

2. 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.

2.1 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.

	Public Issue		Offer for Sale		Total	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
Malaysian Public	30,415,000	5.0	-	-	30,415,000	5.0
Pink Form Allocations	40,591,000	6.7	-	-	40,591,000	6.7
Private placement:						
- Bumiputera investors approved by MITI	38,574,000	6.3	37,463,000	6.2	76,037,000	12.5
- Selected investors	15,322,000	2.5	-	-	15,322,000	2.5
	124,902,000	20.5	37,463,000	6.2	162,365,000	26.7

Enlarged number of Shares upon Listing	608,292,000
IPO Price per Share	RM[•]
Market capitalisation (calculated based on our IPO Price and enlarged number of Shares upon Listing)	RM[•]

Note:

(1) Based on our enlarged share capital of 608,292,000 Shares after our IPO.

Further details of our IPO are set out in Section 4.

In accordance with Rule 3.19(1) of the Listing Requirements, our Specified Shareholders' entire shareholdings after our IPO will be held under moratorium for 6 months from the date of our admission to the ACE Market. Thereafter, their shareholdings amounting to 45.0% of our enlarged share capital will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of their shares held under moratorium upon expiry of the second 6 months period. In addition, our Executive Director/ Chief Financial Officer's, Vincent Wong Soon Choy, entire shareholdings after our IPO will be held under moratorium for 6 months from the date of our admission to the ACE Market. Our Specified Shareholders as well as our Executive Director/ Chief Financial Officer, Vincent Wong Soon Choy, have provided written undertakings not to sell, transfer or assign their shareholdings under moratorium during the moratorium period. The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the abovementioned persons to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

2. PROSPECTUS SUMMARY (Cont'd)

Details of our Specified Shareholders and their Shares which will be subject to the abovesaid moratorium, are set out below:

Specified Shareholders	Year 1				Year 2		Year 3	
	Moratorium shares during the first 6-month moratorium		Moratorium shares during the second 6-month moratorium		Moratorium shares		Moratorium shares	
	(1)No. of Shares	(2)%	(1)No. of Shares	(2)%	(1)No. of Shares	(2)%	(1)No. of Shares	(2)%
Datuk Dr Ting	309,361,000	50.9	189,900,633	31.2	126,600,422	20.8	63,300,211	10.4
Hin Wai Mun	49,962,000	8.2	30,669,074	5.1	20,446,049	3.4	10,223,025	1.7
Chong Tuoo Choi	41,909,000	6.9	25,725,756	4.2	17,150,504	2.8	8,575,252	1.4
Ting Meng Pheng	44,695,000	7.3	27,435,937	4.5	18,290,625	3.0	9,145,312	1.5
	445,927,000	73.3	273,731,400	45.0	182,487,600	30.0	91,243,800	15.0

Notes:

(1) After Offer for Sale.

(2) Based on the enlarged share capital of 608,292,000 Shares after our IPO.

Further details on the moratorium on our Shares are set out in Section 3.2.

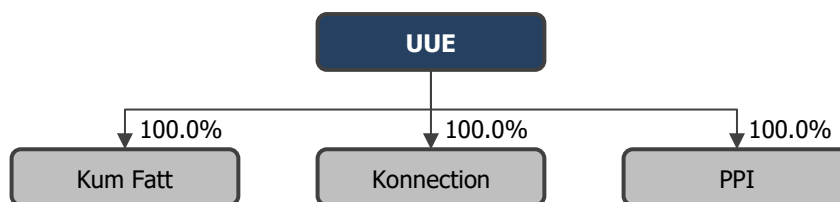
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2. PROSPECTUS SUMMARY (Cont'd)

