary of HE Group • HEC is a major shareholder of HE Group and	(i) Supply of electrical products and retrofitting services by Hexatech Engineering to Simosynergy	172.70 (0.55% of the Group's revenue)	5.87 (0.01% of the Group's revenue)	1,476.75 (1.37% of the Group's revenue)	10.00 (0.01% of the Group's revenue)	199.87

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 September 2023 up to the LPD RM'000
		having a 60.00% direct equity interest in Simosynergy	(ii) Purchase of switchgear by Hexatech Engineering from Simosynergy	0.97 (0.003% of the Group's cost of sales)	2,714.58 (3.02% of the Group's cost of sales)	604.41 (0.65% of the Group's cost of sales)	(9) 8,009.45 (6.53% of the Group's cost of sales)	1.52
		• Yong Chong Cheang is a director and a major shareholder of HEC, having a 90.00% direct equity interest	(iii) Administrative fees (3) charged by Hexatech Engineering to Simosynergy	-	-	50.00 (0.63% of the Group's PBT)	-	-
		• Haw Chee Seng and Eng Choon Leong are Directors and major shareholders of HE Group	(iv) Rental income received from Simosynergy (5)	96.00 (4.94% of the Group's PBT)	96.00 (1.75% of the Group's PBT)	96.00 (1.20% of the Group's PBT)	64.00 (0.64% of the Group's PBT)	8.00
		• Haw Chee Seng and Eng Choon Leong are shareholders of Simosynergy, each having a 5.00% direct equity interest	(v) Sale by Hexatech Engineering to Simosynergy of a single-storey detached factory (6)	-	-	4,800.00	-	-
			(vi) Rooftop rental charged by Simosynergy to Hexatech Engineering	-	-	-	-	5.00

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	From 1 September 2023 up to the LPD RM'000
4.	• Hexatech Engineering • Hexatech Solutions Sdn Bhd *(now known as HX Solutions Sdn Bhd)* ("**HX Solutions**")	• Hexatech Engineering is a wholly-owned subsidiary of HE Group • HEC is a major shareholder of HE Group • Yong Chong Cheang is a director and a major shareholder of HEC, having a 90.00% direct equity interest • HX Solutions was 60% owned by HEC previously(8)	(i) Subcontract work rendered by HX Solutions for maintenance work to Hexatech Engineering	40.29 (0.14% of the Group's cost of sales)	21.40 (0.02% of the Group's cost of sales)	110.65 (0.12% of the Group's cost of sales)	-	-
			(ii) Administrative fees (3) charged by Hexatech Engineering to HX Solutions	-	-	20.00 (0.25% of the Group's PBT)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Notes:

(1) Tang Kok Wai, our Project and Technical Director, as well as another 2 engineers were assigned to our Group (which they were under the employment of HEC at the time) to assist in overseeing and managing power distribution system projects which was secured by our Group.

(2) Administrative fees include management services such as human resources, accounting and finance and corporate secretary services, as the provision of these services were carried out by staff attached to HEC during the Financial Years Under Review. It also includes the charge back of staff insurance coverage and utilities charges. Effective from 1 March 2022, HEC had ceased to provide management services to our Group. Moving forward, these services will be carried out by our staff.

(3) Administrative fees include human resources and accounting and finance services, as the provision of these services were temporarily carried out by staff attached to Hexatech Engineering during FYE 2022 for a short interim period following their resignation from HEC.

(4) Lease rental for an office in Puchong, Selangor and other related expenses such as security charges, utilities charges, and other related expenses.The lease rental has been terminated on 31 March 2023. The monthly lease rental for the office during the Financial Years Under Review is as below:

FYE	Monthly lease rental (RM)	Purposes
2020	(i) 2,750.00 (January – May) (ii) 3,650.00 (June – December)	(i) Monthly rental for office (2,089 sq. ft.) (ii) Monthly rental for office (2,089 sq. ft.) and storage
2021	(i) 3,832.50 (January – May) (ii) 4,132.50 (June – December)	(i) Monthly rental for office (2,089 sq. ft.) and storage (ii) Monthly rental for office (2,089 sq. ft.), storage and basement storage
2022	(i) 4,132.50 (January – July) (ii) 10,000.00 (August – December)	(i) Monthly rental for office (2,089 sq. ft.), storage and basement storage (ii) Monthly rental for office (7,192 sq. ft.), 6 parking lots, basement store and inclusive of other related expenses such as security charges, utility charge, and other related expenses
2023	10,000.00 (January - March)	Monthly rental for office (7,192 sq. ft.), 6 parking lots, basement store and inclusive of other related expenses such as security charges, utility charge, and other related expenses

10. RELATED PARTY TRANSACTIONS (CONT'D)

(5) Simosynergy had rented Lot 7743 for a term of 1 year commencing from 1 July 2017 until 30 June 2018 with the option to yearly renewal pursuant to a tenancy agreement dated 1 July 2017 between Hexatech Engineering (as landlord) and Simosynergy (as tenant). The tenancy agreement was renewed for 5 consecutive years until 30 June 2023 and was further renewed until 30 September 2023. The monthly rental is RM8,000.00. The landlord may terminate the tenancy agreement at any time before expiry date by giving 2 months prior written notice.

(6) Sale and purchase agreement dated 19 December 2022 as supplemented by a letter dated 30 December 2022 entered into between Hexatech Engineering (as vendor) and Simosynergy (as purchaser) for the disposal of Lot 7743 at purchase price of RM4,800,000.00, which was arrived at a willing-buyer willing-seller basis after taking into consideration the market value of Lot 7743 of RM4,800,000.00 as appraised by an independent valuer. Pursuant to the supplemental letter dated 30 December 2022, it was agreed that the rooftop solar PV system does not form part of the property to be disposed and shall remain as property of Hexatech Engineering. As at LPD, the disposal of Lot 7743 has been completed on 14 September 2023.

(7) HEC had disposed of its entire equity interest in Mepcon to third parties on 17 March 2023.

(8) HEC had disposed of its entire equity interest in HX Solutions to third parties on 22 December 2022.

(9) During FPE 2023, the purchase of switchgear by Hexatech Engineering from Simosynergy amounting to RM8.01 million is in relation to a purchase of Siemens switchgears for Customer C which was based on the customer's requirement for its project.

In relation to item 3(iv) above, our Directors do not deem that the transaction was carried out on arms' length basis in view that the rental was below the market rate taking into consideration Hexatech Engineering and Simosynergy are commonly held by HEC. However, as set out in item 3(v) above, the disposal of Lot 7743 has been completed on 14 September 2023. Lot 7743 has been transferred by Hexatech Engineering to Simosynergy on the same date.

Save for the above, our Directors confirm that all the other related party transactions between our Group and our Directors and/or major shareholders of our Company and/or persons connected to them were transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group and are not detrimental to our minority shareholders.

After our Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. In the event there are any proposed related party transactions that require prior approval of our shareholders, our Directors, major shareholders and / or persons connected with them who have any direct or indirect interest in the proposed related party transactions shall abstain from deliberation and voting on resolution(s) pertaining to the respective transactions. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12-month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities of interests in one corporation / asset or of various parcels of land contiguous to each other.

10. RELATED PARTY TRANSACTIONS (CONT'D)

Upon Listing, our Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not to the detriment to our minority shareholders. Our Group will seek such relevant shareholders' approval where required. We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

10.2 TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

Our Directors have confirmed that there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/or our Subsidiary was a party in the Financial Years and Period Under Review and up to the LPD.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.3 OUTSTANDING LOANS AND/OR FINANCIAL ASSISTANCE TO OR FOR THE BENEFIT OF RELATED PARTIES

Save as disclosed below, there are no outstanding loans (including guarantees of any kind) and/or financial assistance that have been granted by our Company and/or our subsidiary to or for the benefit of the related parties for the Financial Years and Period Under Review and up to the LPD.

				Outstanding amount as at				
No.	**Transacting parties**	**Nature of relationship**	**Nature of transaction**	**31 December 2020 RM'000**	**31 December 2021 RM'000**	**31 December 2022 RM'000**	**31 August 2023 RM'000**	**LPD RM'000**
1.	• Hexatech Engineering • HEC	• Hexatech Engineering is a wholly-owned subsidiary of HE Group • HEC is a major shareholder of HE Group • Yong Chong Cheang is a director and a major shareholder of HEC, having a 90.00% direct equity interest	Advances provided by Hexatech Engineering to HEC for working capital purposes	2,000	2,000	-	-	-

Our Directors confirm that the advances outlined above were not made on an arm's length basis as they were interest-free, unsecured and repayable on demand. As at LPD, these advances were fully paid. Moving forward, our Group has put in place strict internal control and compliance procedures in relation to advances and loans to third parties, and no further advances or loans will be given to any related parties of our Group unless such advances and loans are permitted under applicable law and the Listing Requirements and brought to our Audit Committee and our Board for deliberation and approval.

10.4 LOANS AND/OR FINANCIAL ASSISTANCE FROM RELATED PARTIES TO OUR GROUP

The substantial shareholders of HE Group, namely, Haw Chee Seng, Eng Choon Leong and HEC have provided joint and several personal guarantees and corporate guarantees respectively for certain outstanding banking facilities extended by Malayan Banking Berhad, Public Bank Berhad, CIMB Bank Berhad, United Overseas Bank (Malaysia) Berhad and Alliance Bank Malaysia Berhad ("**Financiers**") to our Group. The aggregate amount of banking facilities secured by HEC as at LPD is approximately RM0.50 million while the aggregate amount of banking facilities secured by Haw Chee Seng and Eng Choon Leong collectively as at LPD is approximately RM59.42 million.

We have applied to the Financiers to discharge the guarantees by substituting the same with a corporate guarantee from the Company and/or other securities from our Group acceptable to the Financiers. Until such discharge and substitution of guarantees have been implemented by the Financiers, our relevant substantial shareholders will continue to guarantee the banking facilities extended to our Group.

As at LPD, we have received conditional approvals from all our Financiers to discharge the above guarantees upon the successful Listing by substituting the same with a corporate guarantee from our Company or such other securities acceptable to the Financiers.

10.5 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

10.5.1 Audit and Risk Management Committee review

Our Audit and Risk Management Committee assesses the financial risk and matters relating to related party transactions and conflict of interest situation that arose, persist or may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate or mitigate such conflict. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflicts of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length, and are not to the detriment of the interest of our Company's minority shareholders. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

10.5.2 Our Group's policy on related party transactions and conflicts of interest

It is the policy of our Group that all related party transactions and conflicts of interest must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders.

11. CONFLICT OF INTEREST

11.1 CONFLICT OF INTEREST

Save as disclosed below, as at LPD, none of our Directors and/or substantial shareholders have any interest, whether direct or indirect, in other businesses or corporations which are carrying on a similar trade to that of our Group or which are the customers and/or suppliers of our Group.

Business Corporation	Principal Activity	Nature	Interested directors and/or substantial shareholders	Nature of interest
Simosynergy	To carry on the business of manufacturer of switchgear, electrical and electronic appliances and apparatus.	Simosynergy is our Group's supplier for switchgears and other ancillary parts	HEC, Haw Chee Seng, Eng Choon Leong and Yong Chong Cheang	(i) Haw Chee Seng and Eng Choon Leong are our Directors and substantial shareholders and the substantial shareholders of Simosynergy; and (ii) HEC and Yong Chong Cheang are our substantial shareholders and the substantial shareholders of Simosynergy.(1)

Note:

(1) Yong Chong Cheang is deemed interested in Simosynergy by virtue of his interest in HEC pursuant to Section 8 of the Act.

Our Board confirms that any potential conflict of interest situation which may arise through the interests of HEC, Haw Chee Seng, Eng Choon Leong and Yong Chong Cheang in Simosynergy as described above has been mitigated on the basis that:

(a) As at LPD, HEC, Haw Chee Seng, Eng Choon Leong and Yong Chong Cheang are not involved in the day-to-day management and operation of Simosynergy, which is currently managed by the managing director of Simosynergy, How Seck Wan together with his own independent management team;

(b) HEC, Haw Chee Seng, Eng Choon Leong and Yong Chong Cheang will abstain from deliberations and voting in their capacity as shareholders of Simosynergy and HE Group, on all resolutions pertaining to any future transactions involving Simosynergy and our Group;

(c) Simosynergy is not in competition with our Group and there is a clear delineation of business activities because Simosynergy is principally involved in the business of manufacturing of switchgear, electrical and electronic appliances and apparatus whilst our Group is principally involved in the provision of power distribution system, other building systems and works, hook-up and retrofitting of electrical equipment and trading. Further, Simosynergy and our Group are operating in different levels of the supply chain where Simosynergy is involved in the manufacturing sector whereas our Group is providing electrical engineering services; and

(d) Yong Chong Cheang is not a director of any company within our Group and he is not involved in the day-to-day management and operation of our Group.

As set out in Section 10.5.1 of this Prospectus, our Audit and Risk Management Committee will review any conflict of interest situation that may arise within our Company or our Group including any transaction, procedure or course of conduct that raises questions on management integrity. Our Audit and Risk Management Committee will also ensure that any such transactions are carried out on terms that are not detrimental to our Group.

Notwithstanding the above, the interests that are held by our Directors and substantial shareholders and the interests that may be held by our Directors and substantial shareholders in the future in other businesses or corporations which carry on a similar trade as that of our Group or which are our customers or suppliers may give rise to a conflict of interest situation with our business. Where such interests give rise to a conflict of interest situation, our Directors and substantial shareholders and persons connected to them shall abstain from deliberating and voting on the resolutions relating to these matters or transactions that require the approval of our shareholders in respect of their direct or indirect interests. Such transactions will be carried out on arm's length basis and on normal commercial terms.

11.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

11.2.1 Principal Adviser, Sponsor, Sole Underwriter and Placement Agent

AIS and / or its related companies ("**Alliance Banking Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking and credit transaction services business. The Alliance Banking Group has engaged and may in the future, engage in transactions with and perform services for our Group and / or our Group's affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Alliance Banking Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Group, our shareholders, and / or our affiliates and / or any other entity or person, hold long or short positions in securities issued by our Group and / or our affiliates, and may trade or otherwise effect transactions for its own account or account of its other customer in debt or equity securities or loans of any member of our Group and / or our affiliates. This is the result of the businesses of Alliance Banking Group generally acting independently of each other and accordingly, there may be situations where parts of the Alliance Banking Group now have or in the future, may have an interest or take actions that may conflict with the interest of our Group. Nonetheless, Alliance Banking Group is required to comply with the applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

For information, Alliance Banking Group has offered a banking facility amounting to RM4.12 million to our Group and the utilisation of the banking facility is subject to completion of legal documentation. The banking facility offered by Alliance Banking Group represents 25.93% of the audited NA of our Group as at 31 December 2022, and 0.06% of the latest available audited consolidated NA of Alliance Bank Malaysia Berhad as at 31 March 2023.

AIS has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent to our Group in relation to the Listing as the abovementioned total outstanding financing owed by our Group is not material as compared to the consolidated NA of Alliance Bank Malaysia Berhad. The Underwriting Agreement which salient terms are set out in Section 4.7 of this Prospectus, was entered into on arm's length basis and on market terms.

11.2.2 Solicitors to our Company

Cheang & Ariff has confirmed that there is no existing or potential conflict of interest in its capacity as the Solicitors in relation to the Listing.

11.2.3 Auditors and Reporting Accountants

TGS confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants in relation to the Listing.

11.2.4 Independent Business and Market Research Consultants

Vital Factor confirms that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher in relation to the Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL AUDITED COMBINED FINANCIAL INFORMATION

The historical audited combined financial information of our Group for the Financial Years and Period Under Review presented in this section have been extracted from the Accountants' Report set out in Section 14 of this Prospectus, which deals with the audited combined financial statements of our Group for the same Financial Years and Period Under Review.

You should read the historical audited combined financial information below together with:

- Management's Discussion and Analysis of Financial Conditions and Results of Operations set out in Section 12.3 of this Prospectus; and

- Accountants' Report set out in Section 14 of this Prospectus.

The historical audited combined financial information included in this Prospectus does not reflect our Group's result of operations, financial position and cash flows in the future. Moreover, our Group's past operating results are not indicative of our Group's future operating performance.

(a) Historical audited combined statements of profit or loss and other comprehensive income of our Group

	Audited			Unaudited	Audited
	FYE 2020 RM'000	**FYE 2021 RM'000**	**FYE 2022 RM'000**	**FPE 2022 RM'000**	**FPE 2023 RM'000**
Revenue	31,388	100,461	107,573	51,404	138,577
Cost of sales	(27,833)	(89,869)	(92,569)	(43,365)	(122,613)
GP	**3,555**	**10,592**	**15,004**	**8,039**	**15,964**
Other income	1,919	414	770	423	414
Administrative expenses	(3,135)	(4,619)	(6,838)	(4,050)	(5,537)
Net reversal / (loss) on impairment of financial assets	6	(214)	(114)	(18)	(124)
Other expenses	-	(69)	-	(1)	(11)
Profit from operations	**2,345**	**6,104**	**8,822**	**4,393**	**10,706**
Finance costs	(404)	(625)	(840)	(182)	(755)
PBT	**1,941**	**5,479**	**7,982**	**4,211**	**9,951**
Taxation	(243)	(1,345)	(1,813)	(953)	(2,696)
PAT	**1,698**	**4,134**	**6,169**	**3,258**	**7,255**
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the financial year	**1,698**	**4,134**	**6,169**	**3,258**	**7,255**
PAT attributable to:					
- Owners of the Company	1,698	4,134	6,169	3,258	7,255
- Non-controlling interests	-	-	-	-	-
	1,698	**4,134**	**6,169**	**3,258**	**7,255**

	Audited			Unaudited	Audited
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2022 RM'000	FPE 2023 RM'000
EBITDA(1)	2,447	6,239	9,007	4,492	10,962
Assumed number of Shares in issue(2) ('000)	440,000	440,000	440,000	440,000	440,000
Basic and diluted EPS(3) (sen)	0.39	0.94	1.40	0.74	1.65
GP margin(4) (%)	11.33	10.54	13.95	15.64	11.52
EBITDA margin(5) (%)	7.80	6.21	8.37	8.74	7.91
PBT margin(6) (%)	6.18	5.45	7.42	8.19	7.18
PAT margin(7) (%)	5.41	4.12	5.73	6.34	5.24
Effective tax rate(8) (%)	12.52	24.55	22.71	22.63	27.09

Notes:

(1) EBITDA is calculated as follows:

	Audited			Unaudited	Audited
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2022 RM'000	FPE 2023 RM'000
PAT	1,698	4,134	6,169	3,258	7,255
Add: Income tax expense	243	1,345	1,813	953	2,696
Depreciation	139	159	287	159	413
Finance costs	404	625	840	182	755
Less: Interest income	(37)	(24)	(102)	(60)	(157)
EBITDA	**2,447**	**6,239**	**9,007**	**4,492**	**10,962**

(2) Based on assumed number of Shares in issue of 440,000,000 after the Public Issue.

(3) Based on PAT divided by the assumed number of Shares in issue of 440,000,000 after the Public Issue. The diluted EPS is equal to basic EPS as there were no potential dilutive ordinary shares existing during the Financial Years and Period Under Review.

(4) GP margin is calculated based on GP divided by revenue.

(5) EBITDA margin is calculated based on EBITDA divided by revenue.

(6) PBT margin is calculated based on PBT divided by revenue.

(7) PAT margin is calculated based on PAT divided by revenue.

(8) Effective tax rate is calculated based on income tax expense divided by PBT.

There was no share of profits of associated companies or joint ventures, and no exceptional or extraordinary items throughout the Financial Years and Period Under Review. The audited financial statements of our Group for the Financial Years and Period Under Review were not subject to any qualification or modification.

(b) Historical audited combined statements of financial position of our Group

	Audited as at			
	31 December			31 August
	2020 RM'000	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**
ASSETS				
Non-current assets				
PPE	997	1,121	1,911	3,166
Investment properties	4,700	5,817	1,180	1,180
Other investment	402	-	-	-
Receivables	-	-	-	771
	6,099	**6,938**	**3,091**	**5,117**
Current assets				
Inventories	116	427	724	1,225
Receivables	10,455	37,910	42,606	63,407
Contract assets	1,906	10,057	24,271	9,031
Other investment	-	-	-	10,033
Fixed deposits with licenced banks	1,185	1,390	4,805	5,140
Cash and bank balances	729	4,984	8,970	11,856
	14,391	**54,768**	**81,376**	**100,692**
Non-current asset held for sale	-	-	4,800	4,800
Total assets	**20,490**	**61,706**	**89,267**	**110,609**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	-	-	-	*
Invested equity	1,000	1,000	1,000	1,000
Retained earnings	8,086	11,720	14,890	22,145
	9,086	**12,720**	**15,890**	**23,145**
LIABILITIES				
Non-current liabilities				
Borrowings	757	597	675	1,198
Lease liabilities	-	92	498	1,046
Deferred tax liabilities	172	139	133	106
	929	**828**	**1,306**	**2,350**
Current liabilities				
Payables	5,827	40,528	40,779	68,175
Contract liabilities	800	536	21,504	14,353
Tax payable	52	1,029	784	1,745
Borrowings	3,778	5,995	8,732	336
Lease liabilities	18	70	272	505
	10,475	**48,158**	**72,071**	**85,114**
Total liabilities	**11,404**	**48,986**	**73,377**	**87,464**
Total equity and liabilities	**20,490**	**61,706**	**89,267**	**110,609**

Note:

* Less than RM1,000.

12.2 CAPITALISATION AND INDEBTEDNESS

The following table sets out our Group's capitalisation and indebtedness:

(i) as at 15 November 2023, after taking into account the Acquisition of Hexatech Engineering but before our Public Issue and use of proceeds; and

(ii) after adjusted for the proceeds arising from our Public Issue and use of proceeds from Public Issue.

	(Unaudited) As at 15 November 2023 RM'000	**After Public Issue and use of proceeds RM'000**
INDEBTEDNESS		
Current		
Secured and guaranteed:		
- Term loans	333	333
- Lease liabilities (under hire purchase agreement)	87	87
Unsecured and unguaranteed:		
- Lease liabilities	400	400
	820	820
Non-current		
Secured and guaranteed:		
- Terms loans	1,109	1,109
- Lease liabilities (under hire purchase agreement)	297	297
Unsecured and unguaranteed:		
- Lease liabilities	644	644
	2,050	2,050
Total borrowings	**2,870**	**2,870**
Contingent liability		
Secured and guaranteed:		
- Performance guarantee extended to third parties in respect of subcontractors' performance	24,581	24,581
Total Indebtedness (1)	**27,451**	**27,451**
CAPITALISATION		
Shareholders' equity	24,540	44,970
Total capitalisation and indebtedness	**51,991**	**72,421**
Gearing ratio (times) (2)	0.12	0.06

Notes:

(1) Comprises total borrowings and contingent liability.

(2) Computed based on total borrowings divided by our shareholders' equity.

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS, RESULTS OF OPERATIONS AND PROSPECTS

Investors should read the following management's discussion and analysis of our Group's financial conditions and results of operations in conjunction with the Accountants' Report as set out in Section 14 of this Prospectus.

The management's discussion and analysis contains data derived from our audited combined financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in these forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 9 of this Prospectus.

12.3.1 Overview of our operations

(a) Principal activities

Our Company through our wholly-owned subsidiary, Hexatech Engineering is principally involved in the following:

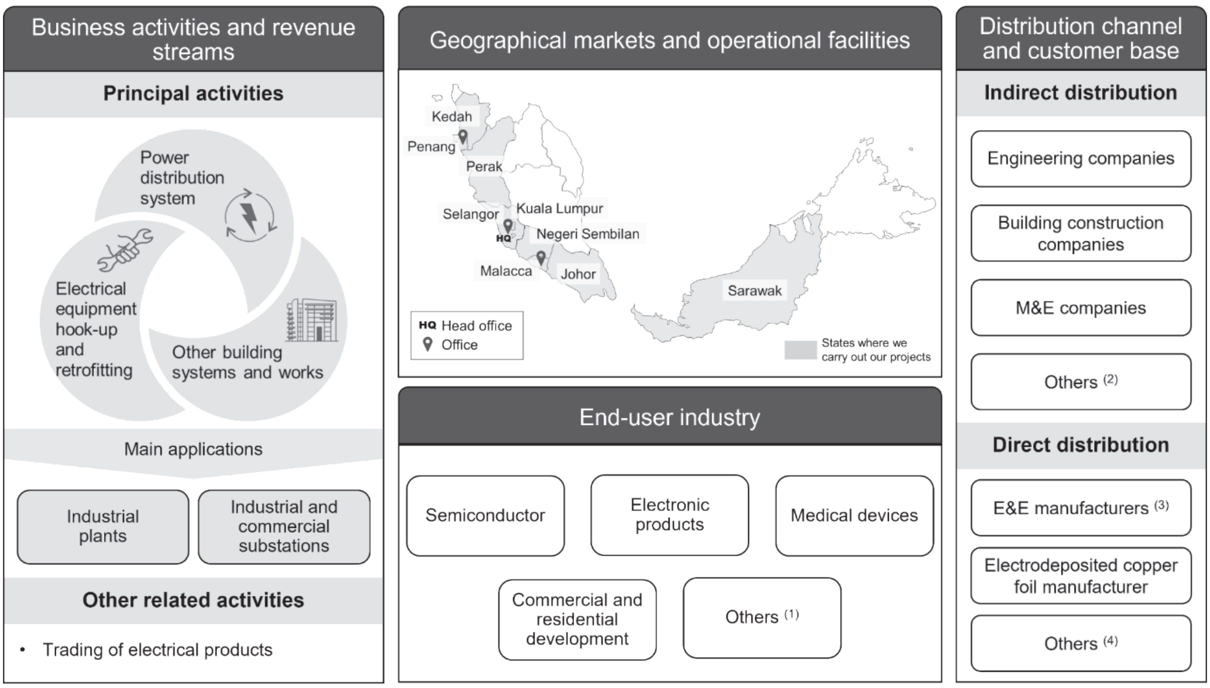
(i) provision of electrical engineering services focusing on the development of power distribution systems covering HV, MV, LV and ELV electrical systems for end-user premises such as industrial plants, industrial and commercial substations, and commercial and residential developments;

(ii) provision of other building systems and works which includes the installation of mechanical systems, integration of control and instrumentation systems, and provision of civil, structural and architectural works;

(iii) provision of electrical equipment hook-up and retrofitting services; and

(iv) trading of electrical products.

A summary of our business model is set out as follows:



Notes:

(1) Includes electrodeposited copper foil, battery cell manufacturing, telecommunications, chemical products, gas, solar, education, food and beverage, and glove industries.

(2) Includes mainly manufacturers and suppliers of M&E equipment, electrical contractor, and water treatment service providers.

(3) Includes mainly manufacturers of semiconductor and electronic products.

(4) Includes mainly manufacturers of chemical products, solar PV modules, and gloves, as well as property developers.

Please refer to Section 7 of this Prospectus for further details on our business overview.

(b) Revenue

Our main revenue stream is derived from the provision of electrical engineering services for the development of end-user premises' substations to the development of power distribution systems in end-user premises' facilities. For the Financial Years and Period Under Review, revenue from the provision of power distribution systems accounted for RM20.97 million (66.82%), RM58.46 million (58.19%), RM76.09 million (70.74%) and RM92.21 million (66.54%) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

We also provide other complementary works including the provision of other building systems and works such as mechanical systems, control and instrumentation systems as well as civil, structural and architectural works, which usually form part of the overall scope of our contracts for the power distribution systems service. Revenue contribution from the provision of other building systems and works accounted for RM28.19 million (28.07%), RM16.21 million (15.07%) and RM39.48 million (28.49%) of our total revenue for FYE 2021, FYE 2022 and FPE 2023, respectively. We did not generate any revenue from the provision of other building systems and works for FYE 2020.

In general, the provision of electrical engineering services for the development of power distribution systems, and other building systems and works can be completed within 12 to 24 months depending on, among others, scale and scope of the projects, site readiness, project specifications such as technical complexity and design layout, and project delivery schedule required by customers as well as variation orders, if any.

We are also involved in the provision of electrical equipment hook-up and retrofitting services which are based on POs and/or work order basis as and when required. In general, the provision of electrical equipment hook-up and retrofitting services can be completed within 3 months. For the Financial Years and Period Under Review, revenue from the provision of electrical equipment hook-up and retrofitting services accounted for RM5.77 million (18.39%), RM10.30 million (10.25%), RM13.66 million (12.70%) and RM6.66 million (4.81%) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

We also generate some revenue from the trading of electrical products. For the Financial Years and Period Under Review, revenue from the trading of electrical products accounted for RM4.65 million (14.79%), RM3.51 million (3.49%), RM1.61 million (1.49%) and RM0.23 million (0.16%) of our total revenue for FYE 2020, FYE 2021,FYE 2022 and FPE 2023, respectively.

Revenue from the provision of electrical engineering services for the development of power distribution systems, and other building systems and works is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract i.e. based on the cost incurred for work performed to date over the estimated total cost. We are entitled to invoice customer for construction of power distribution systems, and other building systems and works based on achieving a series of agreed performance-related milestones (i.e. progress billing). A contract asset is recognised when revenue has been recognised but invoices have not been issued. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, a contract liability is recognised for the difference.

Revenue from the provision of electrical equipment hook-up and retrofitting services is recognised in the reporting period in which the services are rendered, whereby customers simultaneously receive and consume the benefits provided by our Group, and our Group has a present right to payment for the services.

Revenue from the trading of electrical products is recognised at a point in time, which is typically on delivery of the goods. Goods are considered sold when the customer obtains control of the asset. All the contracts are net of discounts and taxes.

Our revenue is driven by the following key factors:

(i) our ability to secure new projects and contracts. The pricing of our services varies from customer to customer as they are provided based on the customers' specifications and requirements and are determined based on various factors including among others, nature and scope of the projects, expected project risks, project schedule and project specifications as well as competitive bidding from other industry players providing similar services; and

(ii) the progress of physical contract work performed for our projects during the financial year.

As at LPD, our revenue is derived entirely from local market.

(i) Analysis of contribution to revenue by business activities

The breakdown of our Group's revenue by business activities for the Financial Years and Period Under Review is as follows:

	Audited						**Unaudited**		**Audited**	
	FYE 2020		**FYE 2021**		**FYE 2022**		**FPE 2022**		**FPE 2023**	
Business activities	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Power distribution system	20,973	66.82	58,460	58.19	76,095	70.74	39,740	77.31	92,215	66.54
Other building systems and works	-	-	28,195	28.07	16,212	15.07	2,577	5.01	39,479	28.49
Electrical equipment hook-up and retrofitting	5,771	18.39	10,299	10.25	13,659	12.70	8,262	16.07	6,658	4.81
Trading of electrical products	4,644	14.79	3,507	3.49	1,607	1.49	825	1.61	225	0.16
Total revenue	**31,388**	**100.00**	**100,461**	**100.00**	**107,573**	**100.00**	**51,404**	**100.00**	**138,577**	**100.00**

Commentary:

Comparison between FYE 2020 and FYE 2021

For FYE 2021, our total revenue increased by RM69.07 million or 220.04% to RM100.46 million (FYE 2020: RM31.39 million). The increase in total revenue for FYE 2021 was mainly contributed by:

(i) higher revenue from the provision of power distribution systems services by RM37.49 million or 178.78% to RM58.46 million (FYE 2020: RM20.97 million) mainly due to, among others:

(a) commencement of work for a new project secured for the supply and installation of a power distribution system for a 3-storey 132kV substation in an electronic product manufacturing plant amounted to RM39.81 million;

(b) commencement of work for a new project secured for the supply and installation of MV power distribution system for an electrodeposited copper foil manufacturing plant amounted to RM9.85 million;

(ii) revenue generated from the provision of other building systems and works of RM28.19 million (FYE 2020: nil) mainly due to, among others:

(a) commencement of work for new project secured for the civil construction and mechanical system works for an open car park infrastructure within an electronic product manufacturing plant amounted to RM14.20 million;

(b) commencement of work for new project secured for the civil construction and mechanical system works for a 3-storey 132kV substation in an electronic product manufacturing plant amounted to RM13.27 million; and

(iii) higher revenue from the provision of electrical equipment hook-up and retrofitting services by RM4.53 million or 78.51% to RM10.30 million (FYE 2020: RM5.77 million) mainly due to more work orders secured for the installation of new machineries, and modification of power distribution system to accommodate changes to customer's production line for a semiconductor manufacturing plant amounted to RM7.88 million.

