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## PROSPECTUS



**UUE HOLDINGS BERHAD**  
(202201026669 (1472366-A))  
(Incorporated in Malaysia)

**INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:**

**(I) PUBLIC ISSUE OF 124,902,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:**

- **30,415,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
- **40,591,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;**
- **38,574,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND**
- **15,322,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;**

**AND**

**(II) OFFER FOR SALE OF 37,463,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY**

**AT AN ISSUE/OFFER PRICE OF RM[●] PER SHARE, PAYABLE IN FULL UPON APPLICATION.**

**Adviser, Sponsor, Underwriter and Placement Agent**



**M & A SECURITIES SDN BHD**  
(197301001503 (15017-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Bursa Securities has approved our admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities. This Prospectus has been registered by Bursa Securities. The approval of the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities and 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 the company and takes no responsibility for the contents of this document, 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. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

**YOU 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 186.**

**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.**

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

**This Prospectus is dated [●]**

Our Directors, Promoters and Selling Shareholders (as defined herein) 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 there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

M & A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), 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 our IPO.

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

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA (as defined herein) for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Our Shares are offered to the public premised on full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our Shares (as defined herein) on [•]. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be 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 whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The SC (as defined herein) had on [•] approved the resultant equity structure of our Company under the equity requirements for public listed companies pursuant to our Listing (as defined herein).

[Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. 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 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 therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will 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.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

### **ELECTRONIC PROSPECTUS**

This Prospectus can also be viewed or downloaded from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The contents of the Electronic Prospectus and the copy of this Prospectus registered with Bursa Securities are the same.

You are advised that the internet is not a fully secured medium and that your Internet Share Application (as defined herein) may be subject to risks of 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 herein). These risks cannot be borne by the Internet Participating Financial Institutions.

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

In the event of any discrepancies 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 are identical to the copy of the Prospectus registered with Bursa Securities, shall 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:

- (a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material 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;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our 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 of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our 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, information, files or other material.

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

- (a) The Internet Participating Financial Institutions are only 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 and 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
- (b) 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**

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*All terms used are defined under "Definitions" commencing from page vii.*

The indicative timing of events leading to our Listing is set out below:

<b>Events</b>	<b>Indicative date</b>
Issuance of this Prospectus/Opening of Application	[•]
Closing of Application	[•]
Balloting of Application	[•]
Allotment/Transfer of IPO Shares to successful applicants	[•]
Date of Listing	[•]

If there is any change to the indicative timetable, we will advertise the notice of such change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and make an announcement on Bursa Securities' website.

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**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

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*All terms used in this section are defined under "Definitions" commencing from page vii.*

All references to "UUE" and "Company" in this Prospectus are to UUE Holdings Berhad (202201026669 (1472366-A)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Executive Directors who are also our 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.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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**FORWARD-LOOKING STATEMENTS**

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*All terms used are defined under "Definitions" commencing from page vii.*

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, plans and objectives 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 Management'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 "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project", "propose" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (a) demand for our products and services;
- (b) our business strategies;
- (c) our future plans;
- (d) our future earnings, cash flows and liquidity; and
- (e) our ability to pay future dividends.

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

- (a) the economic, political and investment environment in the countries which we operate; and
- (b) Government policy, legislation or regulation of the countries which we operate in.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

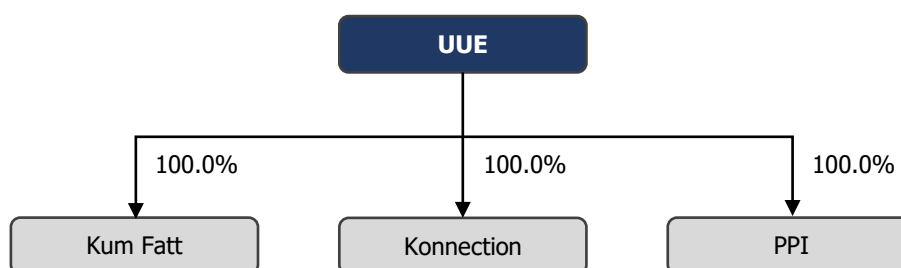
Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

## DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

### COMPANIES WITHIN OUR GROUP:

"UUE" or "Company"	:	UUE Holdings Berhad (202201026669 (1472366-A))
"UUE Group" or "Group"	:	UUE and its subsidiaries, collectively
"Konnection"	:	Konnection Engineering Pte Ltd (200901033W)
"Kum Fatt"	:	Kum Fatt Engineering Sdn Bhd (200901003119 (846046-M))
"PPI"	:	Premier Plastic Industry Sdn Bhd (201701010598 (1224763-D))



### GENERAL:

"ACE Market"	:	ACE Market of Bursa Securities
"Acquisitions"	:	Acquisition of Kum Fatt, Acquisition of Konnection and Acquisition of PPI, collectively
"Acquisition of Konnection"	:	Acquisition by UUE of the entire equity interest of Konnection for a purchase consideration of RM18,174,000 which was wholly satisfied by the issuance of 181,740,000 new Shares at an issue price of RM0.10 per Share, which was completed on [•]
"Acquisition of Kum Fatt"	:	Acquisition by UUE of the entire equity interest of Kum Fatt for a purchase consideration of RM24,224,990 which was wholly satisfied by the issuance of 242,249,900 new Shares at an issue price of RM0.10 per Share, which was completed on [•]
"Acquisition of PPI"	:	Acquisition by UUE of the entire equity interest of PPI for a purchase consideration of RM5,940,000 which was wholly satisfied by the issuance of 59,400,000 new Shares at an issue price of RM0.10 per Share, which was completed on [•]
"Act"	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
"ADA"	:	Authorised Depository Agent
"Adviser" or "Sponsor" or "Underwriter" or "Placement Agent"	:	M&A Securities
"Application(s)"	:	Application(s) for IPO Shares by way of Application Form(s), Electronic Share Application(s) or Internet Share Application(s)



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**DEFINITIONS (Cont'd)**

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"Application Form(s)"	:	Printed application form(s) for the application of our IPO Shares accompanying this Prospectus
"ATM"	:	Automated teller machine
"BCA"	:	Building and Construction Authority of Singapore
"Bestari Selatan"	:	Bestari Selatan Sdn Bhd (201001001445 (886022-K))
"BNM"	:	Bank Negara Malaysia
"Board"	:	Board of Directors of UUE
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
"CAGR"	:	Compound annual growth rate
"CCC"	:	Certificate of completion and compliance
"CDS"	:	Central Depository System
"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Central Depositories Act" or "SICDA"	:	Securities Industry (Central Depositories) Act 1991, as amended from time to time and any re-enactment thereof
"CIDB"	:	Construction Industry Development Board
"Circuit Breaker Period"	:	A stay-at-home order implemented by the Singaporean government as a preventive measure in response to the COVID-19 pandemic
"CMSA"	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
"Constitution"	:	Our constitution
"COVID-19"	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
"Datuk Dr Ting"	:	Datuk Dr Ting Kok Hwa
"Director(s)"	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"DOSH"	:	Department of Occupational Safety and Health Malaysia
"EBIT"	:	Earnings before interest and tax
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium

**DEFINITIONS (Cont'd)**

"Electronic Share Application(s)"	:	Application(s) for IPO Shares through a Participating Financial Institution's ATM
"Eligible Person(s)"	:	The eligible Director(s), employee(s), and person(s) who have contributed to the success of our Group who are eligible to participate in the Pink Form Allocations, collectively
"EPS"	:	Earnings per share
"Exclusive Engineering Service Provider Agreement(s)"	:	Collectively, (i) the Exclusive Engineering Service Provider Agreement dated 1 July 2021 and Supplementary Agreement dated 1 August 2021 entered into between Kum Fatt and Komasi Engineering; and (ii) Exclusive Engineering Service Provider Agreement dated 1 August 2021 and Supplementary Agreement dated 1 August 2021 entered into between Kum Fatt and Sutera Utama
"FYE"	:	Financial year(s) ended/ending 28 February, as the case may be
"Government"	:	Government of Malaysia
"GP"	:	Gross profit
"IFRS"	:	International Financial Reporting Standards
"IMR" or "Providence"	:	Providence Strategic Partners Sdn Bhd (201701024744 (1238910-A)), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "Outlook of the Power Infrastructure Utilities Market in Malaysia" dated 22 August 2023
"Internet Participating Financial Institution(s)"	:	Participating financial institution(s) for Internet Share Application as listed in Section 16.6
"Internet Share Application(s)"	:	Application(s) for IPO Shares through an online share application service provided by Internet Participating Financial Institution(s)
"Initial Public Offering" or "IPO"	:	Our initial public offering comprising the Public Issue and Offer for Sale
"IPO Price"	:	Issue/offer price of RM[•] per Share under our Public Issue and Offer for Sale
"IPO Share(s)"	:	Issue Share(s) and Offer Share(s), collectively
"Issue Share(s)"	:	New Share(s) to be issued under our Public Issue
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
"Komasi Engineering"	:	Komasi Engineering Sdn Bhd (198301011977 (107371-P))
"LOA"	:	Letter of award
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM[•] comprising 608,292,000 Shares on the ACE Market