2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

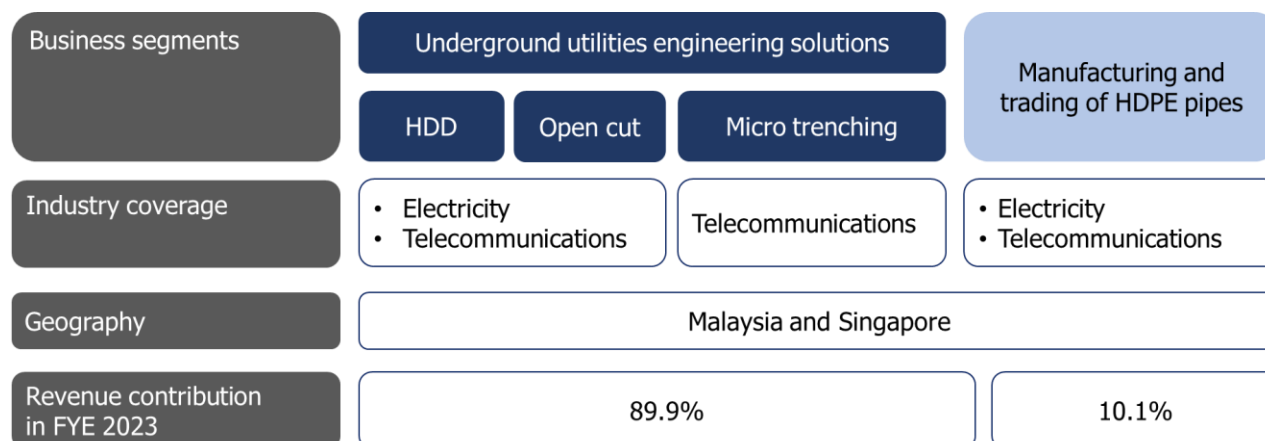
Our Company was incorporated in Malaysia under the Act on 21 July 2022 as a private limited company under the name of UUE Holdings Sdn Bhd. On 21 August 2023, our Company was converted into a public limited company and adopted our present name.

Our Group structure as at LPD is as follows:



Our Company is principally an investment holding company. Through our subsidiaries, we are principally involved in the provision of underground utilities engineering solutions where we specialise in the HDD method of laying pipes, and also employ the open cut and micro trenching excavation methods. We also manufacture and trade HDPE pipes, primarily to support our underground utilities engineering projects in Malaysia and Singapore. We serve the electricity and telecommunications end user markets in Malaysia and Singapore.

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



Further details of our Group and business model are set out in Sections 6 and 7 respectively.

The breakdown of our revenue by business segment for FYE 2021 to 2023 is as follows:

Business segment	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Underground utilities engineering solutions	44,061	85.2	68,596	91.6	79,720	89.9
Manufacturing and trading of HDPE pipes	7,645	14.8	6,290	8.4	8,942	10.1
Total	51,706	100.0	74,886	100.0	88,662	100.0

The breakdown of our revenue by country for FYE 2021 to 2023 is as follows:

Country	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	43,249	83.6	57,278	76.5	65,774	74.2
Singapore	8,457	16.4	17,608	23.5	22,888	25.8
Total	51,706	100.0	74,886	100.0	88,662	100.0

Further details on the breakdown of our revenue are set out in Section 12.2.3.

2. PROSPECTUS SUMMARY (Cont'd)

2.3 INTERRUPTION TO BUSINESS

Save for the interruption in our operations arising from the imposition of movement controls in Malaysia following the outbreak of COVID-19 pandemic, our Group had not experienced any other interruptions which has significantly affected our business during the past 12 months preceding LPD.

Further details on the impact of COVID-19 pandemic are set out in Section 7.11.