Nevertheless, the increase in revenue for FYE 2021 was partly offset by the decrease in the revenue generated from the trading of electrical products by RM1.14 million or 24.52% to RM3.51 million (FYE 2020: RM4.65 million) mainly due to lower request for replacement or upgrading of parts and/or ad hoc sales to new customers during FYE 2021. Further, there was no revenue generated from the provision of other building systems and works as there was no ongoing projects secured which include this scope of work in FYE 2020.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our total revenue increased by RM7.11 million or 7.08% to RM107.57 million (FYE 2021: RM100.46 million). The increase in total revenue for FYE 2022 was mainly contributed by:

(i) higher revenue from the provision of power distribution systems services by RM17.63 million or 30.16% to RM76.09 million (FYE 2021: RM58.46 million) mainly due to:

(a) higher revenue recognition for the supply and installation of a power distribution system for a medical device manufacturing plant amounted to RM29.35 million;

(b) commencement of work for more new contracts secured during FYE 2022 which include among others, the supply and installation of power distribution system for a semiconductor manufacturing plant amounted to RM12.32 million; the supply, installation, testing and commissioning of power distribution system for a semiconductor testing plant amounted to RM14.83 million; the design, supply, installation, testing and commissioning of power distribution system and control and instrumentation system for a semiconductor manufacturing plant amounted to RM10.20 million; and

(ii) higher revenue from the provision of electrical equipment hook-up and retrofitting services by RM3.36 million or 32.62% to RM13.66 million (FYE 2021: RM10.30 million) mainly due to more work orders secured for the installation of new machinery production line for a semiconductor manufacturing plant amounted to RM6.54 million.

Nevertheless, the increase in revenue for FYE 2022 was partly offset by the decrease in the revenue generated from the following:

(i) lower revenue generated from the provision of other building systems and works by RM11.98 million or 42.50% to RM16.21 million (FYE 2021: RM28.19 million) mainly due to completion for the civil construction and mechanical system works for an open car park infrastructure, and a 3-storey 132kV substation in an electronic product manufacturing plant during FYE 2022; and

(ii) lower revenue from the trading of electrical products by RM1.90 million or 54.13% to RM1.61 million (FYE 2021: RM3.51 million) mainly due to lower request for replacement or upgrading of parts and/or ad hoc sales to new customers during FYE 2022.

Comparison between FPE 2022 and FPE 2023

For FPE 2023, our total revenue increased by RM87.18 million or 169.61% to RM138.58 million (FPE 2022: RM51.40 million). The increase in total revenue for FPE 2023 was mainly contributed by:

(i) higher revenue from the provision of power distribution systems services by RM52.48 million or 132.06% to RM92.22 million (FPE 2022: RM39.74 million) mainly due to, among others:

(a) higher revenue recognition for the design, supply, installation, testing and commissioning of a power distribution system for a semiconductor manufacturing plant amounted to RM40.24 million;

(b) higher revenue recognition for the supply, installation, testing and commissioning of a power distribution system for a semiconductor testing plant amounted to RM20.08 million;

(c) commencement of work for new phases of the project secured for the supply and installation of MV power distribution system for an electrodeposited copper foil manufacturing plant amounted to RM12.74 million;

(d) commencement of work for new project secured for the supply and installation of UPS system for a battery cell manufacturing plant for RM6.36 million;

(ii) higher revenue from the provision of other building systems and works by RM36.90 million or 1,430.23% to RM39.48 million (FPE 2022: RM2.58 million) mainly due to, among others:

(a) commencement of mechanical works for the installation of mechanical system (ACMV and utility system) for a semiconductor testing plant amounted to RM23.27 million; and

(b) commencement of control and instrumentation system work for a semiconductor manufacturing plant amounted to RM16.12 million.

Nevertheless, the increase in revenue for FPE 2023 was partly offset by the decrease in the revenue generated from the following:

(i) lower revenue generated from the provision of electrical equipment hook-up and retrofitting services by RM1.60 million or 19.37% to RM6.66 million (FPE 2022: RM8.26 million) mainly due to lesser work orders secured for the installation of new machinery production line for a semiconductor manufacturing plant during FPE 2023 as compared to FPE 2022; and

(ii) lower revenue from the trading of electrical products by RM0.60 million or 72.29% to RM0.23 million (FPE 2022: RM0.83 million) mainly due to lower request for replacement or upgrading of parts and/or ad hoc sales to new customers during FPE 2023 as compared to FPE 2022.

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(ii) Analysis of contribution to revenue by end-user industries

The breakdown of our Group's revenue by end-user industries for the Financial Years and Period Under Review is as follows:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
End-user industries	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Semiconductor	6,873	21.90	10,278	10.23	65,295	60.70	19,349	37.64	106,946	77.17
Medical devices	-	-	1,575	1.57	31,456	29.24	24,154	46.99	9,267	6.69
Electronic products	-	-	69,400	69.08	3,778	3.51	3,751	7.30	-	-
Commercial and residential developments	19,081	60.79	4,701	4.68	403	0.38	471	0.91	-	-
Others (1)	5,434	17.31	14,507	14.44	6,641	6.17	3,679	7.16	22,364	16.14
Total revenue	**31,388**	**100.00**	**100,461**	**100.00**	**107,573**	**100.00**	**51,404**	**100.00**	**138,577**	**100.00**

Note:

(1) Includes electrodeposited copper foil, battery cell manufacturing, telecommunication, chemical product, gas, solar, education, food and beverage, and glove industries, as well as revenue from trading of electrical products.

Commentary:

Comparison between FYE 2020 and FYE 2021

For FYE 2021, our total revenue increased by RM69.07 million or 220.04% to RM100.46 million (FYE 2020: RM31.39 million). The increase in total revenue for FYE 2021 was mainly contributed by:

(i) higher revenue generated from the semiconductor industry by RM3.41 million or 49.64% to RM10.28 million (FYE 2020: RM6.87 million) mainly due to more work orders secured for the installation of new machineries, and modification of power distribution system to accommodate changes to customer's production line for a semiconductor manufacturing plant amounted to RM7.88 million;

(ii) revenue generated from the electronic products industry of RM69.40 million (FYE 2020: nil) mainly due to:

(a) commencement of work for a new project secured for the supply and installation of a power distribution system, and civil construction and mechanical system works for a 3-storey 132kV substation in an electronic product manufacturing plant amounted to RM39.81 million and RM13.27 million, respectively;

(b) commencement of work for new project secured for the civil construction and mechanical system works for an open car park infrastructure within an electronic product manufacturing plant amounted to RM14.20 million;

(iii) revenue generated from the medical devices industry of RM1.58 million (FYE 2020: nil) due to the commencement of work for a new project secured for the supply and installation of a power distribution system for a medical device manufacturing plant; and

(iv) higher revenue generated from other industries by RM9.08 million or 167.22% to RM14.51 million (FYE 2020: RM5.43 million) mainly due to the commencement of work for a new project secured for the supply and installation of MV power distribution system for an electrodeposited copper foil manufacturing plant amounted to RM9.85 million.

The increase in revenue for FYE 2021 was partly offset by the decrease in the revenue generated from commercial and residential developments industry by RM14.38 million or 75.37% to RM4.70 million (FYE 2020: RM19.08 million) mainly due to tail end and completion of both the commercial and residential projects during FYE 2021.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our total revenue increased by RM7.11 million or 7.08% to RM107.57 million (FYE 2021: RM100.46 million). The increase in total revenue for FYE 2022 was mainly contributed by:

(i) higher revenue from the semiconductor industry by RM55.02 million or 535.21% to RM65.30 million (FYE 2021: RM10.28 million) mainly due to:

(a) commencement of work for more new contracts secured during FYE 2022 which include among others, the supply and installation of power distribution system for a semiconductor manufacturing plant amounted to RM12.32 million; the supply, installation, testing and commissioning of power distribution system for a semiconductor testing plant amounted to RM23.18 million; the design, supply, installation, testing and commissioning of power distribution system and control and instrumentation system for a semiconductor manufacturing plant amounted to RM15.45 million;

(b) more work orders secured for the installation of new machinery production line for a semiconductor manufacturing plant amounted to RM6.54 million; and

(ii) higher revenue from the medical devices industry by RM29.88 million or 1,891.14% to RM31.46 million (FYE 2021: RM1.58 million) mainly due to higher recognition of work for the supply and installation of a power distribution system for a medical device manufacturing plant amounted to RM29.35 million.

Nevertheless, the increase in revenue for FYE 2022 was partly offset by the decrease in the revenue generated from the following:

(i) lower revenue generated from the electronic products industry by RM65.62 million or 94.55% to RM3.78 million (FYE 2021: RM69.40 million) mainly due to the completion for the supply and installation of a power distribution system and civil construction and mechanical system works for a 3-storey 132kV substation and the civil construction and mechanical system works for an open car park infrastructure in an electronic product manufacturing plant during FYE 2022;

(ii) lower revenue generated from the commercial and residential developments industry by RM4.30 million or 91.49% to RM0.40 million (FYE 2021: RM4.70 million) as there were no other project secured under the segment after the completion of both the commercial and residential projects during FYE 2021; and

(iii) lower revenue generated from other industries by RM7.87 million or 54.24% to RM6.64 million (FYE 2021: RM14.51 million) mainly due to lower recognition of revenue for the supply and installation of MV power distribution system for an electrodeposited copper foil manufacturing plant which only commenced in October 2022.

<u>Comparison between FPE 2022 and FPE 2023</u>

For FPE 2023, our total revenue increased by RM87.18 million or 169.61% to RM138.58 million (FPE 2022: RM51.40 million). The increase in total revenue for FPE 2023 was mainly contributed by:

(i) higher revenue from the semiconductor industry by RM87.60 million or 452.71% to RM106.95 million (FPE 2022: RM19.35 million) mainly due to, among others:

  (a) higher revenue recognition for the design, supply, installation, testing and commissioning of a power distribution system for a semiconductor manufacturing plant amounted to RM40.24 million, and supply, installation, testing and commissioning of power distribution system for a semiconductor testing plant amounted to RM20.08 million;

  (b) higher revenue recognition for the installation of mechanical system (ACMV and utility system) for a semiconductor testing plant amounted to RM23.27 million, and commencement of control and instrumentation system work for a semiconductor manufacturing plant amounted to RM16.12 million; and

(ii) higher revenue from other industries by RM18.68 million or 507.61% to RM22.36 million (FPE 2022: RM3.68 million) which was mainly attributable to the commencement of work for new phases of the project secured for the supply and installation of MV power distribution system for an electrodeposited copper foil manufacturing plant amounted to RM12.74 million which was completed on 30 September 2023, and commencement of project for the supply and installation of UPS system for a battery cell manufacturing plant for RM6.36 million which was completed on 30 November 2023.

Nevertheless, the increase in revenue from the above industries was partly offset by a lower revenue generated from the medical devices industry due to near completion of the project for the supply and installation of a power distribution system for a medical device manufacturing plant in FPE 2023 as well as the completion of the projects for the electronic products manufacturing plant.

Commentary on movement between number of employees and revenue for the Financial Years and Period Under Review

The total number of employees of our Group for the Financial Years and Period Under Review is as follows:

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
Total no. of employees	**35**	**37**	**72**	**54**	**83**

For FYE 2021, our total revenue increased substantially by RM69.07 million or 220.04% to RM100.46 million (FYE 2020: RM31.39 million) on the back of the increase of only 2 employees (from 35 employees in FYE 2020 to 37 employees in FYE 2021). There was no substantial increase in the total number of employees as our Group implemented a temporary recruitment freeze as part of our cost control measures during the pandemic due to uncertain market conditions. In FYE 2021, our Group's existing workforce was concentrated on the 2 new power distribution system projects which were secured during the financial year. Further, in FYE 2021, our Project and Technical Director, Tang Kok Wai was assigned to our Group (which he was under the employment of HEC at the time) to assist in overseeing and managing one of the aforementioned new power distribution system projects. Please refer to Section 10.1.1(No. 1)(iii) for further details of the services rendered by HEC. In addition, we engaged more subcontractors to perform installation works for the aforementioned new power distribution projects.

In FYE 2022, our Group increased our staff force substantially to 72 employees whilst our revenue increased by RM7.11 million or 7.08% to RM107.57 million (FYE 2021: RM100.46 million) due mainly to the following:

(i) the significantly bigger physical size of certain power distribution system projects undertaken coupled with wider scope of works. In addition, we secured our largest contract to date totalling approximately RM240 million in FYE 2022 which involved the design, supply, installation, testing and commissioning of a power distribution system for a semiconductor manufacturing plant in Kulim, Kedah. This project has significantly higher manpower requirement as specified by this customer. As such, the Group has recruited 12 new employees mainly for this project in FYE 2022;

(ii) higher number of projects being secured; and

(iii) to cater to business expansion.

For FPE 2023, our Group increased our staff force to 83 employees whilst our revenue increased by RM87.18 million or 169.61% to RM138.58 million (FPE 2022: RM51.40 million) as we continue to secure bigger size of projects which required more manpower to cater for the demand from our customers and to cater to our business expansion. The increase in staff force was mainly to cater for the design, supply, installation, testing and commissioning of a power distribution system for a semiconductor manufacturing plant, and supply, installation, testing and commissioning of power distribution system for a semiconductor testing plant.

(c) Cost of sales

Our cost of sales comprises mainly the following:

(i) Purchased materials

As an electrical engineering service provider, we are responsible for the procurement of the required electrical components and accessories such as power cables and wires, cable trunking and accessories, switchgears, UPS system, transformers and capacitors, switchboards and other electrical panels, power conditioning or energy management system and other electrical products. We generally purchase our equipment and materials based on our projects' requirements, design and specifications. For the Financial Years and Period Under Review, these electrical materials and accessories are sourced from local and foreign suppliers and selected based on their brands, models, pricing, product quality and reliability, availability and delivery lead time, technical support and warranty period as well as customers' specifications.

(ii) Subcontractors' charges

We engage qualified subcontractors to carry out the following works:

- provision of mechanical systems such as ACMV, fire protection and process utility system;
- installation, testing and commissioning of electrical systems; and
- civil, structural and architectural works including earthworks, piling and foundation works, building construction, interior and exterior fittings and finishing, parameter fencing, plumbing and landscaping.

(iii) Direct labour costs

Direct labour costs relate to salaries, wages and allowances for our site supervisors and technicians who are involved in the provision of electrical engineering services such as electrical equipment hook-up and retrofitting services as well as installation, testing and commissioning works.

(iv) Project related expenses

Project related expenses comprise mainly rental of machinery and equipment such as forklifts, boom lifts, scissor lifts and cranes, premium for contractors' all risk and workmen's compensation insurance, application and/or processing fees to relevant authorities in relation to our projects such as CIDB levy, site safety expenditures, contracts' stamp duty and other incidental direct costs relating to our projects.

The major factors affecting our cost of sales, GP and GP margin include, *inter alia*, the following:

(i) fluctuation in prices of our purchased materials which is influenced by overall market supply and demand conditions as well as globally traded commodities prices such as copper and steel;

(ii) our ability to source subcontractors at competitive prices; and

(iii) our ability to provide value engineering as well as implement and manage our projects in a timely and cost-effective manner.

(i) Analysis of cost of sales by cost component

A breakdown of our cost of sales by cost component for the Financial Years and Period Under Review is as follows:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
Type of cost component	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Purchased materials	20,035	71.98	53,725	59.78	65,417	70.67	37,294	86.00	70,194	57.25
Subcontractors' charges	7,216	25.93	33,951	37.78	24,306	26.25	5,001	11.53	50,370	41.08
Direct labour costs	208	0.75	210	0.23	341	0.37	180	0.42	385	0.31
Project related expenses	374	1.34	1,983	2.21	2,505	2.71	890	2.05	1,664	1.36
Total cost of sales	**27,833**	**100.00**	**89,869**	**100.00**	**92,569**	**100.00**	**43,365**	**100.00**	**122,613**	**100.00**

(ii) Analysis of cost of sales by business activities

A breakdown of our cost of sales by business activities for the Financial Years and Period Under Review is as follows:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
Business activities	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Power distribution system	20,312	72.98	52,751	58.70	66,039	71.34	34,439	79.42	79,574	64.90
Other building systems and works	-	-	26,092	29.03	15,585	16.84	2,403	5.54	37,942	30.95
Electrical equipment hook-up and retrofitting	3,245	11.66	7,769	8.65	9,606	10.38	5,823	13.43	4,884	3.98
Trading of electrical products	4,276	15.36	3,257	3.62	1,339	1.44	700	1.61	213	0.17
Total cost of sales	**27,833**	**100.00**	**89,869**	**100.00**	**92,569**	**100.00**	**43,365**	**100.00**	**122,613**	**100.00**

Commentary:

Comparison between FYE 2020 and FYE 2021

For FYE 2021, our cost of sales increased by RM62.04 million or 222.92% to RM89.87 million (FYE 2020: RM27.83 million) which was in tandem with the increase in our revenue growth.

Our cost of sales from the provision of power distribution system increased by RM32.44 million or 159.72% to RM52.75 million (FYE 2020: RM20.31 million) mainly due to:

(i) increase in purchased materials costs by RM30.04 million or 217.05% to RM43.88 million (FYE 2020: RM13.84 million) mainly due to higher procurement of electrical components and accessories as we commenced work for new projects secured for the supply and installation of a power distribution system for a 3-storey 132kV substation in an electronic product manufacturing plant and the supply and installation of

MV power distribution system for an electrodeposited copper foil manufacturing plant as well as increase in prices for some of our electrical components and accessories purchased due to the increase in copper and steel prices during the financial year;

(ii) increase in subcontractors' charges by RM1.20 million or 19.20% to RM7.45 million (FYE 2020: RM6.25 million) as more subcontractors were engaged to perform the installation works for the abovementioned rollout of new projects being secured; and

(iii) increase in project related expenses by RM1.21 million or 550.00% to RM1.43 million (FYE 2020: RM0.22 million) mainly due to higher rental of machinery and equipment, premium paid for contractors' all risk and workmen's compensation insurance in view of the commencement of work for the abovementioned new projects secured.

We recorded cost of sales from the provision of other building systems and works of RM26.09 million for FYE 2021 (FYE 2020: nil) mainly comprising the following:

(i) subcontractors' charges of RM25.69 million (FYE 2020: nil) mainly in respect of the engagement of subcontractors for the civil construction and mechanical system works for an open car park infrastructure and a 3-storey 132kV substation in an electronic product manufacturing plant; and

(ii) project related expenses of RM0.40 million (FYE 2020: nil) mainly due to premium paid for contractors' all risk and workmen's compensation insurance in view of the commencement of work for the abovementioned new projects secured as well as CIDB levy.

Our cost of sales from the provision of electrical equipment hook-up and retrofitting services increased by RM4.53 million or 139.81% to RM7.77 million (FYE 2020: RM3.24 million) mainly due to increase in purchased materials costs by RM4.68 million or 245.03% to RM6.59 million (FYE 2020: RM1.91 million) mainly due to higher procurement of electrical components and accessories which was in line with higher work orders secured for the installation of new machineries, and modification of power distribution system to accommodate changes to customer's production line for a semiconductor manufacturing plant as well as increase in prices of power cables and wires purchased due to the increase in copper prices during the financial year. However, such increases were partly offset by a decrease in subcontractors' charges by RM0.15 million or 15.63% to RM0.81 million (FYE 2020: RM0.96 million) as some of the works were handled directly by our technicians and workers.

Cost of sales from the trading of electrical products decreased by RM1.02 million or 23.83% to RM3.26 million (FYE 2020: RM4.28 million) in line with the decrease in the revenue from the trading of electrical products.

For avoidance of doubt, our direct labour costs did not increased in tandem with the increase in our Group's revenue mainly because our direct labour costs only relate to salaries, wages and allowances for our in-house team i.e. site supervisors and technicians which mainly focus on the provision of electrical equipment hook-up and retrofitting services. Nonetheless, we also engage qualified subcontractors mainly to carry out installation and testing works on project basis.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our cost of sales increased by RM2.70 million or 3.00% to RM92.57 million (FYE 2021: RM89.87 million) which was in tandem with the increase in our revenue growth.

Our cost of sales from the provision of power distribution system increased by RM13.29 million or 25.19% to RM66.04 million (FYE 2021: RM52.75 million) mainly due to:

(i) increase in purchased material costs by RM12.19 million or 27.78% to RM56.07 million (FYE 2021: RM43.88 million) mainly due to higher procurement of electrical components and accessories to cater for the materials requirements for the design, supply, installation, testing and/or commissioning of power distribution system and/or control and instrumentation system for a medical device manufacturing plant, semiconductor testing plant and semiconductor manufacturing plant;

(ii) increase in subcontractors' charges by RM0.42 million or 5.64% to RM7.87 million (FYE 2021: RM7.45 million) as more subcontractors were engaged to perform the installation works for the abovementioned projects; and

(iii) increase in project related expenses by RM0.59 million or 41.26% to RM2.02 million (FYE 2021: RM1.43 million) mainly due to higher rental of machinery and equipment, premium paid for contractors' all risk and workmen's compensation insurance in view of the commencement of work for the abovementioned projects.

Our cost of sales from the provision of electrical equipment hook-up and retrofitting services increased by RM1.84 million or 23.68% to RM9.61 million (FYE 2021: RM7.77 million) mainly due to:

(i) increase in purchased materials costs by RM1.40 million or 21.24% to RM7.99 million (FYE 2021: RM6.59 million) mainly due to higher procurement of electrical components and accessories which was in line with more work orders secured for the installation of new machinery production line for a semiconductor manufacturing plant; and

(ii) increase in subcontractors' charges by RM0.42 million or 51.85% to RM1.23 million (FYE 2021: RM0.81 million) as more subcontractors were engaged to cater for for the installation of new machinery production line for a semiconductor manufacturing plant.

Notwithstanding, our cost of sales from the provision of other building systems and works decreased by RM10.50 million or 40.25% to RM15.59 million (FYE 2021: RM26.09 million) mainly due to decrease in subcontractors' charges by RM10.49 million or 40.83% to RM15.20 million (FYE 2021: RM25.69 million) in respect of completion for the civil construction and mechanical system works for an open car park infrastructure, and a 3-storey 132kV substation in an electronic product manufacturing plant during FYE 2022.

Cost of sales from the trading of electrical products decreased by RM1.92 million or 58.90% to RM1.34 million (FYE 2021: RM3.26 million) in line with the decrease in the revenue from the trading of electrical products.

Comparison between FPE 2022 and FPE 2023

For FPE 2023, our cost of sales increased by RM79.24 million or 182.71% to RM122.61 million (FYE 2022: RM43.37 million) which was in tandem with the increase in our revenue growth.

Our cost of sales from the provision of power distribution system increased by RM45.13 million or 131.04% to RM79.57 million (FPE 2022: RM34.44 million) mainly due to, among others:

(i) increase in purchased material costs by RM30.02 million or 95.21% to RM61.55 million (FPE 2022: RM31.53 million) due to higher procurement of electrical components and accessories to cater for the materials requirements for the design, supply, installation, testing and/or commissioning of power distribution systems for semiconductor manufacturing plant, semiconductor testing plant, electrodeposited copper foil manufacturing plant and battery cell manufacturing plant in line with the progress of the projects;

(ii) increase in subcontractors' charges by RM14.47 million or 699.03% to RM16.54 million (FPE 2022: RM2.07 million) as more subcontractors were engaged to perform the installation works for the abovementioned projects. The substantial increase was in line with the increase in revenue for the segment; and

(iii) increase in project related expenses by RM0.68 million or 85.00% to RM1.48 million (FPE 2022: RM0.80 million) mainly due to higher rental of machinery and equipment.

Our cost of sales from the provision of other building systems and works increased by RM35.54 million or 1,480.83% to RM37.94 million (FPE 2022: RM2.40 million) mainly due to:

(i) increase in subcontractors' charges by RM30.72 million or 1,280.00% to RM33.12 million (FPE 2022: RM2.40 million) in respect of the engagement of subcontractors for the mechanical system work for a semiconductor testing plant, and the installation, testing and commissioning work for a control and instrumentation system for a semiconductor manufacturing plant. The substantial increase was in line with the increase in revenue for the segment; and

(ii) purchases of materials amounted to RM4.82 million in relation to the control and instrumentation system works for a semiconductor manufacturing plant.

Notwithstanding, our cost of sales from the provision of electrical equipment hook-up and retrofitting services decreased by RM0.94 million or 16.15% to RM4.88 million (FPE 2022: RM5.82 million) mainly due to the decrease in the materials purchased by RM1.46 million or 28.80% to RM3.61 million (FPE 2022: RM5.07) which was in line with the decrease in revenue generated from provision of electrical equipment hook-up and retrofitting services.

Further, our cost of sales from the trading of electrical products decreased by RM0.49 million or 70.00% to RM0.21 million (FPE 2022: RM0.70 million) in line with the decrease in the revenue from the trading of electrical products.

(d) GP and GP margin

(i) Analysis of GP and GP margin by business activities

The breakdown of our Group's GP and GP margin by business activities for the Financial Years and Period Under Review are as follows:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
GP	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Power distribution system	661	18.60	5,709	53.90	10,055	67.01	5,301	65.94	12,641	79.18
Other building systems and works	-	-	2,103	19.85	627	4.18	174	2.16	1,537	9.63
Electrical equipment hook-up and retrofitting	2,526	71.05	2,530	23.89	4,054	27.02	2,439	30.34	1,774	11.11
Trading of electrical products	368	10.35	250	2.36	268	1.79	125	1.56	12	0.08
Total GP	**3,555**	**100.00**	**10,592**	**100.00**	**15,004**	**100.00**	**8,039**	**100.00**	**15,964**	**100.00**
GP margin		**%**		**%**		**%**		**%**		**%**
Power distribution system		3.15		9.77		13.21		13.34		13.71
Other building systems and works		-		7.46		3.87		6.75		3.89
Electrical equipment hook-up and retrofitting		43.77		24.57		29.68		29.52		26.64
Trading of electrical products		7.92		7.13		16.68		15.15		5.33
Overall GP margin		**11.33**		**10.54**		**13.95**		**15.64**		**11.52**

Commentary:

Comparison between FYE 2020 and FYE 2021

For FYE 2021, our overall GP increased by RM7.03 million or 197.47% to RM10.59 million (FYE 2020: RM3.56 million) which was mainly due to the following:

(i) increase in the GP from the provision of power distribution system by RM5.05 million or 765.15% to RM5.71 million (FYE 2020: RM0.66 million) which was corresponding with the increase in the revenue from the provision of power distribution system; and

(ii) GP recorded for the provision of other building systems and works of RM2.10 million (FYE 2020: nil) which was in line with the revenue from the provision of other building systems and works recorded for FYE 2021.

GP contribution from the provision of electrical equipment hook-up and retrofitting services during FYE 2021 of RM2.53 million was relatively consistent as compared to FYE 2020 of RM2.53 million. However, the overall increase in GP was partly offset by the decrease in GP from the trading of electrical products by RM0.12 million or 32.43% to RM0.25 million (FYE 2020: RM0.37 million) due to the decrease in the sales from trading activities during FYE 2021.

Despite the increase in GP for FYE 2021, our overall GP margin decreased slightly from 11.33% in FYE 2020 to 10.54% in FYE 2021. This was mainly due to the following:

(i) higher proportion of GP contribution from the provision of power distribution system, and other building systems and works to the overall GP for FYE 2021 which was of lower margin as compared to provision of electrical equipment hook-up and retrofitting services;

(ii) decrease in GP margin for the provision of electrical equipment hook-up and retrofitting services from 43.77% in FYE 2020 to 24.57% in FYE 2021, mainly due to increase in prices of power cables and wires purchased arising from the increase in copper prices of USD3,325 per metric tonne or 52.46% to an average price of USD9,663 per metric tonne in FYE 2021 from an average price of USD6,338 per metric tonne in FYE 2020 coupled with our higher purchases made for cables for the provision of electrical equipment hook-up and retrofitting services in FYE 2021. For avoidance of doubt, the increase in copper prices in FYE 2021 had impacted the GP margin for the provision of electrical equipment hook-up and retrofitting services because the costs of materials were fixed in the framework agreement upon securing projects / works as mentioned in Section 7.2.6(i) of this Prospectus, which was entered into before the increase in copper prices; and

(iii) GP margin for the provision of other building systems and works of 7.46% in FYE 2021 was generally lower (as compared to the provision of electrical equipment hook-up and retrofitting services) as we engaged subcontractors to support with construction-related and mechanical works and we were only responsible for the project management of these other building systems and works.

However, such a decrease in the GP margin was partly offset with the increase in GP margin for the provision of power distribution system from 3.15% in FYE 2020 to 9.77% in FYE 2021 which contributed 53.90% to the total GP for FYE 2021. The increase in the GP margin was mainly due to higher margin projects secured in relation to works performed for industrial plant and substation as compared to the margin for residential and commercial buildings projects in FYE 2020. For avoidance of doubt, the impact of the increase in copper prices in FYE 2021 for the provision of power distribution system was minimal as we have factored in the increase in copper prices in our project costing during tendering / bidding stage.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our overall GP increased by RM4.41 million or 41.64% to RM15.00 million (FYE 2021: RM10.59 million) which was mainly due to the following:

(i) increase in GP from the provision of power distribution system by RM4.34 million or 76.01% to RM10.05 million (FYE 2021: RM5.71 million) which was corresponding with the increase in the revenue from the provision of power distribution system;

(ii) increase in GP from the provision of electrical equipment hook-up and retrofitting services by RM1.52 million or 60.08% to RM4.05 million (FYE 2021: RM2.53 million) which was in line with the increase in the revenue from the provision of electrical equipment hook-up and retrofitting services during FYE 2022; and

(iii) increase in GP from the trading of electrical products by RM0.02 million or 8.00% to RM0.27 million (FYE 2021: RM0.25 million) despite a lower revenue from trading activities as a result of better margin recorded during FYE 2022.

However, the overall increase in GP was partly offset by a decrease in GP from the provision of other building systems and works by RM1.47 million or 70.00% to RM0.63 million (FYE 2021: RM2.10 million) mainly due to lower revenue contribution from the provision of other building systems and works during FYE 2022.

In line with the increase in GP for FYE 2022, our overall GP margin improved from 10.54% in FYE 2021 to 13.95% in FYE 2022 which was mainly due to the following:

(i) increase in GP margin for the provision of power distribution system from 9.77% in FYE 2021 to 13.21% in FYE 2022, mainly due to higher margin projects secured during FYE 2022 in respect of the supply and installation of the power distribution systems for a medical device manufacturing plant, and a semiconductor manufacturing plant;

(ii) increase in GP margin for the provision of electrical equipment hook-up and retrofitting services from 24.57% in FYE 2021 to 29.68% in FYE 2022, mainly due to decrease in prices of power cables and wires purchased arising from the decrease in copper prices during the financial year; and

(iii) increase in GP margin for the trading of electrical products from 7.13% in FYE 2021 to 16.68% in FYE 2022 mainly due to sale of copper busbars and power conditioning systems which was of higher margin.

However, such an increase in the GP margin was partly offset by the decrease in GP margin for the provision of other building systems and works from 7.46% in FYE 2021 to 3.87% in FYE 2022 mainly because we engaged subcontractors to support our Group on the mechanical works for the installation of mechanical system (ACMV and utility system) for a semiconductor testing plant and installation of control and instrumentation system for a semiconductor manufacturing plant.

<u>Comparison between FPE 2022 and FPE 2023</u>

For FPE 2023, our overall GP increased by RM7.92 million or 98.51% to RM15.96 million (FPE 2022: RM8.04 million) which was mainly due to the following:

(i) increase in GP from the provision of power distribution system by RM7.34 million or 138.49% to RM12.64 million (FPE 2022: RM5.30 million) which was in line with the increase in the revenue from the provision of power distribution system; and

(ii) increase in GP from the provision of other building systems and works by RM1.37 million or 805.88% to RM1.54 million (FPE 2022: RM0.17 million) which was in line with the increase in the revenue from the provision of other building system and works during FPE 2023.

However, the overall increase in GP was partly offset by the decrease in GP for the following:

(i) decrease in GP from the provision of electrical equipment hook-up and retrofitting services by RM0.67 million or 27.46% to RM1.77 million (FPE 2022: RM2.44 million) which was in line with the decrease in revenue from the provision of electrical equipment hook-up and retrofitting services; and

(ii) decrease in GP from trading of electrical products by RM0.12 million or 92.31% to RM0.01 million (FPE 2022: RM0.13 million) which was in line with the decrease in the revenue from trading of electrical products.

Despite the increase in GP for FPE 2023, our overall GP margin decreased from 15.64% in FPE 2022 to 11.52% in FPE 2023. This was mainly due to the following:

(i) higher proportion of GP contribution from the provision of power distribution system, and other building systems and works to the overall GP which was of lower margin as compared to provision of electrical equipment hook-up and retrofitting services;

(ii) decrease in GP margin for the provision of other building systems and works as we engaged subcontractors to support our Group on mechanical works for the installation of mechanical system (ACMV and utility system) for a semiconductor testing plant, and installation of control and instrumentation system for a semiconductor manufacturing plant, which resulted in lower margin from both of these projects;

(iii) decrease in GP margin for the provision of electrical equipment hook-up and retrofitting services due to lesser work orders secured for the installation of new machinery production line for a semiconductor manufacturing plant during FPE 2023 as compared to FPE 2022. The provision of hook-up services typically has a higher margin as compared to retrofitting services due to the stringent standards and compliance requirements of cleanroom protocols. The decrease in the said work orders secured for hook-up services consequently has affected the GP contribution and lowered the overall GP margin for the provision of electrical equipment hook-up and retrofitting services in FPE 2023; and

(iv) decrease in GP margin for the trading of electrical products mainly due to sale of electrical products of lower margin such as power cables during FPE 2023.