**DEFINITIONS (Cont'd)**

"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
"Listing Scheme"	:	Comprising the Public Issue, Offer for Sale and Listing, collectively
"LPD"	:	31 July 2023, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	:	M & A Securities Sdn Bhd (197301001503 (15017-H))
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day"	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities. This may include 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
"MCCG"	:	Malaysian Code on Corporate Governance
"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
"MFRS"	:	Malaysian Financial Reporting Standards
"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of Investment, Trade and Industry
"MOF"	:	Ministry of Finance
"NA"	:	Net assets
"NBV"	:	Net book value
"Offer for Sale"	:	Offer for sale of 37,463,000 Offer Shares by our Selling Shareholders at our IPO Price
"Offer Share(s)"	:	Existing Share(s) to be offered under our Offer for Sale
"Official List"	:	A list specifying all securities which have been admitted for listing on the ACE Market
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application(s) as listed in Section 16.5
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	Allocation of 40,591,000 Issue Shares to Eligible Person(s), which forms part of our Public Issue

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**DEFINITIONS (Cont'd)**

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"Promoter(s)"	:	Datuk Dr Ting, Hin Wai Mun and Chong Tuoo Choi, collectively
"Prospectus"	:	This prospectus dated [•] in relation to our IPO
"Public Issue"	:	Public issue of 124,902,000 Issue Shares at our IPO Price
"QC"	:	Quality control
"ROC"	:	Registrar of Companies
"Rules of Bursa Depository" or "Depository Rules"	:	Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
"SC"	:	Securities Commission Malaysia
"Selling Shareholders"	:	Datuk Dr Ting, Hin Wai Mun, Chong Tuoo Choi and Ting Meng Pheng, collectively, who are undertaking the Offer for Sale
"Share(s)"	:	Ordinary share(s) in UUE
"SOP"	:	Standard operating procedures
"Specified Shareholder(s)"	:	Datuk Dr Ting, Hin Wai Mun, Chong Tuoo Choi and Ting Meng Pheng, collectively
"Sutera Utama"	:	Sutera Utama Sdn Bhd (200901002816 (845743-X))
"TNB"	:	Tenaga Nasional Berhad (199001009294 (200866-W))
"Underwriting Agreement"	:	Underwriting agreement dated [•] entered into between our Company and M&A Securities for the purpose of our IPO
"USA"	:	United States of America

**CURRENCIES:**

"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"SGD"	:	Singapore Dollar

**UNIT OF MEASUREMENT:**

"°C"	:	Degree Celcius
"Hz"	:	Hertz
"kg"	:	Kilogram
"kg-force m"	:	Kilogram-force metre
"kV"	:	Kilovolt
"m"	:	Metre
"mm"	:	Millimetre
"sq ft"	:	Square feet
"sq m"	:	Square metre

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## TECHNICAL GLOSSARY

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

"as-built drawing"	:	A revised blueprint or drawing submitted by a contractor after a construction project is completed
"AutoCAD"	:	A commercial computer-aided design and drafting software
"CC"	:	Certificate of Completion, a certificate issued to contractors when all works have been completed to satisfaction and meeting all requirements of the contract
"GPR"	:	Ground penetrating radar, a non-intrusive geophysical survey method that uses pulses of electromagnetic waves to image the subsurface
"Google Earth"	:	A computer programme that renders a 3-dimensional representation of Earth based primarily on satellite imagery
"GPS"	:	Global positioning system, a satellite-based radio navigation system
"gyroscopic surveying tool"	:	A tool used to determine the elevation and orientation of the pipe at the HDD entry and exit pits
"HDD"	:	Horizontal directional drilling, a method of installing underground pipelines, cables and service conduit through trenchless methods. It involves the use of a directional drilling machine, and associated attachments, to accurately drill along the chosen bore path and back ream the required pipe
"HDPE"	:	High-density polyethylene, a thermoplastic polymer made from petroleum
"ISO"	:	International Organisation for Standardisation
"masterbatches"	:	A solid additive used for colouring or imparting other properties to plastics
"microducts"	:	Small ducts used for the installation of fibre optic cables
"micro trenching"	:	A technique for laying cables (such as for broadband networks) in narrow trenches involving surfaces such as roads, sidewalks and concrete-based surfaces
"MS"	:	Malaysian Standards
"open cut"	:	A technique for laying cables and pipes where it involves digging a pit of a specific depth in the surface of the ground along the specified route for the installation
"PCL"	:	Pipe cable locator, a transmitter and hand-held receiver used to locate underground utilities
"PE"	:	Polyethylene, a thermoplastic polymer
"PN"	:	Nominal pressure, a measure of pressure that a PE pipe is designed to safely withstand

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**TECHNICAL GLOSSARY (*Cont'd*)**

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"resin"	:	A viscous substance used as adhesive when a strong bond is required
"sonde"	:	An instrument probe that automatically transmits information about its surroundings from an inaccessible location, such as underground
"torque"	:	A measure of the force that can cause an object to rotate about an axis
"UDM"	:	Underground detection and mapping, the process of detecting and identifying utility pipelines/cables which are located underground and illustrating it into a layout plan
"VR"	:	Virtual reality, a simulated experience that employs pose tracking and 3-dimensional (3D) near-eye displays to give the user an immersive feel of a virtual world

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## 1. CORPORATE DIRECTORY

### BOARD OF DIRECTORS

<b>Name</b>	<b>Designation</b>	<b>Residential address</b>	<b>Nationality/ Profession</b>	<b>Gender</b>
Lee Chye Tee	Independent Non-Executive Chairman	5, Jalan PJ 28 Taman Pertam Jaya Padang Temu 75050 Melaka Melaka	Malaysian/ Chartered Accountant	Male
Datuk Dr Ting	Managing Director	2, Jalan Gaya 15 Taman Gaya 81800 Ulu Tiram Johor	Malaysian/ Director	Male
Hin Wai Mun	Executive Director	8, Jalan Seri Austin 3/34 Taman Seri Austin 81100 Johor Bahru Johor	Malaysian/ Director	Male
Chong Tuoo Choi	Executive Director	Blk 345 Choa Chu Kang Avenue 3 #09-29 Singapore 689876	Malaysian/ Director	Male
Vincent Wong Soon Choy	Executive Director	37, Jalan Ponderosa 1/7 Taman Ponderosa 81100 Johor Bahru Johor	Malaysian/ Director	Male
Ng Lee Thin	Independent Non-Executive Director	2, Jalan Ekoflora 1/4 Taman Ekoflora 81100 Johor Bahru Johor	Malaysian/ Chartered Accountant	Female
Latha A/P Dhamodaran Pillay	Independent Non-Executive Director	G-10 Pinggiran Senibong 1, Persiaran Senibong 81750 Johor Bahru Johor	Malaysian/ Lawyer	Female
Goh Lei Lei	Independent Non-Executive Director	45, Jalan Seri Impian 5 Taman Impian Emas 81300 Skudai Johor	Malaysian/ Town Planner	Female

### AUDIT AND RISK MANAGEMENT COMMITTEE

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ng Lee Thin	Chairperson	Independent Non-Executive Director
Latha A/P Dhamodaran Pillay	Member	Independent Non-Executive Director
Goh Lei Lei	Member	Independent Non-Executive Director

### NOMINATING COMMITTEE

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Latha A/P Dhamodaran Pillay	Chairperson	Independent Non-Executive Director
Ng Lee Thin	Member	Independent Non-Executive Director
Goh Lei Lei	Member	Independent Non-Executive Director

## 1. CORPORATE DIRECTORY (*Cont'd*)

### REMUNERATION COMMITTEE

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Goh Lei Lei	Chairperson	Independent Non-Executive Director
Ng Lee Thin	Member	Independent Non-Executive Director
Latha A/P Dhamodaran Pillay	Member	Independent Non-Executive Director

**COMPANY SECRETARY** : Pow Juliet (SSM Practising Certificate No. 202008001248)  
(MAICSA 7020821)  
*(Chartered Secretary, Associate of the Malaysian Institute of Chartered Secretaries and Administrators)*

An Yu Qing (SSM Practising Certificate No. 202108000205)  
(MAICSA 7076459)  
*(Chartered Secretary, Associate of the Malaysian Institute of Chartered Secretaries and Administrators)*

Suite 5.11 & 5.12, 5<sup>th</sup> Floor, Menara TJB  
9, Jalan Syed Mohd. Mufti  
80000 Johor Bahru  
Johor

Telephone number: +607-2242 823

**REGISTERED OFFICE** : Suite 5.11 & 5.12, 5<sup>th</sup> Floor, Menara TJB  
9, Jalan Syed Mohd. Mufti  
80000 Johor Bahru  
Johor

Telephone number: +607-2242 823

**HEAD OFFICE** : 55 & 57, Jalan Teratai 7  
Taman Johor Jaya  
81100 Johor Bahru  
Johor

Telephone number: +607-3350 028

**EMAIL ADDRESS AND WEBSITE** : Website: [www.uue-holdings.com](http://www.uue-holdings.com)  
Email address: info@uue-holdings.com

**AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING** : **BDO PLT**  
(201906000013 (LLP0018825-LCA)) & (AF 0206)

Suite 18-04, Menara Zurich  
15, Jalan Dato' Abdullah Tahir  
Taman Abad  
80300 Johor Bahru  
Johor