2.4 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

- (a) We have established our presence in the underground utilities engineering industry with approximately 14 years of operating history since the incorporation of Kum Fatt in 2009, specialising in the HDD method of underground utilities engineering. Leveraging on its HDD capabilities, our Group penetrated into the underground utilities engineering industry in Singapore during the same year. Our Group has a proven track record as evidenced by the increase in our revenue from RM51.7 million in FYE 2021 to RM88.7 million in FYE 2023. We also own a fleet of HDD machinery and equipment such as underground utility locators/detectors and gyroscopic utility mapping devices, which enable us to better control our costs and give us flexibility in allocating operational resources in managing our Group's projects. As at LPD, we own 15 HDD machines, 2 backhoes, 1 excavator, 6 underground utility locators/detectors and 2 gyroscopic utility mapping devices. As at LPD, our Group has an unbilled order book value of RM220.8 million which is expected to be realised over the next 3 financial years;
- (b) Our Group focuses on project planning and management, utility detection and mapping as well as HDD technical expertise. Further, we carry out underground utilities survey works prior to the commencement of HDD works comprising underground utility detection (induction) and mapping, trial pit boring and passive live tracing or tracing zigzag. We have invested in VR HDD and simulators to train our employees on the basic concepts and procedures of using a HDD machine and a locating system prior to physical training at sites. This enables us to improve our project delivery performance, while ensuring that we meet the technical, time and cost requirements of our customers;
- (c) We maintain strong business relationships with our customers comprising main contractors, property owners and developers as well as telecommunications service providers. We have more than 10 years of business relationship with our top 3 customers in FYE 2023. Further, our Group is also appointed as the exclusive engineering service provider for HDD works by Komasi Engineering and Sutera Utama which is limited to non-Bumiputera contracts, which has helped our Group secure a stable flow of projects over the years. As at the end of FYE 2023, our Group has 11, 12 and 14 years of business relationship with Komasi Engineering, Sutera Utama and Wee Guan Group respectively;
- (d) Our in-house manufactured HDPE pipes are certified to internationally recognised quality standards and we are registered with TNB for the supply of these pipes in power sector projects. Our HDPE pipes are certified compliant to MS 1058: Part 2:2005 and ISO 4427-2:2019 by SIRIM QAS International Sdn Bhd, which also accredits that our HDPE pipes are suited for water supply pipes thereby providing our Group with a further source of end-user industry. Over FYE 2021 to 2023 and up to LPD, our Group has not received any product defect claims or product rectification requests from our customers in respect of our HDPE pipes; and

2. PROSPECTUS SUMMARY (*Cont'd*)

- (e) Our senior management team possess in-depth knowledge and experience in HDD engineering services and solutions. In particular, our Promoter and Managing Director, Datuk Dr Ting, has approximately 23 years of experience in the industry. We also have a professional team of engineers, safety officers and technical staff that have extensive industry knowledge and experience. As at LPD, 17 of the 170 employees in our Project Department have at least 5 years of experience in the HDD method of laying pipes, which indicates that they have reached the level of competency where they are able to undertake larger and more technically complex HDD projects. At this level of competency, these employees are able to take on supervisory roles in HDD projects, where they are able to manage and monitor the subcontractors engaged by our Group to undertake the physical open cut trenching works, micro trenching works, physical HDD works, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works, traffic management as well as site preparation, maintenance and cleaning.

Further details of our competitive strengths are set out in Section 7.17.

2.5 BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth and create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 36 months from the date of our Listing:

- (a) We intend to pursue opportunities to expand regionally in Malaysia. We believe that we need to leverage on our current capabilities to expand regionally in Peninsular Malaysia. As at LPD, our Group has completed and has on-going underground utilities engineering projects in the states of Johor, Negeri Sembilan, Melaka and Selangor. We intend to further expand regionally in Peninsular Malaysia, specifically targeting the states of Terengganu, Kelantan and Pahang, by securing telecommunications and electricity supply projects. As at LPD, our Group has secured electricity supply projects with total contract value of RM69.2 million in the east coast region for Terengganu, Kelantan and Pahang. These projects will allow us to create presence and identify other potential business opportunities in the east coast region of Peninsular Malaysia. We will seek to collaborate with certified main contractors that are financially stable and reliable to facilitate our regional expansion;
- (b) We intend to acquire more machinery to expand our range of underground utilities engineering solutions and scale of projects. We also plan to acquire a maxi rig HDD machine that will enable us to venture into the provision of subsea HDD works, thereby expanding our Group's range of underground utilities engineering solutions. We lease machinery to supplement our existing assets in carrying out project works, including HDD machines, excavators and lorries as we do not own enough of these machinery and equipment. We also engage subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing physical open cut trenching and micro trenching works, and physical HDD and cable laying works portion of the HDD projects undertaken by our Group, to supplement our operational resources, as this allows our Group to secure and deliver more underground utilities engineering projects. As we frequently use these machinery, we believe that our investment will place us in an a more competitive position to undertake underground utilities engineering projects of different scale and complexities. In addition, we believe that the acquisition of these machinery will allow us to scale up our resources and project capabilities in undertaking projects of similar scale and complexities as our existing and past projects; and
- (c) We intend to further expand our range of underground utilities engineering solutions in Singapore. Our Group's business in Singapore has been growing, driven by the demand for underground utilities engineering solutions by the electricity supply industry to support Singapore's plans to increase the overall population from a range of 6.5 million to 6.9 million persons by 2030 and to optimise land use. Our Group intends to leverage on the growth prospects of the Singapore market by actively participating in tenders and/or requests for quotations in Singapore for HDD works for electricity

2. PROSPECTUS SUMMARY (Cont'd)

distribution projects by leveraging on our project track record, technical expertise and experience of our employees.

Further details of our business strategies are set out in Section 7.18.

2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

- (a) Our revenue is project-based and our historical financial performance may not be indicative of our future financial performance. We provide underground utilities engineering solutions to our customers on a project basis. In our industry, it is common for projects to be awarded based on competitive bidding/ pricing, and as such, we have to bid/ price competitively. Save for Komasi Engineering and Sutera Utama whom have appointed us as their sole and exclusive provider of HDD engineering services, our other customers are under no obligation to continue to award projects to us and there is no assurance that we are able to continuously and consistently secure new projects, nor will there be any assurance that we can continue to secure projects based on similar commercial terms/ profit margin;
- (b) We are dependent on our major customers. During FYE 2021 to 2023, the revenue contributions from our top 3 major customers are as follows:

Customers	FYE 2021		FYE 2022		FYE 2023	
	RM'000	(1)%	RM'000	(1)%	RM'000	(1)%
Komasi Engineering	25,264	48.9	42,803	57.2	39,721	44.8
Wee Guan Group	7,238	14.0	15,362	20.5	16,921	19.1
Sutera Utama	10,885	21.1	10,753	14.4	12,311	13.9
Total	43,387	84.0	68,918	92.1	68,953	77.8

Note:

- (1) Computed based on the total revenue of the respective financial years.

Although we have entered into the Exclusive Engineering Service Provider Agreements with Komasi Engineering and Sutera Utama, there can be no assurance that they will continue to secure projects. Separately, while we have not encountered any major disputes with the abovementioned major customers, there can be no assurance that our current working relationship with them will not deteriorate due to potential disputes that could not be resolved and that we would continue to be successful in securing projects from them in future;

- (c) We are subject to regulatory requirements for our business operations. The licences and approvals are subject to compliance with relevant conditions, laws and regulations under which they were issued. In the event of non-compliance, these licences and approvals may be revoked or may not be renewed upon expiry, which will have a material impact on our Group. Similarly, any breach of these conditions, laws and regulations can result in penalties, fines, potential prosecution against us and/or our directors, restrictions on operations and/or remedial liabilities which would have a material impact on our Group;
- (d) We depend on our Executive Directors for our continued success. The loss of our Executive Directors who are also our key senior management simultaneously or within a short time without timely replacement or discontinuity in knowledge transfer may potentially create an unfavourable impact on our Group's business operations, performance and prospects if there is a lack of succession planning, or inability to retain qualified personnel;