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(e) Other income

Our Group recorded other income of RM1.92 million, RM0.41 million, RM0.77 million and RM0.41 million for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. The breakdown of our other income for the Financial Years and Period Under Review is as follows:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sale of solar energy (1)	236	12.30	218	52.66	199	25.84	138	32.63	131	31.64
Fair value gain on investment properties (2)	-	-	-	-	163	21.17	-	-	-	-
Interest income	37	1.93	24	5.80	102	13.25	60	14.18	157	37.92
Rental income	96	5.00	96	23.19	96	12.47	64	15.13	64	15.46
Dividend income	-	-	3	0.72	-	-	-	-	1	0.24
Realised gain on foreign currency exchange	-	-	-	-	3	0.39	-	-	-	-
Fair value gain on other investment (3)	1,466	76.39	-	-	-	-	-	-	33	7.97
Unwinding of discount (4)	-	-	-	-	-	-	-	-	23	5.56
Others (5)	84	4.38	73	17.63	207	26.88	161	38.06	5	1.21
Total	**1,919**	**100.00**	**414**	**100.00**	**770**	**100.00**	**423**	**100.00**	**414**	**100.00**

Notes:

(1) The sale of solar energy relates to the development of a rooftop solar PV system for the generation and sale of solar energy to TNB pursuant to the renewable energy power purchase agreement entered into with TNB for a feed-in-tariff concession period of 21 years from 2013 to 2034.

(2) Fair value gain on investment properties arose pursuant to the fair value adjustment for our investment properties which reflected the market conditions at the reporting date pursuant to MFRS 140.

(3) Fair value gain on other investment was in relation to the fair value adjustment through profit or loss for our investment in quoted securities on the Australian Securities Exchange ("**ASX**") and our Group's investment in money market funds pursuant to MFRS 9.

(4) Unwinding of discount refers to systematically reversing the discounting impact for the future value of our keyman insurance premium paid to its present value.

(5) Comprises wage subsidy received from SOCSO under the Wage Subsidy Programme, incentive received from SOCSO under the Jamin Kerja Insentif Penggajian, scrap sale and a one-off deposit forfeiture in relation to a cancellation of an installation of power distribution system project by a customer, as well as administrative charges by Hexatech Engineering as set out in Section 10.1.1 of this Prospectus.

Commentary:

Comparison between FYE 2020 and FYE 2021

For FYE 2021, our Group recorded a decrease in other income by RM1.51 million or 78.65% to RM0.41 million (FYE 2020: RM1.92 million). The decrease in other income was mainly due to the fair value gain for our investment in quoted securities on the ASX pursuant to MFRS 9 in FYE 2020.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our Group recorded an increase in other income by RM0.36 million or 87.80% to RM0.77 million (FYE 2021: RM0.41 million). The increase in other income was mainly due to the following:

(i) higher interest income by RM0.08 million mainly due to higher placement of fixed deposit during FYE 2022;

(ii) fair value gain on investment properties of RM0.16 million pursuant to the fair value adjustment for our investment properties which reflected the market conditions at the reporting date pursuant to MFRS 140; and

(iii) a one-off deposit forfeiture of RM0.09 million in relation to a cancellation of an installation of power distribution system project by our customer during FYE 2019 as well as management fee charged by Hexatech Engineering as set out in Section 10.1.1 of this Prospectus amounted to RM0.11 million during FYE 2022.

Comparison between FPE 2022 and FPE 2023

For FPE 2023, our Group recorded a marginal decrease in other income by RM0.01 million or 2.38% to RM0.41 million (FPE 2022: RM0.42 million) mainly due to a one-off deposit forfeiture of RM0.09 million received in FPE 2022 in relation to a cancellation of an installation of power distribution system project by a customer in FYE 2019 as well as administrative fee charged by Hexatech Engineering amounted to RM0.06 million in FPE 2022 which was subsequently ceased in December 2022. For the avoidance of doubt, the one-off deposit forfeiture of RM0.09 million arising from the said project cancellation was only received in FPE 2022 after our Group and the customer reached a mutual agreement following prolonged discussions.

The decrease in other income was partly offset by the increase in the following:

(i) higher interest income by RM0.10 million due to higher placement of fixed deposits; and

(ii) fair value gain on other investment of RM0.03 million in relation to fair value adjustment for our Group's investment in money market funds pursuant to MFRS 9.

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(f) Administrative expenses

Our Group incurred administrative expenses of RM3.14 million, RM4.62 million, RM6.84 million and RM5.54 million for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. The breakdown of our administrative expenses for the Financial Years and Period Under Review is as follows:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs	2,086	66.54	2,839	61.46	4,625	67.64	2,977	73.51	3,556	64.22
Directors' fees and remuneration	468	14.93	890	19.27	779	11.39	329	8.12	508	9.17
Legal & professional fees	36	1.15	160	3.46	412	6.03	90	2.22	225	4.06
Depreciation of PPE	139	4.43	159	3.44	287	4.20	159	3.92	413	7.46
Travelling and transportation	68	2.17	143	3.10	220	3.22	147	3.63	131	2.37
Advertisement and marketing expenses	92	2.94	85	1.84	161	2.35	111	2.74	123	2.22
Upkeep of PPE	34	1.08	46	1.00	78	1.14	44	1.09	33	0.60
Rental and utility expenses	74	2.36	71	1.54	128	1.87	96	2.37	90	1.63
Others [(1)]	138	4.40	226	4.89	148	2.16	97	2.40	458	8.27
Total	**3,135**	**100.00**	**4,619**	**100.00**	**6,838**	**100.00**	**4,050**	**100.00**	**5,537**	**100.00**

Note:

(1) Comprises mainly printing and stationery, postage and courier, project and/or business licence and registration fees, security charges, building insurances and bank charges and Real Property Gain Tax ("**RPGT**").

Commentary:

<u>Comparison between FYE 2020 and FYE 2021</u>

For FYE 2021, our Group recorded an increase in administrative expenses by RM1.48 million or 47.13% to RM4.62 million (FYE 2020: RM3.14 million).

The increase in administrative expenses was mainly due to the following factors:

(i) increase in staff costs and directors' fees and remuneration by RM1.18 million mainly due to higher bonus payout during FYE 2021 as well as restoration of staff costs and directors' remuneration to the level prior to the COVID-19 pandemic as our Group adopted a temporary salary reduction measure during the COVID-19 pandemic in FYE 2020; and

(ii) increase in legal and professional fees by RM0.12 million mainly due to increase in stamp duties and legal fees for new banking facilities secured.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our Group recorded an increase in administrative expenses by RM2.22 million or 48.05% to RM6.84 million (FYE 2021: RM4.62 million).

The increase in administrative expenses was mainly due to the following factors:

(i) increase in staff costs by RM1.79 million due to the increase in our headcounts which was in line with our business expansion;

(ii) increase in legal and professional fees by RM0.25 million due to the increase in stamp duties and legal fees for new banking facilities secured in FYE 2022;

(iii) increase in depreciation by RM0.13 million mainly following more addition of PPE during FYE 2022; and

(iv) increase in travelling and transportation by RM0.08 million due to increase in expenses claimed by employees to attend project sites.

Comparison between FPE 2022 and FPE 2023

For FPE 2023, our Group recorded an increase in administrative expenses by RM1.49 million or 36.79% to RM5.54 million (FPE 2022: RM4.05 million).

The increase in administrative expenses was mainly due to the following factors:

(i) increase in staff costs, and directors' fees and remuneration by RM0.76 million mainly due to increase in our Group's headcounts to 83 (FPE 2022: 54 headcounts) and revision of staff salary, and directors' remuneration during FPE 2023 which was in line with our Group's business expansion and growth;

(ii) increase in depreciation by RM0.25 million as a result of more addition of PPE during FPE 2023; and

(iii) incurrence of RPGT amounted to RM0.30 million during FPE 2023 in relation to the disposal of investment property held under Lot 7743.

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(g) Net reversal/(loss) on impairment of financial assets

Our Group incurred net reversal on impairment of financial assets of RM6,232 for FYE 2020. Our Group incurred a net loss on impairment of financial assets of RM0.21 million, RM0.11 million and RM0.12 million for FYE 2021, FYE 2022 and FPE 2023, respectively. For avoidance of doubt, the financial assets that were impaired / reversed are trade receivables. The breakdown of our net reversal/(loss) on impairment of financial assets for the Financial Years and Period Under Review are as follows:

	Audited						Unaudited		Audited	
	FYE 2020		**FYE 2021**		**FYE 2022**		**FPE 2022**		**FPE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Impairment loss on expected credit losses on trade receivables	-	-	(214)	100.00	(114)	100.00	(18)	100.00	(124)	100.00
Reversal of impairment on expected credit losses on trade receivables	6	100.00	-	-	-	-	-	-	-	-
Total	**6**	**100.00**	**(214)**	**100.00**	**(114)**	**100.00**	**(18)**	**100.00**	**(124)**	**100.00**

Commentary:

Comparison between FYE 2020 and FYE 2021

For FYE 2021, our Group recorded a net loss on impairment of financial assets of RM0.21 million mainly in relation to the higher general allowance made for expected credit loss in accordance with MFRS 9 after taking into consideration the loss given default and probability of default assigned and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts. This was in contrast with a net reversal on impairment of financial assets of RM6,232 recorded in FYE 2020 due mainly to recovery of trade receivables previously impaired in accordance with MFRS 9.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our Group recorded a further net loss on impairment of financial assets of RM0.11 million mainly due to higher general allowance made for expected credit loss in accordance with MFRS 9 after taking into consideration the loss given default and probability of default assigned and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

Comparison between FPE 2022 and FPE 2023

For FPE 2023, the net loss on impairment of financial assets increased by RM0.10 million or 500.00% to RM0.12 million (FPE 2022: RM0.02 million) mainly due to higher general allowance made for expected credit loss in accordance with MFRS 9 in line with our increase in trade receivables after taking into consideration the loss given default and probability of default assigned and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

(h) Other expenses

Our Group did not incur any other expenses in FYE 2020 and FYE 2022. For FYE 2021, FPE 2022 and FPE 2023, our Group incurred other expenses of RM0.07 million, approximately RM1,000 and RM0.01 million, respectively. The breakdown of our other expenses for the Financial Years and Period Under Review is as follows:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Fair value loss on other investment [(1)]	-	-	65	94.20	-	-	-	-	-	-
Realised loss on foreign currency exchange	-	-	4	5.80	-	-	1	100.00	11	100.00
Total	**-**	**-**	**69**	**100.00**	**-**	**-**	**1**	**100.00**	**11**	**100.00**

Note:

(1) Fair value loss on other investment was in relation to the fair value adjustment through profit or loss for our investment in quoted securities on the ASX pursuant to MFRS 9.

Commentary:

For FYE 2021, our Group incurred other expenses of RM0.07 million mainly due to the fair value loss for our investment in quoted securities on the ASX.

Comparison between FPE 2022 and FPE 2023

The realised loss on foreign currency exchange increased by RM0.01 million to RM11,000 for FPE 2023 (FPE 2022: approximately RM1,000) was in relation to loss on foreign currency exchange arising from our Group's purchases of electrical components during FPE 2023.

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(i) Finance costs

Our Group incurred finance costs of RM0.40 million, RM0.62 million, RM0.84 million and RM0.76 million for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. The breakdown of our finance costs for the Financial Years and Period Under Review is as follows:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bankers' acceptance	80	19.80	137	21.92	138	16.43	82	45.05	28	3.71
Bank commitment fees	11	2.72	9	1.44	11	1.31	7	3.85	7	0.93
Bank guarantee	112	27.72	270	43.20	462	55.00	35	19.23	420	55.63
Bank overdraft	1	0.25	10	1.60	2	0.24	1	0.55	-	-
Domestic recourse factoring [(1)]	115	28.46	123	19.68	142	16.90	16	8.79	2	0.27
Lease liabilities	2	0.50	8	1.28	21	2.50	8	4.40	57	7.55
Letter of credit	49	12.13	35	5.60	34	4.05	14	7.69	2	0.26
Trust receipt	12	2.97	-	-	-	-	-	-	-	-
Term loans	22	5.45	33	5.28	30	3.57	19	10.44	42	5.56
Discount on non-current financial assets [(2)]	-	-	-	-	-	-	-	-	197	26.09
Total	**404**	**100.00**	**625**	**100.00**	**840**	**100.00**	**182**	**100.00**	**755**	**100.00**

Notes:

(1) Domestic recourse factoring refers to a facility whereby in relation to the sales of the receivables which the financial institution agrees to make an agreed initial payment to us and thereafter releases the balance payment less charges to our Group upon receipt of full payment from our project customers.

(2) Being discounting impact for the future value of our keyman insurance premium paid to its present value.

Commentary:

Comparison between FYE 2020 and FYE 2021

For FYE 2021, our Group recorded an increase in finance costs of RM0.23 million or 57.50% to RM0.63 million (FYE 2020: RM0.40 million). The increase in finance costs was mainly due to higher bank guarantee fees charged as we secured new projects of higher contract sum which required us to provide performance bonds in the form of a bank guarantee as well as higher utilisation of bankers' acceptance for the purchase of materials for our new projects which commenced works during FYE 2021.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our Group recorded an increase in finance costs of RM0.21 million or 33.33% to RM0.84 million (FYE 2021: RM0.63 million). The increase in finance costs was mainly due to higher bank guarantee fees charged as we secured more new projects of higher contract sum which required us to provide performance bonds in the form of a bank guarantee.

Comparison between FPE 2022 and FPE 2023

For FPE 2023, our Group recorded an increase in finance costs of RM0.58 million or 322.22% to RM0.76 million (FPE 2022: RM0.18 million). The increase in finance costs was mainly due to:

(i) higher bank guarantee fees charged as we secured more new projects of higher contract sum which required us to provide performance bonds in the form of a bank guarantee; and

(ii) discounting impact in respect of our keyman insurance premium paid to its present value.

(j) Taxation

The breakdown of our income tax expense for the Financial Years and Period Under Review is set out below:

	Audited			Unaudited	Audited
	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2022**	**FPE 2023**
Income tax expense (RM'000)	243	1,345	1,813	953	2,696
Effective tax rate (%) [1]	12.52	24.55	22.71	22.63	27.09
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00

Note:

(1) Effective tax rate is calculated based on income tax expense divided by PBT.

Our effective tax rate for FYE 2020 was 12.52% which was 11.48% lower than the statutory tax rate mainly due to following:

(i) income not subjected to tax mainly in respect of the fair value gain for our investment in quoted securities on the ASX; and

(ii) tax saving on first tranche of chargeable income of RM0.60 million at the tax rate of 17.00%.

Our effective tax rate for FYE 2021 was 24.55% which was 0.55% more than the statutory tax rate mainly due to higher non-deductible expenses including, among others, depreciation, entertainment expenses, and stamp duty and legal fee for loan agreement.

Our effective tax rate for FYE 2022 was 22.71% which was 1.29% lower than the statutory tax rate mainly due to following:

(i) income not subjected to tax mainly in respect of the fair value gain on investment properties; and

(ii) over provision of current tax in the prior financial year of RM0.10 million.

Our effective tax rate for FPE 2023 was 27.09% which was 3.09% more than the statutory tax rate mainly due to the following:

(i) non-deductible expenses including, among others, depreciation charges, RPGT, stamp duty and legal fee for loan agreement; and

(ii) under provision of current tax in the prior financial year of RM0.10 million.

(k) PBT, PBT margin, PAT and PAT margin

Our Group recorded PBT of RM1.94 million, RM5.48 million, RM7.98 million and RM9.95 million for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. In addition, we recorded PAT of RM1.70 million, RM4.13 million, RM6.17 million and RM7.26 million for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. Our PBT, PBT margin, PAT and PAT margin for the Financial Years and Period Under Review are set out below:

	Audited			Unaudited	Audited
	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2022**	**FPE 2023**
PBT (RM'000)	1,941	5,479	7,982	4,211	9,951
PAT (RM'000)	1,698	4,134	6,169	3,258	7,255
PBT margin (%)	6.18	5.45	7.42	8.19	7.18
PAT margin (%)	5.41	4.12	5.73	6.34	5.24

Commentary:

Comparison between FYE 2020 and FYE 2021

For FYE 2021, our Group recorded an increase in PBT by RM3.54 million or 182.47% to RM5.48 million (FYE 2020: RM1.94 million) and an increase in PAT by RM2.43 million or 142.94% to RM4.13 million (FYE 2020: RM1.70 million). The increase in both PBT and PAT was mainly due to higher GP recorded for FYE 2021 as set out in Section 12.3.1(d) above.

Nevertheless, our PBT margin decreased from 6.18% for FYE 2020 to 5.45% for FYE 2021 mainly due to lower GP margin recorded for FYE 2021 as set out in Section 12.3.1(d) above and higher PBT margin recorded for FYE 2020 arising from higher other income recorded amounting to RM1.92 million mainly due to, among others, fair value gain on other investment amounting to RM1.47 million. Our PAT margin also decreased from 5.41% for FYE 2020 to 4.12% for FYE 2021. The decrease in the PAT margin was mainly due to lower PBT margin recorded for FYE 2021 and lower effective tax rate recorded in FYE 2020.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our Group recorded an increase in PBT by RM2.50 million or 45.62% to RM7.98 million (FYE 2021: RM5.48 million) and an increase in PAT by RM2.04 million or 49.39% to RM6.17 million (FYE 2021: RM4.13 million). The increase in both PBT and PAT was mainly due to higher GP recorded for FYE 2022 as set out in Section 12.3.1(d) above.

Correspondingly, our PBT margin improved from 5.45% for FYE 2021 to 7.42% for FYE 2022. Our PAT margin also improved from 4.12% for FYE 2021 to 5.73% for FYE 2022. The improvement in the PBT margin and PAT margin was mainly due to higher GP margin recorded for FYE 2022 as set out in Section 12.3.1(d) above.

Comparison between FPE 2022 and FPE 2023

For FPE 2023, our Group recorded an increase in PBT by RM5.74 million or 136.34% to RM9.95 million (FPE 2022: RM4.21 million) and an increase in PAT by RM4.00 million or 122.70% to RM7.26 million (FPE 2022: RM3.26 million). The increase in both PBT and PAT was mainly due to higher GP recorded for FPE 2023 as set out in Section 12.3.1(d) above.

Nevertheless, our PBT margin decreased from 8.19% for FPE 2022 to 7.18% for FPE 2023 mainly due to lower GP margin and higher administrative expenses recorded for FPE 2023 as set out in Section 12.3.1(d) and 12.3.1(f) above. Our PAT margin also decreased from 6.34% for FPE 2022 to 5.24% for FPE 2023 mainly due to the lower PBT margin recorded for FPE 2023 as well as higher effective tax rate.

(I) Review of financial positions

(i) Assets

	Audited			
	FYE 2020 RM'000	**FYE 2021 RM'000**	**FYE 2022 RM'000**	**FPE 2023 RM'000**
ASSETS				
Non-current assets				
PPE	997	1,121	1,911	3,166
Investment properties	4,700	5,817	1,180	1,180
Other investment	402	-	-	-
Receivables	-	-	-	771
	6,099	**6,938**	**3,091**	**5,117**
Current assets				
Inventories	116	427	724	1,225
Receivables	10,455	37,910	42,606	63,407
Contract assets	1,906	10,057	24,271	9,031
Other investment	-	-	-	10,033
Fixed deposits with licenced banks	1,185	1,390	4,805	5,140
Cash and bank balances	729	4,984	8,970	11,856
	14,391	**54,768**	**81,376**	**100,692**
Non-current asset held for sale	-	-	4,800	4,800
Total assets	**20,490**	**61,706**	**89,267**	**110,609**

Comparison between FYE 2020 and FYE 2021

For FYE 2021, our non-current assets increased by RM0.84 million or 13.77% to RM6.94 million (FYE 2020: RM6.10 million) mainly due to the addition of investment properties amounting to RM1.12 million and purchase of PPE of RM0.28 million which was partly offset by the depreciation of PPE of RM0.16 million and disposal of the remaining investment in quoted securities on the ASX of RM0.40 million. Please refer to Section 6.5 of this Prospectus for further details of the addition of investment properties amounting to RM1.12 million.

For FYE 2021, our current assets increased by RM40.38 million or 280.61% to RM54.77 million (FYE 2020: RM14.39 million) mainly due to the following:

(i) increase in receivables of RM27.46 million, of which trade receivables increased by RM27.36 million mainly due to higher progress billings towards the last quarter of FYE 2021 for the supply and installation of the power distribution systems for a 3-storey 132kV substation in an electronic product manufacturing plant while other receivables increased by RM0.31 million mainly due to higher deposits paid for tender submission and advances made to suppliers for the purchase of electrical components. The increase in trade receivables was partly offset by the increase in the expected credit losses of RM0.21 million;

(ii) increase in contract assets of RM8.15 million due to higher amount of work performed during FYE 2021 but pending certification and billing; and

(iii) increase in cash and bank balances of RM4.26 million mainly due to increase in cash collateral pledged with licenced bank for bank guarantees in relation to the performance bonds for our projects.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our non-current assets decreased by RM3.85 million or 55.48% to RM3.09 million (FYE 2021: RM6.94 million) mainly due to the transfer of investment property from non-current assets to non-current asset held for sale under current asset following the disposal of investment property amounted to RM4.80 million pending completion. However, such a decrease was partly offset by the addition of PPE of RM1.10 million comprising mainly motor vehicles, renovation work and rental of properties classified as ROU assets.

For FYE 2022, our current assets increased by RM26.61 million or 48.58% to RM81.38 million (FYE 2021: RM54.77 million) mainly due to the following:

(i) increase in contract assets of RM14.21 million mainly due to higher amount of work performed during FYE 2022 but pending certification and billing;

(ii) increase in receivables of RM4.70 million, of which trade receivables increased by RM6.27 million mainly due to slower collection from certain customers during FYE 2022 while other receivables decreased by RM1.46 million mainly due to repayment of advances from corporate shareholder. The increase in trade receivables was partly offset by the increase in the expected credit losses of RM0.11 million;

(iii) increase in fixed deposits with licensed banks of RM3.41 million pledged as collateral for new banking facilities; and

(iv) increase in cash and bank balances of RM3.99 million due to higher billings to customers and collection during FYE 2022.

Comparison between FYE 2022 and FPE 2023

For FPE 2023, our non-current assets increased by RM2.03 million or 65.70% to RM5.12 million (FYE 2022: RM3.09 million) mainly due to addition of PPE of RM1.69 million comprising motor vehicles, furniture and fittings, office equipment, renovations and rental of property classified as ROU assets which was partly offset by the depreciation of PPE of RM0.41 million. In addition, we recorded an increase in other receivables of RM0.77 million due to keyman insurance premium paid for our new banking facilities.

For FPE 2023, our current assets increased by RM19.31 million or 23.73% to RM100.69 million (FYE 2022: RM81.38 million) mainly due to, among others:

(i) increase in receivables of RM20.80 million, of which trade receivables increased by RM17.59 million which was in line with the increase in our Group's revenue while other receivables increased by RM3.33 million mainly due to deposits made to suppliers for purchases of materials as well as prepayment in relation to IPO expenses. The increase in trade receivables was partly offset by the increase in the expected credit losses of RM0.12 million;

(ii) increase in other investment of RM10.03 million in respect of the placement of cash in money market funds; and

(iii) increase in cash and bank balances of RM2.89 million due to due to higher billings to customers and collection during FPE 2023.

However, the increase in our Group's current assets was partly offset by the decrease in contract assets of RM15.24 million mainly due to billings raised for work performed which was subsequently certified by customers.

(ii) Liabilities

	Audited			
	FYE 2020 RM'000	**FYE 2021 RM'000**	**FYE 2022 RM'000**	**FPE 2023 RM'000**
LIABILITIES				
Non-current liabilities				
Borrowings	757	597	675	1,198
Lease liabilities	-	92	498	1,046
Deferred tax liabilities	172	139	133	106
	929	**828**	**1,306**	**2,350**
Current liabilities				
Payables	5,827	40,528	40,779	68,175
Contract liabilities	800	536	21,504	14,353
Tax payable	52	1,029	784	1,745
Borrowings	3,778	5,995	8,732	336
Lease liabilities	18	70	272	505
	10,475	**48,158**	**72,071**	**85,114**
Total liabilities	**11,404**	**48,986**	**73,377**	**87,464**

Comparison between FYE 2020 and FYE 2021

For FYE 2021, our non-current liabilities decreased by RM0.10 million or 10.75% to RM0.83 million (FYE 2020: RM0.93 million) mainly due to repayment of term loans amounted to RM0.16 million. However, the decrease is partly offset by an increase in lease liabilities of RM0.09 million for the purchase of motor vehicles and addition of ROU assets.

For FYE 2021, our current liabilities increased by RM37.68 million or 359.54% to RM48.16 million (FYE 2020: RM10.48 million) mainly due to the following:

(i) increase in payables of RM34.70 million, of which trade payables increased by RM34.19 million which was in line with the progress of our projects while other payables increased by RM0.51 million mainly due to higher accruals made for staff bonus;

(ii) increase in borrowings of RM2.22 million mainly due to the increase of bankers' acceptances by RM2.18 million for working capital purpose while term loans increased by RM0.04 million; and

(iii) increase in tax payable of RM0.98 million due to increase in our PBT.

However, the increase in our current liabilities was partly offset by a decrease in contract liabilities of RM0.26 million which was mainly due to subsequent works performed.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our non-current liabilities increased by RM0.48 million or 57.83% to RM1.31 million (FYE 2021: RM0.83 million) mainly due to an increase in lease liabilities of RM0.41 million in relation to the purchase of motor vehicles and rental of properties classified as ROU assets.

For FYE 2022, our current liabilities increased by RM23.91 million or 49.65% to RM72.07 million (FYE 2021: RM48.16 million) mainly due to the following:

(i) increase in contract liabilities of RM20.97 million mainly due to higher progress billings as per the billing milestones stated in the contract for the design, supply, installation, testing and commissioning of power distribution system and control and instrumentation system for a semiconductor manufacturing plant during FYE 2022; and

(ii) increase in borrowings of RM2.74 million, of which the bankers' acceptances increased by RM3.14 million for the purchase of materials but partly offset by a decrease in bank overdraft by RM0.46 million.

Comparison between FYE 2022 and FPE 2023

For FPE 2023, our non-current liabilities increased by RM1.04 million or 79.39% to RM2.35 million (FYE 2022: RM1.31 million) mainly due to, among others:

(i) increase in lease liabilities of RM0.55 million in relation to the purchase of motor vehicles and addition of ROU assets; and

(ii) increase in borrowings of RM0.52 million in relation to the drawdown of term loan for keyman insurance.

For FPE 2023, our current liabilities increased by RM13.04 million or 18.09% to RM85.11 million (FYE 2022: RM72.07 million) mainly due, among others:

(i) increase in payables of RM27.40 million of which, trade payables increased by RM27.20 million mainly due to higher purchases of material and subcontractors' charges which was in line with the progress of our projects while other payables increased by RM0.20 million mainly due to downpayment received for the disposal of investment property held under Lot 7743; and

(ii) increase in tax payable of RM0.96 million due to increase in our PBT.

However, the increase in our current liabilities was partly offset by the following:

(i) decrease in borrowings of RM8.39 million due to repayment of term loans and bankers' acceptance; and

(ii) decrease in contract liabilities of RM7.15 million which was mainly due to subsequent work performed.

12.3.2 Significant factors materially affecting our operations and financial results

In addition to the factors and trends set out in Section 12.5 of this Prospectus, some of the factors that may have an impact to our operations and financial results are as follows:

(a) Performance of the power distribution systems at end-user premises industry

Our Group's principal activities are in the provision of electrical engineering services focusing on the development of power distribution systems with 66.82%, 58.19%, 70.74% and 66.54% of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively contributed by the provision of electrical engineering services for development of power distribution systems. Further, to strengthen our business, we also provide other building systems and works as well as electrical equipment hook-up and retrofitting services, which are closely associated with the development of power distribution systems. Hence, our operations and financial results are driven by the performance and prospects of the power distributions systems at end-user premises industry.

The power distribution systems for end-user premises are closely related to the construction industry, represented by specialised construction subsector which includes electrical installation. According to the IMR Report, for the first 9 months of 2023, the value of construction work completed for electrical installation grew by 18.4%, while the number of applications for new electrical installations grew by 0.1%, compared to the corresponding period in 2022. The real GDP of the construction industry is estimated to grow by 6.3% in 2023, mainly supported by the civil engineering and specialised construction activity subsectors in first half of 2023, and growth across all subsectors in the second half of 2023. In 2024, the construction industry is forecasted to grow by 6.8% following the anticipated improved performance across all subsectors. The continuing growth in the construction industry particularly for electrical installation will help sustain and provide opportunities for operators involved in the development of power distribution systems at end-user premises. In addition, the power distribution systems for end-user premises are largely driven by performance and investments in user industries. For the first 9 months of 2023, the sales value of the manufacture of electronic components and boards in Malaysia grew by 7.4%, while irradiation, electromedical and electrotherapeutic equipment grew by 2.9%, compared to the corresponding period in 2022. Growth and new investments in the semiconductor, electronic product and medical devices industries may increase demand for power distribution systems for industrial facilities *(Source: IMR Report)*.

Given our experience and track record in serving the growing and prospective end-user industries such as semiconductor, medical device and electronic product industries, it places us in a good position to secure new projects to sustain and grow our business. Nevertheless, there is no assurance that our business, performance and results of operations will not be materially and adversely affected if we are unable to do so. Please refer to Section 7.4.1 of this Prospectus for further details on the power distribution systems at end-user premises.

(b) Continuity of our order book

Due to the nature of our business which is project based, our customers typically do not enter into long-term contracts with us, but would instead engage us on a fixed lump-sum or scheduled rates contract basis for a specific project. Generally, our engagement on a particular contract or project would come to an end between 12 and 24 months upon handing over of completed power distribution systems at end-user premises. There is no assurance of continuity of our order book from a financial year to the next financial year.

In the event we are unable to secure new projects and/or contracts to replenish our order book, our operations and operating results, long-term sustainability and business growth will be adversely affected. Please refer to Sections 12.6 and 9.1.1 of this Prospectus for further details of our order book and risk factor relating to the continuity of our order book, respectively.

(c) Competition

According to the IMR Report, there are 7,392 electrical contractors registered with ST as at 18 December 2023, of which 1,227 of them are Class A electrical contractors who can undertake electrical works with no restrictions in value. In addition, as for CIDB there are 9,644 Grade 7 M&E contractors as at 18 December 2023. This includes 1,938 registered M&E contractors focusing on medium and high voltage electrical works including installation as well as underground and overhead cabling, of which 796 are G7 contractors. Our Group is a G7 contractor and registered with ST as Class A electrical contractor. Hence, we have to compete with these contractors in terms of pricing, track records, financial capability as well as technical capabilities to bid and secure for projects competitively.

We will leverage on our competitive advantages and key strengths as set out in Section 7.3 of this Prospectus to maintain our competitiveness. However, there is no assurance that our business, profit margin, performance and results of operations will not be materially and adversely affected if we are unable to do so. Please refer to Sections 8 and 9.2.3 of this Prospectus for further details on the industry assessment on the power distributions systems at end-user premises industry and risk factor relating to the competition from other electrical engineering companies, respectively.

(d) Unanticipated increase in project cost and delay in completion

Due to the nature of our business, we are subject to project management risks such as cost risk, schedule risk, performance and operational risk, which would give rise to unanticipated increase in project cost or cost overrun and delay in completion of projects. Such risks can be due to poor project cost estimation and budgeting, change of scope of work and design, poor project administration in terms of procurement of materials and communication and manpower plannning, delay in obtaining relevant permits and/or approvals, poor project site management in terms of logistics and coordination works, as well as factors beyond our control such as weather, pandemic, fluctuation in price of materials and equipment, delay or disruption in the supply of materials and contracting services from third parties, disruption in power and water supply at project sites, availability of financing and accessibility to project sites. Please refer to Section 9.1.2 for further details on risk factor relating to unanticipated increase in project cost.

Our revenue and operating results are subject to our ability to complete and deliver our projects in accordance with the project timeline as stated in the contracts or EOT granted by our customers and within our project budget. Any adverse development and management of our projects will result in delay in progress claims, project cost overrun and may also expose us to LAD claim by our customers, which will adversely affect our financial performance.

(e) Potential defect liability claims and warranties

As an electrical engineering service provider, we are exposed to the risk of defect liability claims by our customers as a result of defects in our contract works during the DLP. DLP usually ranges from 12 to 24 months after the issuance of CPC, and we are responsible for any rectification works together with the respective subcontractors, including nominated subcontractors who work under our supervision and project management. If there is a defect liability claim that is attributable to the works carried out by a subcontractor, we usually require the subcontractor to perform the rectification works and related costs will be borne by the said subcontractor. However, the cost of all defect liability claims not attributable to our subcontractors will be fully borne by us. Hence, in the event there are defect liability claims against us directly, our financial performance will be adversely affected.