Partner-in-charge: Sia Yeak Hong  
Approval number: 03413/02/2025 J  
*(Member of the Malaysian Institute of Accountants, Member of the Institute of Chartered Accountants in England and Wales, Member of the Malaysian Institute of Certified Public Accountants and Member of the Association of Chartered Certified Accountants)*

Telephone number: +607-3319 815

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**1. CORPORATE DIRECTORY (*Cont'd*)**

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- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : **M & A Securities Sdn Bhd**  
(197301001503 (15017-H))  
  
45-11, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
  
Telephone number: +603-2284 2911
- SOLICITORS FOR OUR LISTING** : **Olivia Lim & Co**  
  
41-3, Plaza Damansara  
Jalan Medan Setia 1  
Bukit Damansara  
50490 Kuala Lumpur  
  
Telephone number: +603-2011 1386
- ISSUING HOUSE AND SHARE REGISTRAR** : **Tricor Investor & Issuing House Services Sdn Bhd**  
(197101000970 (11324-H))  
  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
  
Telephone number: +603-2783 9299
- INDEPENDENT MARKET RESEARCHER** : **Providence Strategic Partners Sdn Bhd**  
(201701024744 (1238910-A))  
  
67-1, Block D, Jaya One  
Jalan Prof Diraja Ungku Aziz  
46200 Petaling Jaya  
Selangor  
  
Telephone number: +603-7625 1769  
  
Person-in-charge: Elizabeth Dhoss  
*(Bachelor of Business Administration from the University of Malaya)*
- LISTING SOUGHT** : ACE Market
- SHARIAH STATUS** : [Approved by Shariah Advisory Council of SC]

## 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
	<b>124,902,000</b>	<b>20.5</b>	<b>37,463,000</b>	<b>6.2</b>	<b>162,365,000</b>	<b>26.7</b>

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:

<b>Specified Shareholders</b>	<b>Year 1</b>				<b>Year 2</b>		<b>Year 3</b>	
	<b>Moratorium shares during the first 6-month moratorium</b>		<b>Moratorium shares during the second 6-month moratorium</b>		<b>Moratorium shares</b>		<b>Moratorium shares</b>	
	<b>(1)No. of Shares</b>	<b>(2)%</b>	<b>(1)No. of Shares</b>	<b>(2)%</b>	<b>(1)No. of Shares</b>	<b>(2)%</b>	<b>(1)No. of Shares</b>	<b>(2)%</b>
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
	<b>445,927,000</b>	<b>73.3</b>	<b>273,731,400</b>	<b>45.0</b>	<b>182,487,600</b>	<b>30.0</b>	<b>91,243,800</b>	<b>15.0</b>

**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.

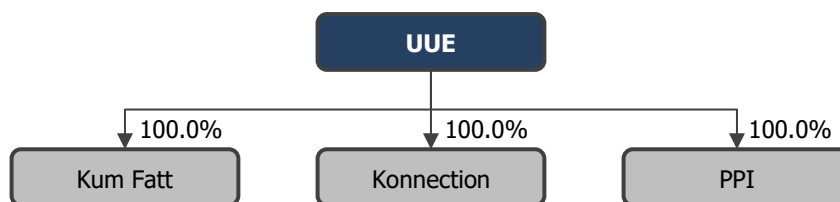
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## 2. PROSPECTUS SUMMARY (Cont'd)

### 2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

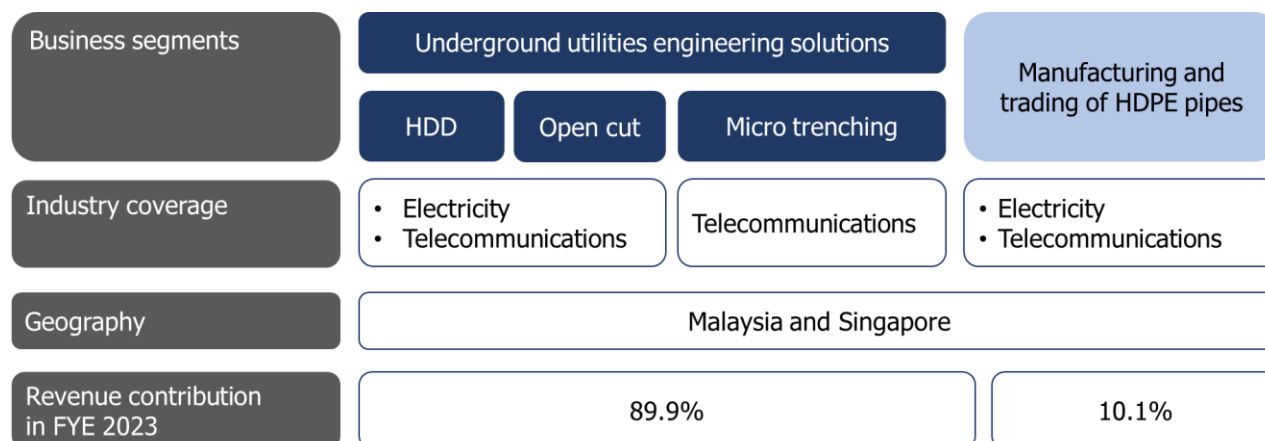
Our Company was incorporated in Malaysia under the Act on 21 July 2022 as a private limited company under the name of UUE Holdings Sdn Bhd. On 21 August 2023, our Company was converted into a public limited company and adopted our present name.

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
<b>Total</b>	<b>51,706</b>	<b>100.0</b>	<b>74,886</b>	<b>100.0</b>	<b>88,662</b>	<b>100.0</b>

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
<b>Total</b>	<b>51,706</b>	<b>100.0</b>	<b>74,886</b>	<b>100.0</b>	<b>88,662</b>	<b>100.0</b>

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:

<b>Customers</b>	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>(1)%</b>	<b>RM'000</b>	<b>(1)%</b>	<b>RM'000</b>	<b>(1)%</b>
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
<b>Total</b>	<b>43,387</b>	<b>84.0</b>	<b>68,918</b>	<b>92.1</b>	<b>68,953</b>	<b>77.8</b>

**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:

<b>Name</b>	<b>Designation</b>
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	<sup>(1)</sup> Before IPO				<sup>(2)</sup> After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Promoters and substantial shareholders</b>									
Datuk Dr Ting	Malaysian	335,350,000	69.4	-	-	<sup>(3)</sup> 309,361,000	50.9	-	-
Hin Wai Mun	Malaysian	54,160,000	11.2	-	-	<sup>(3)</sup> 49,962,000	8.2	-	-
Chong Tuoo Choi	Malaysian	45,430,000	9.4	-	-	<sup>(3)</sup> 41,909,000	6.9	-	-
<b>Substantial shareholder</b>									
Ting Meng Pheng	Malaysian	48,450,000	10.0	-	-	<sup>(3)</sup> 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	%	<sup>(1)</sup> Estimated timeframe for utilisation
Purchase of machinery and equipment	[•]	[•]	Within 24 months
General working capital	[•]	[•]	Within 12 months
Estimated listing expenses	[•]	[•]	Within 1 month
<b>Total</b>	<b>[•]</b>	<b>100.0</b>	

**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:

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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 (%) <sup>(1)</sup>	28.2	33.5	30.0
PAT margin (%) <sup>(2)</sup>	14.2	19.5	15.9
EPS (sen) <sup>(3)</sup>	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.

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

**2. PROSPECTUS SUMMARY (Cont'd)**

	<b>As at 28 February 2023</b>	<b>I After Acquisitions</b>	<b>II After I and Public Issue</b>	<b>III After II and utilisation of proceeds</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total non-current liabilities	-	12,068	12,068	12,068
Total current liabilities	2	25,218	25,218	25,218
<b>TOTAL LIABILITIES</b>	<b>2</b>	<b>37,286</b>	<b>37,286</b>	<b>37,286</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	(1)	<b>85,792</b>	<b>[•]</b>	<b>[•]</b>
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:

	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>1 March 2023 up to LPD</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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.

### 3. APPROVALS AND CONDITIONS

#### 3.1 APPROVALS AND CONDITIONS

##### 3.1.1 Bursa Securities approval

Bursa Securities had, vide its letter dated [•], approved our admission to the Official List of the ACE Market, the listing of and quotation for our entire enlarged issued share capital on the ACE Market and the approval-in-principle for the registration of the Prospectus. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	[•]	[•]

##### 3.1.2 SC approval

Our Listing 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 [•], approved our resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies. The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	[•]	[•]

The effect of our Listing on our equity structure is as follows:

Category of shareholders	As at LPD		After our Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera	-	-	<sup>(1)</sup> 91,244,500	15.0
Non-Bumiputera	100	100.0	517,047,500	85.0
<b>Malaysian</b>	<b>100</b>	<b>100.0</b>	<b>608,292,000</b>	<b>100.0</b>
Foreigners	-	-	-	-
	<b>100</b>	<b>100.0</b>	<b>608,292,000</b>	<b>100.0</b>

#### Note:

(1) Based on the assumption that the Shares allocated to the Bumiputera public investors via balloting and Bumiputera investors approved by MITI by way of private placement are subscribed as follows:

Category	No. of Shares	%
Bumiputera public investor via balloting	15,207,500	2.5
Private placement to identified Bumiputera investors approved by MITI	76,037,000	12.5
	<b>91,244,500</b>	<b>15.0</b>

The Shariah Advisory Council of SC had, vide its letter dated [•], classified our Shares as shariah-compliant based on our audited combined financial statements for FYE 2023.