2. PROSPECTUS SUMMARY (Cont'd)

- (e) Our operations depend on the availability of an adequate supply of materials at competitive prices. A material increase in construction costs arising from materials costs, labour, and overheads, will adversely affect our profit margin; particularly in situations where our contracts with our customers prevent us from passing on these increased costs to them. As such, our failure to accurately estimate the resources and time required for a project or our failure to complete our contractual obligations within the timeframe and costs committed could have a material adverse effect on our financial performance. Furthermore, contracts with our customers generally, do not cater for such price fluctuations of construction materials. We are exposed to the risks of price fluctuations and we assume the risk that the actual costs associated with our performance may be greater than anticipated. Our cash flows and profitability will be reduced if the actual costs to complete a contract exceed the original estimates;
- (f) We are dependent on the services and quality of our subcontractors' works. There is no assurance that we would be able to monitor the performance of our subcontractors efficiently. Notwithstanding that we may attempt to seek compensation from the relevant subcontractors, we may incur significant time, cost and resources to rectify the defects and resolve the issues concerning the quality of works performed by our subcontractors. This in turn would affect the project delivery schedule and accordingly our Group would need to request for extension of time or be subject to defect liability claims from our customers, or liquidated ascertained damages arising from delays in completion of our projects which would have a material impact on our Group. We may be susceptible to risks of our customers claiming against our performance bond, or legal liabilities arising from such defects or substandard works;
- (g) Unanticipated cost overruns may affect our profitability and our financial performance. Incorrect estimations of our project costs may result in cost overruns and hence will affect our profitability and financial performance. If the actual costs to complete the projects significantly deviate from the estimated costs when the tenders or quotations were submitted, we will be bound by the contract to undertake the project at a substantial loss and hence our business operations as well as financial performance and profitability may be adversely affected; and
- (h) There are inherent risks in the electricity supply and telecommunications industry. Such inherent risks include, amongst others, dependency on public and private investments on utilities infrastructure which in turn are affected by the economic conditions, foreign direct investments, construction industry and government initiative and spending. Some of the changes, which include changes to economic conditions, government initiative and spending or situations may reduce new underground utilities engineering projects and that available in the market. In such situations, we will face more intense competition in tenders among the industry players and we may need to be more aggressive in our pricing strategy. This will adversely affect our business, financial performance, prospects and liquidity.

2.7 DIRECTORS

Our Directors are as follows:

Name	Designation
Lee Chye Tee	Independent Non-Executive Chairman
Datuk Dr Ting	Managing Director
Hin Wai Mun	Executive Director
Chong Tuoo Choi	Executive Director
Vincent Wong Soon Choy	Executive Director/ Chief Financial Officer
Ng Lee Thin	Independent Non-Executive Director
Latha A/P Dhamodaran Pillay	Independent Non-Executive Director
Goh Lei Lei	Independent Non-Executive Director

Save for our Executive Directors, there are no other key senior management. Further details of our Directors are set out in Section 5.

2. PROSPECTUS SUMMARY *(Cont'd)*

2.8 PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and/or substantial shareholders in our Company before and after IPO are set out below:

Name	Nationality	⁽¹⁾ Before IPO				⁽²⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders									
Datuk Dr Ting	Malaysian	335,350,000	69.4	-	-	⁽³⁾ 309,361,000	50.9	-	-
Hin Wai Mun	Malaysian	54,160,000	11.2	-	-	⁽³⁾ 49,962,000	8.2	-	-
Chong Tuoo Choi	Malaysian	45,430,000	9.4	-	-	⁽³⁾ 41,909,000	6.9	-	-
Substantial shareholder									
Ting Meng Pheng	Malaysian	48,450,000	10.0	-	-	⁽³⁾ 44,695,000	7.3	-	-

Notes:

- (1) Based on our share capital of 483,390,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 608,292,000 Shares after our IPO.
- (3) Our Promoters and/or substantial shareholders, who are also our Selling Shareholders, are offering a total of 37,463,000 Offer Shares under the Offer for Sale. Please refer to Section 4.3.1(b) for further details on the Offer for Sale.