Please refer to Sections 7.2.6(vi) and 9.1.3 of this Prospectus for further details on the post construction commitment and the risk factor in relation to the defect liability claims from our customers.

(f) Impact of commodity prices

Our input materials which are electrical components materials in particular power cables and wires are influenced by commodity prices such as copper and subjected to price fluctuations. For FYE 2020, FYE 2021, FYE 2022 and FPE 2023, the purchase of power cables and wires represented 14.54%, 8.36%, 24.84% and 22.88% of our total cost of sales respectively. As such, any fluctuation in the prices of commodity which are beyond our control may adversely impact our financial performance as we are not able to pass on such increase in costs to our customers.

(g) Impact of interest rates fluctuations

We incurred minimal finance costs for the Financial Years and Period Under Review given our low outstanding borrowings position over the same period. Therefore, there was no material impact arising from fluctuation of interest rates on our operations and financial results for the Financial Years and Period Under Review. However, any major increase in interest rates would raise the cost of our future borrowings and our finance costs, if incurred, which may have an adverse impact on the financial performance of our Group.

(h) Impact of foreign exchange rate fluctuations

For the Financial Years Under Review, our financial performance was not materially affected by the impact of fluctuation in foreign exchange as our projects and purchases were mainly transacted in RM.

In FPE 2023, we are exposed to foreign exchange fluctuation risks as part of our revenue and purchases were transacted in foreign currencies. In FPE 2023, RM6.36 million or 4.59% of our total revenue were transacted in USD and RM0.67 million or 0.54% of our total purchases were transacted in SGD. Moving forward, we may continue to generate sales and make purchases in foreign currencies. As at LPD, our management does not utilise any financial instruments for hedging purposes. As such, there is no assurance that any significant fluctuation in foreign exchange rate will not have an adverse impact on the financial performance of our Group.

(i) Impact of inflation

Our business, financial condition or results of operations for the Financial Years and Period Under Review were not materially affected by the impact of inflation. Nonetheless, there can be no assurance that future inflation, such as future increases in purchased materials, subcontractor cost and labour cost, would not have any impact on our business operations and financial performance.

(j) Impact of government/economic/fiscal/monetary policies

Any unfavourable change in government, economic, fiscal or monetary policies may materially affect our business operations and financial performance. For the Financial Years and Period Under Review, our results were not adversely affected by any unfavourable changes relating to these policies. Nonetheless, there is no assurance that our financial performance will not be adversely affected by the impact of changes in government, economic, fiscal or monetary policies in the future.

(k) **Impact of outbreaks of diseases such as the COVID-19 pandemic**

Please refer to Section 7.10.3 of this Prospectus for further details of the impact of COVID-19 on our financial performance. Whilst the various restrictions and measures arising from the COVID-19 pandemic had affected our operations at our project site temporarily during the Financial Years and Period Under Review, as disclosed in Section 7.10.1 of this Prospectus, the impact of the MCO to our business, results of operations and financial performance were not material as at LPD.

As at LPD, our Group does not foresee any material adverse effect on the financial position or business of our Group arising from the MCO and the COVID-19 outbreak in view of our overall financial position and relatively lean fixed cost structure. Further, our Directors consider that the disruption caused by and the impact of the COVID-19 outbreak is not expected to be long-lasting. Therefore, it is expected that the overall impact caused by the outbreak of COVID-19 on our business, results of operations and/or financial performance will not be material, and that our Group will be able to discharge our obligations under all on-going projects. Since 18 March 2020 and up to the LPD, we have not encountered any cancellation of contracts or work orders from our customers, as well as disruption in supply or services by our suppliers or subcontractors.

12.3.3 Liquidity and capital resources

(a) **Working capital**

Our operations are funded through cash generated from our operating activities, credit extended by our suppliers, credit facilities granted by financial institutions as well as our existing cash and bank balances.

As at LPD, our Group has cash and bank balances of RM23.52 million, available credit facilities of RM19.91 million, which encompass RM17.50 million of trade line facilities earmarked for working capital purposes, of which RM16.74 million has yet to be utilised as well as working capital of RM23.47 million, being the difference between current assets of RM80.51 million and current liabilities of RM57.04 million.

Based on the above and after taking into consideration of our funding requirements for our committed capital expenditure, existing level of cash and bank balances, expected cash flows to be generated from our operations, credit facilities available and the estimated net proceeds from the Public Issue, our Board is of the view that we will have sufficient working capital for a period of 12 months from the date of this Prospectus.

(b) **Cash flows**

The table below sets out the summary of our Group's historical audited combined statements of cash flows for the Financial Years and Period Under Review:

	Audited			
	FYE 2020 RM'000	**FYE 2021 RM'000**	**FYE 2022 RM'000**	**FPE 2023 RM'000**
Net cash (used in) / from operating activities	(6,150)	4,422	8,792	22,381
Net cash from / (used in) investing activities	2,125	(5,210)	(172)	(758)
Net cash (used in) / from financing activities	(1,536)	864	(726)	(8,704)
Net changes in cash and cash equivalents	**(5,561)**	**76**	**7,894**	**12,919**
Cash and cash equivalents at the beginning of the financial year / period	**5,122**	**(439)**	**(363)**	**7,531**
Cash and cash equivalents at the end of the financial year / period	**(439)**	**(363)**	**7,531**	**20,450**

	Audited			
	FYE 2020 RM'000	**FYE 2021 RM'000**	**FYE 2022 RM'000**	**FPE 2023 RM'000**
Cash and cash equivalents at the end of the financial year / period comprises:				
Cash and bank balances	729	4,984	8,970	11,856
Fixed deposits with licensed banks	1,185	1,390	4,805	5,140
Other investments	-	-	-	10,033
Bank overdraft	(469)	(463)	-	-
	1,445	**5,911**	**13,775**	**27,029**
Less: Cash collateral pledged with licensed banks	(699)	(4,884)	(1,439)	(1,439)
Less: Fixed deposits pledged with licensed banks	(1,185)	(1,390)	(4,805)	(5,140)
	(439)	**(363)**	**7,531**	**20,450**

There are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances, subject to availability of distributable reserves and compliance with financial covenants.

<u>**Commentary:**</u>

Net cash (used in) / from operating activities

<u>**FYE 2020**</u>

For FYE 2020, our operating cash flows before working capital changes were RM0.98 million. After adjusting for the following key items, our net cash used in our operating activities was RM6.15 million:

(i) increase in inventories of RM6,230;

(ii) increase in receivables of RM0.83 million, of which trade receivables increased by RM0.33 million mainly due to higher progress billings towards the last quarter of FYE 2020 while other receivables increased by RM0.50 million mainly due to advances made to corporate shareholder for its working capital purposes. These advances were interest-free, unsecured and repayable on demand and were fully settled in FYE 2022. Please refer to Section 10.3 of this Prospectus for further details;

(iii) decrease in payables of RM7.72 million, of which trade payables decreased by RM7.50 million mainly due to higher payment made to our suppliers and subcontractors while other payables decreased by RM0.22 million mainly due to lower accruals for staff bonus made for FYE 2020 in view of the pandemic; and

(iv) net decrease in contract assets of RM1.89 million mainly due to higher progress billing following the certification of work performed towards the last quarter of FYE 2020 amid the lock down periods.

FYE 2021

For FYE 2021, our operating cash flows before working capital changes were RM6.52 million. After adjusting for the following key items, our net cash from our operating activities was RM4.42 million:

(i) increase in inventories of RM0.31 million;

(ii) increase in receivables of RM27.67 million, of which trade receivables increased by RM27.36 million mainly due to higher progress billings towards the last quarter of FYE 2021 for the supply and installation of the power distribution systems for a 3-storey 132kV substation in an electronic product manufacturing plant while other receivables increased by RM0.31 million mainly due to higher deposits paid for tender submission and advances made to suppliers for the purchase of electrical components;

(iii) increase in payables of RM34.70 million, of which trade payables increased by RM34.19 million which was in line with the progress of our projects while other payables increased by RM0.51 million mainly due to higher accruals made for staff bonus; and

(iv) net increase in contract assets of RM8.41 million mainly due to higher amount of work performed during FYE 2021 but pending certification and billing.

FYE 2022

For FYE 2022, our operating cash flows before working capital changes were RM8.96 million. After adjusting for the following key items, our net cash from our operating activities was RM8.79 million:

(i) increase in inventories of RM0.30 million;

(ii) increase in receivables of RM4.81 million, of which trade receivables increased by RM6.27 million mainly due to slower collection from certain customers during FYE 2022 while other receivables decreased by RM1.46 million mainly due to repayment of advances from corporate shareholder;

(iii) increase in payables of RM0.25 million, of which other payables increased by RM1.27 million mainly due to deposit received from a company in which our Directors have interest for the disposal of investment property, higher accruals for staff bonus and deposits received of RM0.64 million from subcontractor in relation to performance bond while trade payables decreased by RM1.02 million due to higher payment made to our suppliers and subcontractors during FYE 2022; and

(iv) net increase in contract liabilities of RM6.75 million mainly due to higher progress billings as per the billing milestones stated in the contract for the design, supply, installation, testing and commissioning of power distribution system and control and instrumentation system for a semiconductor manufacturing plant during FYE 2022.

FPE 2023

For FPE 2023, our operating cash flows before working capital changes were RM11.03 million. After adjusting for the following key items, our net cash from our operating activities was RM22.38 million:

(i) increase in inventories of RM0.50 million;

(ii) increase in receivables of RM21.87 million, of which the trade receivables increased by RM17.59 million mainly due to higher trade receivables which was in line with the increase in our Group's revenue while other receivables also increased by RM4.28 million mainly due to deposits made to suppliers for purchases of materials as well as prepayment in relation to the IPO expenses;

(iii) increase in payables of RM20.40 million, of which the trade payables increased by RM20.20 million mainly due to higher purchases of material and subcontractors' charges which was in line with the progress of the Group's projects while other payables increased by RM0.20 million mainly due to downpayment received for the disposal of investment property held under Lot 7743; and

(iv) net decrease in contract assets of RM8.09 million mainly due to higher decrease in contract assets of RM15.24 million arising from billings raised for work performed which was subsequently certified by customers as opposed to the decrease in contract liabilities of RM7.15 million which was mainly due to subsequent work performed.

Net cash from / (used in) investing activities

FYE 2020

Our Group generated net cash from investing activities of RM2.12 million for FYE 2020. This was mainly attributed to the following:

(i) proceeds from the partial disposal of investment in quoted securities on the ASX of RM1.70 million;

(ii) interest income received of RM0.04 million; and

(iii) withdrawal of fixed deposits pledged with licenced banks of RM0.41 million.

However, the above cash inflows were partly offset with the following:

(i) purchase of computers and office equipment of RM0.01 million; and

(ii) placement of cash collateral pledged with licenced banks of RM2,509 for bank guarantees in relation to the performance bonds for our projects.

FYE 2021

Our Group recorded net cash used in investing activities of RM5.21 million for FYE 2021. This was mainly attributed to the following:

(i) purchase of investment properties of RM1.12 million;

(ii) purchase of computers, furniture and fittings, office equipment, and tools and equipment of RM0.06 million;

(iii) placement of fixed deposits pledged with licenced banks of RM0.20 million for new banking facilities; and

(iv) placement of cash collateral pledged with licenced banks of RM4.19 million for bank guarantees in relation to the performance bonds for our projects.

However, the above cash outflows were partly offset with the following:

(i) proceeds from the disposal of the remaining investment in quoted securities on the ASX of RM0.34 million; and

(ii) interest income received of RM0.02 million.

<u>FYE 2022</u>

Our Group recorded net cash used in investing activities of RM0.17 million for FYE 2022. This was mainly attributed to the following:

(i) purchase of computers, furniture and fittings, office equipment and renovation works of RM0.31 million; and

(ii) placement of fixed deposits pledged with licensed banks of RM3.41 million for new banking facilities.

However, the above cash outflows were partly offset with the following:

(i) withdrawal of cash collateral pledged with licensed banks of RM3.45 million for bank guarantees after the release of the performance bond by our customers; and

(ii) interest income received of RM0.10 million.

<u>FPE 2023</u>

Our Group recorded net cash used in investing activities of RM0.76 million for FPE 2023. This was mainly attributed to the following:

(i) purchase of PPE comprising motor vehicles, furniture and fittings, renovations, office equipment and rental of property classified as ROU assets amounted to RM1.69 million; and

(ii) placement of fixed deposits pledged with licenced bank for new banking facilities amounted to RM0.33 million.

However, the above cash outflows were partly offset with the following:

(i) financing from lease liabilities of ROU assets of RM1.07 million;

(ii) interest received of RM0.16 million; and

(iii) fair value gain from other investments of RM0.03 million.

Net cash (used in) / from financing activities

FYE 2020

Our Group recorded net cash used in financing activities of RM1.54 million mainly attributed to the following:

(i) payment of dividend to shareholders amounted to RM0.30 million;

(ii) payment of interest expenses amounted to RM0.40 million; and

(iii) repayments of bankers' acceptances, lease liabilities and term loans amounted to RM1.33 million.

The above cash outflows were partly offset by drawdown of term loan of RM0.50 million during FYE 2020.

FYE 2021

Our Group recorded net cash from financing activities of RM0.86 million which was due to the drawdown of bankers' acceptances of RM11.25 million. However, this cash inflow was partly offset by the following:

(i) payment of dividend to shareholders amounted to RM0.50 million;

(ii) payment of interest expenses amounted to RM0.63 million; and

(iii) repayments of bankers' acceptances, lease liabilities and term loans amounted to RM9.26 million.

FYE 2022

Our Group recorded net cash used in financing activities of RM0.73 million mainly attributable to the following:

(i) payment of dividend to shareholders amounted to RM3.00 million;

(ii) payment of interest expenses amounted to RM0.84 million; and

(iii) repayments of bankers' acceptances, lease liabilities and term loans amounted to RM14.28 million.

The above cash outflows were partly offset by drawdown of term loans and bankers' acceptances of RM0.29 million and RM17.10 million, respectively during FYE 2022.

FPE 2023

Our Group recorded net cash used in financing activities of RM8.70 million mainly attributable to the following:

(i) repayment of bankers' acceptances, term loans and lease liabilities amounted to RM11.60 million; and

(ii) payment of interest expenses amounted to RM0.56 million.

The above cash outflows were partly offset by drawdown of bankers' acceptances and term loan of RM2.46 million and RM1.00 million, respectively.

12.3.4 Borrowings and financial instruments

As at 31 August 2023, our total outstanding borrowings and financial instruments amounted to RM3.09 million which can be analysed further as follows:

Type of borrowings	Purpose	Tenure	Effective interest rates (per annum)	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Term loan	Finance the purchase of investment property, working capital and keyman insurance	5 to 15 years	3.50% to 7.60%	329	1,198	1,527
Bank overdraft	Working capital	Repayable on demand	5.97% to 7.40%	-	-	-
Bankers' acceptance	Working capital	90 to 120 days	3.56% to 5.09%	7	-	7
Lease liabilities	Finance the purchase of motor vehicles and rental of properties classified as ROU assets	2 to 7 years	2.15% to 2.46% (1)	505	1,046	1,551
Total borrowings				**841**	**2,244**	**3,085**
Gearing ratio as at 31 August 2023 (times) (2)						0.13

Notes:

(1) Refers to the effective interest rate for the purchase of motor vehicles.

(2) Computed based on total borrowings over our pro forma shareholders' equity (after the Acquisition of Hexatech Engineering but before our Public Issue and use of proceeds) as at 31 August 2023 of RM23.15 million.

As at LPD, all our bank borrowings are secured, interest bearing and denominated in RM. Our credit facilities are secured by charge over our investment property, motor vehicles, joint and several guarantee by our Directors, corporate guarantee by corporate shareholder, fixed deposits with licensed banks and guarantee coverage of up to RM16.00 million under PEMULIH Government Guarantee Scheme (PGGS) by Syarikat Jaminan Pembiayaan Perniagaan Berhad. The PGGS provides financing assistance to Malaysian small and medium enterprises in the form of a guarantee from the Government for new financing and/or restructuring of existing financing facilities as well as additional financing of existing financing facilities. We have not defaulted on any payment of either principal sum and/or interest in relation to our borrowings during the Financial Years and Period Under Review and up to the LPD. We also do not encounter any seasonality in our borrowings trend and there is no restriction on our committed borrowing facilities.

The short-term banking facilities available to our Group include bankers' acceptances and bank overdraft, which are generally used for working capital purposes. The long-term banking facilities of our Group include term loans and lease liabilities, which are used for the purchase of investment property and motor vehicles, and rental of properties classified as ROU assets.

As at LPD, we have not breached any terms and conditions or covenants associated with our credit arrangements or bank borrowings, which can materially affect our business operations, financial position or results of operations or the investment by holders of securities in our Group.

12.3.5 Type of financial instruments used

As at LPD, save for bank borrowings and financial instruments as disclosed in Section 12.3.4 of this Prospectus, we do not use any other financial instruments.

For clarity purposes, the financial instruments of our Group which are used in the ordinary course of business, from an accounting perspective, may include financial assets such as fixed deposits with licensed banks, cash and bank balances, and trade and other receivables, as well as financial liabilities such as borrowings, lease liabilities and trade and other payables. These are shown in the combined statements of financial position of our Group.

As at LPD, we do not use any financial instrument for hedging purposes.

12.3.6 Treasury policies and objectives

We finance our operations through a combination of internally and externally generated funds. Internally generated funds mainly comprise cash generated from operations and shareholders' funds, while externally generated funds mainly comprise credit terms from our suppliers and/or subcontractors as well as short-term and long-term bank borrowings.

The primary objective of our financial management and treasury policies is to maintain sufficient working capital at all times and ensure our ability to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain its debt-to-equity ratio at an optimal level based on the business requirements and prevailing economic conditions.

Our Group has not entered into any interest rate swap to hedge against fluctuations in interest rates. Our Group manage our exposure to interest rate movements by maintaining a combination of both fixed-rate and floating-rate borrowings.

12.3.7 Material commitment

As at LPD, our Group has not incurred any material commitment for capital expenditure that may have a material and adverse impact on the financial position of our Group.

12.3.8 Material contingent liabilities

As at LPD, save for the performance guarantees extended to third parties amounting to RM24.58 million in respect of contract works carried out by our Group, our Board is not aware of any contingent liabilities which upon becoming enforceable may have a material impact on the financial performance and position of our Group.

12.3.9 Material litigation

As at LPD, our Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material and/or adverse effect on the financial position or business of our Group.

12.4 KEY FINANCIAL RATIOS

The key financial ratios of our Group are as follows:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2023**
Trade receivables turnover period (days)	77	111	111	88
Trade payables turnover period (days)	70	156	145	124
Inventories turnover period (days)	2	2	3	2
Current ratio (times)	1.37	1.14	1.13	1.18
Gearing ratio (times)	0.50	0.53	0.64	0.13

<u>Trade receivables turnover period</u>

A summary of our trade receivables for the Financial Years and Period Under Review is set out below:

	Audited			
	FYE 2020 RM'000	**FYE 2021 RM'000**	**FYE 2022 RM'000**	**FPE 2023 RM'000**
Revenue	31,388	100,461	107,573	138,577
Trade receivables	6,586	30,628	32,769	50,454
Trade receivables turnover period (days) [(1)]	**77**	**111**	**111**	**88**

Note:

(1) Computed based on net trade receivables (excluding retention sum and expected credit losses) of the respective financial year over the revenue of the respective financial year, multiplied by 366 days for FYE 2020, 365 days for FYE 2021 and FYE 2022, and 243 days for FPE 2023.

The normal credit period granted to our customers ranges from 30 days to 90 days from the date of invoice. Other credit terms to our customers are assessed and approved on a case-by-case basis by taking into consideration various factors such as business relationship with the customers, the customers' payment history and creditworthiness as well as transaction volume while new customers are subject to our credit verification and assessment process.

Due to the nature of our electrical engineering business, generally our customers are entitled to a retention sum equivalent to 5% to 10% of the total contract sum for a period of 12 to 24 months. Depending on the terms of the contract, the retention sum will usually be released in two portions where the first portion (representing 50% of the total retention sum) will be released upon issuance of CPC, while the remaining 50% will be released upon the issuance of CMGD or upon the expiration of DLP. We will only raise progress billing for the retention sum of our projects upon the issuance of CPC and CMGD. Hence, we exclude retention sum and expected credit losses in the computation of trade receivables turnover period.

Our Group applies a simplified approach in calculating expected credit losses ("**ECLs**") and recognises a loss allowance based on lifetime ECLs at each reporting date. The ECLs are calculated using a provision matrix that is based on the historical credit loss experience, and adjusted for forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

For FYE 2020, we recorded trade receivables turnover period of 77 days which fell within the credit period granted to our customers. For FYE 2021, our trade receivable turnover period increased to 111 days (FYE 2020: 77 days) mainly due to higher progress billings made during the month of November and December 2021 amounting to RM21.56 million, which were not due for repayment yet. As a result, we recorded a higher trade receivables balance as at 31 December 2021 which also contributed to the increase in the overall trade receivables turnover period for FYE 2021. For FYE 2022, our trade receivable turnover period maintained at 111 days (FYE 2021: 111 days) mainly due to prolonged repayment from 2 of our customers as well as higher progress billings made during the month of November and December 2022 amounting to RM22.02 million. For FPE 2023, our trade receivable turnover period decreased to 88 days (FYE 2022: 111 days) mainly due to better collection during FPE 2023.

As at 31 August 2023, the trade receivables of our Group amounted to RM59.62 million, the ageing analysis in respect of trade receivables are analysed as follows:

	Within credit period	Exceed credit period by				Total
		1 – 30 days	**31 – 60 days**	**61 – 90 days**	**> 90 days**	
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade receivables	56,738	1,195	86	7	1,595	59,621
Less: Retention sum	(8,630)	-	-	-	-	(8,630)
	48,108	1,195	86	7	1,595	50,991
Less: Impairment losses	(477)	(14)	(1)	-	(45)	(537)
Net trade receivables	**47,631**	**1,181**	**85**	**7**	**1,550**	**50,454**
% of total net trade receivables	*94.41*	*2.34*	*0.17*	*0.01*	*3.07*	*100.00*
Subsequent collections up to the LPD	46,704	350	85	-	1,305	48,444
Outstanding net trade receivables	(1) **927**	**831**	**-**	**7**	**245**	**2,010**

Note:

(1) Including subsequent collection for the amount provided under the impairment loss on expected credit loss pursuant to MFRS 9.

As at LPD, we have collected RM48.44 million or 96.02% of the total net trade receivables outstanding as at 31 August 2023. We are in the process of collecting the remaining amount of RM2.01 million. Meanwhile, RM0.25 million or 12.19% of the outstanding net trade receivables which have exceeded credit period by more than 90 days was mainly attributed to slower payments from a customer for the supply and installation of power distribution system for a semiconductor manufacturing plant.

As part of our credit control policy, we closely monitor our aging report and assess the collectability of trade receivables on an individual customer basis regularly. For any trade receivables which have exceeded the normal credit period granted, we will follow up with calls, emails and send reminders every month. For any trade receivables which have been outstanding over a period of 12 months exceeding our approved credit period, we will assess the trade receivables' current financial status, its credit record and if no response received after legal action has been taken to recover such outstanding amount, we will provide for specific impairment on those trade receivables as approved by our Directors where recoverability are uncertain. Nevertheless, there was no specific impairment on trade receivables for the Financial Years and Period Under Review up to LPD.

Notwithstanding the above, our Board is of the opinion that the remaining amount of RM11.60 million is recoverable and no further impairment of trade receivables is required after taking into consideration these customers' credentials, payment track record, agreed payment arrangement as well as our relationship with them.

Trade payables turnover period

A summary of our trade payables for the Financial Years and Period Under Review is set out below:

	Audited			
	FYE 2020 RM'000	**FYE 2021 RM'000**	**FYE 2022 RM'000**	**FPE 2023 RM'000**
Cost of sales	27,833	89,869	92,569	122,613
Trade payables	5,356	38,351	36,694	62,478
Trade payables turnover period (days)[(1)]	**70**	**156**	**145**	**124**

Note:

(1) Computed based on trade payables (excluding retention sum) of the respective financial year over the cost of sales of the respective financial year, multiplied by 366 days for FYE 2020, 365 days for FYE 2021 and FYE 2022 and 243 days for FPE 2023.

The normal credit period extended by our suppliers and/or subcontractors ranges from 30 days to 90 days. Similar to our contracts with our customers which require retention sum for our projects, we are also entitled to impose retention sum on our subcontractors' progress billings up to a maximum of 5% to 10% of the total contract sum as stipulated in our contracts with subcontractors. We generally release 50% of the retention sum upon the issuance of CPC, while the remaining half of the retention sum will be released after the end of the DLP. Hence, we exclude retention sum in the computation of trade payables turnover period.

For FYE 2020, we recorded trade payables turnover period of 70 days which fell within the normal credit period extended by our suppliers and/or subcontractors. For FYE 2021, our trade payables turnover period increased to 156 days (FYE 2020: 70 days) mainly due to higher purchases made in the month of November and December 2021 amounting to RM32.42 million in line with the progress of our projects which resulted in higher trade payables as at 31 December 2021, and thus higher trade payables turnover period during FYE 2021. For FYE 2022, our trade payables turnover period improved to 145 days (FYE 2021: 156 days) mainly due to higher repayment made to our suppliers and/or subcontractors during FYE 2022 despite recording higher purchases in the month of November and December 2022 amounting to RM39.01 million in line with the progress of our projects. For FPE 2023, our trade payables turnover period improved to 124 days (FYE 2022: 145 days) mainly due to higher repayment made to our suppliers and/or subcontractors.

As at 31 August 2023, the trade payables of our Group amounted to RM65.82 million, the ageing of which are analysed as follows:

	Within credit period	Exceed credit period by				Total
		1 – 30 days	31 – 60 days	61 – 90 days	> 90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	64,284	587	953	-	-	65,824
Less: Retention sum	(3,346)	-	-	-	-	(3,346)
Net trade payables	**60,938**	**587**	**953**	**-**	**-**	**62,478**
% of total net trade payables	*97.53*	*0.94*	*1.53*	-	-	*100.00*
Subsequent payments up to the LPD	56,501	587	953	-	-	58,041
Outstanding net trade payables	**4,437**	**-**	**-**	**-**	**-**	**4,437**

As at LPD, we have settled all the outstanding trade payables (excluding retention sum) as at 31 August 2023 of RM58.04 million. We will settle the balance of RM4.44 million outstanding net trade payables which is within the credit period in due course. As at LPD, there is no dispute in respect of our trade payables and no legal action has been initiated by our suppliers and/or subcontractors to demand for payment from us during the Financial Years and Period Under Review.

Inventories turnover period

A summary of our inventories for the Financial Years and Period Under Review is set out below:

	Audited			
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000
Cost of sales	27,833	89,869	92,569	122,613
Inventories	116	427	724	1,225
Inventories turnover period (days)(1)	**2**	**2**	**3**	**2**

Note:

(1) Computed based on inventories of the respective financial year over the cost of sales of the respective financial year, multiplied by 366 days for FYE 2020, 365 days for FYE 2021 and FYE 2022, and 243 days for FPE 2023.

Our inventories comprise electrical components and accessories such as power cables and wires, cable trunking and accessories, and other electrical components which are measured at the lower of cost and net realisable value. We usually do not maintain a high level of inventories as our Group plans and procures the required electrical components and accessories for our projects in accordance with the project specifications and delivery lead time requirements for such electrical components and accessories to meet the project timeline. Hence, our inventories turnover period was maintained at 2 to 3 days for the Financial Years and Period Under Review. For avoidance of doubt, we do not carry inventories for trading of electrical products and we order these electrical products upon customers' request.

Current ratio

A summary of our current ratio for the Financial Years and Period Under Review is set out below:

	Audited as at			
	31 December			31 August
	2020 RM'000	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**
Current assets	14,391	54,768	81,376	100,692
Current liabilities	10,475	48,158	72,071	85,114
Current ratio (times)	**1.37**	**1.14**	**1.13**	**1.18**

Current ratio measures the liquidity position of our Group to meet our short-term obligations. The liquidity position of our Group has been manageable as reflected in the current ratio for the Financial Years and Period Under Review which ranges between 1.13 times and 1.37 times.

Our current ratio stood at 1.37 times as at 31 December 2020 and decreased to 1.14 times as at 31 December 2021 mainly due to higher proportion increase in our current liabilities position as compared to current assets mainly in respect of trade payables as at 31 December 2021 as a result of substantial increase in scale of our operations in FYE 2021. This is in line with the higher trade payables turnover period as compared to trade receivables turnover period.

Our current ratio decreased marginally from 1.14 times as at 31 December 2021 to 1.13 times as at 31 December 2022 mainly due to higher proportion increase in our current liabilities as a result of higher contract liabilities arising from progress billings as per the billing milestone stated in the contract for the design, supply, installation, testing and commissioning for a power distribution system, and control and instrumentation system for a semiconductor manufacturing plant during FYE 2022.

Our current ratio increased to 1.18 times as at 31 August 2023 as compared to 1.13 times as at 31 December 2022. The increased in the current ratio was mainly due to increase in trade and other receivables, and other investment coupled with the decrease in contract liabilities and borrowings.

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Gearing ratio

A summary of our gearing ratio for the Financial Years and Period Under Review is set out below:

	Audited as at			
	31 December			31 August
	2020 RM'000	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**
Total loans and borrowings	4,553	6,754	10,177	3,085
Shareholders' equity	9,086	12,720	15,890	23,145
Gearing ratio (times) (1)	**0.50**	**0.53**	**0.64**	**0.13**

Note:

(1) Computed based on total loans and borrowings (including lease liabilities) divided by our shareholders' equity as at the end of the respective financial years and period.

Our gearing ratio increased from 0.50 times as at 31 December 2020 to 0.53 times as at 31 December 2021 mainly due to the higher utilisation of bankers' acceptances for the purchase of electrical components and accessories to meet our project materials requirements in FYE 2021.

Our gearing ratio has further increased from 0.53 times as at 31 December 2021 to 0.64 times as at 31 December 2022 mainly due to the higher utilisation of bankers' acceptances for the purchase of electrical components and accessories to meet our project materials requirements as well as higher lease liabilities arising from additional motor vehicles and rental of properties classified as ROU assets in FYE 2022.

Our gearing ratio decreased from 0.64 times as at 31 December 2022 to 0.13 times as at 31 August 2023 mainly due to decrease in our Group's overall borrowings and improvement in the retained earnings.

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12.5 TREND INFORMATION

As at LPD, our Board confirms that the financial conditions and operations of our Group have not been and are not expected to be affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those disclosed in this section and in Sections 7 and 9 of this Prospectus;

(b) material commitment for capital expenditure, save as disclosed in Section 12.3.7 of this Prospectus;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save for those that had been disclosed in this section and in Section 9 of this Prospectus;

(d) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group's revenue and/or profits, save for those that had been disclosed in this section and in Section 9 of this Prospectus; and

(e) known circumstances, trends, demands, commitments, events or uncertainties that are reasonably likely to make the historical financial statements not indicative of the future financial performance and position, save for those that had been disclosed in this section and in Section 9 of this Prospectus.

12.6 ORDER BOOK

As the revenue from our provision of electrical engineering services are recognised based on the stage of completion method, our order book excludes the value of completed works in respect of on-going projects which have been recognised in revenue.

As at LPD, our order book stood at RM211.91 million, summarised as follows:

Business activities	**RM'000**
Power distribution system	147,619
Other building systems and works	53,202
Electrical equipment hook-up and retrofitting	11,088
Total	**211,909**

Barring unforeseen circumstances, the total order book as at LPD is envisaged to be recognised as follows:

Business activities	**To be recognised in FYE 2023**	**To be recognised in FYE 2024**
	RM'000	**RM'000**
Power distribution system	14,043	133,576
Other building systems and works	7,079	46,123
Electrical equipment hook-up and retrofitting	1,871	9,217
Total	**22,993**	**188,916**

Due to the nature of our business, our projects typically ranges from 3 months to 26 months depending on the scope and size of the project. We envisage that 10.85% and 89.15% of our total order book as at LPD to be recognised in FYE 2023 and FYE 2024, respectively.

12.7 SIGNIFICANT CHANGES

There are no significant changes that have occurred, which may have a material effect on our financial position and results subsequent to FPE 2023 and up to the LPD.

12.8 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

HE Group declared dividends of RM0.30 million, RM0.50 million and RM3.00 million in FYE 2020, FYE 2021 and FYE 2022, respectively which represented 17.67%, 12.09% and 48.63% of our Group's PAT in the respective financial year. For FPE 2023, there was no dividend declared, made or paid by our Group or our subsidiary to shareholders. As at LPD, we do not intend to declare and pay dividend prior to our Listing.