##### 3.1.3 MITI approval

The MITI had, vide its letter dated [•], taken note and has no objection to our Listing.

### 3. APPROVALS AND CONDITIONS *(Cont'd)*

#### 3.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders as follows:

- (a) The moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.0% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of those Shares held under moratorium.

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
	<b>445,927,000</b>	<b>73.3</b>	<b>273,731,400</b>	<b>45.0</b>	<b>182,487,600</b>	<b>30.0</b>	<b>91,243,800</b>	<b>15.0</b>

**Notes:**

- (1) After Offer for Sale.
- (2) Based on the enlarged share capital of 608,292,000 Shares after our IPO.



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**3. APPROVALS AND CONDITIONS (Cont'd)**

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The moratorium has been fully accepted by our Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

In addition to the moratorium imposed on the Shares held by the Specified Shareholders, Vincent Wong Soon Choy, our Executive Director/ Chief Financial Officer, has voluntarily provided a written undertaking not to sell, transfer or assign his entire shareholding in our Company of 6,000,000 Shares (being his allocation under the Pink Form Allocations), representing 1.0% of our enlarged share capital after our Listing, for a period of 6 months from the date of admission to the Official List.

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.

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## 4. DETAILS OF OUR IPO

### 4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on [•] and will remain open until 5.00 p.m. on [•]. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

### 4.2 INDICATIVE TIMETABLE

<b>Events</b>	<b>Indicative date</b>
Issuance of this Prospectus/ Opening of Application	[•]
Closing of Application	[•]
Balloting of Application	[•]
Allotment/Transfer of IPO Shares to successful applicants	[•]
Date of Listing	[•]

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

### 4.3 DETAILS OF OUR IPO

#### 4.3.1 Listing scheme

##### (a) Public Issue

A total of 124,902,000 Issue Shares, representing 20.5% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

##### (i) Malaysian Public

30,415,000 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

- (aa) 15,207,500 Issue Shares, representing 2.5% of our enlarged share capital, made available to public investors; and
- (bb) 15,207,500 Issue Shares, representing 2.5% of our enlarged share capital, made available to Bumiputera public investors.

##### (ii) Eligible Persons

40,591,000 Issue Shares, representing 6.7% of our enlarged share capital, are reserved for our Eligible Persons under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.2.

##### (iii) Private placement to Bumiputera investors approved by MITI

38,574,000 Issue Shares, representing 6.3% of our enlarged share capital, are reserved for private placement to Bumiputera investors approved by MITI.

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**4. DETAILS OF OUR IPO (Cont'd)**

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**(iv) Private placement to selected investors**

15,322,000 Issue Shares, representing 2.5% of our enlarged share capital, are reserved for private placement to selected investors.

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM48.3 million comprising 483,390,000 Shares to RM[•] million comprising 608,292,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

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#### 4. DETAILS OF OUR IPO (Cont'd)

##### (b) Offer for Sale

A total of 37,463,000 Offer Shares, representing 6.2% of our enlarged share capital, are offered by our Selling Shareholders to Bumiputera investors approved by MITI by way of private placement at our IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus. Details of our Selling Shareholders and their relationship with our Group are as follows:

Name / Residential address	Relationship with our Group	<sup>(1)</sup> Before IPO		Offer Shares offered			After IPO	
		No. of Shares	<sup>(2)</sup> %	No. of Shares	<sup>(2)</sup> %	<sup>(3)</sup> %	No. of Shares	<sup>(3)</sup> %
Datuk Dr Ting/ 2, Jalan Gaya 15 Taman Gaya 81800 Ulu Tiram Johor	Promoter, Managing Director, Specified Shareholder and substantial shareholder	335,350,000	69.4	25,989,000	5.4	4.3	309,361,000	50.9
Hin Wai Mun/ 8, Jalan Seri Austin 3/34 Taman Seri Austin 81100 Johor Bahru Johor	Promoter, Executive Director, Specified Shareholder and substantial shareholder	54,160,000	11.2	4,198,000	0.9	0.7	49,962,000	8.2
Chong Tuoo Choi/ Blk 345 Choa Chu Kang Avenue 3 #09-29 Singapore 689876	Promoter, Executive Director, Specified Shareholder and substantial shareholder	45,430,000	9.4	3,521,000	0.7	0.6	41,909,000	6.9
Ting Meng Pheng/ 33, Jalan SS 25/18 Taman Mayang 47301 Petaling Jaya Selangor	Specified Shareholder, substantial shareholder and non-executive director of Kum Fatt	48,450,000	10.0	3,755,000	0.8	0.6	44,695,000	7.3

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**4. DETAILS OF OUR IPO (Cont'd)**

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**Notes:**

- (1) After completion of the Acquisitions but before our IPO.
- (2) Based on our share capital of 483,390,000 Shares before our IPO.
- (3) Based on our enlarged share capital of 608,292,000 Shares after our IPO.

Further details of our Selling Shareholders, who are also our Promoters and/or substantial shareholders are as set out in Section 5.

**(c) Listing**

Upon completion of our IPO, our Company's entire enlarged share capital of RM[•] million comprising 608,292,000 Shares shall be listed on the ACE Market.

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#### 4. DETAILS OF OUR IPO (Cont'd)

##### 4.3.2 Pink Form Allocations

We have allocated 40,591,000 Issue Shares under the Pink Form Allocations to our Eligible Persons as follows:

<b>Category</b>	<b>No. of Eligible Persons</b>	<b>Aggregate no. of Issue Shares allocated</b>
Eligible Directors	5	7,250,000
Eligible employees	[•]	[•]
Persons who have contributed to the success of our Group	[•]	[•]
	<b>[•]</b>	<b>40,591,000</b>

Entitlements which are not accepted by certain Eligible Persons will be re-allocated among the Eligible Persons at the discretion of our Board.

##### (a) Allocation to eligible Directors and directors of our subsidiaries

The criteria for allocation to our eligible Directors and directors of our subsidiaries are based on amongst others their contribution in the past and future to our Group.

Datuk Dr Ting (our Managing Director), Hin Wai Mun (our Executive Director), Chong Tuoo Choi (our Executive Director) and Ting Meng Pheng (non-executive director of Kum Fatt) have opted not to participate in the Pink Form Allocations as they are already undertaking the Offer for Sale.

Details of the proposed allocation to our other Directors are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Lee Chye Tee	Independent Non-Executive Chairman	500,000
Vincent Wong Soon Choy	Executive Director/ Chief Financial Officer	6,000,000
Ng Lee Thin	Independent Non-Executive Director	250,000
Latha Dhamodaran Pillay	A/P Independent Non-Executive Director	250,000
Goh Lei Lei	Independent Non-Executive Director	250,000
		<b>7,250,000</b>

Details of the proposed allocation to a director of our subsidiary is as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Dato' Tan Sui Hou	Non-executive director of Kum Fatt	[•]

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#### **4. DETAILS OF OUR IPO (Cont'd)**

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##### **(b) Allocation to our eligible employees**

The criteria of allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors:

- (i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) The number of shares allocated to our eligible employees are based on their seniority, position, length of service and respective contribution made to our Group as well as other factors deemed relevant to our Board; and
- (iii) Full time employee of at least 18 years of age.

##### **(c) Allocation to persons who have contributed to the success of our Group**

Persons who have contributed to the success of our Group include business associates, customers and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

#### **4.3.3 Placement and underwriting arrangement**

Our Underwriter will underwrite 71,006,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 53,896,000 Issue Shares and 37,463,000 Offer Shares available for application by Bumiputera investors approved by MITI and selected investors will not be underwritten and will be placed out by our Placement Agent.

Any of our Issue Shares not subscribed by the Malaysian Public and Pink Form Allocations shall be subject to the following clawback and reallocation provisions:

- (a) Any Issue Shares allocated to the Malaysian Public are undersubscribed, the balance portion will be allocated for excess application by the Eligible Persons (subject always that public spread requirements are met). Likewise, any Issue Shares which are not taken up by the Eligible Persons, will be allocated to the Malaysian Public.
- (b) After (a) above, the remaining portion will be made available for application by way of private placement to selected investors to be identified.
- (c) Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms and conditions of the Underwriting Agreement.

The allocation of Issue Shares to identified Bumiputera investors shall be subject to the allocation as approved by MITI. Such Issue Shares shall be subject to the following clawback and reallocation provisions:

- (a) Any unsubscribed Issue Shares allocated to Bumiputera investors approved by MITI shall firstly be reallocated to Malaysian institutional investors. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares shall then be offered to Bumiputera public investors via public balloting.

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#### **4. DETAILS OF OUR IPO (Cont'd)**

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- (b) After (a) above, the remaining portion will be made available for:
- (i) Malaysian Public, in the event of an oversubscription; or
  - (ii) application by way of private placement to selected investors to be identified, the proportion of which will be determined by our Board and Placement Agent.