Further details of our Promoters and/or substantial shareholders are set out in Section 5.

2.9 UTILISATION OF PROCEEDS

The estimated gross proceeds to be raised from our Public Issue of RM[•] million shall be utilised in the following manner:

Utilisation of proceeds	RM'000	%	⁽¹⁾ Estimated timeframe for utilisation
Purchase of machinery and equipment	[•]	[•]	Within 24 months
General working capital	[•]	[•]	Within 12 months
Estimated listing expenses	[•]	[•]	Within 1 month
Total	[•]	100.0	

Note:

- (1) From the date of our Listing.

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.9.

2. PROSPECTUS SUMMARY (Cont'd)**2.10 FINANCIAL HIGHLIGHTS****2.10.1 Combined statements of profit or loss and other comprehensive income**

The following table sets out the financial highlights based on our combined statements of profit or loss and other comprehensive income for FYE 2021 to 2023:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Revenue	51,706	74,886	88,662
GP	14,575	25,053	26,609
PBT	9,428	18,565	17,174
PAT	7,367	14,567	14,117
GP margin (%) ⁽¹⁾	28.2	33.5	30.0
PAT margin (%) ⁽²⁾	14.2	19.5	15.9
EPS (sen) ⁽³⁾	1.2	2.4	2.3

Notes:

- (1) Calculated based on GP over revenue.
- (2) Calculated based on PAT over revenue.
- (3) Calculated based on PAT over our enlarged share capital of 608,292,000 Shares after our IPO.

There were no exceptional items during the financial years under review. Our audited combined financial statements for the past financial years under review were not subject to any audit qualifications. Further details on the financial information are set out in Sections 12 and 13.

2.10.2 Pro forma combined statements of financial position

The following table sets out a summary of the pro forma combined statements of financial position of our Group to show the effects of the Acquisitions, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma statements of financial position as set out in Section 14.

	As at 28 February 2023	I	II	III
		After Acquisitions	After I and Public Issue	After II and utilisation of proceeds
		RM'000	RM'000	RM'000
ASSETS				
Total non-current assets	-	21,969	21,969	21,969
Total current assets	(1)	63,823	[•]	[•]
TOTAL ASSETS	(1)	85,792	[•]	[•]
EQUITY AND LIABILITIES				
Share capital	(1)	48,339	[•]	[•]
Reserves	(2)	167	167	[•]
TOTAL EQUITY	(2)	48,506	[•]	[•]

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	As at 28 February 2023	I After Acquisitions	II After I and Public Issue	III After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
Total non-current liabilities	-	12,068	12,068	12,068
Total current liabilities	2	25,218	25,218	25,218
TOTAL LIABILITIES	2	37,286	37,286	37,286
TOTAL EQUITY AND LIABILITIES	(1)	85,792	[•]	[•]
No. of Shares in issue ('000)	(2)	483,390	608,292	608,292
NA per Share (RM)	(764)	0.10	[•]	[•]
Borrowings	-	23,381	23,381	23,381
Gearing ratio (times)	-	0.5	[•]	[•]

Notes:

- (1) Representing RM2.
- (2) Representing 2 shares.

2.11 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. It is our intention to pay dividends to shareholders in the future, however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

During FYE 2021 to 2023 and up to LPD, we declared and paid the following dividends:

	FYE 2021	FYE 2022	FYE 2023	1 March 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	3,906	5,371	3,839	-

The dividends declared and paid in FYE 2021 to 2023 were funded via internally generated profit. We intend to declare and pay a dividend of up to RM3.0 million prior to our Listing which will be funded via internally generated profit. Further details of our dividend policy are set out in Section 12.16.