Notwithstanding the above, our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Our Directors will take into consideration, among others, the following factors when recommending dividends for approval by our shareholders or when declaring any dividends:

(i) the availability of adequate reserves and cash flows. As an investment holding company, our income, and therefore our ability to pay dividends, depends on the dividends or other distributions received from our subsidiary;

(ii) our operating cash flow requirements and financing commitments;

(iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;

(iv) our Company is solvent as required under Section 132 of the Act;

(v) any material impact of tax laws and other regulatory requirements; and

(vi) prior written consent from financial institutions, where required.

However, investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Group to do so. The level of dividends should also not be treated as an indication of our Group's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value. There is no dividend restriction being imposed on our Group currently.

In addition, our ability to declare and pay interim dividends as well as to recommend final dividends are subject to the discretion of our Board. We will also need to obtain our shareholders' approval for any final dividend for the year.

No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

HE GROUP BERHAD
[Registration No.: 202301016404 (1510326-M)]
(Incorporated in Malaysia)

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023

TGS TW PLT

CHARTERED ACCOUNTANTS

Date: 26 December 2023

The Board of Directors
HE Group Berhad
No. 42, Jalan OP 1/5
Pusat Perdagangan One Puchong
47160 Puchong
Selangor Darul Ehsan

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants
Unit E-16-2B, Level 16, ICON Tower (East)
No.1, Jalan 1/68F, Jalan Tun Razak
50400 Kuala Lumpur
Tel: +603 9771 4326
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Email: tgsaudit@tgs-tw.com
www.tgs-tw.com

Dear Sirs,

HE GROUP BERHAD ("HE GROUP" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023

We have completed our assurance engagement to report on the compilation of Pro Forma Combined Statements of Financial Position of HE Group Berhad and of its subsidiary (collectively known as "the combining entities" or "the Group") as at 31 August 2023.

The Pro Forma Combined Statements of Financial Position have been compiled by the Directors based on the applicable criteria as specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and described in the notes as set out in Basis of Preparation of Pro Forma Combined Statements of Financial Position ("Applicable Criteria").

The Pro Forma Combined Statements of Financial Position have been compiled by the Directors for illustrative purposes only and for inclusion into the prospectus of the Group in connection with the listing of and quotation for the entire enlarged issued share capital of the Group on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Listing").

As part of this process, information about the combining entities' combined financial position has been extracted by the Directors from the audited statements of financial position of the combining entities as at 31 August 2023, on which was reported by us to the members of the combining entities on 26 December 2023 without any modification.

Directors' Responsibility for the Pro Forma Combined Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis of the Applicable Criteria.

TGS TW PLT 202106000004 (LLP0026851-LCA) & AF002345 is a member of the TGS network, the members of which are separate and independent legal entities

Our Independence and Quality Control

We are independent 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 of 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.

Our firm applies *International Standard on Quality Management ("ISQM") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the Pro Forma Combined Statements of Financial Position have been properly compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements ("ISAE") 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Combined Statements of Financial Position.

The purpose of the Pro Forma Combined Statements of Financial Position included in the Prospectus is solely to illustrate the impact of a significant event or transaction or unadjusted financial information on the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors of the Company in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:-

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Combined Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

tgs TW

Our Responsibility (Cont'd)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the combining entities, the event or transaction in respect of which the Pro Forma Combined Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria.

Other matters

This report has been prepared solely for the purpose of inclusion in the Prospectus of HE Group Berhad in connection with the Listing. It is not intended to be used for any other purposes. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

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

OOI POH LIM
3087/10/2025 J
Chartered Accountant

Kuala Lumpur
26 December 2023

TGS TW PLT 202106000004 (LLP0026851-LCA) & AF002345 is a member of the TGS network, the members of which are separate and independent legal entities

HE GROUP BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023

The Pro Forma Combined Statements of Financial Position of the Group as at 31 August 2023 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 31 August 2023, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position.

	Note	At 31 August 2023	Adjustments for Acquisition	Proforma I After Acquisition	Adjustments for Public Issue	Proforma II After Public Issue	Adjustments for Proposed Utilisation of Proceeds	Proforma III After Proposed Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
ASSETS								
Non-current assets								
Property, plant and equipment	3.01	-	3,166,333	3,166,333	-	3,166,333	1,750,000	4,916,333
Investment properties	3.02	-	1,180,000	1,180,000	-	1,180,000	-	1,180,000
Receivables	3.03		770,926	770,926		770,926		770,926
Total non-current assets		-		5,117,259		5,117,259		6,867,259
Current assets								
Inventories	3.04	-	1,224,660	1,224,660	-	1,224,660	-	1,224,660
Receivables	3.03	-	63,407,248	63,407,248	-	63,407,248	(1,484,062)	61,923,186
Contract assets	3.05	-	9,030,671	9,030,671	-	9,030,671	-	9,030,671
Other investment	3.06		10,033,197	10,033,197		10,033,197		10,033,197
Fixed deposits with licensed banks	3.07	-	5,139,734	5,139,734	-	5,139,734	-	5,139,734
Cash and bank balances	3.08	45	11,855,989	11,856,034	24,329,116	36,185,150	(4,065,938)	32,119,212
Total current assets		45		100,691,544		125,020,660		119,470,660
Non-current asset held for sale	3.09	-	4,800,000	4,800,000	-	4,800,000	-	4,800,000
Total assets		45		110,608,803		134,937,919		131,137,919

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For Identification Purposes Only

HE GROUP BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

The Pro Forma Combined Statements of Financial Position of the Group as at 31 August 2023 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 31 August 2023, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position. (Cont'd)

	Note	At 31 August 2023	Adjustments for Acquisition	Proforma I After Acquisition	Adjustments for Public Issue	Proforma II After Public Issue	Adjustments for Proposed Utilisation of Proceeds	Proforma III After Proposed Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES								
EQUITY								
Equity attributable to owners of HE Group Berhad:-								
Share capital	3.10	45	15,889,919	15,889,964	24,329,116	40,219,080	(1,175,357)	39,043,723
Merger deficit	3.11	-	(14,889,919)	(14,889,919)	-	(14,889,919)	-	(14,889,919)
(Accumulated losses)/Retained earnings	3.12	(98,750)	22,243,395	22,144,645	-	22,144,645	(2,624,643)	19,520,002
Total equity		(98,705)		23,144,690		47,473,806		43,673,806
LIABILITIES								
Non-current liabilities								
Borrowings	3.13	-	1,197,739	1,197,739	-	1,197,739	-	1,197,739
Lease liabilities	3.14	-	1,045,695	1,045,695	-	1,045,695	-	1,045,695
Deferred tax liabilities	3.15	-	106,000	106,000	-	106,000	-	106,000
Total non-current liabilities		-		2,349,434		2,349,434		2,349,434

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HE GROUP BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

The Pro Forma Combined Statements of Financial Position of the Group as at 31 August 2023 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 31 August 2023, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position. (Cont'd)

	Note	At 31 August 2023	Adjustments for Acquisition	Proforma I After Acquisition	Adjustments for Public Issue	Proforma II After Public Issue	Adjustments for Proposed Utilisation of Proceeds	Proforma III After Proposed Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES (CONT'D)								
LIABILITIES (CONT'D)								
Current liabilities								
Payables	3.16	98,750	68,076,761	68,175,511	-	68,175,511	-	68,175,511
Contract liabilities	3.17	-	14,353,499	14,353,499	-	14,353,499	-	14,353,499
Tax payable	3.18	-	1,745,153	1,745,153	-	1,745,153	-	1,745,153
Borrowings	3.13	-	335,693	335,693	-	335,693	-	335,693
Lease liabilities	3.14	-	504,823	504,823	-	504,823	-	504,823
Total current liabilities		98,750		85,114,679		85,114,679		85,114,679
Total liabilities		98,750		87,464,113		87,464,113		87,464,113
Total equity and liabilities		45		110,608,803		134,937,919		131,137,919
Issued ordinary share capital (Unit)	3.10	1,000	353,109,300	353,110,300	86,889,700	440,000,000	-	440,000,000
Net assets per share attributable to owners of HE Group Berhad (RM)		(98.71)		0.07		0.11		0.10
Lease liabilities and Borrowings		-		3,083,950		3,083,950		3,083,950
Gearing ratio (times)		-		0.13		0.06		0.07

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HE GROUP BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023

1. **BASIS OF PREPARATION**

The Pro Forma Combined Statements of Financial Position of the Group has been prepared for illustrative purposes and on the assumptions that all the transactions mentioned as per Note 2 to the Pro Forma Combined Statements of Financial Position had taken place on 31 August 2023.

The Pro Forma Combined Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the audited combined financial statements of the combining entities for the financial period ended 31 August 2023 and in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Prospectus Guidelines, except for the adoption of the following new accounting policy:

Merger method of accounting

The Pro Forma Combined Statements of Financial Position are combined using the merger method as these companies are under the common control by the same party both before and after the acquisition of Hexatech Engineering Sdn. Bhd. ("Hexatech Engineering"). When the merger method is used, the difference between the cost of investment recorded by the Group and the share capital of the subsidiary are accounted for as merger deficit in the Pro Forma Combined Statements of Financial Position.

Hexatech Engineering is regarded as a continuing entity resulting from the reorganisation exercise because the management of Hexatech Engineering, which participated in the reorganisation exercise was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

2. **LISTING SCHEME**

(i) **Pro Forma I: Acquisition**

The Acquisition entails acquiring the entire equity interest of Hexatech Engineering, for total purchase consideration of RM15,889,918.50 to be satisfied via the issuance of 353,109,300 new shares at an issue price of RM0.045 per share based on the net assets of Hexatech Engineering as at 31 December 2022.

(ii) **Pro Forma II: Public Issue**

The Public Issue involves a public issue of 86,889,700 new ordinary shares in HE Group Berhad at an IPO of RM0.28 per share.

In conjunction with the IPO, the Company would list and quote of its entire enlarged issued share capital comprising 440,000,000 ordinary shares in HE Group Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

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HE GROUP BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

2. LISTING SCHEME (CONT'D)

(iii) Pro Forma III: Proposed Utilisation of Proceeds

Gross proceeds from the Public Issue of RM24,329,116 are expected to be utilised as follows:

Details of use of proceeds	Estimated timeframe for the use of proceeds upon Proposed Listing	RM	% of total gross proceeds from the Proposed Public Issue
Business expansion	30 months [(1)]	**3,650,000**	**15.00%**
Capital expenditure	24 months [(1)]	**1,750,000**	**7.19%**
General working capital	36 months [(1)]	**15,129,116**	**62.19%**
Estimated listing expenses*	1 month [(1)]	**3,800,000**	**15.62%**
Total estimated proceeds		**24,329,116**	**100.00%**

(1) From the date of listing of the shares.

* If the actual proceeds are higher than budgeted above, the excess will be used for working capital. Conversely, if the actual proceeds are lower than budgeted above, the proceeds allocated for working capital will be reduced accordingly.

The listing expenses are estimated at RM3,800,000 and will be set off against the share capital and profit or loss accordingly. The apportionment is disclosed in Notes 3.10 and 3.12.

3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

3.01 PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	3,166,333
As per Pro Forma I to II	3,166,333
Pursuant to Proposed Utilisation of Proceeds	
- Capital expenditure	1,750,000
As per Pro Forma III	4,916,333

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HE GROUP BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.02 INVESTMENT PROPERTIES

The movements in investment properties are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	1,180,000
As per Pro Forma I to III	1,180,000

3.03 RECEIVABLES

The movements in receivables are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	
- Non-current assets	770,926
- Current assets	63,407,248
As per Pro Forma I to II	64,178,174
Pursuant to Proposed Utilisation of Proceeds	
- Estimated listing expenses	(1,484,062)
As per Pro Forma III	62,694,112

3.04 INVENTORIES

The movements in inventories are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	1,224,660
As per Pro Forma I to III	1,224,660

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HE GROUP BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.05 CONTRACT ASSETS

The movements in contract assets are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	9,030,671
As per Pro Forma I to III	9,030,671

3.06 OTHER INVESTMENT

The movements in other investment are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	10,033,197
As per Pro Forma I to III	10,033,197

3.07 FIXED DEPOSITS WITH LICENSED BANKS

The movements in fixed deposits with licensed banks are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	5,139,734
As per Pro Forma I to III	5,139,734

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HE GROUP BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.08 CASH AND BANK BALANCES

The movements in cash and bank balances are as follows:

	RM
At 31 August 2023	45
Pursuant to Acquisition	11,855,989
As per Pro Forma I	11,856,034
Pursuant to Public Issue	24,329,116
As per Pro Forma II	36,185,150
Pursuant to Proposed Utilisation of Proceeds	
- Capital expenditure	(1,750,000)
- Estimated listing expenses	(2,315,938)
As per Pro Forma III	32,119,212

3.09 NON-CURRENT ASSET HELD FOR SALE

The movements in non-current asset held for sale are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	4,800,000
As per Pro Forma I to III	4,800,000

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HE GROUP BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

3. **EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.10 **SHARE CAPITAL**

The movements in share capital are as follows:

	RM
At 31 August 2023	45
Pursuant to Acquisition	15,889,919
As per Pro Forma I	15,889,964
Pursuant to Public Issue	24,329,116
As per Pro Forma II	40,219,080
Pursuant to Proposed Utilisation of Proceeds	
Less: Estimated listing expenses*	(1,175,357)
As per Pro Forma III	39,043,723

* The estimated listing expenses of RM1,175,357 directly attributable to the Proposed Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2,624,643 that attributable to the Proposed Listing will be expensed off to profit and loss.

3.11 **MERGER DEFICIT**

The movements in merger deficit are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	(14,889,919)
As per Pro Forma I to III	(14,889,919)

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For Identification Purposes Only

HE GROUP BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.12 (ACCUMULATED LOSSES)/RETAINED EARNINGS

The movements in (accumulated losses)/retained earnings are as follows:

	RM
At 31 August 2023	(98,750)
Pursuant to Acquisition	22,243,395
As per Pro Forma I to II	22,144,645
Pursuant to Proposed Utilisation of Proceeds	
- Estimated listing expenses*	(2,624,643)
As per Pro Forma III	19,520,002

* The estimated listing expenses of RM1,175,357 directly attributable to the Proposed Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2,624,643 that attributable to the Proposed Listing will be expensed off to profit and loss.

3.13 BORROWINGS

The movements in borrowings are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	
- Non-current liabilities	1,197,739
- Current liabilities	335,693
As per Pro Forma I to III	1,533,432

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HE GROUP BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

3. **EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.14 **LEASE LIABILITIES**

The movements in lease liabilities are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	
- Non-current liabilities	1,045,695
- Current liabilities	504,823
As per Pro Forma I to III	1,550,518

3.15 **DEFERRED TAX LIABILITIES**

The movements in deferred tax liabilities are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	106,000
As per Pro Forma I to III	106,000

3.16 **PAYABLES**

The movements in payables are as follows:

	RM
At 31 August 2023	98,750
Pursuant to Acquisition	68,076,761
As per Pro Forma I to III	68,175,511

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HE GROUP BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

3. **EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.17 **CONTRACT LIABILITIES**

The movements in contract liabilities are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	14,353,499
As per Pro Forma I to III	14,353,499

3.18 **TAX PAYABLE**

The movements in tax payable are as follows:

	RM
At 31 August 2023	-
Pursuant to Acquisition	1,745,153
As per Pro Forma I to III	1,745,153

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HE GROUP BERHAD

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 26 December 2023.

On behalf of the Board of Directors

Haw Chee Seng Director	Eng Choon Leong Director

HE GROUP BERHAD
[Registration No: 202301016404 (1510326-M)]
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT
FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2020, 31 DECEMBER 2021,
31 DECEMBER 2022 AND FOR THE
FINANCIAL PERIOD ENDED 31 AUGUST 2023

TGS TW PLT

CHARTERED ACCOUNTANTS

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants
Unit E-16-2B, Level 16, ICON Tower (East)
No.1, Jalan 1/68F, Jalan Tun Razak
50400 Kuala Lumpur
Tel: +603 9771 4326
Fax: +603 9771 4327
Email: tgsaudit@tgs-tw.com
www.tgs-tw.com

Date: 26 December 2023

The Board of Directors
HE Group Berhad
No. 42, Jalan OP 1/5
Pusat Perdagangan One Puchong
47160 Puchong
Selangor Darul Ehsan

Dear Sirs,

Reporting Accountants' Opinion on the Financial Information (as defined herein) Contained in the Accountants' Report of HE Group Berhad ("the Company" or "HE Group")

Opinion

We have audited the accompanying combined financial statements ("Financial Information") of the Company and of its subsidiary (collectively known as "the combining entities" or "the Group") which comprise the combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022, 31 August 2023 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the combining entities for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and for the financial period ended 31 August 2023 and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 57.

These Financial Information have been prepared for inclusion in the prospectus of HE Group in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

In our opinion, the accompanying Financial Information give a true and fair view of the combined financial position of the combining entities as at 31 December 2020, 31 December 2021, 31 December 2022, 31 August 2023 and of their financial performance and their cash flows for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and for the financial period ended 31 August 2023 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Paragraph 10.04 of Chapter 10, Part II Division 1, Equity of the Prospectus Guidelines as issued by the Securities Commission 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 *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

TGS TW PLT 202106000004 (LLP0026851-LCA) & AF002345 is a member of the TGS network, the members of which are separate and independent legal entities

Basis for Opinion (Cont'd)

Independence and Other Ethical Responsibilities

We are independent of the combining entities 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.

Responsibilities of the Directors for the Financial Information

The Directors of the combining entities are responsible for the preparation of the Financial Information of the combining entities that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of Financial Information of the combining entities that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Information of the combining entities, the Directors are responsible for assessing the combining entities' 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 combining entities or cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the Financial Information of the combining entities as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 Information.

TGS TW PLT 202106000004 (LLP0026851-LCA) & AF002345 is a member of the TGS network, the members of which are separate and independent legal entities

Reporting Accountants' Responsibilities for the Audit of the Financial Information (Cont'd)

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

- Identify and assess the risks of material misstatement of the Financial Information of the combining entities, 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 combining entities' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the combining entities' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the Financial Information of the combining entities 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 combining entities to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Information of the combining entities, including the disclosures, and whether the Financial Information of the combining entities represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the Financial Information of the combining entities or business activities within the combining entities to express an opinion on the Financial Information of the combining entities. We are responsible for the direction, supervision and performance of the combining entities audit. We remain solely responsible for our audit opinion.

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

TGS TW PLT 202106000004 (LLP0026851-LCA) & AF002345 is a member of the TGS network, the members of which are separate and independent legal entities

Restriction on Distribution and Use

This report is made solely to the Company and for inclusion in the prospectus of the Company to be issued in relation to the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for no other purposes. We do not assume responsibility to any other person for the content of this report.

Other Matters

The significant events occurring after the end of the financial period ended 31 August 2023 have been disclosed in Note 1(d) to the combined financial statements.

The comparative information in respect of the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity, combined statements of cash flows and related notes to the combined financial statements for the financial period ended 31 August 2022 has not been audited.

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

OOI POH LIM
03087/10/2025 J
Chartered Accountant

KUALA LUMPUR
26 December 2023

TGS TW PLT 202106000004 (LLP0026851-LCA) & AF002345 is a member of the TGS network, the members of which are separate and independent legal entities

HE GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND 31 AUGUST 2023

	Note	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	996,977	1,120,920	1,910,752	3,166,333
Investment properties	5	4,700,000	5,816,716	1,180,000	1,180,000
Other investment	6	401,648	-	-	-
Receivables	7	-	-	-	770,926
		6,098,625	6,937,636	3,090,752	5,117,259
Current assets					
Inventories	8	116,110	426,873	723,406	1,224,660
Receivables	7	10,454,981	37,910,241	42,606,355	63,407,248
Contract assets	9	1,905,820	10,057,098	24,271,202	9,030,671
Other investment	6	-	-	-	10,033,197
Fixed deposits with licensed banks	10	1,185,077	1,390,379	4,804,989	5,139,734
Cash and bank balances	11	729,278	4,983,858	8,970,007	11,856,034
		14,391,266	54,768,449	81,375,959	100,691,544
Non-current asset held for sale	12	-	-	4,800,000	4,800,000
Total assets		20,489,891	61,706,085	89,266,711	110,608,803
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13 (a)	-	-	-	45
Invested equity	13 (b)	1,000,000	1,000,000	1,000,000	1,000,000
Retained earnings		8,086,246	11,720,487	14,889,915	22,144,645
Total equity		9,086,246	12,720,487	15,889,915	23,144,690
LIABILITIES					
Non-current liabilities					
Borrowings	14	757,245	597,552	674,751	1,197,739
Lease liabilities	15	-	91,791	498,118	1,045,695
Deferred tax liabilities	16	172,000	139,000	133,000	106,000
		929,245	828,343	1,305,869	2,349,434
Current liabilities					
Payables	17	5,827,023	40,528,388	40,778,985	68,175,511
Contract liabilities	9	799,673	536,143	21,504,078	14,353,499
Tax payable		52,302	1,028,408	783,854	1,745,153
Borrowings	14	3,777,773	5,994,536	8,732,581	335,693
Lease liabilities	15	17,629	69,780	271,429	504,823
		10,474,400	48,157,255	72,070,927	85,114,679
Total liabilities		11,403,645	48,985,598	73,376,796	87,464,113
Total equity and liabilities		20,489,891	61,706,085	89,266,711	110,608,803

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

HE GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2022 AND 31 AUGUST 2023

	Note	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Revenue	18	31,388,096	100,460,593	107,572,986	138,576,540	51,403,916
Cost of sales		(27,832,777)	(89,869,076)	(92,568,779)	(122,612,870)	(43,365,248)
Gross profit		3,555,319	10,591,517	15,004,207	15,963,670	8,038,668
Other income		1,919,426	414,475	770,338	414,349	423,566
Administrative expenses		(3,135,669)	(4,619,430)	(6,837,560)	(5,537,537)	(4,050,214)
Net reversal/(loss) on impairment of financial assets		6,232	(214,305)	(114,442)	(123,979)	(17,814)
Other expenses		-	(68,674)	-	(10,645)	(683)
Profit from operations		2,345,308	6,103,583	8,822,543	10,705,858	4,393,523
Finance costs	19	(403,929)	(624,548)	(840,264)	(755,163)	(182,140)
Profit before tax	20	1,941,379	5,479,035	7,982,279	9,950,695	4,211,383
Taxation	21	(243,864)	(1,344,794)	(1,812,851)	(2,695,965)	(953,158)
Profit after tax		1,697,515	4,134,241	6,169,428	7,254,730	3,258,225
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the financial years/periods		1,697,515	4,134,241	6,169,428	7,254,730	3,258,225
Total comprehensive income for the financial years/periods attributable to:						
Owners of the Company		1,697,515	4,134,241	6,169,428	7,254,730	3,258,225
Non-controlling interest		-	-	-	-	-
		1,697,515	4,134,241	6,169,428	7,254,730	3,258,225
Earnings per share:						
Basic (sen)	22	0.39	0.94	1.40	1.65	0.74
Diluted (sen)	22	N/A	N/A	N/A	N/A	N/A

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

HE GROUP BERHAD
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COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2022 AND 31 AUGUST 2023

	Note	Share capital RM	Invested equity RM	Retained earnings RM	Total equity RM
Audited					
At 1 January 2020		-	1,000,000	6,688,731	7,688,731
Total comprehensive income for the financial year		-	-	1,697,515	1,697,515
Transaction with owners:					
Dividends	23	-	-	(300,000)	(300,000)
At 31 December 2020		-	1,000,000	8,086,246	9,086,246
Total comprehensive income for the financial year		-	-	4,134,241	4,134,241
Transaction with owners:					
Dividends	23	-	-	(500,000)	(500,000)
At 31 December 2021		-	1,000,000	11,720,487	12,720,487
Total comprehensive income for the financial year		-	-	6,169,428	6,169,428
Transaction with owners:					
Dividends	23	-	-	(3,000,000)	(3,000,000)
At 31 December 2022		-	1,000,000	14,889,915	15,889,915
Total comprehensive income for the financial period		-	-	7,254,730	7,254,730
Transaction with owners:					
Issuance of shares	13(a)	45	-	-	45
At 31 August 2023		45	1,000,000	22,144,645	23,144,690

HE GROUP BERHAD
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COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2022 AND 31 AUGUST 2023 (CONT'D)

	Note	Invested equity RM	Invested equity RM	Retained earnings RM	Total equity RM
Unaudited					
At 1 January 2022		-	1,000,000	11,720,487	12,720,487
Total comprehensive income for the financial period		-	-	3,258,225	3,258,225
Transaction with owners:					
Dividends	23	-	-	(500,000)	(500,000)
At 31 August 2022		-	1,000,000	14,478,712	15,478,712

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

HE GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022
AND FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2022 AND 31 AUGUST 2023

	Note	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Cash flows from operating activities						
Profit before tax		1,941,379	5,479,035	7,982,279	9,950,695	4,211,383
Adjustments for:						
Depreciation of property, plant and equipment		139,220	159,325	287,293	412,667	158,959
Fair value gain on investment properties		-	-	(163,284)	-	-
Discount on non-current financial assets		-	-	-	196,694	-
Fair value (gain)/loss on other investment		(1,465,630)	64,662	-	(32,887)	-
Interest expenses		403,929	624,548	840,264	558,469	182,140
Interest income		(37,245)	(24,332)	(101,981)	(158,327)	(60,556)
Impairment loss on expected credit losses on trade receivables		-	214,305	114,442	123,979	17,814
Gain on early termination of lease contracts		-	-	(798)	(592)	(798)
Reversal of impairment loss on expected credit losses on trade receivables		(6,232)	-	-	-	-
Unwinding of discount on non-current financial assets		-	-	-	(22,947)	-
Operating profit before working capital changes		975,421	6,517,543	8,958,215	11,027,751	4,508,942
Changes in working capital:						
Inventories		(6,230)	(310,763)	(296,533)	(501,254)	(347,478)
Receivables		(826,691)	(27,669,565)	(4,810,556)	(21,869,545)	5,377,410
Payables		(7,720,332)	34,701,365	250,597	27,396,526	(11,978,501)
Contract assets and liabilities		1,893,766	(8,414,808)	6,753,831	8,089,952	4,020,411
Cash (used in)/from generated operations		(5,684,066)	4,823,772	10,855,554	24,143,430	1,580,784
Tax paid		(465,634)	(401,688)	(2,063,405)	(1,767,666)	(1,213,405)
Tax refunded		-	-	-	6,000	-
Net cash (used in)/from operating activities		(6,149,700)	4,422,084	8,792,149	22,381,764	367,379
Cash flows from investing activities						
Interest received		37,245	24,332	101,981	158,327	60,556
Net changes in other investment		-	-	-	32,887	-
Purchase of property, plant and equipment	A	(10,465)	(63,328)	(304,879)	(614,638)	(98,076)
Purchase of investment properties		-	(1,116,716)	-	-	-
Proceed from disposal of other investment		1,695,429	336,986	-	-	-
Proceed from issuance of shares		-	-	-	45	-
Withdrawal/(Placement) of fixed deposits pledged with licensed banks		405,165	(205,302)	(3,414,610)	(334,745)	(1,602,870)
(Placement)/Withdrawal of cash collateral pledged with licensed banks		(2,509)	(4,185,909)	3,445,283	-	3,230,243
Net cash from/(used in) investing activities		2,124,865	(5,209,937)	(172,225)	(758,124)	1,589,853

HE GROUP BERHAD
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COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2022 AND 31 AUGUST 2023 (CONT'D)

	Note	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Cash flows from financing activities						
Dividend paid		(300,000)	(500,000)	(3,000,000)	-	(500,000)
Interest paid		(403,929)	(624,548)	(840,264)	(558,469)	(182,140)
Repayments of lease liabilities	B/C	(52,451)	(75,998)	(163,472)	(272,047)	(61,738)
Drawdown of term loans	C	500,000	-	291,329	1,000,000	-
Repayments of term loans	C	(25,090)	(113,878)	(156,884)	(365,285)	(99,883)
Drawdown of bankers' acceptances	C	-	11,245,000	17,103,338	2,454,300	11,949,491
Repayments of bankers' acceptances	C	(1,255,126)	(9,067,056)	(13,959,696)	(10,962,915)	(9,560,701)
Net cash (used in)/from financing activities		(1,536,596)	863,520	(725,649)	(8,704,416)	1,545,029
Net changes in cash and cash equivalents		(5,561,431)	75,667	7,894,275	12,919,224	3,502,261
Cash and cash equivalents at the beginning of the financial year/period		5,122,346	(439,085)	(363,418)	7,530,857	(363,418)
Cash and cash equivalents at the end of the financial year/period		(439,085)	(363,418)	7,530,857	20,450,081	3,138,843
Cash and cash equivalents at the end of the financial year/period comprises:						
Cash and bank balances		729,278	4,983,858	8,970,007	11,856,034	4,793,033
Fixed deposits with licensed banks		1,185,077	1,390,379	4,804,989	5,139,734	2,993,249
Other investment		-	-	-	10,033,197	-
Bank overdraft		(469,839)	(462,843)	-	-	-
		1,444,516	5,911,394	13,774,996	27,028,965	7,786,282
Less: Cash collateral pledged with licensed banks		(698,524)	(4,884,433)	(1,439,150)	(1,439,150)	(1,654,190)
Less: Fixed deposits pledged with licensed banks		(1,185,077)	(1,390,379)	(4,804,989)	(5,139,734)	(2,993,249)
		(439,085)	(363,418)	7,530,857	20,450,081	3,138,843

NOTES TO THE COMBINED STATEMENT OF CASH FLOWS

A. Purchase of property, plant and equipment

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Total purchase of property, plant and equipment	10,465	283,268	1,095,238	1,688,613	330,163
Less: Acquisition by means of lease liabilities	-	(219,940) *	(790,359)	(1,073,975)	(232,087)
Total cash paid	10,465	63,328	304,879	614,638	98,076

* The amount higher than the additions of right-of-use assets for the financial year ended 31 December 2021 due to discount received from supplier.

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COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022
AND FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2022 AND 31 AUGUST 2023 (CONT'D)

NOTES TO THE COMBINED STATEMENT OF CASH FLOWS (CONT'D)

B. Cash outflows for leases as a lessee

	Note	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Included in net cash from operating activities						
Payment relating to short-term leases	20	2,500	9,100	53,100	27,600	42,962
Payment relating to variable lease	20	8,383	8,194	8,592	2,400	5,392
Payment relating to lease of low value asset	20	-	-	-	3,244	-
Included in net cash from financing activities						
Payment of lease liabilities		52,451	75,998	163,472	272,047	61,738
Payment on interest of lease liabilities	19	2,246	7,788	20,873	57,199	8,402
		65,580	101,080	246,037	362,490	118,494

C. Reconciliation of liabilities arising from financing activities

	Lease liabilities RM	Term loans RM	Bankers' acceptances RM	Total RM
Audited				
At 1 January 2020	70,080	396,213	4,449,182	4,915,475
Drawdown	-	500,000	-	500,000
Repayments	(52,451)	(25,090)	(1,255,126)	(1,332,667)
At 31 December 2020	17,629	871,123	3,194,056	4,082,808
Drawdown	219,940	-	11,245,000	11,464,940
Repayments	(75,998)	(113,878)	(9,067,056)	(9,256,932)
At 31 December 2021	161,571	757,245	5,372,000	6,290,816
Drawdown	790,359	291,329	17,103,338	18,185,026
Repayments	(163,472)	(156,884)	(13,959,696)	(14,280,052)
Early termination of lease	(18,911)	-	-	(18,911)
At 31 December 2022	769,547	891,690	8,515,642	10,176,879
Drawdown	1,073,975	1,000,000	2,454,300	4,528,275
Repayments	(272,047)	(365,285)	(10,962,915)	(11,600,247)
Early termination of lease	(20,957)	-	-	(20,957)
At 31 August 2023	1,550,518	1,526,405	7,027	3,083,950
Unaudited				
At 1 January 2022	161,571	757,245	5,372,000	6,290,816
Drawdown	232,087	-	11,949,491	12,181,578
Repayments	(61,738)	(99,883)	(9,560,701)	(9,722,322)
At 31 August 2022	331,920	657,362	7,760,790	8,750,072

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

HE GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. **Corporate information**

(a) **Introduction**

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commision Malaysia and for inclusion in the prospectus of HE Group Berhad ("the Company") in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (hereinafter defined as "the Listing") and should not be relied upon for any other purposes.

(b) **Background**

The Company was incorporated on 2 May 2023 as a private limited liability company and domiciled in Malaysia. The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is No. 42, Jalan OP 1/5, Pusat Perdagangan One Puchong, 47160 Puchong, Selangor Darul Ehsan. On 23 May 2023, the Company was converted as a public limited liability company and assumed its current name of HE Group Berhad.

(c) **Principal activities**

The Company's principal activity is investment holding.

The details of the subsidiary as of the date of this report are as follow:

Name of company	Effective ownership	Date of incorporation	Principal activities
Hexatech Engineering Sdn. Bhd. ("Hexatech Engineering")	100%	29 March 1995	Engaged in provision of power distribution system, other building systems and works, hook up and retrofitting of electrical equipment and trading.