The clawback and reallocation shall not apply in the event of over-application of the Issue Shares allocated to the Malaysian Public, Pink Form Allocations and private placement to Bumiputera investors approved by MITI. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

##### **4.3.4 Minimum and over-subscription**

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

As at LPD, save as disclosed in Section 4.3.2, to the extent known to our Company:

- (a) there are no substantial shareholder(s) or Directors of our Company who have indicated to our Company that they intend to subscribe for the IPO Shares; and
- (b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of the IPO Shares.



**4. DETAILS OF OUR IPO (Cont'd)****4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS**

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

<b>Details</b>	<b>No. of Shares</b>	<b>RM</b>
<b>Share capital</b>		
As at date of this Prospectus	483,390,000	48,339,000
To be issued under our Public Issue	124,902,000	[•]
<b>Enlarged share capital upon our Listing</b>	<b>608,292,000</b>	<b>[•]</b>

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

As at date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other 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 ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on 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 any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. On a poll, every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each ordinary share held.

**4.5 PURPOSES OF OUR IPO**

The purposes of our IPO are as follows:

- (a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;
- (b) To gain recognition through our listing status to enhance our reputation and to retain and attract new and skilled employees from the underground utilities engineering industry;
- (c) To provide an opportunity for the Malaysian Public, including our Eligible Persons to participate in our equity; and
- (d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

#### 4. DETAILS OF OUR IPO (Cont'd)

##### 4.6 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (a) Our pro forma NA per Share of RM[•], calculated based on our pro forma NA after our IPO and utilisation of proceeds as at 28 February 2023 of approximately RM[•] million and enlarged share capital of 608,292,000 Shares upon Listing;
- (b) The PE Multiple of our IPO Price of [•] times, calculated based on our PAT for FYE 2023 of RM14.1 million and market capitalisation of approximately RM[•] million upon Listing;
- (c) Our historical financial track record as follows:

	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	51,706	74,886	88,662
GP	14,575	25,053	26,609
PAT	7,367	14,567	14,117

- (d) Our competitive strengths as set out in Section 7.17; and
- (e) Our business strategies and prospects as set out in Section 7.18.

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

##### 4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 608,292,000 Shares upon Listing, our total market capitalisation will be RM[•] million.

##### 4.8 DILUTION

Dilution is the amount by which our IPO Price exceeds our pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

IPO Price	<u>RM</u> [•]
Pro forma NA per Share as at 28 February 2023 after Acquisitions but before Public Issue	0.10
Pro forma NA per Share as at 28 February 2023 after Acquisitions, Public Issue and utilisation of proceeds	[•]
Increase in pro forma NA per Share attributable to existing shareholders	[•]
Dilution in pro forma NA per Share to our new investors pursuant to our IPO	[•]
Dilution in pro forma NA per Share as a percentage of our IPO Price	[•]%

**4. DETAILS OF OUR IPO (Cont'd)**

Further details of our pro forma NA per Share as at 28 February 2023 is set out in Section 14.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

<b>Shareholders</b>	<b>(<sup>1</sup>)No. of Shares received</b>	<b>(<sup>2</sup>)Total consideration</b>	<b>Average effective cost per Share</b>
			<b>RM</b>
Datuk Dr Ting	335,350,000	33,535,000	0.10
Hin Wai Mun	54,160,000	5,416,000	0.10
Chong Tuoo Choi	45,430,000	4,543,000	0.10
Ting Meng Pheng	48,450,000	4,845,000	0.10
	<b>483,390,000</b>	<b>48,339,000</b>	

**Notes:**

- (1) Issued under the Acquisitions and including transfer of 100 shares from the subscriber shareholders to Datuk Dr Ting.
- (2) Being the consideration for the Acquisitions and including transfer of 100 shares from the subscriber shareholders to Datuk Dr Ting.

Save as disclosed above and the Pink Form Allocations to our eligible Directors and director of our subsidiary, there has been no acquisition or subscription of any of our Shares by our Directors, substantial shareholders or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

**4.9 UTILISATION OF PROCEEDS****4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM[•] million will accrue entirely to us and are planned to be utilised in the following manner:

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

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

**Notes:**

- (1) From the date of our Listing.

**4. DETAILS OF OUR IPO (Cont'd)****(a) Purchase of machinery and equipment**

Our Group intends to allocate RM[•] million, representing approximately [•]% of our gross proceeds from our Public Issue, for the purchase of machinery and equipment to supplement our existing machinery fleet to cater for our on-going underground utilities engineering projects and order book, and to scale up the existing operations to secure more projects to facilitate the anticipated growth in our underground utilities engineering operations in Malaysia and Singapore. Further, we 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. Subsea HDD works refer to the HDD technique of drilling a tunnel from an entry point at the shore and through the sea bed to a pre-determined exit point along the coastline for the laying of pipes. As at LPD, our Group has yet to market subsea HDD works to our existing and potential customers or secure any new contracts to undertake such works. Our Group intends to market subsea HDD works to our existing and potential customers by third quarter of 2024. Our Group has conducted site visits to other subsea HDD projects to study its implementation method prior to deciding to venture into subsea HDD works. We will continue to conduct such site visits, when such opportunities arise, as part of our on-going efforts to improve our capabilities and expertise. For clarity, our Group will only commence marketing the provision of subsea HDD works to our existing and potential customers once we have accepted delivery of the maxi rig HDD machine which will be purchased using the IPO proceeds and upon ensuring that we have a team of trained and experienced employees who will be able to undertake subsea HDD works. We will constantly review market opportunities, acquire the maxi rig HDD machine and assess the readiness of our team to undertake subsea HDD works before we commence marketing the provision of subsea HDD works to our customers. Further details of our Group's plans to venture into the provision of subsea HDD works are set out in Section 7.18.2.

The details of the purchases are set out below:

<b>Type</b>	<b>Purposes</b>	<b>Purchase quantity</b>	<b><sup>(1)</sup>Total estimated cost RM'000</b>
HDD machines	Boring machine for installing underground pipes, conduits and cables	3	[•]
Maxi rig HDD machine	Boring machine for subsea HDD works	1	[•]
Lorries	Transportation of cables and other construction material	21	[•]
Excavators	Digging of trenches, holes, foundations and general landscaping	5	[•]
			<b>[•]</b>

**Note:**

- (1) Total estimated cost is based on quotations secured from machinery suppliers. As at LPD, we have not entered into any definitive agreements for the purchase of the abovementioned machinery and equipment.

**4. DETAILS OF OUR IPO (Cont'd)**

Our operational resources to carry out our projects depend largely on the availability of our machinery and equipment. The purchase of new machinery and equipment is in line with the increasing trend of our revenue from RM51.7 million for FYE 2021 to RM88.7 million for FYE 2023 and the anticipated growth in our order book. As at LPD, our unbilled order book amounts to RM220.8 million which will be realised over the next 3 financial years. Further, our Group has participated in requests for quotations for various projects in both Malaysia and Singapore where these projects, if awarded to us, will further increase our order book.

As at LPD, our Group owns 15 HDD machines, 25 lorries, 1 excavator and 2 backhoes. Our Group's current fleet of machinery and equipment is insufficient to serve our on-going projects resulting in the need to rent the required machinery and equipment from time to time. Subsequent to LPD, our Group has placed orders for 3 HDD machines and 2 lorries using bank borrowings, to support our project requirements. The purchase of machinery and equipment is thus expected to increase our Group's capacity and flexibility to cater for future demands as it will allow our Group to deploy the machinery and equipment as and when required without delays or incurring additional costs to rent. This flexibility will give us a better time management as our Group will be able to mobilise the machinery and equipment on short notice to its project sites when required. With such cost and time advantage, our Group may be more competitive in terms of pricing our contracts.

In addition, these new and additional machinery and equipment would increase our operational efficiencies and flexibility in the planning and coordination of our projects as they are essentials in our implementation of underground utilities engineering projects. This is expected to result in better time management of our project schedule to facilitate timely completion of our projects.

If the actual cost exceeds the amount allocated, the deficit will be funded from our internally generated funds and/or bank borrowings. The RM[•] million allocated is the estimated costs to purchase various machinery and equipment, and if there are any excess, the excess will be reallocated to our general working capital.

Please refer to Section 7.18.2 for further details.

**(b) General working capital**

Our Group's working capital requirement is expected to increase in line with the growth in our business operations. An amount of RM[•] million, representing approximately [•]% of our gross proceeds from the Public Issue, is allocated to meet our working capital requirements for our Group's daily operations. The breakdown of the allocation is in the manner set out below:

<b>Description</b>	<b>RM'000</b>
Payment to subcontractors and suppliers:	
• Subcontractor services	[•]
• Purchase of construction materials	[•]
• Purchase of raw materials and consumables <sup>(1)</sup>	[•]
	<b>[•]</b>

**Note:**

<sup>(1)</sup> Raw materials and consumables include purchase of HDPE resin and masterbatches for the manufacturing of HDPE pipes.

**4. DETAILS OF OUR IPO (Cont'd)**

Subcontractor costs and purchase of raw materials and consumables accounted for approximately RM32.3 million, RM42.4 million and RM51.2 million for FYE 2021, 2022 and 2023 respectively. This working capital allocation is expected to enhance our Group's liquidity and cash flow position and to reduce our reliance on external financing to support the expected growth in our business. As at LPD, our Group's outstanding trade financing stood at RM17.7 million.