(d) **Acquisition**

The Group has been formed pursuant to the completion of the acquisition of its subsidiary by the Company prior to the listing and quotation on the ACE Market of Bursa Malaysia Securities Berhad.

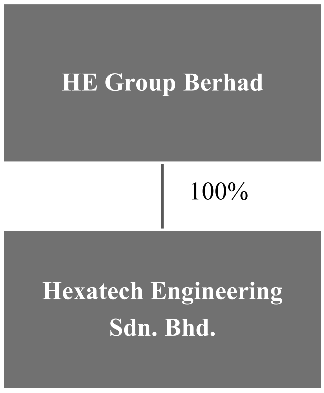
The Company entered into a conditional Share Sale Agreement on 12 May 2023 to acquire the entire equity interest in Hexatech Engineering for a purchase consideration of RM15,889,918.50 to be satisfied by the issuance of 353,109,300 new ordinary shares in the Company at an issue price of RM0.045 per share.

The acquisition was completed on 22 November 2023 and consolidated using merger method of accounting.

1. **Corporate information (Cont'd)**

(d) **Acquisition (Cont'd)**

Following the completion of the Acquisition of Hexatech Engineering, the group structure (combining entities) is as follows:



(e) **Auditors**

The relevant financial years/period of the audited financial statements used for the purpose of the combined financial statements ("Relevant Financial Years/Period") and the auditors are as follows:

Company	Relevant Financial Years/Period	Auditors
HE Group Berhad	31 August 2023	TGS TW PLT
Hexatech Engineering	31 December 2020	TGS TW PLT
	31 December 2021	TGS TW PLT
	31 December 2022	TGS TW PLT
	31 August 2023	TGS TW PLT

The audited financial statements of HE Group Berhad and Hexatech Engineering for the Relevant Financial Years/Period reported above were not subject to any qualification or modification.

2. **Basis of preparation**

(a) **Statement of compliance**

The combined financial statements of the combining entities have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 1(c) to this report, which were under common control throughout the reporting years/period by virtue of common controlling shareholders.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the reporting years/period.

The combined financial statements of the combining entities have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

2. **Basis of preparation (Cont'd)**

(a) **Statement of compliance (Cont'd)**

(i) Adoption of new and amended standards

During the financial period, the combining entities have adopted the following and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for the current financial period:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 108	Disclosure of Accounting Policies
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the amendments to MFRSs did not have any significant impact on the combined financial statements of the combining entities.

(ii) Standards issued but not yet effective

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

		Effective dates for financial years beginning on or after
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The combining entities intend to adopt the above new and amendments to MFRSs when they become effective.

The initial applications of the above-mentioned new MFRSs and amendments to MFRSs are not expected to have any significant impacts on the combined financial statements of the combining entities.

(b) **Functional and presentation currency**

These combined financial statements are presented in Ringgit Malaysia ("RM"), which is the combining entities' functional currency. All financial information is presented in RM and has been rounded to nearest RM, unless otherwise stated.

2. **Basis of preparation (Cont'd)**

(c) **Significant accounting judgements, estimates and assumptions**

The preparation of the combining entities' combined 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 amounts of the assets or liabilities affected in the future.

Judgements

The following are the judgements made by management in the process of applying the combining entities' accounting policies that have the most significant effect on the amounts recognised in the combined financial statements:

<u>Determining the lease term of contracts with renewal and termination options as lessee</u>

The combining entities determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The combining entities apply judgement in evaluating whether it is 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 combining entities reassess 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 (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

<u>Classification between investment properties and property, plant and equipment</u>

The combining entities have developed certain criteria based on MFRS 140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the combining entities would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

The combining entities are required to assess each of their contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts and provisions of relevant laws and regulations.

2. **Basis of preparation (Cont'd)**

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

Satisfaction of performance obligations in relation to contracts with customers (Cont'd)

The combining entities recognise revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes benefits provided by the combining entities' performance as the combining entities perform;
(b) the combining entities do not create an asset with an alternative use to the combining entities and have an enforceable right to payment for performance completed to date; and
(c) the combining entities' performance creates or enhances an assets that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the combining entities assess each contract with customers to determine when the performance obligation of the combining entities under the contract is satisfied.

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:

Useful lives of property, plant and equipment

The combining entities regularly review the estimated useful lives of property, plant and equipment 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 would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4 to the combined financial statements.

Inventories valuation

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the combining entities is not yet committed to or significant future investments that will enhance the performance of the assets of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the combining entities.

2. **Basis of preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the combining entities evaluate based on past experience, the work of specialists and a continuous monitoring mechanism.

Provision for expected credit loss of financial assets at amortised cost and contract assets

The combining entities review the recoverability of its receivables and contract assets at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables and contract assets are based on assumptions about risk of default and expected loss rates. The combining entities use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the combining entities' past history, existing market conditions at the end of each reporting period.

The combining entities use a provision matrix to calculate expected credit loss for receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the combining entities' historical observed default rates. The combining entities will calibrate the matrix to adjust the historical credit 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. The carrying amounts at the reporting date for receivables and contract assets are disclosed in Notes 7 and 9 to the combined financial statements.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the combining entities use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the combining entities 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 combining entities estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

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.

2. **Basis of preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

Income taxes (Cont'd)

The combining entities 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.

3. **Significant accounting policies**

The combining entities apply the significant accounting policies set out below, consistently throughout all periods presented in the combined financial statements unless otherwise stated.

(a) **Basis of consolidation**

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Group applies the merger method to account for business combinations. Business combinations under common control are accounted for using the merger method, where the results of entities or businesses under common control are accounted for as if the combination had been effected throughout the current and previous financial periods. The assets, liabilities and reserves of these entities are recorded at their pre-combination carrying amounts or existing carrying amounts are accounted for from the perspective of the common shareholder. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of combination that would otherwise be done under the acquisition method. No new goodwill is recognised as a result of the combination. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity as reserve on acquisition arising from common control.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

3. **Significant accounting policies (Cont'd)**

(a) **Basis of consolidation (Cont'd)**

(i) Subsidiaries (Cont'd)

Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at the cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) to the combined financial statements on impairment of non-financial assets.

(ii) Loss of control

Upon the loses control of a subsidiary, the Group derecognised the assets and liabilities of the former subsidiary, including any goodwill, and non-controlling interests and other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is remeasured at fair value at the date at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(b) **Foreign currency translations and balances**

Transactions in foreign currency are recorded in the functional currency of the combining entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(c) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) to the combined financial statements on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

3. **Significant accounting policies (Cont'd)**

(c) **Property, plant and equipment (Cont'd)**

(i) Recognition and measurement (Cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the combining entities and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	lease terms over 24 to 48 months
Solar photovoltaic system	25 years
Tools and equipment	10 years
Computers	5 years
Motor vehicles	5 years
Office equipment	10 years
Furniture and fittings	10 years
Renovation	10 years
Electrical installation	10 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(d) **Investment properties**

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

3. **Significant accounting policies (Cont'd)**

(d) **Investment properties (Cont'd)**

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

(e) **Leases**

As lessee

The combining entities recognise a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) to the combined financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Buildings	lease terms over 24 to 72 months
Motor vehicles	5 years

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the combining entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the combining entities is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the combining entities change its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As lessor

When the combining entities act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the combining entities do not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the combining entities apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

3. **Significant accounting policies (Cont'd)**

(e) **Leases (Cont'd)**

As lessor (Cont'd)

The combining entities recognise assets held under a finance lease in their statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The combining entities use the interest rate implicit in the lease to measure the net investment in the lease.

The combining entities recognise lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) **Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the combining entities become a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without financing component) is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

The combining entities determine the classification of its financial assets at initial recognition, and are not reclassified subsequent to its initial recognition unless the combining entities change its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Financial assets at amortised cost

The combining entities measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

Debt instruments

A debt security is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. **Significant accounting policies (Cont'd)**

(f) **Financial assets (Cont'd)**

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI") (Cont'd)

Equity instruments

On initial recognition of an equity investment that is not held for trading, the combining entities may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The combining entities have not designated any financial assets as FVTOCI.

(iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the combining entities may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

The combining entities has designated other investment as FVTPL.

All financial assets at amortised costs are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the combining entities commits to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(g) **Financial liabilities**

Financial liabilities are recognised when, and only when, the combining entities become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at FVTPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3. **Significant accounting policies (Cont'd)**

(g) **Financial liabilities (Cont'd)**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(i) **Inventories**

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

Cost of inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and bank overdraft that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(k) **Contract assets and liabilities**

Contract asset is the right to consideration for goods or services transferred to the customers. The combining entities' contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cashflows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers. Contract assets are subject to impairment assessment in accordance of MFRS 9 *Financial Instruments*.

Contract liability is the obligation to transfer goods or services to customers for which the combining entities have received the consideration or have billed the customers. The combining entities' contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the combining entities perform its obligation under the contracts.

3. **Significant accounting policies (Cont'd)**

(l) **Impairment of assets**

(i) Non-financial assets

The combining entities assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exits, or when an annual impairment assessment for an asset is required, the combining entities make an estimate of the asset's recoverable amount.

As asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are group at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGUs")). In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impaired losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive and equity. In this case the impairment is also recognised in other comprehensive and equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss were recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as revaluation increase. Impairment loss on goodwill is not reversed in a subsequent year.

(ii) Financial assets

The combining entities recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the combining entities expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the combining entities apply a simplified approach in calculating ECLs. Therefore, the combining entities do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The combining entities have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. **Significant accounting policies (Cont'd)**

(m) **Share capital**

An equity instrument is any contract that evidences a residual interest in the assets of the combining entities after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(n) **Provisions**

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the combining entities can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is recognised in the profit or loss net of any reimbursement.

(o) **Revenue recognition**

(i) Revenue from contract with customers

Revenue is recognised when the combining entities satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

<u>Revenue from construction contracts</u>

The combining entities recognise revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the combining entities due to contractual restriction and the combining entities have an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract i.e., based on the proportion of cost incurred to date over the estimated total costs.

The combining entities become entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The combining entities previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the combining entities recognise a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

3. **Significant accounting policies (Cont'd)**

(o) **Revenue recognition (Cont'd)**

(i) Revenue from contract with customers (Cont'd)

Revenue from rendering of services

Revenue from services is recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the combining entities, and the combining entities have a present right to payment for the services.

Revenue from sales of goods

All revenue is recognised at a point in time, which is typically on delivery of the goods. Goods are sold when the customer obtains control of the asset. All the contracts are discounts and taxes. The combining entities shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

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

(p) **Employee benefits**

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the combining entities. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the combining entities have no further payment obligations.

(q) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs consist of interest and other costs that the combining entities incurred in connection with the borrowing of funds.

3. **Significant accounting policies (Cont'd)**

(q) **Borrowing costs (Cont'd)**

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for their intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(r) **Income taxes**

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) **Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The combining entities' operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(t) **Earnings per share**

The combining entities present basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the net profit attributable to common controlling shareholders by the weighted average number of shares in issue.

Diluted EPS is calculated by dividing the net profit for the financial year attributable to common controlling shareholders by the weighted average number of ordinary shares in issue, adjusted for the dilutive effects of all potential ordinary shares to be issued. Diluted EPS is not applicable as the combining entities do not have potential dilutive equity instruments that would give a diluted effect to the basic EPS.

3. **Significant accounting policies (Cont'd)**

(u) **Contingencies**

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(v) **Non-current assets held for sale**

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal group) are not depreciated or amortised once classified as held for sale.

(w) **Related parties**

A related party is a person or entity that is related to the combining entities. A related party transaction is a transfer of resources, services or obligations between the combining entities and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the combining entities if that person:

- (i) has control or joint control over the combining entities; or
- (ii) has significant influence over the combining entities; or
- (iii) is a member of the key management personnel of the combining entities.

(b) An entity is related to the combining entities if any of the following conditions applies:

- (i) The entity and the combining entities are members of the same group.
- (ii) One entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the combining entities or an entity related to the combining entities.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the combining entities.
- (viii) The entity or any member of an entity of which it is a party, provides key management personnel services to the combining entities or to the parent of the combining entities.

4. **Property, plant and equipment**

	Buildings RM	Solar photovoltaic system RM	Tools and equipment RM	Computers RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Electrical installation RM	Total RM
Audited										
Cost										
At 1 January 2020	136,268	1,181,480	73,060	42,267	75,000	288,348	134,215	95,433	-	2,026,071
Additions	-	-	-	8,315	-	2,150	-	-	-	10,465
Expiration of lease contract	(136,268)	-	-	-	-	-	-	-	-	(136,268)
Written off	-	-	-	-	-	(20,760)			-	(20,760)
At 31 December 2020	-	1,181,480	73,060	50,582	75,000	269,738	134,215	95,433	-	1,879,508
Additions	86,940	-	679	32,966	131,000	16,629	15,054	-	-	283,268
At 31 December 2021	86,940	1,181,480	73,739	83,548	206,000	286,367	149,269	95,433	-	2,162,776
Additions	530,359	-	-	39,084	292,430	24,911	46,773	161,681	-	1,095,238
Early termination of lease contract	(86,940)	-	-	-	-	-	-	-	-	(86,940)
At 31 December 2022	530,359	1,181,480	73,739	122,632	498,430	311,278	196,042	257,114	-	3,171,074
Additions	973,975	-	-	7,868	109,904	90,516	263,445	227,849	15,056	1,688,613
Early termination of lease contract	(40,729)	-	-	-	-	-	-	-	-	(40,729)
At 31 August 2023	1,463,605	1,181,480	73,739	130,500	608,334	401,794	459,487	484,963	15,056	4,818,958

4. **Property, plant and equipment (Cont'd)**

	Buildings RM	Solar photovoltaic system RM	Tools and equipment RM	Computers RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Electrical installation RM	Total RM
Audited										
Accumulated depreciation										
At 1 January 2020	97,334	287,493	52,272	38,211	27,500	202,308	105,594	89,627	-	900,339
Charge for the financial year	38,934	47,259	6,048	1,671	15,000	18,333	7,074	4,901	-	139,220
Expiration of lease contract	(136,268)	-	-	-	-	-	-	-	-	(136,268)
Written off	-	-	-	-	-	(20,760)	-	-	-	(20,760)
At 31 December 2020	-	334,752	58,320	39,882	42,500	199,881	112,668	94,528	-	882,531
Charge for the financial year	43,470	47,259	2,297	2,681	34,650	19,149	9,643	176	-	159,325
At 31 December 2021	43,470	382,011	60,617	42,563	77,150	219,030	122,311	94,704	-	1,041,856
Charge for the financial year	139,154	47,259	2,348	8,848	53,428	20,324	11,689	4,243	-	287,293
Early termination of lease contract	(68,827)	-	-	-	-	-	-	-	-	(68,827)
At 31 December 2022	113,797	429,270	62,965	51,411	130,578	239,354	134,000	98,947	-	1,260,322
Charge for the financial period	242,473	31,506	1,565	12,011	66,285	16,868	19,139	22,067	753	412,667
Early termination of lease contract	(20,364)	-	-	-	-	-	-	-	-	(20,364)
At 31 August 2023	335,906	460,776	64,530	63,422	196,863	256,222	153,139	121,014	753	1,652,625
Audited										
Carrying amount										
At 31 December 2020	-	846,728	14,740	10,700	32,500	69,857	21,547	905	-	996,977
At 31 December 2021	43,470	799,469	13,122	40,985	128,850	67,337	26,958	729	-	1,120,920
At 31 December 2022	416,562	752,210	10,774	71,221	367,852	71,924	62,042	158,167	-	1,910,752
At 31 August 2023	1,127,699	720,704	9,209	67,078	411,471	145,572	306,348	363,949	14,303	3,166,333

4. **Property, plant and equipment (Cont'd)**

(i) Including in net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Buildings	-	43,470	416,562	1,127,699
Motor vehicles	32,500	128,850	367,852	411,471
	32,500	172,320	784,414	1,539,170

(ii) Depreciation charge of right-of-use assets are as follows:

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM
Buildings	38,934	43,470	139,154	242,473
Motor vehicles	15,000	34,650	53,428	66,285
	53,934	78,120	192,582	308,758

(iii) Additions of right-of-use assets are as follows:

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM
Buildings	-	86,940	530,359	973,975
Motor vehicles	-	131,000	292,430	109,904
	-	217,940	822,789	1,083,879

5. **Investment properties**

	Leasehold land and building RM	Freehold buildings RM	Total RM
Audited			
At 1 January 2020/31 December 2020	4,700,000	-	4,700,000
Additions	-	1,116,716	1,116,716
At 31 December 2021	4,700,000	1,116,716	5,816,716
Fair value adjustments	100,000	63,284	163,284
Transfer to non-current asset held for sale	(4,800,000)	-	(4,800,000)
At 31 December 2022/31 August 2023	-	1,180,000	1,180,000

5. **Investment properties (Cont'd)**

The leasehold land and building is lease to a third party.

The net carrying amount of leasehold land and building amounted to (31.12.2020: RM4,700,000, 31.12.2021: RM4,700,000, 31.12.2022: RMNil and 31.8.2023: RMNil) are pledged as securities for banking facilities granted to the combining entities.

The fair value of the investment properties is determined by external independent professional valuers with recent experience in the location and category of property being valued and are determined once a year based on the comparison approach.

The following are recognised in profit or loss in respect of the investment properties:

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Rental income	96,000	96,000	96,000	64,000	64,000
Direct operating expenses	10,292	13,738	9,772	7,277	7,337

6. **Other investment**

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
At fair value through profit or loss:				
Non-current				
- Quoted investment outside Malaysia	401,648	-	-	-
Current				
- Money market fund	-	-	-	10,033,197
	401,648	-	-	10,033,197

The foreign currency exposure profile of other investment is as follow:

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Australian Dollar ("AUD")	401,648	-	-	-

7. **Receivables**

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Non-current				
Non-trade receivables (a)	-	-	-	770,926
Current				
Trade receivables, gross	6,669,991	30,926,302	33,181,752	50,990,793
Retention sum	1,726,781	4,827,846	8,844,503	8,630,124
	8,396,772	35,754,148	42,026,255	59,620,917
Less: Expected credit losses ("ECL")	(83,803)	(298,108)	(412,550)	(536,529)
Trade receivables, net (b)	8,312,969	35,456,040	41,613,705	59,084,388
Non-trade receivables (c)	2,021,142	2,020,596	274,888	308,850
Advances to suppliers	-	204,475	180,428	2,353,918
Deposits	120,870	229,130	161,010	176,030
Prepayments for listing expenses	-	-	362,971	1,484,062
Prepayments	-	-	13,353	-
	10,454,981	37,910,241	42,606,355	63,407,248
	10,454,981	37,910,241	42,606,355	64,178,174

(a) Non-trade receivables - non-current

Non-current non-trade receivables represent insurance premium paid for keyman life insurance which shall be refundable when the combining entities surrender the insurance policy upon its maturity dates in 5 years' time. These amounts have been discounted to their respective present value.

(b) Trade receivables

Trade receivables are non-interest bearing and are generally on (31.12.2020: 30 to 90 days, 31.12.2021: 30 to 90 days, 31.12.2022: 30 to 90 days and 31.8.2023: 0 to 90 days) term. They are recognised at engineer certificates amounts which represent their fair values on initial recognition.

Movements in the impairment loss on ECLs are as follows:

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
At beginning of the financial year/period	90,035	83,803	298,108	412,550
Charge for the financial year/period	-	214,305	114,442	123,979
Reversal for the financial year/period	(6,232)	-	-	-
At end of the financial year/period	83,803	298,108	412,550	536,529

The impairment loss account in respect of trade receivables is used to record impairment loss. Unless the combining entities are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

7. **Receivables (Cont'd)**

(b) Trade receivables (Cont'd)

Included in gross trade receivables is an amount of (31.12.2020: RM438,719, 31.12.2021: RMNil, 31.12.2022: RM727,853 and 31.8.2023: RMNil) due from related companies.

The following table provide information about the exposure to credit risk and ECLs for trade receivables:

	Gross amount RM	ECL RM	Net amount RM
Audited			
31.12.2020			
Not past due	4,529,361	(27,407)	4,501,954
Past due:			
Less than 30 days	1,568,697	(14,275)	1,554,422
31 to 60 days	561,892	(7,642)	554,250
61 to 90 days	1,060,579	(19,196)	1,041,383
More than 90 days	676,243	(15,283)	660,960
	8,396,772	(83,803)	8,312,969
Audited			
31.12.2021			
Not past due	27,944,284	(187,227)	27,757,057
Past due:			
Less than 30 days	4,164,775	(37,899)	4,126,876
31 to 60 days	1,044,106	(14,200)	1,029,906
More than 90 days	2,600,983	(58,782)	2,542,201
	35,754,148	(298,108)	35,456,040
Audited			
31.12.2022			
Not past due	35,374,177	(275,497)	35,098,680
Past due:			
Less than 30 days	1,095,765	(11,725)	1,084,040
31 to 60 days	1,255,462	(20,087)	1,235,375
61 to 90 days	1,809,709	(38,728)	1,770,981
More than 90 days	2,491,142	(66,513)	2,424,629
	42,026,255	(412,550)	41,613,705
Audited			
31.8.2023			
Not past due	56,738,545	(476,604)	56,261,941
Past due:			
Less than 30 days	1,194,422	(13,497)	1,180,925
31 to 60 days	85,918	(1,452)	84,466
61 to 90 days	7,492	(169)	7,323
More than 90 days	1,594,540	(44,807)	1,549,733
	59,620,917	(536,529)	59,084,388

7. **Receivables (Cont'd)**

(c) Non-trade receivables - current

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

Included in non-trade receivables is an amount of (31.12.2020: RM2,716, 31.12.2021: RM1,941, 31.12.2022: RMNil and 31.8.2023: RMNil) due from related companies and (31.12.2020: RM2,000,861, 31.12.2021: RM2,000,638, 31.12.2022: RMNil and 31.8.2023: RMNil) due from a corporate shareholder.

8. **Inventories**

	Audited 31.12.2020 RM	**Audited 31.12.2021 RM**	**Audited 31.12.2022 RM**	**Audited 31.8.2023 RM**
Consumables	116,110	426,873	723,406	1,224,660

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021 RM**	**Audited 1.1.2022 to 31.12.2022 RM**	**Audited 1.1.2023 to 31.8.2023 RM**	**Unaudited 1.1.2022 to 31.8.2022 RM**
Recognised in profit or loss					
Inventories recognised as cost of sales	8,354,836	10,341,559	10,944,636	5,096,931	6,523,278

9. **Contract assets/liabilities**

	Note	**Audited 31.12.2020 RM**	**Audited 31.12.2021 RM**	**Audited 31.12.2022 RM**	**Audited 31.8.2023 RM**
Contract assets					
Construction contracts	(a)	1,905,820	10,057,098	24,271,202	9,030,671
Contract liabilities					
Construction contracts	(a)	712,599	164,069	20,798,078	14,353,499
Deposit received		87,074	372,074	706,000	-
		799,673	536,143	21,504,078	14,353,499

The contract assets primarily relate to the combining entities' rights to consideration for work completed but not yet billed at the reporting date for its construction activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customer for construction contract, which revenue is recognised over time during the construction's activities.

9. **Contract assets/liabilities (Cont'd)**

(a) Construction contracts

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
At beginning of financial year/period	3,086,987	1,193,221	9,893,029	3,473,124
Recognised as revenue	20,972,579	86,654,458	92,306,414	131,693,839
Less: Progress billings issued	(22,866,345)	(77,954,650)	(98,726,319)	(140,489,791)
At end of financial year/period	1,193,221	9,893,029	3,473,124	(5,322,828)
Presented as:				
Contract assets	1,905,820	10,057,098	24,271,202	9,030,671
Contract liabilities	(712,599)	(164,069)	(20,798,078)	(14,353,499)
	1,193,221	9,893,029	3,473,124	(5,322,828)

Contract value yet to be recognised as revenue

As at the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) as are follow:

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Within 1 year	4,923,101	42,909,621	217,576,735	237,984,462
Between 2 to 4 years	165,017	-	106,109,941	-
	5,088,118	42,909,621	323,686,676	237,984,462

10. **Fixed deposits with licensed banks**

Fixed deposits with licensed banks of the combining entities are pledged as security for bank borrowings granted to the combining entities and hence not available for general use.

The interest rates of the fixed deposits are ranging from (31.12.2020: 3.17% to 3.75%, 31.12.2021: 3.08% to 3.51%, 31.12.2022: 1.72% to 2.75% and 31.8.2023: 1.56% to 3.10%).

11. **Cash and bank balances**

Included in bank balances is an amount of (31.12.2020: RM698,524, 31.12.2021: RM4,884,433, 31.12.2022: RM1,439,150 and 31.8.2023: RM1,439,150) pledged as cash collateral for performance bond granted to the combining entities and hence not available for general use.

12. **Non-current asset held for sale**

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Investment property				
Leasehold land and building	-	-	4,800,000	4,800,000

12. **Non-current asset held for sale (Cont'd)**

The combining entities have entered into a Sales and Purchase Agreement with a company in which Directors have interest to dispose a piece of leasehold land and building for RM4,800,000. However, the sale is not completed as of the reporting date as it is subject to precedent condition that State Authority's Consent is required.

The leasehold land and building above are pledged as securities for banking facilities granted to the combining entities.

13. **Share capital and Invested equity**

(a) Share capital

	Number of ordinary shares Unit	Amount RM
Audited		
Issued and fully paid		
At 1.1.2020/31.12.2020/31.12.2021/31.12.2022	-	-
Issuance of shares	1,000	45
At 31.8.2023	1,000	45

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the combining entities. All ordinary shares rank equally with regards to the combining entities' residual assets.

(b) Invested equity

	Number of ordinary shares Unit	Amount RM
Audited		
Issued and fully paid		
At 1.1.2020/31.12.2020/31.12.2021/31.12.2022/31.8.2023	1,000,000	1,000,000

Invested equity comprised the aggregate number of issued and paid-up ordinary shares of Hexatech Engineering.

14. **Borrowings**

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Non-current				
Secured:				
Term loans				
- Between 2 to 5 years	567,540	484,284	640,595	1,197,739
- More than 5 years	189,705	113,268	34,156	-
	757,245	597,552	674,751	1,197,739
Current				
Secured:				
Term loans	113,878	159,693	216,939	328,666
Bank overdraft	469,839	462,843	-	-
Bankers' acceptances	3,194,056	5,372,000	8,515,642	7,027
	3,777,773	5,994,536	8,732,581	335,693
	4,535,018	6,592,088	9,407,332	1,533,432

The repayment terms of the borrowings are as following:

(i) Term loans are repayable by (31.12.2020: 180 months, 31.12.2021: 84 to 180 months, 31.12.2022: 60 to 180 months and 31.8.2023: 60 to 180 months).
(ii) Bankers' acceptances are repayable within (31.12.2020: 120 days, 31.12.2021: 120 days, 31.12.2022: 120 days and 31.8.2023: 120 days).
(iii) Bank overdraft is repayable on demand.

The borrowings are secured by the following:

(i) A corporate guarantee by a corporate shareholder;
(ii) Jointly and several guaranteed by Directors of the combining entities;
(iii) First party legal charge over the factory building of the combining entities, as disclosed in Notes 5 and 12 to the combined financial statements;
(iv) Fixed deposit with a licensed bank of the combining entities, as disclosed in Note 10 to the combined financial statements; and
(v) A guarantee coverage of up to RM12,800,000 under PEMULIH Government Guarantee Scheme ("PGGS") by Syarikat Jaminan Pembiayaai Perniagaan Berhad.

The effective interest rates per annum are as follows:

	Audited 31.12.2020 %	Audited 31.12.2021 %	Audited 31.12.2022 %	Audited 31.8.2023 %
Term loans	3.50 - 4.72	3.50 - 4.72	3.50 - 7.60	3.50 - 4.72
Bank overdraft	5.97 - 7.40	5.97 - 7.40	5.97 - 7.40	-
Bankers' acceptances	3.67 - 3.90	3.56 - 3.59	3.56 - 5.09	5.48 - 5.66

15. **Lease liabilities**

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Non-current	-	91,791	498,118	1,045,695
Current	17,629	69,780	271,429	504,823
	17,629	161,571	769,547	1,550,518

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

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Within 1 year	18,155	75,450	304,764	583,344
Between 2 - 5 years	-	98,198	520,287	1,077,311
More than 5 years	-	-	18,075	85,336
	18,155	173,648	843,126	1,745,991
Less: Future finance charges	(526)	(12,077)	(73,579)	(195,473)
Present value of lease liabilities	17,629	161,571	769,547	1,550,518

The combining entities lease buildings and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

16. **Deferred tax liabilities**

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
At beginning of the financial year/period	156,000	172,000	139,000	133,000
Recognised in profit or loss	16,000	(33,000)	(6,000)	(27,000)
At end of the financial year/period	172,000	139,000	133,000	106,000

The balances of deferred tax liabilities are made up of tax effect on temporary differences arising from:

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Property, plant and equipment	192,000	211,000	232,000	239,000
Provision	(20,000)	(72,000)	(99,000)	(133,000)
	172,000	139,000	133,000	106,000

17. **Payables**

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Trade payables (a)	5,356,315	38,351,404	36,693,772	62,477,851
Retention sum	96,659	1,293,616	1,933,626	3,345,721
	5,452,974	39,645,020	38,627,398	65,823,572
Non-trade payables	1,409	49,930	651,578	717,910
Accruals	361,728	822,526	1,010,701	221,670
Deposit received (b)	-	-	480,000	1,403,051
Good and Service Tax ("GST") payable	10,912	10,912	9,308	9,308
	5,827,023	40,528,388	40,778,985	68,175,511

(a) Trade payables

The normal trade credit terms granted to the combining entities ranged from (31.12.2020: 30 to 90 days, 31.12.2021: 30 to 90 days, 31.12.2022: 30 to 90 days and 31.8.2023: 30 to 90 days) depending on the terms of the contracts.

Included in trade payables is an amount of (31.12.2020: RMNil, 31.12.2021: RM2,386,566, 31.12.2022: RMNil and 31.8.2023: RM6,369,000) due to related companies and (31.12.2020: RMNil, 31.12.2021: RM93,516, 31.12.2022: RMNil and 31.8.2023: RMNil) due to a corporate shareholder.

(b) Deposit received

Included in deposit received is an amount of (31.12.2020: RMNil, 31.12.2021: RMNil, 31.12.2022: RM480,000 and 31.8.2023: RM1,403,051) represents deposit received from a related company for the disposal of investment property.

18. **Revenue**

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Type of revenue					
Construction contract with customers	20,972,579	86,654,458	92,306,414	131,693,839	42,316,709
Rendering of services	5,771,058	10,298,972	13,659,206	6,658,112	8,262,002
Sales of goods	4,644,459	3,507,163	1,607,366	224,589	825,205
	31,388,096	100,460,593	107,572,986	138,576,540	51,403,916
Timing of revenue recognition					
At a point in time	10,415,517	13,806,135	15,266,572	6,882,701	9,087,207
Over time	20,972,579	86,654,458	92,306,414	131,693,839	42,316,709
	31,388,096	100,460,593	107,572,986	138,576,540	51,403,916

19. **Finance costs**

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
- Bankers' acceptances	80,241	136,719	137,851	28,229	81,409
- Bank commitment fee	10,768	9,396	10,666	7,486	7,195
- Bank guarantee	111,577	269,911	462,129	419,528	35,133
- Bank overdraft	1,530	10,405	2,420	142	796
- Domestic recourse factoring	114,645	122,533	142,552	2,405	16,018
- Lease liabilities	2,246	7,788	20,873	57,199	8,402
- Letter of credit	49,162	34,961	33,589	1,631	14,262
- Trust receipt	12,169	-	-	-	-
- Term loans	21,591	32,835	30,184	41,849	18,925
- Discount on non-current financial assets	-	-	-	196,694	-
	403,929	624,548	840,264	755,163	182,140

20. **Profit before tax**

Profit before tax is determined after charging/(crediting), amongst others, the following items:

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Auditors' remuneration	20,500	33,000	40,000	20,000	31,999
Depreciation of property, plant and equipment	139,220	159,325	287,293	412,667	158,959
Directors' fee	-	72,000	-	-	-
Fair value gain on investment properties	-	-	(163,284)	-	-
Fair value (gain)/loss on other investment	(1,465,630)	64,662	-	(32,887)	-
Gain on termination of lease contracts	-	-	(798)	(592)	(798)
Interest income	(37,245)	(24,332)	(101,981)	(158,327)	(60,556)
Impairment loss on expected credit losses on trade receivables	-	214,305	114,442	123,979	17,814
Lease of low value asset	-	-	-	3,244	-
Realised loss/(gain) on foreign currency exchange	-	4,012	(3,315)	10,645	683
Reversal of impairment loss on expected credit losses on trade receivables	(6,232)	-	-	-	-

20. **Profit before tax (Cont'd)**

Profit before tax is determined after charging/(crediting), amongst others, the following items (Cont'd):

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021 RM**	**Audited 1.1.2022 to 31.12.2022 RM**	**Audited 1.1.2023 to 31.8.2023 RM**	**Unaudited 1.1.2022 to 31.8.2022 RM**
Rental income	(96,000)	(96,000)	(96,000)	(64,000)	(64,000)
Sales of solar energy	(236,345)	(217,782)	(198,983)	(131,094)	(137,580)
Short-term leases	2,500	9,100	53,100	27,600	42,962
Unwinding of discount on non-current financial assets	-	-	-	(22,947)	-
Variable lease payments	8,383	8,194	8,592	2,400	5,392
Wages subsidy	(84,000)	(68,400)	-	-	-

21. **Taxation**

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021 RM**	**Audited 1.1.2022 to 31.12.2022 RM**	**Audited 1.1.2023 to 31.8.2023 RM**	**Unaudited 1.1.2022 to 31.8.2022 RM**
Current tax					
Current year provision	77,894	1,377,794	1,915,365	2,621,290	1,054,672
Under/(Over) provision in prior financial year/period	149,970	-	(96,514)	101,675	(96,514)
	227,864	1,377,794	1,818,851	2,722,965	958,158
Deferred tax					
Origination and reversal of temporary differences	16,000	(33,000)	(6,000)	(108,000)	(5,000)
Under provision in prior financial year/period	-	-	-	81,000	-
	16,000	(33,000)	(6,000)	(27,000)	(5,000)
	243,864	1,344,794	1,812,851	2,695,965	953,158

21. **Taxation (Cont'd)**

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the combining entities are as follows:

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Profit before tax	1,941,379	5,479,035	7,982,279	9,950,695	4,211,383
At Malaysian statutory tax rate of 24%	465,931	1,314,968	1,915,747	2,388,167	1,010,732
Tax saving on first tranche of chargeable income	(32,074)	-	-	-	-
Income not subject to tax	(371,911)	(16,416)	(39,984)	(8,156)	(192)
Expenses not deductible for tax purposes	31,948	46,242	33,602	133,279	39,132
Under/(Over) provision of current tax in prior financial year/period	149,970	-	(96,514)	101,675	(96,514)
Under provision of deferred tax in prior financial year/period	-	-	-	81,000	-
	243,864	1,344,794	1,812,851	2,695,965	953,158

22. **Earnings per share**

Basic earnings per share

The calculation of basic earnings per share was based on the profit for the financial years/periods attributable to ordinary equity holders of the combining entities and a weighted average number of ordinary shares issued calculated as follows:

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Profit attributable to owners of the combining entities	1,697,515	4,134,241	6,169,428	7,254,730	3,258,225
Number of ordinary shares (unit)	440,000,000	440,000,000	440,000,000	440,000,000	440,000,000
Basic earnings per share (sen)	0.39	0.94	1.40	1.65	0.74

22. **Earnings per share (Cont'd)**

Diluted earnings per share

There is no diluted earnings per share as the combining entities do not have any dilutive potential ordinary shares outstanding as at the end of the reporting period.

23. **Dividends**

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021 RM**	**Audited 1.1.2022 to 31.12.2022 RM**	**Audited 1.1.2023 to 31.8.2023 RM**	**Unaudited 1.1.2022 to 31.8.2022 RM**
In respect of the financial year ended 31 December 2020					
An interim single-tier dividend of RM0.30 per share, declared on 1 December 2020 and paid on 31 December 2020	300,000	-	-	-	-
In respect of the financial year ended 31 December 2021					
An interim single-tier dividend of RM0.50 per share, declared on 1 December 2021 and paid on 31 December 2021	-	500,000	-	-	-
In respect of the financial year ended 31 December 2022					
An interim single-tier dividend of RM0.50 per share, declared on 1 July 2022 and paid on 14 July 2022	-	-	500,000	-	500,000
An interim single-tier dividend of RM2.50 per share, declared on 1 December 2022 and paid on 20 December 2022	-	-	2,500,000	-	-
	300,000	500,000	3,000,000	-	500,000

The Board of Directors do not recommend any final dividend in respect of the current financial year/period.

24. **Staff costs**

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Salaries, wages and other emoluments	2,373,355	3,258,536	4,751,352	3,611,416	2,969,568
Defined contribution plans	279,359	328,079	508,356	507,688	266,799
Social security contribution	28,907	29,850	46,961	46,262	27,379
Other benefits	97,502	202,472	337,783	146,164	165,037
	2,779,123	3,818,937	5,644,452	4,311,530	3,428,783

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors and other key management personnel and of the combining entities during the financial year as below:

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Executive Directors					
Salaries, wages and other emoluments	416,133	728,843	693,897	440,000	292,700
Defined contribution plans	50,038	87,530	83,269	67,323	35,124
Social security contribution	1,847	1,847	2,004	1,544	1,231
	468,018	818,220	779,170	508,867	329,055
Other key management personnel					
Salaries, wages and other emoluments	209,262	226,630	705,486	644,850	483,100
Defined contribution plans	25,341	27,235	84,713	69,212	58,008
Social security contribution	1,846	1,846	4,702	1,386	3,386
	236,449	255,711	794,901	715,448	544,494
Total key management personnel compensation	704,467	1,073,931	1,574,071	1,224,315	873,549

The estimated monetary value of benefits-in-kind received by the Directors of the combining entities were (31.12.2020: RMNil, 31.12.2021: RMNil, 31.12.2022: RM9,200, 31.8.2023: RMNil and 31.8.2022: RMNil).

25. **Related party disclosures**

(a) Identifying related parties

For the purposes of these combined financial statements, parties are considered to be related to the combining entities if the combining entities have 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 combining entities and the party are subject to common control or common significant influence. 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 combining entities either directly or indirectly. The key management personnel comprise the Directors and management personnel of the combining entities, having authority and responsibility for planning, directing and controlling the activities of the combining entities 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 combined financial statements, the significant related party transactions of the combining entities are as follows:

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021 RM**	**Audited 1.1.2022 to 31.12.2022 RM**	**Audited 1.1.2023 to 31.8.2023 RM**	**Unaudited 1.1.2022 to 31.8.2022 RM**
Transactions with a corporate shareholder					
Sales to	208,644	-	-	-	-
Purchase from	27,600	438,694	1,113	-	1,113
Administrative expenses charged by	81,377	82,390	10,340	-	10,340
Management fee charged to	-	-	20,000	-	12,000
Transactions with related companies					
Sales to	4,443,770	3,288,403	2,013,455	10,000	1,231,295
Purchase from	4,860,034	9,392,878	2,141,033	8,009,450	1,981,512
Administrative expenses charged by	-	20,654	28,047	-	24,453
Lease rental charged by	39,300	48,090	82,461	-	42,461
Rental income charged to	96,000	96,000	96,000	64,000	64,000
Management fee charged to	-	-	90,000	-	10,000

(c) Compensation of key management personnel

Remuneration of Directors and other key management personnel are disclosed in Note 24 to the combined financial statements.

26. **Capital commitment**

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Authorised and contracted for:				
Freehold buildings	1,096,716	-	-	-

27. **Contingent liability**

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Secured:				
Performance guarantee extended to third parties in respect of subcontractors' performance	3,492,618	15,328,068	18,614,178	24,662,410

28. **Operating segments**

Information about operating segments has not been reported separately as the combining entities' revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the provision of power distribution system, other building systems and works, hook up and retrofitting of electrical equipment and trading sectors in Malaysia.

Major customers

The following are major customers with revenue equal to or more than 10% of the combining entities' total revenue.

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.8.2023 RM	Unaudited 1.1.2022 to 31.8.2022 RM
Customer A	3,372,550	7,882,596	23,472,917	58,357,818	5,118,066
Customer B	1,565,248	1,585,486	30,482,213	8,940,521	22,905,831
Customer C	-	-	23,304,263	44,279,285	939,602
Customer D	701,309	1,647,648	13,602,304	1,576,916	9,478,372
Customer E	-	69,400,200	3,778,054	-	3,724,054
Customer F	13,959,875	604,348	-	-	-
Customer G	4,777,243	4,094,503	-	-	-
Customer H	4,271,074	3,282,538	536,705	-	536,705

29. **Financial instruments**

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

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:

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Financial assets				
At FVTPL				
Other investment	401,648	-	-	10,033,197
At amortised costs				
Receivables	10,454,981	37,705,766	42,049,603	60,340,194
Fixed deposits with licensed banks	1,185,077	1,390,379	4,804,989	5,139,734
Cash and bank balances	729,278	4,983,858	8,970,007	11,856,034
	12,369,336	44,080,003	55,824,599	77,335,962
Financial liabilities				
At amortised costs				
Payables	5,816,111	40,517,476	40,769,677	68,166,203
Borrowings	4,535,018	6,592,088	9,407,332	1,533,432
	10,351,129	47,109,564	50,177,009	69,699,635

(b) Financial risk management objectives and policies

The combining entities' financial risk management policy is to ensure that adequate financial resources are available for the development of the combining entities' operations whilst managing its credit, liquidity and market risks. The combining entities operate within clearly defined guidelines that are approved by the Board and the combining entities' policy is not to engage in speculative transactions.

The following sections provide details regarding the combining entities' exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the combining entities if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The combining entities' exposure to credit risk arises principally from the receivables, amount due from related parties and deposits with banks and cash and bank balances. There are no significant changes as compared to previous year.

29. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The combining entities 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 and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the combining entities assess whether any if the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the combining entities determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets 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 as at the financial year represent the combining entities' maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions for banking facilities and supply of goods.

There are no significant changes as compared to previous financial year.

As at the end of the financial year, the combining entities has (31.12.2020: Nil, 31.12.2021: 2, 31.12.2022: 2 and 31.8.2023: 2) major customers and accounted for approximately (31.12.2020: Nil, 31.12.2021: 72%, 31.12.2022: 59% and 31.8.2023: 70%) of the trade receivables outstanding.

(ii) Liquidity risk

Liquidity risk refers to the risk that the combining entities will encounter difficulty in meeting its financial obligations as they fall due. The combining entities' exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The combining entities' funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The combining entities finance its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

29. **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 combining entities can be required to pay.

	On demand Within 1 year RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited 31.12.2020					
Non-derivative financial liabilities					
Payables	5,816,111	-	-	5,816,111	5,816,111
Borrowings	3,816,079	641,085	198,360	4,655,524	4,535,018
Lease liabilities	18,155	-	-	18,155	17,629
	9,650,345	641,085	198,360	10,489,790	10,368,758
Audited 31.12.2021					
Non-derivative financial liabilities					
Payables	40,517,476	-	-	40,517,476	40,517,476
Borrowings	6,021,227	536,781	116,280	6,674,288	6,592,088
Lease liabilities	75,450	98,198	-	173,648	161,571
	46,614,153	634,979	116,280	47,365,412	47,271,135
Audited 31.12.2022					
Non-derivative financial liabilities					
Payables	40,769,677	-	-	40,769,677	40,769,677
Borrowings	8,772,634	706,916	34,451	9,514,001	9,407,332
Lease liabilities	304,764	520,287	18,075	843,126	769,547
	49,847,075	1,227,203	52,526	51,126,804	50,946,556
Audited 31.8.2023					
Non-derivative financial liabilities					
Payables	68,166,203	-	-	68,166,203	68,166,203
Borrowings	395,880	1,298,566	-	1,694,446	1,533,432
Lease liabilities	583,344	1,077,311	85,336	1,745,991	1,550,518
	69,145,427	2,375,877	85,336	71,606,640	71,250,153

29. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(a) Foreign currency risk

The combining entities are exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the combining entities. The currencies giving rise to this risk are primarily Australian Dollar ("AUD").

The combining entities had not entered into any derivative instruments for hedging or trading purposes. Where possible, the combining entities 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.

	Audited 31.12.2020 RM	**Audited 31.12.2021 RM**	**Audited 31.12.2022 RM**	**Audited 31.8.2023 RM**
AUD				
Financial assets				
Other investment	401,648	-	-	-

The following table demonstrates the sensitivity of the combining entities' and the combining entities' profit before taxation to a reasonably possible change in the AUD exchange rates against RM, with all other variables held constant.

		Effect on profit before tax			
		Audited 31.12.2020 RM	**Audited 31.12.2021 RM**	**Audited 31.12.2022 RM**	**Audited 31.8.2023 RM**
AUD	Strengthened 1%	4,016	-	-	-
	Weakened 1%	(4,016)	-	-	-

(b) Interest rate risk

The combining entities' fixed rate borrowings is exposed to a risk of change in their fair value due to changes in interest rates.

The combining entities manage the interest rate risk of their deposits 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 combining entities manage its interest rate risk exposure from interest bearing borrowing by obtaining financing with the most favourable interest rates in the market. The combining entities constantly monitor their interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The combining entities do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

29. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the combining entities' significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Audited 31.12.2020 RM	**Audited 31.12.2021 RM**	**Audited 31.12.2022 RM**	**Audited 31.8.2023 RM**
Fixed rate instruments				
Financial asset				
Fixed deposits with licensed banks	1,185,077	1,390,379	4,804,989	5,139,734
Financial liabilities				
Lease liabilities	(17,629)	(161,571)	(769,547)	(1,550,518)
Bankers' acceptances	(3,194,056)	(5,372,000)	(8,515,642)	(7,027)
	(3,211,685)	(5,533,571)	(9,285,189)	(1,557,545)
Floating rate instruments				
Financial liabilities				
Bank overdraft	(469,839)	(462,843)	-	-
Term loans	(871,123)	(757,245)	(891,690)	(1,526,405)
	(1,340,962)	(1,220,088)	(891,690)	(1,526,405)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The combining entities do not account for any fixed rate financial 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 combining entities' profit before tax by (31.12.2020: RM13,410, 31.12.2021: RM12,201, 31.12.2022: RM8,917 and 31.8.2023: RM15,264), 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.

(c) Market price risk

Market price risk is the risk that the fair value or future cash flows of the combining entities' financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The combining entities are exposed to equity price risk arising from its investment in quoted instrument. This investment is listed on Australian Securities Exchange Ltd ("ASX") and is classified as financial asset at FVTPL.

29. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(c) Market price risk (Cont'd)

Management of the combining entities monitor investment in quoted investment on a portfolio basis. Material investment within the portfolio is managed on an individual basis and all buy and sell decisions are approved by Board of Directors of the combining entities.

<u>Market price risk sensitivity analysis</u>

At the reporting date, if the various stock indices had been 1% higher/lower, with all variables held constant, the combining entities' profit before tax would have been (31.12.2020: RM4,016, 31.12.2021: RMNil, 31.12.2022: RMNil and 31.8.2023: RMNil) higher/lower, arising as a result of higher/lower fair value gains on held for trading investment in equity instrument.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

(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 financial period and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(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).

<u>Non-derivative financial instruments</u>

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.

29. **Financial instruments (Cont'd)**

(c) Fair value of financial instruments (Cont'd)

The following table summarises the methods used in determining the fair value of financial assets on a recurring basis as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 August 2023.

Financial asset	**Fair value as at**				**Fair value hierachy**	**Valuation techniques and key inputs**
	31.12.2020	**31.12.2021**	**31.12.2022**	**31.8.2023**		
	RM	**RM**	**RM**	**RM**		
Other investment - Quoted investment outside Malaysia	401,648	-	-	-	Level 1	Quoted bid prices in an active market
Other investment - Money market fund	-	-	-	10,033,197	Level 2	Reference to statement provided by the financial institution.

30. **Fair value measurement**

The following table summarises the methods used in determining the fair value of non-financial assets of the combining entities on a recurring basis as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 August 2023.

Non-financial asset	Fair value as at				Fair value hierachy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
	31.12.2020	31.12.2021	31.12.2022	31.8.2023				
	RM	RM	RM	RM				
Investment properties	4,700,000	5,816,716	1,180,000	1,180,000	Level 2	Land and buildings Comparison approach which reflects recent market translations for similar properties.	Land and buildings Adjustment for factors such as plot size, location, emcumbrances and current use.	Land and buildings The extent and direction of this adjustment depends on the number and characteristics of the observable market transations in similar properties that are used as starting point for valuation.

31. **Capital management**

The combining entities' objective when managing capital are to safeguard the combining entities' 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 combining entities may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	Audited 31.12.2020 RM	**Audited 31.12.2021 RM**	**Audited 31.12.2022 RM**	**Audited 31.8.2023 RM**
Total borrowings	4,535,018	6,592,088	9,407,332	1,533,432
Less: Fixed deposits with licensed banks	(1,185,077)	(1,390,379)	(4,804,989)	(5,139,734)
Less: Cash and bank balances	(729,278)	(4,983,858)	(8,970,007)	(11,856,034)
Less: Other investment	-	-	-	(10,033,197)
Net (cash)/debts	2,620,663	217,851	(4,367,664)	(25,495,533)
Total equity	9,086,246	12,720,487	15,889,915	23,144,690
Gearing ratio (times)	0.29	0.02	N/A *	N/A *

* Gearing ratio not applicable as the cash and cash equivalents of the combining entities are sufficient to settle the outstanding debt.

There were no changes in the combining entities' approach to capital management during the financial years/periods.

HE GROUP BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the combining entities, do hereby state that, in the opinion of the Directors, the combined financial statements set out on pages 5 to 57 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the combined financial position of the combining entities as at 31 December 2020, 31 December 2021, 31 December 2022, 31 August 2023 and of their combined financial performance and cash flows for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and for the financial periods ended 31 August 2022 and 31 August 2023.

Signed by the Board of Directors in accordance with a resolution of the Directors dated 22 December 2023.

HAW CHEE SENG

ENG CHOON LEONG

KUALA LUMPUR

15. ADDITIONAL INFORMATION

15.1 EXTRACT OF OUR CONSTITUTION

Subject to the receipt of the approvals and fulfilment of the conditions as may be imposed by the relevant authorities as set out in Section 2.1 of this Prospectus, the following provisions relating to the selected matters are reproduced from our Constitution.

The words and expressions appearing in this section shall bear the same meanings used in our Constitution or the context otherwise requires.

(i) Remuneration, voting and borrowing powers of Directors

Clause 96 – Directors' remuneration

Subject to the Act and the Listing Requirements, the fees of the Directors and any benefits payable to the Directors shall from time to time be determined by way of an ordinary resolution of the Company in a general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine and in default of agreement equally, except that if a Director has held office for part only of the period in respect of which such fees are payable, such a Director shall be entitled only to that proportion of the fees as is related to the period during which he has held office PROVIDED ALWAYS that:

(i) salaries, benefits and other emoluments payable to executive Director(s) pursuant to an employment contract or a contract of service need not be determined by the Company in a general meeting but such salaries may not include a commission on or percentage of turnover;

(ii) fees payable to non-executive Directors shall be by a fixed sum and not by way of a commission on or percentage of profits or turnover; and

(iii) any fee paid to an Alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Clause 123 – Remuneration of chief executive, executive Director, managing Director

The remuneration of the chief executive, executive Director, managing Director or any person holding an equivalent position, shall, from time to time be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive a pension, gratuity or other benefits upon their retirement.

Clause 101 – Directors' borrowing powers

(a) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company (as defined under Section 7 of the Act) as may be thought fit subject always to the Act and/or the Listing Requirements.

(b) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Clause 104 – Appointment of attorneys

The Directors may from time to time by power of attorney under the Seal, appoint any corporation, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney/attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

Clause 105 – Signing of cheques etc.

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be in such manner as the Directors may from time to time by resolution determine.

Clause 111 – Meeting of Directors

(a) The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Any Director may at any time and the Secretary shall on the requisition of any of the Directors, summon a meeting of the Directors.

(b) The meeting of the Directors may be held fully virtual or hybrid at more than one venue using any technology or method. A member of the Board or any invitees may participate in the meeting by means of a telephone conference, or any other audio, or audio visual, or communication means which allows all persons participating in the meeting to hear and speak with each other and such Director or person shall be regarded for all purposes as personally attended such a meeting and such Director shall be counted in a quorum and be entitled to vote on the resolutions tabled at the meeting

Clause 115 – Votes by majority and Chairman to have a casting vote

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes of the Directors present and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote except where at the meeting only 2 Directors form a quorum and only such a quorum is present at the meeting or only 2 Directors are competent to vote on the question at issue.

Clause 117 – Disclosure of interest

Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director of the Company. A general notice in writing, which complies with Section 221(4) of the Act or its equivalent, given to the Board by any Director shall be deemed to be a sufficient declaration of interest in relation to the subject matter of the notice.

Clause 118 – Restriction on voting

Subject to the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

Clause 119 – Power to vote

A Director may vote in respect of:

(i) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;

(ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of security;

(iii) any contract by a Director to subscribe for or underwrite shares or debentures of the Company; or

(iv) any contract or arrangement with any other company in which he is interested only as an officer of the Company or as a holder of shares or other securities in that company.

Clause 121 – Alternate Directors

(a) A Director may appoint any other person approved by a majority of the Board of Directors to act as his alternate provided that any fee paid by the Company to the alternate shall be deducted from that Director's remuneration. The Alternate Director shall not be required to hold any shares in the Company but shall be entitled to receive notices of all meetings and to attend, speak and vote, and be counted for the quorum, and generally to exercise all powers, rights, duties and authorities of the Director appointing him, at any such meeting at which the Director appointing him is not present. For the avoidance of doubt, an Alternate Director may not vote nor attend any meeting at which the Director appointing him is present. Any appointment so made may be revoked at any time by the appointor or by a majority of the Directors, and any appointment or revocation under this Constitution shall be effected by notice in writing to be delivered to the Secretary of the Company. An Alternate Director shall ipso facto cease to be an Alternate Director if his appointor for any reason ceases to be a Director.

(b) No Director may act as an Alternate Director, and a person may not act as an Alternate Director for more than 1 Director.

(c) If any Director retires by rotation and is re-elected by the meeting or is, pursuant to this Constitution, deemed to be re-elected at the meeting at which such retirement took effect, any appointment made by him of an Alternate Director which was in force immediately prior to the appointor's retirement shall continue to operate after such re-election as if the appointor had not so retired.

(d) Every person acting as an Alternate Director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him.

Clause 125 – Power of Directors to appoint committees

The Directors may establish any committees (including, without limitation, a management committee), local boards or agencies comprising 2 or more persons for managing any other affairs of the Company either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any person or persons to be the member or members of any such committee or local board or agency and may fix their remuneration and may delegate to any such committee or local board or agency any of the powers, authorities and discretion vested in the Directors, with power to sub-delegate, and may authorise the member or members of any such committee or local board or agency or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no persons dealing in good faith and without notice of any such annulment or variation shall be affected thereby. The regulations herein contained for the proceedings of Directors shall so far as not altered by any regulations made by the Directors apply also to the meetings and proceedings of any committee.

(ii) Changes to share capital

Clause 5 – Class of shares

The share capital of the Company is its issued share capital. The shares in the original or any increased capital may be divided into several classes, and there may be attached thereto respectively any preferential, deferred and/or other special rights, privileges, conditions and/or restrictions as to dividends, capital, voting and/or otherwise.

Clause 6 – Allotment of shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, the Act, any Applicable Laws, and to the provisions of any resolution of the Company, the Board may issue, allot or grant rights to subscribe for or otherwise dispose of such shares to such persons at such price, on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Board may determine but the Board in making any issue of shares shall comply with the following conditions:

(i) in the case of shares, other than ordinary shares, no special rights shall be attached until the same has been expressed in this Constitution and in the resolution creating the same;

(ii) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meetings;

(iii) no Director shall participate in a scheme that involves a new issuance of shares or options unless the Members in a general meeting have approved the specific allotment to be made to such Director; and

(iv) except in the case of an issue of Securities on a pro-rata basis to all Members, or, pursuant to a back-to-back placement or a Dividend Reinvestment Scheme undertaken in compliance with the Listing Requirements, there shall be no issuance and allotment of Securities to a Director, major shareholder, chief executive or person connected with any Director, major shareholder or chief executive (hereinafter referred to as the "interested Director", "interested major shareholder", "interested chief executive" or "interested person connected with a Director, major shareholder or chief executive" respectively) unless the Members in a general meeting have approved of the specific allotment to be made to such aforesaid interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive, as the case may be. In this Constitution, "major shareholder", "chief executive", "person connected with any Director, major shareholder or chief executive" and "Dividend Reinvestment Scheme" shall have the meaning ascribed thereto in the Listing Requirements.

Clause 9 – Variation of class rights

Subject to Section 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with:

(i) the consent in writing of the holders of not less than 75% of the total voting rights of the Members in that class; or

(ii) the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least 2 persons holding at least one-third of the number of the issued shares of the class excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll and shall be entitled on a poll to one vote for every such share held by him. For adjourned meetings, the quorum is 1 person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

Clause 54 – Power to increase capital

The Company in a general meeting may from time to time, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital, voting or otherwise as the general meeting resolving upon such increase may direct.

Clause 57 – Power to alter capital

Subject to the provisions of this Constitution and the Act, the Company may by special resolution:

(i) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;

(ii) convert all or any of its paid-up shares into stock and reconvert that stock into fully-paid shares; or

(iii) subdivide its shares or any of its shares, such that whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

Clause 58 – Power to reduce capital

The Company may by special resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Act and the Applicable Laws.

Clause 59 – Purchase by the Company of its own Shares

The Company may, subject to it obtaining such approval from the relevant authorities (if required) and to its compliance with the Act, the Listing Requirements and the Applicable Laws, purchase its own shares. Any shares so purchased by the Company shall be dealt with in accordance with the Act, the Listing Requirements and all Applicable Laws. The provisions of Clause 57 and Clause 58 herein above shall not affect the power of the Company to cancel any shares or reduce its share capital pursuant to any exercise of the Company's powers under this Constitution.

(iii) Transfer of securities

Clause 30 – Transfers of Securities

The transfer of any Deposited Securities shall be made by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such Deposited Securities.

(iv) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

As at the date of this Prospectus, we only have 1 class of shares, being ordinary shares, all of which rank equally with each other. There are no special rights attached to our Shares. Please refer to Section 4.1 of this Prospectus for a summary of the rights of our shareholders relating to voting, dividend and liquidation in respect of our Shares.

15.2 SHARE CAPITAL

15.2.1 No Shares will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of the issue of this Prospectus.

15.2.2 There is no founder, management or deferred shares in our Company. As at the date of this Prospectus, we have only 1 class of shares in our Company, namely ordinary shares, all of which rank equally with one another.

15.2.3 None of our Group's capital is under option, or agreed conditionally or unconditionally to be put under option.

15.2.4 Save as disclosed in Sections 6.2 and 6.3 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiary have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, for the Financial Years and Period Under Review and up to the LPD.

15.2.5 Save for 11,000,000 Issue Shares reserved for the Eligible Persons as disclosed in Section 4.1.1(b)(ii) of this Prospectus, to the extent known by our Group,

(i) no person including Directors, Key Senior Management or employees of our Group has been or is entitled to be given or has exercised any option to purchase or subscribe for any shares or debentures, warrants, options, convertible securities or uncalled capital of our Company or our subsidiary; and

(ii) there is currently no other scheme involving our Directors, Key Senior Management or employees of our Group in the capital of our Company or our subsidiary.

15.2.6 As at the date of this Prospectus, we do not have any convertible securities, options, warrants and uncalled capital.

15.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

There is no limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by law or by the constituent documents of our Company.

15.4 PUBLIC TAKE-OVERS

During the last financial year and up to the LPD, there were no:

(i) public take-over offers by third parties in respect of our Group's shares; and

(ii) public take-over offers by our Group in respect of other companies' shares.

15.5 EXCHANGE CONTROLS

Our Group has not established any other place of business outside Malaysia and is not subject to governmental laws, decrees, regulations and/or other requirements which may affect repatriation of capital and remittance of profit by or to our Group.

15.6 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at LPD, we are not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors confirm that there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

15.7 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contract which is not in the ordinary course of our Group's business within the Financial Years and Period Under Review and up to the LPD:

(i) Sale and purchase agreement dated 19 December 2022 as supplemented by a letter dated 30 December 2022 entered into between Hexatech Engineering (as vendor) and Simosynergy (as purchaser) for the disposal of Lot 7743 at a purchase price of RM4,800,000.00, which was arrived at a willing-buyer willing-seller basis after taking into consideration the market value of Lot 7743 of RM4,800,000.00 as appraised by an independent valuer. As at LPD, the disposal of Lot 7743 has been completed on 14 September 2023 and Lot 7743 has been transferred to Simosynergy on the same date.

(ii) SSA entered into between the Company and the Vendors for the Acquisition of Hexatech Engineering. The foregoing transaction has been completed on 22 November 2023. Please refer to Section 4.1.1(a) of this Prospectus for further details of the foregoing transaction.

(iii) Underwriting Agreement.

15.8 CONSENTS

(i) The written consents of our Principal Adviser, Sponsor, Sole Underwriter, Placement Agent, Company Secretaries, Solicitors, Share Registrar and Issuing House listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

(ii) The written consent of our Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' letter on the Pro Forma Combined Statements of Financial Position, and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

(iii) The written consent of our IMR for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

15.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at during normal business hours for a period of 6 months from the date of this Prospectus:

(i) the Constitution of our Company;

(ii) the material contracts as set out in Section 15.7 of this Prospectus;

(iii) the IMR Report prepared by IMR as included in Section 8 of this Prospectus;

(iv) the Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Position as set out in Section 13 of this Prospectus;

(v) the Accountants' Report as set out in Section 14 of this Prospectus;

(vi) the letters of consent as referred to in Section 15.8 of this Prospectus;

(vii) the audited financial statements of HE Group for the financial period from 2 May 2023 (date of incorporation) to 31 August 2023; and

(viii) the audited financial statements of Hexatech Engineering for the Financial Years and Period Under Review.

15.10 RESPONSIBILITY STATEMENTS

(i) Our Directors, Promoters and Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

(ii) AIS as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating our IPO.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE, FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus. Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD : 10.00 A.M., 12 January 2024

CLOSING OF THE APPLICATION PERIOD : 5.00 P.M., 18 January 2024

Applications for the IPO Shares will be open and close at the dates stated above.

In the event of any change to the dates stated above, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Application for Our IPO Shares by the Malaysian Public and Eligible Persons

Application must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application method
Applications by the Malaysian Public:	
(a) Individuals	**WHITE** Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	**WHITE** Application Form only
Applications by the Eligible Persons	**PINK** Application Form only

16.2.2 Application by selected investors via private placement

Types of Application	Application method
Applications by:	
(a) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

Selected investors may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party** CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Applications by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

(b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

16.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated Issue Shares. The Eligible Persons must follow the notes and instructions in the said document and where relevant, in this Prospectus.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, AIS, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

16.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.28 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 755"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

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

(ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No, 8, Jalan Kerinchi, 59200 Kuala Lumpur

so as to arrive not later than 18 January 2024 or by such other time and date specified in any change to the date and time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Forms to our Issuing House.

16.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only **Malaysian individuals** may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only **Malaysian individuals** may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

16.7 AUTHORITY OF OUR BOARD AND ISSUING HOUSE

The Issuing House on the authority of our Board reserves the right to:

(i) reject Applications which:

   (a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

   (b) are illegible, incomplete or inaccurate; or

   (c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at https://tiih.online within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest or any share of revenue or benefits arising therefrom) and if such monies are not returned in full within 14 days after our Company becomes liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our IPO Shares, subject to the underwriting arrangements and reallocation as set out in Section 4.1.1(b) of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriters based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).

(iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

16.9.2 For applications by way of Electronic Share Applications and Internet Share Applications

(i) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions or Internet Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions or Internet Participating Financial Institutions will credit the application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) our IPO Shares allotted to you will be credited into your CDS account.

(ii) a notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) in accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our Issue Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Issue Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. +60 3 2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF HE GROUP BERHAD ("HE GROUP" OR THE "COMPANY") DATED 12 JANUARY 2024 ("PROSPECTUS")

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in the Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

1. OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10:00 A.M., 12 JANUARY 2024

CLOSING OF THE APPLICATION PERIOD: 5:00 P.M., 18 JANUARY 2024

Applications for the IPO Shares will be open and close at the dates stated above.

In the event of any change to the dates and times stated above, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

2. METHODS OF APPLICATIONS

2.1 Application for our IPO Shares by the Malaysian Public and Eligible Persons

Application must accord with the Prospectus and our Constitution. The submission of an application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application method
Applications by the Malaysian Public:	
(a) Individuals	**WHITE** Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	**WHITE** Application Form only
Applications by the Eligible Persons	**PINK** Application Form only

2.2 Application by selected investors via private placement

Types of Application	Application method
Applications by:	
(a) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

Selected investors may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

3. ELIGIBILITY

3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs accompanying the electronic copy of the Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party** CDS accounts will not be accepted for the Applications**.**

Only **ONE** Application Form for each category from each Applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WISHING TO APPLY FOR IPO SHARES USING A JOINT BANK ACCOUNT SHOULD ENSURE THAT THEIR APPLICATION DETAILS MATCH THOSE OF THE CDS ACCOUNT INDICATED IN THE APPLICATION. ANY DISCREPANCY BETWEEN THE INFORMATION PROVIDED BY YOUR FINANCIAL INSTITUTION AND THE CDS ACCOUNT RECORD WILL RESULT IN APPLICATION REJECTION. TO AVOID ANY REJECTION, PLEASE CONTACT YOUR FINANCIAL INSTITUTION TO VERIFY THE DETAILS. PLEASE NOTE THAT THE COMPANY, PRINCIPAL ADVISER, AND ISSUING HOUSE WILL NOT BE LIABLE FOR ANY ISSUES ARISING THEREAFTER.