**(c) Estimated listing expenses**

An amount of RM[•] million, representing approximately [•]% of our gross proceeds from our Public Issue, is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

<b>Estimated listing expenses</b>	<b>RM'000</b>
Professional fees <sup>(1)</sup>	[•]
Underwriting, placement and brokerage fees	[•]
Fees payable to the authorities	[•]
Printing and contingencies <sup>(2)</sup>	[•]
	<b>[•]</b>

**Notes:**

- (1) Includes advisory/professional fees for, amongst others, our Adviser, solicitors, reporting accountants, IMR, internal control reviewer and Issuing House.
- (2) Other incidental or related expenses in connection with our IPO.

Any variations from the amounts budgeted above, save for item (b), shall be adjusted towards or against, as the case may be, the proceeds allocated for our working capital requirements. Any further shortfall will be funded via our internally generated funds and/or bank borrowings. Where applicable and required under Rule 8.24 of the Listing Requirements, we will seek shareholders' approval for any material variation to the intended utilisation of proceeds.

**4.9.2 Offer for Sale**

The Offer for Sale is expected to raise gross proceeds of approximately RM[•] million which will accrue entirely to our Selling Shareholders and we will not receive any of the proceeds.

The Selling Shareholders shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM[•] million.

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**4. DETAILS OF OUR IPO (Cont'd)**

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**4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION**

**4.10.1 Brokerage fees**

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or Issuing House.

**4.10.2 Placement fees**

Our Placement Agent will place out a total of 53,896,000 Issue Shares and 37,463,000 Offer Shares to Bumiputera investors approved by MITI and selected investors.

We will pay our Placement Agent a placement fee of [•]% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of [•]% of the value of those Offer Shares placed out by our Placement Agent will be paid by our Selling Shareholders.

**4.10.3 Underwriting commission**

Our Underwriter has agreed to underwrite 71,006,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of [•]% of our IPO Price multiplied by the number of Shares underwritten.

**4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 71,006,000 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.3.

The salient terms in the Underwriting Agreement are as follows:

[•]

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**4. DETAILS OF OUR IPO (Cont'd)**

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**4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET**

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

### 5.1 PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

#### 5.1.1 Promoters' and/or substantial shareholders' shareholdings

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

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

Our Promoters and/or substantial shareholders do not have different voting rights from other shareholders of our Group.

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## **5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS** **(Cont'd)**

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### **5.1.2 Profiles of Promoters and/or substantial shareholders**

#### **(a) Datuk Dr Ting**

Datuk Dr Ting, a Malaysian, aged 49, is our Managing Director. He was appointed to our Board on 25 May 2023. He is responsible for developing the overall strategy and corporate direction of our Group, and implementing business strategies that leverage on the synergies between our subsidiaries to grow our Group and business.

Datuk Dr Ting graduated with a Bachelor of Engineering in Electronic and Electrical Engineering from the Liverpool John Moores University, United Kingdom in 1997. He then obtained his Master of Business Administration and Doctor of Philosophy in Business Administration from Charisma University, Turks and Caicos Islands, United Kingdom in 2017 and 2021 respectively.

He started his career with Komasi Enterprise Sdn Bhd (currently known as Komasi Engineering) in 1999 after completing his Postgraduate Diploma for South East Asian Management Studies from Staffordshire University, United Kingdom in 1999, as a Project Engineer before being promoted to the position of Senior Project Engineer in 2008 and subsequently as a Senior Project Manager in 2009. He was primarily involved in overseeing site activities as well as monitoring the progress of projects. Throughout his years in Komasi Enterprise Sdn Bhd, he gained in-depth project management experience and developed technical skills from working on underground utilities engineering projects as well as other civil engineering projects undertaken by the company.

In 2009, Datuk Dr Ting founded Komasi Construction Pte Ltd (currently known as Konnection), to pursue opportunities in HDD works in Singapore. He is presently the Managing Director of Konnection, where he is responsible for managing and implementing the strategic growth plans of Konnection.

In the later part of 2009, he resigned from Komasi Enterprise Sdn Bhd and joined Kum Fatt Construction Sdn Bhd (currently known as Kum Fatt) as a Project Manager where he was mainly involved in managing underground utilities engineering projects undertaken by Kum Fatt, as well as supporting his father, the late Dato' Ting Ah Kong in building the business of Kum Fatt.

In 2011, he became a shareholder of Bestari Selatan, a company which was previously involved in general construction works until 2016 (which subsequently change its principal activities to an investment holding company mainly focusing on the purchase and/or rental of its own properties in 2018). He was appointed as an executive director in 2012 and is mainly involved in managing and handling documentation (such as signing of sale and purchase agreements and rental agreements) for the property-related transactions of Bestari Selatan. Due to the nature of business of Bestari Selatan (i.e. a property investment company), he is only required to attend to Bestari Selatan as and when required, which does not require a significant amount of his time.

In 2012, he was appointed as a Director of Kum Fatt, and took over the leadership and daily management of Kum Fatt from the late Dato' Ting Ah Kong.

In 2015, he was appointed as a director and became a shareholder of Speedlink Communications Sdn Bhd, a company involved in the provision of fibre optic transmission network services. He mainly plays an advisory role in any technical matters relating to its business. In September 2023, he ceased to be a shareholder and director of Speedlink Communications Sdn Bhd pursuant to the disposal of Speedlink Communications Sdn Bhd to a non-related party.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**  
**(Cont'd)**

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In 2017, he co-founded Geo Inspire Sdn Bhd (currently known as PPI) which commenced HDPE pipe manufacturing operations in 2019. He is presently the Managing Director of PPI, where he is responsible for overseeing the manufacturing operations and implementing strategic growth plans.

Kindly refer to Section 5.2.3(b) for his involvement in other business activities outside our Group.

**(b) Hin Wai Mun**

Hin Wai Mun, a Malaysian, aged 41, is our Executive Director. He was appointed to our Board on 25 May 2023. He is responsible for managing the day-to-day operations of our underground utilities engineering projects in Malaysia, including contract and procurement, project, human resource and administration and health and safety.

Hin Wai Mun graduated with an International Diploma in Computer Studies from Informatics College, Malaysia in 2005.

Hin Wai Mun started his career at Komasi Enterprise Sdn Bhd (currently known as Komasi Engineering) as a Civil Supervisor in 2005, and was subsequently promoted to Civil Project Coordinator in 2009, where he was responsible for monitoring projects development and was also involved in the tender process as well as the logistics aspect of projects. While at the company, he gained exposure in civil and HDD projects undertaken by the company and built his project management skills therefrom. He resigned from Komasi Enterprise Sdn Bhd in 2009.

In 2010, he co-founded Bestari Selatan with the non-related party shareholder holding 50.0% each in the company and appointed as a director of the company. Bestari Selatan was then involved in general construction works, and he oversaw the project management of civil and HDD projects undertaken by the company as a Project Director. In 2016, he sold all of his shares to Datin Chu Ai Li, the spouse of Datuk Dr Ting and resigned as a director of Bestari Selatan in the same year.

During his tenure with Bestari Selatan, in 2015, he was appointed as an Executive Director cum Project Director of TSE Jaya Sdn Bhd, where he was primarily involved in identifying business development opportunities for the company. He resigned as a director and Project Director of TSE Jaya Sdn Bhd and ceased as a shareholder in 2021.

In 2016, Hin Wai Mun was appointed as an Executive Director and subsequently appointed as General Manager of Kum Fatt in 2021, a position that he continues to hold to-date. In 2016, he became a shareholder of Kum Fatt.

In 2018, he returned to Bestari Selatan as a non-executive director and shareholder to venture into property investment to-date. For avoidance of doubt, he is not involved in managing and handling of any property-related transactions or documentation of Bestari Selatan (save for signing of documents such as sale and purchase agreements and rental agreements).

In 2021, he became a shareholder and non-executive director of PPI.

Kindly refer to Section 5.2.3(c) for his involvement in other business activities outside our Group.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**  
**(Cont'd)**

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**(c) Chong Tuoo Choi**

Chong Tuoo Choi, a Malaysian, aged 50, is our Executive Director. He was appointed to our Board on 25 May 2023. He is responsible for managing the day-to-day operations of our underground utilities engineering projects in Singapore, including contract and procurement, project, human resource and administration and health and safety.

He attended NCC Education & Training and obtained an International Diploma in Computer Studies in 1994.

He started his career as a General Operator with Highway Brick Sdn Bhd in 1994, where he was tasked to operate brick production machines.

In 1997, he left Highway Brick Sdn Bhd and joined Casbina Sdn Bhd as an HDD operator cum Supervisor where he was tasked to operate HDD machines and supervise progress of HDD projects undertaken by the company.

In 1999, he left Casbina Sdn Bhd and joined Cabaran Panglima Sdn Bhd as an HDD operator cum Supervisor and subsequently appointed as Project Director in 2001, where he was responsible for managing the business of the company in HDD works. He left Cabaran Panglima Sdn Bhd in 2001 to pursue his own personal interest.

In 2003, he joined Komasi Enterprise Sdn Bhd (currently known as Komasi Engineering) as a Site Supervisor where he assisted and supported the project manager in managing and monitoring projects undertaken by the company. In 2008, he left Komasi Enterprise Sdn Bhd.