3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must be one of the following:

  (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

  (b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

  (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

  (a) White Application Form;

  (b) Electronic Share Application; or

  (c) Internet Share Application.

3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated Issue Shares. The Eligible Persons must follow the notes and instructions in the said document and where relevant, in the Prospectus.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, AIS, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

4. PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of the Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The Malaysian Public must follow the following procedures in making their applications through the White Application Form.

(i) Obtain the relevant Application Form together with the Official "A" and "B" envelopes and the Prospectus.

The White Application Forms together with the Prospectus, can be obtained subject to availability from Alliance Islamic Bank Berhad, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or Malaysian Investment Banking Association and our Issuing House and our Company.

(ii) In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by the Prospectus. You are advised to read and understand the Prospectus before making your Application.

(iii) Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in the Prospectus, including:

(a) Ensuring that your personal particulars submitted in your Application are identical with the records maintained by Bursa Depository. You are required to inform Bursa Depository promptly of any changes to your personal particulars as the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

(b) Stating your CDS account number in the space provided in the Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.

(c) Stating the details of your payment in the appropriate boxes provided in the Application Form.

(d) Stating the number of shares applied. Applications must be for at least 100 IPO Shares or multiples of 100 IPO Shares.

(iv) Prepare the appropriate form of payment in RM for the FULL amount payable based on the IPO Price of RM0.28 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 755"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Only Banker's Draft or Cashier's Order drawn on a bank in Kuala Lumpur, Money or Postal Orders (Sabah and Sarawak only) and Guaranteed Giro Order from Bank Simpanan Nasional Malaysia Berhad will be accepted.

We will not accept Applications with excess or insufficient remittances or inappropriate forms of payment. Remittances must be completed in the appropriate boxes provided in the White Application Forms.

(v) Insert the White Application Form together with payment and a legible photocopy of your identification document (NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable)) into the Official "A" envelope and seal it. You must write your name and address on the outside of the Official "A" and "B" envelopes.

Affix RM1.50 stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

The name and address written must be identical to your name and address as in your NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable).

(vi) Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(a) despatch by **ORDINARY POST** in the official envelopes provided to the following address:

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

(b) **DELIVERED BY HAND AND DEPOSITIED** in the drop-in boxesprovided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, so as to arrive not later than **5.00 p.m. on 18 January 2024** or by such other time and date specified in any change to the date or time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Forms to our Issuing House.

5. PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

5.1 Participating Financial Institutions

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

The following processing fee for each Electronic Share Application will be charged by the respective Participating Financial Institutions (unless waived) as follows:

Participating Financial Institutions	**Charges**
Affin Bank Berhad	Free
Alliance Bank Malaysia Berhad	RM1.00
AmBank (M) Berhad	RM1.00
CIMB Bank Berhad	RM2.50
Malayan Banking Berhad	RM1.00
Public Bank Berhad	RM2.00
RHB Bank Berhad	RM2.50

Please note that these processing fees may be varied or waived from time to time at the discretion of the respective Participating Financial Institutions. Please contact the relevant Participating Financial Institutions for further enquiries.

5.2 Procedures for Electronic Share Application

The exact procedures, terms and conditions for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions.

PLEASE READ THE TERMS OF THE PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR ELECTRONIC SHARE APPLICATIONS SET OUT BELOW AND AT THE RESPECTIVE ATM CAREFULLY PRIOR TO MAKING AN ELECTRONIC SHARE APPLICATION.

If you encounter any problems in your Application, you may refer to the respective Participating Financial Institutions.

You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions.

You are to submit at least the following information through the ATM, where the instructions on the ATM screen require you to do so:

- Personal Identification Number ("**PIN**");
- TIIH Share Issue Account No. 755;
- Your CDS account number;
- Number of IPO Shares applied for and the RM amount to be debited from the account; and
- Confirmation of several mandatory statements as set out in Section 5.3 below.

Upon the completion of your Electronic Share Application transaction at the ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or our Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

5.3 Terms and Conditions for Electronic Share Application

You must have a CDS account to be eligible to use the Electronic Share Application. Invalid, nominee or third party CDS accounts will not be accepted.

YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE ABOVE.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

(i) The Electronic Share Application shall be made in relation to and subject to the terms of the Prospectus and our Company's Constitution.

(ii) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:

(a) You are at least 18 years old as at the date of the application for our IPO Shares;

(b) You are a Malaysian citizen residing in Malaysia;

(c) You have read the Prospectus and understood and agreed with the terms and conditions of the Application;

(d) The Electronic Share Application is the only application that you are submitting for our IPO Shares offered to the Malaysian Public; and

(e) You consent to the disclosure by the Participating Financial Institutions and Bursa Depository of information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to our Issuing House and other relevant authorities.

Your Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, it is considered that you have confirmed each of the above statements as well as given consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Services Act, 2013 and Section 45 of SICDA) to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to our Issuing House or any relevant authorities.

(iii) You confirm that you are not applying for our IPO Shares offered to the Malaysian Public as a nominee of any other person and that the Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for our IPO Shares offered to the Malaysian Public.

(iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time the Electronic Share Application is made, failing which the Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.

(v) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated in the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate a lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated keys or buttons on the ATM keyboard) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and your acceptance to be bound by our Constitution.

(vi) Our Issuing House, on the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in whole or in part only without the need to give any reason. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for our Shares.

(vii) You request and authorise us:

(a) to credit our IPO Shares allotted or allocated to you into your CDS account; and

(b) to issue share certificate(s) representing such IPO Shares or jumbo certificates which represent, amongst others, such IPO Shares, allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.

(viii) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond our control or the control of our Issuing House, Bursa Depository or the Participating Financial Institution, and irrevocably agree that if:

(a) our Company or our Issuing House does not receive your Electronic Share Application; or

(b) the data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company or our Issuing House,

you shall be deemed not to have made an Electronic Share Application and shall not make any claim whatsoever against our Company, our Issuing House or the Participating Financial Institution for our IPO Shares applied for or for any compensation, loss or damage.

(ix) All of your particulars in the records of the relevant Participating Financial Institution at the time of making the Electronic Share Application shall be deemed to be true and correct, and our Company, our Issuing House and the relevant Participating Financial Institution shall be entitled to rely on their accuracy.

(x) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment will be sent to your registered or correspondence address last maintained with Bursa Depository.

(xi) By making and completing an Electronic Share Application, you agree that:

(a) in consideration of us agreeing to allow and accept the application for our IPO Shares through the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;

(b) we, the Participating Financial Institutions, Bursa Depository and our Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our or the control of any of them;

(c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase our IPO Shares for which the Electronic Share Application has been successfully completed shall be constituted by the issue of notices of allotment in respect of the said IPO Shares;

(d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and other documents required for the issue or transfer of our IPO Shares allotted or allocated to you; and

(e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation to the contract between the parties and / or the Electronic Share Application and / or any terms of the Prospectus, all rights, obligations and liabilities of the parties shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies of Malaysia and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

(xii) Our Issuing House, acting on the authority of our Board reserves the right to reject Applications which do not conform to these instructions.

6. APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

6.1 Internet Participating Financial Institutions

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

The following processing fee for each Internet Share Application will be charged by the respective Internet Participating Financial Institutions (unless waived) as follows:

YOU ARE ADVISED NOT TO APPLY FOR OUR IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution	Website address	Fees charged
Affin Bank Berhad	https://rib.affinalways.com	Free
Alliance Bank Malaysia Berhad	www.allianceonline.com.my	RM1.00
CGS-CIMB Securities Sdn Bhd	www.eipocimb.com	RM2.00 for payment through CIMB Bank Berhad or Malayan Banking Berhad

Internet Participating Financial Institution	Website address	Fees charged
Malayan Banking Berhad	www.maybank2u.com.my	RM1.00
Public Bank Berhad	www.pbebank.com	RM2.00

Please note that these fees may be varied or waived from time to time at the discretion of the respective Internet Participating Financial Institutions. Please contact the relevant Internet Participating Financial Institutions for further enquiries.

PLEASE READ THE TERMS OF THE PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR INTERNET SHARE APPLICATIONS SET OUT BELOW AND AT THE INTERNET FINANCIAL SERVICES WEBSITE OF THE RESPECTIVE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

If you encounter any problems in your Application, you may refer to the respective Internet Participating Financial Institutions.

6.2 Terms and Conditions for Internet Share Application

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and subject to the following terms andconditions:

(i) You can make an Internet Share Application if you fulfill all of the following:

(a) You are an individual with a CDS Account and in the case of a joint account, an individual CDS Account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS Account registered in the joint account holder’s name;

(b) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have your user identification (“**User ID**”) and PIN/password for the relevant Internet financial services facilities; and

(c) You are a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for our IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

(ii) An Internet Share Application shall be made on and subject to the terms of the Prospectus and our Company’s Constitution.

(iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake thatthe following information given are true and correct:

(a) You are at least 18 years old as at the date of the application for our IPO Shares;

(b) You are a Malaysian citizen residing in Malaysia;

(c) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have fully read and understood;

(d) You agree to all the terms and conditions of the Internet Share Application as set out in the Prospectus and have carefully considered the risk factors as well as all other information and statements set out in the Prospectus, before making your Internet Share Application;

(e) Your Internet Share Application is the only application that you are submitting for our IPO Shares offered to the Malaysian Public;

(f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;

(g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Services Act, 2013 and Section 45 of SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to our Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;

(h) You are not applying for our IPO Shares as a nominee of any other person and your Internet Share Application is made in your own name, as beneficial owner and subject to the risks referred to in the Prospectus;

(i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

(iv) Your Application will not be successfully completed and cannot be recorded as a completed application unless you have paid for our IPO Shares through the website of the Authorised Financial Institution and completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of the Prospectus, “Confirmation Screen” shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you will be deemed to have confirmed the truth of the statements set out in Section 6.2(iii) above. The Confirmation Screen is only a record of the completed transaction with an Internet Participating Financial Institution and not a record of the receipt of the Internet Share Application or any data relating to such an Internet Share Application by our Company or our Issuing House. The Confirmation Screen is for your record and should not be submitted with any Application Form.

(v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for our IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which your Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in the Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.

(vi) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Internet Share Application. In the event that we decide to allot or allocate lesser number of such Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

(a) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and

(b) Your agreement to be bound by the Constitution of our Company.

(vii) You are fully aware that multiple or suspected multiple Internet Share Applications for our IPO Shares will be rejected. **A PERSON WHO SUBMITS MULTIPLE INTERNET SHARE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.** Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without the need to give any reason. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for our Shares.

(viii) An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for reference and record purposes. Late Internet Share Applications will not be accepted.

(ix) You acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution, our Issuing House and our Company and irrevocably agree that if:

(a) our Company, our Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment; and

(b) any data relating to your Internet Share Application or the tape or any other devices containing such data and/or payment is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever,

you will be deemed not to have made an Internet Share Application and you will not make any claim whatsoever against our Company, our Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution in relation to our IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

(x) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, our Issuing House, the Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You must ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application will be rejected. The notification letter on successful allotment will be sent to your last address maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

7. AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE

Your Application will be selected in a manner to be determined by our Board. Due consideration will be given to the desirability of allotting and allocating our IPO Shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for our Shares. Our Issuing House, on the authority of our Board, reserves the right to:

(i) reject Applications which:

(a) do not conform to the instructions of the Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(b) are illegible, incomplete or inaccurate; or

(c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful / partially successful Applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

8. OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at https://tiih.online within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest or any share of revenue or benefits arising therefrom) and if such monies are not returned in full within 14 days after our Company becomes liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our IPO Shares, subject to the underwriting arrangements and reallocation as set out in Section 4.1.1(b) of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriters based on the terms of the Underwriting Agreement.

9. UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

9.1 For Applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful Applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful Applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).

(iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful Applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions or Internet Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions or Internet Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

10. SUCCESSFUL APPLICANTS

If you are successful in your Application:-

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited in the CDS subject to the provision of the SICDA and the Rules of Bursa Depository. As such, our IPO Shares offered through the Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

11. ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of Application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no.(03)-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of shares derived from successful balloting will be made available to the public at our Issuing House website https://tiih.online, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 below.

12. LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name	Address and Telephone Number	Broker Code
KUALA LUMPUR		
AFFIN HWANG INVESTMENT BANK BHD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
AFFIN HWANG INVESTMENT BANK BHD	Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	068-018
AFFIN HWANG INVESTMENT BANK BHD	No. 38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Tel No.: 03-9130 8803	068-021
PHILIP CAPITAL SDN BHD (Formerly known as Alliance Investment Bank Berhad)	B-18-6, Block B, Level 18 Megan Avenue II No. 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel No.: 03-2783 0361	076-001
AMINVESTMENT BANK BERHAD	8-9, 11-18, 21-25th Floor Bagunan AmBank Group 55, Jalan Raja CHulan 50200 Kuala Lumpur Tel No.: 03-2031 0102	086-001

Name	Address and Telephone Number	Broker Code
BIMB SECURITIES SDN BHD	32nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2613 1600	024-001
CGS-CIMB SECURITIES SDN BHD	3rd Floor, Lot 1511 & 1512 Jalan Mutiara Timur Satu Taman Mutiara Cheras 56100 Kuala Lumpur Tel No.: 03-9132 7424/7428/7429	065-001
FA SECURITIES SDN BHD	A-10-17 & A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No.: 03-2288 1676	021-001
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001
HONG LEONG INVESTMENT BANK BERHAD	Mezzanine Floor Level 3A, Block B, HP Towers No.12 Jalan Gelenggang 60000 Kuala Lumpur Tel No.: 03-2080 8777	066-002
HONG LEONG INVESTMENT BANK BERHAD	Level 27 & 28, Menara Hong Leong No. 6, Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur Tel No.: 03-2083 1800	066-008
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001
KAF EQUITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2171 0228	053-001
KENANGA INVESTMENT BANK BHD	Level 17, Kenanga Tower 237 Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-2172 2888	073-001
KENANGA INVESTMENT BANK BERHAD	Ground Floor, West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 2888	073-001

Name	Address and Telephone Number	Broker Code
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 The Boulevard, Bandar Mid Valley Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
MALACCA SECURITIES SDN BHD	No. 76-1, Jalan Wangsa Maju Delima 6 Pusat Bandar Wangsa Maju (KLSC) 53300 Setapak, Kuala Lumpur Tel No.: 03-4144 2565	012-001
MALACCA SECURITIES SDN BHD	B-M-10, Block B Plaza Arkadia Jalan Intisari Perdana Desa Park City 52200 Kuala Lumpur Tel No.: 03-2733 9782	012-001
MALACCA SECURITIES SDN BHD	B01-A-13A Level 13A, Menara 2 No. 3 Jalan Bangsar KL ECO City 59200 Kuala Lumpur Tel No.: 03-2201 2100	012-001
MAYBANK INVESTMENT BANK BERHAD	Level 5, Tower C Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 888	098-001
MAYBANK INVESTMENT BANK BERHAD	27, 31-33 Floor Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel No.: 03-2059 1888	098-007
MERCURY SECURITIES SDN BHD	L-7-2, No.2, Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BHD	9-12th Floor, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
PM SECURITIES SDN BHD	11th Floor, Menara Public Bank 2 No. 78, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-3368 3000	064-001
PUBLIC INVESTMENT BANK BHD	27th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2268 3000	051-001

Name	Address and Telephone Number	Broker Code
RHB INVESTMENT BANK BHD	Level 1, Tower 3 RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9280 2233	087-001
RHB INVESTMENT BANK BHD	Level 5, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9280 2453	087-001
RHB INVESTMENT BANK BHD	No. 62, 62-1 & 64, 64-1 Vista Magna Jalan Prima, Metro Prima 52100 Kepong Kuala Lumpur Tel No.: 03-6257 5869	087-028
RHB INVESTMENT BANK BHD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	087-054
RHB INVESTMENT BANK BHD	Ground Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	087-058
TA SECURITIES HOLDINGS BERHAD	34th Floor, Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	N3, Plaza Damas No. 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6205 6000	078-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19th Floor Menara Keck Seng No. 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2147 1888	078-010
SELANGOR DARUL EHSAN		
AFFIN HWANG INVESTMENT BANK BHD	Suite B3A1, East Wing 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010

Name	Address and Telephone Number	Broker Code
AFFIN HWANG INVESTMENT BANK BHD	4th floors, Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	068-019
AFFIN HWANG INVESTMENT BANK BHD	No. 79-1 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3322 1999	068-023
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-001
CGS-CIMB SECURITIES SDN BHD	Level 1 & 2 3 Damansara Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-001
CGS-CIMB SECURITIES SDN BHD	No. A-07-01 & A-07-02 Empire Office Tower Empire Subang Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5631 7934	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor (No. 26-2) Lorong Batu Nilam 4B Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3325 7105	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor (No. 11A) Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-5891 6852	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No.26A(F), 26A(M) & 26A(B), Jalan SJ6 Taman Selayang Jaya 68100 Batu Caves Selangor Darul Ehsan Tel No.: 03-5891 6852	065-001

Name	Address and Telephone Number	Broker Code
JF APEX SECURITIES BHD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BHD	16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
KENANGA INVESTMENT BANK BHD	No. 55C, 2nd Floor Jalan USJ 10/1F 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1773	073-001
KENANGA INVESTMENT BANK BHD	Level 1, East Wing Wisma Consplant 2 No. 7, Jalan SS16/1 47610 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5621 2118	073-001
KENANGA INVESTMENT BANK BHD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-001
KENANGA INVESTMENT BANK BHD	No. 35, (Ground, 1st & 2nd Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3348 8080	073-001
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5636 1533	012-001
MALACCA SECURITIES SDN BHD	No. 54M, Mezzanine Floor Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7876 1533	012-001
MAYBANK INVESTMENT BANK BERHAD	Wisma Bently Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7718 8888	098-004

Name	Address and Telephone Number	Broker Code
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend Intan Millennium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3050 8888	098-003
PM SECURITIES SDN BHD	1st Floor, 157-A Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
RHB INVESTMENT BANK BHD	24, 24M, 24A, 26M, 28M, 28A & 30A Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	087-011
RHB INVESTMENT BANK BHD	1st Floor 10 & 11, Jalan Maxwell 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	087-047
RHB INVESTMENT BANK BHD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	087-048
RHB INVESTMENT BANK BHD	Unit 1B, 2B & 3B USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8022 1888	087-059
SJ SECURITIES SDN BHD	26, Jalan Pendaftar U1/54 Temasya Glenmarie 40150 Shah Alam Selangor Darul Ehsan Tel No.: 03-5567 3000	096-001
SJ SECURITIES SDN BHD	No. A-3-11, Block Alamanda 3rd Floor, 10 Boulevard Lebuhraya Sprint PJU 6A 47400 Damansara Selangor Darul Ehsan Tel No.: 03-7732 3862	096-005

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7795 5713	058-007
PERAK DARUL RIDZUAN		
AFFIN HWANG INVESTMENT BANK BHD	Tingkat Bawah, 1, 2 & 3 21, Jalan Stesen 30400 Taiping Perak Darul Ridzuan Tel No.: 05-8066 688	068-003
CGS-CIMB SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2088 688	065-001
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530 888	066-003
KENANGA INVESTMENT BANK BHD	Ground, 1st, 2nd & 4th Floor No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2422 828	073-022
M & A SECURITIES SDN BHD	5th, 6th & Unit 8A M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419 800	057-001
MALACCA SECURITIES SDN BHD	1st Floor No. 3, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2541 533	012-013
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 No. 42, Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453 400	098-002

Name	Address and Telephone Number	Broker Code
RHB INVESTMENT BANK BHD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236 498	087-014
RHB INVESTMENT BANK BHD	Gound & 1st Floor No. 23 & 25, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921 228	087-016
RHB INVESTMENT BANK BHD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415 100	087-023
RHB INVESTMENT BANK BHD	Ground Floor No. 40, 42 & 44, Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088 229	087-034
RHB INVESTMENT BANK BHD	Ground Floor No. 72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651 261	087-044
RHB INVESTMENT BANK BHD	No. 1 & 3, First Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-7170 888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng, No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531 313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	153A, Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No.: 05-2411 290	078-002
PENANG		
AFFIN HWANG INVESTMENT BANK BHD	Level 2, 3, 4, 5, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Penang Tel No.: 04-2636 996	068-001

Name	Address and Telephone Number	Broker Code
AFFIN HWANG INVESTMENT BANK BHD	No. 2 & 4, Jalan Perda Barat, Bandar Perda 14000 Penang Tel No.: 04-5372 882	068-006
PHILIP CAPITAL SDN BHD (Formerly known as Alliance Investment Bank Berhad)	29A, Ground Floor Beach Street 10300 Penang Tel No.: 04-2616 363	076-015
AMINVESTMENT BANK BERHAD	Level 3, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2261 818	086-001
CGS-CIMB SECURITIES SDN BHD	Level 2, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2385 900	065-001
CGS-CIMB SECURITIES SDN BHD	No. 20-1 & 20-2 Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Penang Tel No.: 04-6412 881	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, Unit 1308 &1309 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Penang Tel No.: 04-6412 881	065-001
INTER-PACIFIC SECURITIES SDN BHD	Canton Square Level 2 & 3 No. 56 Cantonment Road 10250 Penang Tel No.: 04-2268 288	054-002
JF APEX SECURITIES BERHAD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Penang Tel No.: 04-2289 118	079-005
KENANGA INVESTMENT BANK BHD	7th, 8th & 16th Floor Menara Boustead 39, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2283 355	073-023
MALACCA SECURITIES SDN BHD	28, Lorong Tangling Indah 3 Taman Tangling Indah 14100 Simpang Ampat Penang Tel No.: 04-5060 967	012-001

Name	Address and Telephone Number	Broker Code
MALACCA SECURITIES SDN BHD	No. 17, 1st Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Penang Tel No.: 04-6421 533	012-001
MAYBANK INVESTMENT BANK BERHAD	Ground Floor Bangunan KWSP No. 38, Lot PT 8, Seksyen 14 Jalan Sultan Ahmad Shah 10050 Georgetown Penang Tel No.: 04 2196 888	098-006
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor JKP Business Centre Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai Penang Tel No.: 04-3322 123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Penang Tel No.: 04-2639 118	093-004
MERCURY SECURITIES SDN BHD	D'Piazza Mall 70-1-22, Jalan Mahsuri 11900 Bandar Bayan Baru Penang Tel No.: 04-6400 822	093-006
PM SECURITIES SDN BHD	56B, 1st Floor Jalan Perak, Perak Plaza 10150 Penang Tel No.: 04-2273 000	064-004
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Penang Tel No.: 04-3900 022	087-005
RHB INVESTMENT BANK BHD	Ground Floor – Tingkat 3 & Tingkat 5 – Tingkat 8 64 & 64-D Lebuh Bishop 10200 Penang Tel No.: 04-2634 222	087-033
RHB INVESTMENT BANK BHD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Penang Tel No.: 04-6404 888	087-042

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	3rd Floor, Bangunan Heng Guan 171, Jalan Burmah 10050 Penang Tel No.: 04-2272 339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD	1st and 2nd Floor Bangunan Heng Guan No. 171 Jalan Burmah 10050 Penang Tel No.: 04-2299 318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Penang Tel No.: 04-5541 388	078-003
UOB KAY HIAN SECURITIES (M) SDN BHD	21 Jalan Bayu Mutiara 2 Taman Bayu Mutiara 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5047 313/316	078-003
KEDAH DARUL AMAN		
AFFIN HWANG INVESTMENT BANK BHD	No. 70A, B & C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256 666	068-011
PHILIP CAPITAL SDN BHD (Formerly known as Alliance Investment Bank Berhad)	Lot T-30, 2nd Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317 088	076-004
CGS-CIMB SECURITIES SDN BHD	2nd Floor, No.102 Kompleks Persiaran Sultan Abdul Hamid Jalan Pegawai 05050 Alor Setar Kedah Darul Aman Tel No.: 04-7774 400	065-001
MALACCA SECURITIES SDN BHD	No. 9, Tingkat Satu Kompleks Perniagaan LITC Jalan Putra Mergong 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7300 299	012-001
RHB INVESTMENT BANK BHD	Ground & 1st Floor 214-A & 214-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209 888	087-021

Name	Address and Telephone Number	Broker Code
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 4, & 5A, 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7322 111	078-007
NEGERI SEMBILAN DARUL KHUSUS		
AFFIN HWANG INVESTMENT BANK BHD	No. 29G, Jalan S2 B16 Pusat Dagangan Seremban 2 70300 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-6037 408	068-007
AFFIN HWANG INVESTMENT BANK BHD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 188	068-013
CGS-CIMB SECURITIES SDN BHD	1st Floor, No.21 Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 155	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor, Lot 3110 Jalan Besar, Lukut 71010 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6515 385	065-001
CGS-CIMB SECURITIES SDN BHD	Level 2, Wisma Dewan Perniagaan Melayu Negeri Sembilan Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7614 651	065-001
KENANGA INVESTMENT BANK BHD	1C & 1D, 1st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7655 998	073-001
MAYBANK INVESTMENT BANK BERHAD	Ground Floor, Wisma HM No. 43 Jalan Dr. Krishnan 70000, Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7669 555	098-005
PM SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor 19, 20 & 21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623 131	064-002

Name	Address and Telephone Number	Broker Code
PM SECURITIES SDN BHD	Ground & 1st Floor No. 3, Jalan Dato Abdullah 71200 Kuala Klawang Negeri Sembilan Darul Khusus Tel No.: 06-6137 767	064-002
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 32 & 33 Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7641 641	087-024
MELAKA		
CGS-CIMB SECURITIES SDN BHD	Ground, 1st & 2nd Floor No. 191 Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-2898 897	065-001
KENANGA INVESTMENT BANK BHD	71 & 73 (Ground, A&B) Jalan Merdeka, Taman Melaka Raya 75000 Melaka Tel No.: 06-2881 720	073-001
KENANGA INVESTMENT BANK BHD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-3372 550	073-001
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P.O Box 248 75250 Melaka Tel No.: 06-3371 533	012-001
MERCURY SECURITIES SDN BHD	81, 81A & 81B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921 898	093-003
PM SECURITIES SDN BHD	No. 6-1, Jalan Lagenda 2 Taman 1 Legenda 75400 Melaka Tel No.: 06-2866 008	064-006
RHB INVESTMENT BANK BHD	579, 580 & 581 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2825 211	087-026

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	No. 59, 59A & 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2862 618	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No.: 06-3352 511	078-014
JOHOR DARUL TAKZIM		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222 692	068-004
PHILIP CAPITAL SDN BHD (Formerly known as Alliance Investment Bank Berhad)	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717 922	076-006
AMINVESTMENT BANK BERHAD	2nd, 3rd, 4th Floor Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-001
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-001
CGS-CIMB SECURITIES SDN BHD	No. 73 Ground Floor No. 73A & 79A, First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3405 888	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, 101 Jalan Gambir 8 Bandar Baru Bukit Gambir 84800 Muar Johor Darul Takzim Tel No.: 07-9764 559	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No. 384A Jalan Simbang, Taman Perling 81200 Johor Bahru Johor Darul Takzim Tel No.: 07-2329 673	065-001

Name	Address and Telephone Number	Broker Code
CGS-CIMB SECURITIES SDN BHD	2nd Floor, 113 & 114 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9311 509	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No. 8A Jalan Dedap 20 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3537 669	065-001
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231 211	054-004
KENANGA INVESTMENT BANK BHD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3333 600	073-004
KENANGA INVESTMENT BANK BHD	No. 33 & 35 A & B, Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771 161	073-001
KENANGA INVESTMENT BANK BHD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782 292	073-001
KENANGA INVESTMENT BANK BHD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4326 963	073-001
KENANGA INVESTMENT BANK BHD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9531 222	073-001
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3381 233	057-003

Name	Address and Telephone Number	Broker Code
MALACCA SECURITIES SDN BHD	No. 74, Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-3351 533	012-001
MALACCA SECURITIES SDN BHD	Lot 880, Batu 3 ½ Jalan Salleh 84000 Muar Johor Darul Takzim Tel No: 06-9536 948	012-001
MALACCA SECURITIES SDN BHD	Lot 880, 3 ½ Mile Jalan Salleh 84000 Muar Johor Darul Takzim Tel No: 06-9536 948	012-001
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316 992	093-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333 608	064-001
RHB INVESTMENT BANK BHD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-2788 821	087-006
RHB INVESTMENT BANK BHD	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380 288	087-009
RHB INVESTMENT BANK BHD	No. 33-1, 1st and 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 262	087-025
RHB INVESTMENT BANK BHD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577 628	087-029

Name	Address and Telephone Number	Broker Code
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321 543	087-030
RHB INVESTMENT BANK BHD	Grounf & 1st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No.: 07-7769 655	087-031
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626 288	087-035
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522 293	087-043
TA SECURITIES HOLDINGS BERHAD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-9435 278	058-009
TA SECURITIES HOLDINGS BERHAD	15, Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel no.: 07-3647 388	058-011
TA SECURITIES HOLDINGS BERHAD	No. 29-03, Jalan Sri Pelangi Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel no.: 07-3364 672	058-013
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-2197 575	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6637 398	078-001

Name	Address and Telephone Number	Broker Code
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513 218	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No.: 07-5121 633	078-008
KELANTAN DARUL NAIM		
CGS-CIMB SECURITIES SDN BHD	Level 4, Wisma TCH (formerly known as Wisma Square Point) Jalan Pengkalan Chepa 15400 Kota Baru Kelantan Darul Naim Tel No.: 09-7419 050	065-001
RHB INVESTMENT BANK BHD	Ground & 1st Floor No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430 077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7433 388	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground Floor & 1st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7473 906	078-004
PAHANG DARUL MAKMUR		
PHILIP CAPITAL SDN BHD (Formerly known as Alliance Investment Bank Berhad)	Ground, Mezzanine & 1st Floor B-400 Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660 800	076-002
CGS-CIMB SECURITIES SDN BHD	Ground 1st & 2nd Floor No. A-27, Jalan Dato’ Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-5057 800	065-001

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BHD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5171 698	073-001
MALACCA SECURITIES SDN BHD	P11-3 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No: 09-2220 993	012-001
RHB INVESTMENT BANK BHD	No. 12, Ground Floor, 1st and 2nd Floor Jalan Putra Square 1 Putra Square 25300 Pahang Darul Makmur Tel No.: 09-5173 811	087-007
TERENGGANU DARUL IMAN		
PHILIP CAPITAL SDN BHD (Formerly known as Alliance Investment Bank Berhad)	No. 46, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6317 922	076-009
RHB INVESTMENT BANK BHD	1st Floor No. 59, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261 816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 37-B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6224 766	078-016
SABAH		
AFFIN HWANG INVESTMENT BANK BHD	Suite 1-9-E1, 9th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
CGS-CIMB SECURITIES SDN BHD	1st – 3rd Floor, Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-001

Name	Address and Telephone Number	Broker Code
CGS-CIMB SECURITIES SDN BHD	1st Floor, Lot 12 Block A3, Phase 2 Utama Place Mile 6, Northern Road 90000 Sandakan Sabah Tel No.: 089-215 578	065-001
KENANGA INVESTMENT BANK BHD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	073-032
RHB INVESTMENT BANK BHD	2nd Floor No. 81 & 83 Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	087-010
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 177 & 178 Ground Floor, Block 17 Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No.: 089-218 681	078-012
SARAWAK		
AFFIN HWANG INVESTMENT BANK BHD	Ground Floor & 1st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341 999	068-005
AMINVESTMENT BANK BERHAD	No. 162, 164, 166 & 168 1st Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-001
CGS-CIMB SECURITIES SDN BHD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No.: 084-367 700	065-001
CGS-CIMB SECURITIES SDN BHD	Level 1 (North), Wisma STA No. 26, Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 688	065-001

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BHD	Lot 1866, Jalan MS 2/5 Marina Square 2 Marina Parkcity 98000 Miri Sarawak Tel No.: 085-435 577	073-001
KENANGA INVESTMENT BANK BHD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93400 Kuching Sarawak Tel No.: 082-338 000	073-001
KENANGA INVESTMENT BANK BHD	No. 11-12, (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073-001
MERCURY SECURITIES SDN BHD	1st Floor No.16 Jalan Getah 96100 Sarikei Sarawak Tel No.: 084-659 019	093-001
RHB INVESTMENT BANK BHD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-250 888	087-008
RHB INVESTMENT BANK BERHAD	102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	087-008
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 221, Park City Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	087-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 1265, 1st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-324 128	078-017

Name	Address and Telephone Number	Broker Code
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground Floor & First Floor No.16, Lorong Intan 6 96000 Sibu Sarawak Tel No.: 084-252 737	078-018

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