In 2009, he joined Komasi Construction Pte Ltd (currently known as Konnection) as a HDD Machine Operator Trainee. In 2010, he was confirmed as an HDD Machine Operator and during his tenure with Konnection he was promoted to various positions, namely HDD Tracker cum Operator (2013), Site Supervisor (2016), Senior Site Supervisor (2019) and Project Manager (2021), and finally as a Project Director in 2022, a position he continues to hold to-date. During his tenure with Konnection, he was involved in the planning and overseeing of daily construction activities, project management as well as ensuring the timely requisition of resources for Konnection's projects in Singapore.

In 2021, Chong Tuoo Choi became a shareholder and was concurrently appointed as an Executive Director of Konnection.

Kindly refer to Section 5.2.3(d) for his past involvement in other business activities outside our Group.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**  
**(Cont'd)**

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**(d) Ting Meng Pheng**

Ting Meng Pheng, a Malaysian, aged 46, is our substantial shareholder.

Ting Meng Pheng graduated with a Bachelor of Business Administration from the University of Kentucky, USA in 2000. She has been a Registered Financial Planner under the Malaysian Financial Planning Council since 2012.

Upon graduation, Ting Meng Pheng joined Donatos Pizza, USA as an Assistant Store Manager in 2001 where she was tasked to manage the operations of the store. In the same year, she then resigned from Donatos Pizza, USA and joined Luna Carpet & Blinds, USA as an Accounts Executive where she oversaw the company's accounting function until she left the company in 2004.

Upon her return to Malaysia, she joined AG Capital Sdn Bhd in 2004 as a Sales Manager where she was mainly responsible for the sales in the company. In 2005, she left AG Capital Sdn Bhd.

In 2005, she joined AIA Insurance Malaysia as an Unit Manager, where she was responsible for promoting the insurance products of the company. She continues to hold this position to-date.

In 2007, she founded Stable Vision Mortgage Advisory Sdn Bhd, a company that involved in the provision of insurance and mortgage products. She is responsible for overseeing the daily operations and business development activities of the company until present.

In 2013, she was appointed as a non-executive director of Kum Fatt, a role she holds to-date.

In 2016, she joined Speedlink Communications Sdn Bhd as a director and became a shareholder. She holds a position as a Chief Financial Officer since 2016 she joined the company, a position that she continues to hold until September 2023. As a Chief Financial Officer, she oversees the accounting and finance functions of the company. In September 2023, she ceased to be a shareholder and director of Speedlink Communications Sdn Bhd pursuant to the disposal of Speedlink Communications Sdn Bhd to a non-related party.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS *(Cont'd)*

### 5.1.3 Changes in Promoters' and/or substantial shareholders' shareholdings

The changes in our Promoters and/or substantial shareholders' respective shareholdings in our Company since our incorporation are as follows:

Name	As at incorporation				<sup>(1)</sup> Before IPO				<sup>(2)</sup> After IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Boo Soon Noi	1	50.0	-	-	-	-	-	-	-	-	-	-
Hew Jing Sian	1	50.0	-	-	-	-	-	-	-	-	-	-
<b>Promoters and substantial shareholders</b>												
Datuk Dr Ting	-	-	-	-	335,350,000	69.4	-	-	<sup>(3)</sup> 309,361,000	50.9	-	-
Hin Wai Mun	-	-	-	-	54,160,000	11.2	-	-	<sup>(3)</sup> 49,962,000	8.2	-	-
Chong Tuoo Choi	-	-	-	-	45,430,000	9.4	-	-	<sup>(3)</sup> 41,909,000	6.9	-	-
<b>Substantial shareholder</b>												
Ting Meng Pheng	-	-	-	-	48,450,000	10.0	-	-	<sup>(3)</sup> 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.

### 5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at LPD, there is no arrangement between our Company, the Promoters and/or our substantial shareholders with any third-party which may result in a change in control of our Company at a date subsequent to our Listing.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)**

**5.1.5 Amounts or benefits paid or intended to be paid or given to our Promoters and/or substantial shareholders**

Save for the issuance of our Shares as consideration for the Acquisitions, dividends paid or intended to be paid to our Promoters and/or substantial shareholders as disclosed below; and aggregate remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities as disclosed in Sections 5.2.4, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and/or substantial shareholders within the 2 years preceding the date of this Prospectus:

<b>Promoters and/or substantial shareholders</b>	<b>Dividends declared and paid</b>			
	<b>FYE 2021 RM'000</b>	<b>FYE 2022 RM'000</b>	<b>FYE 2023 RM'000</b>	<b>1 March 2023 up to LPD RM'000</b>
<b>Promoters and substantial shareholders</b>				
Datuk Dr Ting	2,356	3,903	2,608	-
Hin Wai Mun	403	301	407	-
Chong Tuoo Choi	(1)-	966	281	-
<b>Substantial shareholder</b>				
Ting Meng Pheng	537	201	543	-

**Note:**

(1) No dividends were declared to Chong Tuoo Choi as he only became a shareholder of Konnection in FYE 2022.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS *(Cont'd)*

### 5.2 DIRECTORS

#### 5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	<sup>(1)</sup> Before IPO				<sup>(2)</sup> After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lee Chye Tee	Independent Non-Executive Chairman/ Malaysian	-	-	-	-	500,000	0.1	-	-
Datuk Dr Ting	Managing Director/ Malaysian	335,350,000	69.4	-	-	309,361,000	50.9	-	-
Hin Wai Mun	Executive Director/ Malaysian	54,160,000	11.2	-	-	49,962,000	8.2	-	-
Chong Tuoo Choi	Executive Director/ Malaysian	45,430,000	9.4	-	-	41,909,000	6.9	-	-
Vincent Wong Soon Choy	Executive Director/ Chief Financial Officer/ Malaysian	-	-	-	-	6,000,000	1.0	-	-
Ng Lee Thin	Independent Non-Executive Director/ Malaysian	-	-	-	-	250,000	<0.1	-	-
Latha A/P Dhamodaran Pillay	Independent Non-Executive Director/ Malaysian	-	-	-	-	250,000	<0.1	-	-
Goh Lei Lei	Independent Non-Executive Director/ Malaysian	-	-	-	-	250,000	<0.1	-	-

#### 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.



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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)

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### 5.2.2 Profiles of Directors

The profiles of Datuk Dr Ting, Hin Wai Mun and Chong Tuoo Choi are set out in Section 5.1.2. The profiles of our Directors are as follows:

#### (a) Lee Chye Tee

Lee Chye Tee, a Malaysian, aged 60, is our Independent Non-Executive Chairman. He was appointed to our Board on 25 May 2023.

Lee Chye Tee graduated with a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in 1988. He has been an Associate Member of the Chartered Tax Institute of Malaysia since 1995. He was admitted as an Associate Member and Fellow Member of the Association of Chartered Certified Accountants (ACCA) in 1993 and 1998 respectively. He was then admitted as a Member of the Malaysian Institute of Accountants in 2001. Subsequently, he was employed with the ASEAN Chartered Professional Accountants in 2019.

In 1990, Lee Chye Tee commenced his career with Kalman Blech Co., United Kingdom as a Trainee Certified Accountant where he subsequently progressed from junior audit clerk to semi senior status in 1991, where he was responsible for auditing small and medium size companies which he reported directly to the audit manager and partner in charge. He left the firm in 1992 as Audit Senior.

Upon his return to Malaysia, he joined Visia Finance Berhad in 1992 as Senior Executive Officer, where he was responsible for the accounting and finance matters of the company.

In 1993, he left Visia Finance Berhad and joined L.K. Chong & Co as an Audit Manager where he was responsible for managing audit engagements for clients of the firm.

In 1999, he left L.K. Chong & Co and joined KSL Group (now known as KSL Holdings Berhad) as the Financial Controller, where he was responsible for overseeing the accounting and corporate finance functions of the company. He was subsequently appointed an Executive Director cum Financial Controller in 2003, a position that he held until his departure in 2022.

In 2013, he was appointed as a Director of CPL Secretarial Services Sdn Bhd, where he was responsible for providing corporate secretarial advisory services. He continues to hold this position to-date. During the same year, he was appointed as a Director of CPL Taxation Services Sdn Bhd, where he was responsible for providing services such as tax planning, tax advisory, tax audit as well as tax review and compliance to clients of the firm. He continues to hold this position to-date.

In 2015, he was appointed as a Director of CPL Consultancy Services Sdn Bhd, where he was responsible for providing accounting advisory services. He continues to hold this position to-date.

Kindly refer to Section 5.2.3(a) for his involvement in other business activities outside our Group.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**  
**(Cont'd)**

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**(b) Vincent Wong Soon Choy**

Vincent Wong Soon Choy, a Malaysian, aged 54, is our Executive Director/ Chief Financial Officer. He was appointed to our Board on 25 May 2023.

He is responsible for our Group's accounting and financial matters, including financial reporting, taxation, budgeting, financing as well as overseeing the Accounts department.

Vincent Wong Soon Choy graduated with a Bachelor of Commerce from Flinders University, Australia in 1994. He was admitted as a Member of the Malaysian Institute of Accountants in 1999 and a Member of the CPA Australia in 1997.

Upon completing his studies and while awaiting his graduation, he joined Ernst & Young (Johor branch) as an Audit Assistant in 1993, where he participated in audit engagements for clients of the firm. He was promoted to the position of Audit Senior in 1996.

In 1997, he joined Peninsula Securities Sdn Bhd as an Accountant, where he was tasked to maintain the accounts, treasury and payroll as well as preparing monthly management report, cash flow and budget reports.

In July 1999, he joined Kia Lim Berhad as the Group Accountant where he was responsible for the firm's overall accounts and finance matters, including compliance to the applicable regulatory requirements. He left Kia Lim Berhad in October 1999.

In November 1999, he joined PJB-UOB Securities Sdn Bhd as an Assistant Manager (Finance) until he was assigned to Hwang-DBS Securities Berhad in 2001 as an Assistant Manager (Finance) for Johor Bahru branch where he was responsible for maintaining the branch accounts as well as preparing reports for senior management of the company. Subsequently, in 2002, he was promoted to the Head of Operations where he was tasked to maintain the accounts as well as to oversee the entire operations of the company's Johor Bahru branch office. In 2003, he left Hwang-DBS Securities Berhad to join Mahabuilders Sdn Bhd as the Group Accountant, where his responsibilities were to oversee the accounts, finance, tax and audit matters. He left Mahabuilders Sdn Bhd in 2013 to manage his personal investments in property.

In 2018, Vincent Wong Soon Choy joined Kum Fatt as the Chief Financial Controller, a position he continues to hold to-date.

In 2019, he was appointed as the Independent Non-Executive Director of Cabnet Holdings Berhad (listed on the ACE Market). In 2023, he was appointed as the Independent Non-Executive Director of Kia Lim Berhad (listed on the Main Market of Bursa Securities).

Kindly refer to Section 5.2.3(e) for his involvement in other business activities outside our Group.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**  
***(Cont'd)***

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**(c) Ng Lee Thin**

Ng Lee Thin, a Malaysian, aged 56, is our Independent Non-Executive Director. She was appointed to our Board on 25 May 2023.

Ng Lee Thin graduated with a Bachelor of Economics (Honours) from Universiti Utara Malaysia in 1992. In 2000, she was admitted as a Member and subsequently as a Fellow Member of the Association of Chartered Certified Accountants (ACCA) in 2005. She was admitted as a Member of the Malaysian Institute of Accountants in 2000.

Ng Lee Thin commenced her career in 1992 with Artwright Marketing Sdn Bhd as an Assistant Business Executive and subsequently promoted as a Business Executive after her probationary period. During her tenure with Artwright Marketing Sdn Bhd, she was responsible for project tendering and supporting marketing and sales activities to promote the company's products.

In 1994, she left Artwright Marketing Sdn Bhd and joined Chiang & Chiang as an Audit Associate, where she was involved in audit engagements for clients of the firm. She left Chiang & Chiang in 1995.

In 1996, she joined Ernst & Young as an Audit Assistant, where she was involved in audit engagements for clients of the firm. In 1999, she was promoted to the position of Audit Senior. In 2001, she left Ernst & Young and joined Binaik Equity Berhad as Finance Manager, where she was involved in all finance and accounting matters of the group and the company including the preparation of quarterly and annual report. In 2009, she was redesignated to the position of Financial Controller, where she oversaw the finance and accounts department of the group and the company. She left Binaik Equity Berhad in 2009.

In 2008, she founded Yellow Business Solution, a sole proprietorship business offering company secretarial services, and was managing the daily operations of the business, including business development. In 2012, she co-founded Yellow Tax Services Sdn Bhd, a licensed tax firm offering tax services. In 2015, she transferred her sole proprietorship in Yellow Business Solution to a third party and set up an audit firm NLT & Co where she was appointed as a Partner. As a Partner, she is responsible for managing audit engagements for clients of the firm. She continues to hold this position to-date. In 2020, she co-founded Wang Premier Assets Sdn Bhd and was concurrently appointed as a director, where she is responsible for the daily operations of the company.

Presently, she serves as an Independent Non-Executive Director of Able Global Berhad and Axteria Group Berhad (both listed on Main Market of Bursa Securities).

Kindly refer to Section 5.2.3(f) for her involvement in other business activities outside our Group.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**  
**(Cont'd)**

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**(d) Latha A/P Dhamodaran Pillay**

Latha A/P Dhamodaran Pillay, a Malaysian, aged 58, is our Independent Non-Executive Director. She was appointed to our Board on 25 May 2023.

Latha A/P Dhamodaran Pillay graduated from the National University of Singapore with a Bachelor of Laws in 1988. She was admitted as a Member of The Law Society of Singapore in 1989. She was called to the Malaysian Bar and admitted as an Advocate and Solicitor of the High Court of Malaya in 1994.

Latha A/P Dhamodaran Pillay began her career with Lam, Kumar, Ng & Naidu, a law firm in Singapore, as an Associate in 1989 which she was subsequently made a Partner in 1992 until her departure in 1993. During her tenure there, her main areas of practice included corporate, conveyancing and banking.

In 1993, she returned to Malaysia with the intention to practice law in Malaysia by joining a Johor-based law firm, Syed Alwi, Ng & Co as a Legal Assistant. Subsequently in 1994, she was admitted as an Advocate and Solicitor by the High Court of Malaya and she was made a Partner in the same year. In 2004, she was made the Managing Partner of Syed Alwi, Ng & Co, a position she continues to hold to-date. Her main areas of practice include corporate and commercial laws including restructuring, joint ventures, conveyancing, banking and litigation.

Kindly refer to Section 5.2.3(g) for her involvement in other business activities outside our Group.

**(e) Goh Lei Lei**

Goh Lei Lei, a Malaysian, aged 52, is our Independent Non-Executive Director. She was appointed to our Board on 25 May 2023.

Goh Lei Lei graduated with a Bachelor of Urban and Regional Planning from Universiti Teknologi Malaysia in 1995. She is a Corporate Member of Malaysian Institute of Planners since 2002. She is registered as a Registered Town Planner with Lembaga Perancang Malaysia since 2009.

Upon graduation in 1995, Goh Lei Lei joined P & D Consultants Sdn Bhd as an Assistant Town Planner where she was tasked to provide consultancy services for town planning works until her departure in 2002.

In 2002, she co-founded P & D Planners Sdn Bhd and was appointed as the Managing Director, a position which she continues to hold to-date. As a Managing Director, she is responsible for managing the daily operations of the company, including business development.

Kindly refer to Section 5.2.3(h) for her involvement in other business activities outside our Group.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS *(Cont'd)*

### 5.2.3 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

#### (a) Lee Chye Tee

Company	Principal activities	Position held	Date of appointment/ Date of resignation/ Date of cessation	% of shareholdings held	
				Direct	Indirect
<b><u>Present involvement</u></b>					
CPL Consultancy Services Sdn Bhd	Accounting services and business consulting	Director / Shareholder	2 March 2015	50.0	(1)50.0
CPL Taxation Services Sdn Bhd	Provision of tax advisory and consultancy services	Director / Shareholder	1 March 2013	30.0	(1)70.0
CPL Secretarial Services Sdn Bhd	Provision of corporate secretarial services	Director / Shareholder	1 March 2013	30.0	(1)70.0
Windfall Enterprise Sdn Bhd	Property investment company	Director / Shareholder	12 August 2013	50.0	(1)50.0
<b><u>Past involvement</u></b>					
KSL Holdings Berhad (listed on the Main Market of Bursa Securities)	Investment holding company of subsidiaries principally involved in property development and hotel operations	Executive Director	1 December 2003/ 1 December 2022	-	-
VIP Beyond Sdn Bhd	Property development	Director	11 August 2014/ 1 December 2022	-	-

**Note:**

(1) Deemed interested by virtue of his spouse's interest in the company.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)**

**(b) Datuk Dr Ting**

Company	Principal activities	Position held	Date of appointment/ Date of resignation/ Date of cessation	% of shareholdings held	
				Direct	Indirect
<b><u>Present involvement</u></b>					
Bestari Selatan	Property investment company	Executive Director / Shareholder	31 May 2012	65.0	-
Sor System Sdn Bhd	Provision of system software for project management	Non-Executive Director / Shareholder	25 May 2007	44.9	-
Sutera Sejati Risk Management	Insurance agent	Sole proprietor <sup>(1)</sup>	29 July 2009	100.0	-
<b><u>Past involvement</u></b>					
Speedlink Communications Sdn Bhd	Provision of fibre optic transmission network services	Director / Shareholder	23 March 2015/ 4 September 2023/ Ceased to be a shareholder on 4 September 2023	40.0	-
Smart HDD Sdn Bhd	Dissolved on 1 June 2020	Director / Shareholder	13 September 2016	50.0	-
Blue Nile Restaurant Sdn Bhd	Operate food and beverage businesses	Director / Shareholder	7 October 2016/ 26 February 2020/ Ceased to be a shareholder on 11 May 2020	10.0	-
Ecobore Sdn Bhd	General contractor and transportation agents	Director / Shareholder	14 April 2017/ 21 April 2020/ Ceased to be a shareholder on 11 May 2020	35.0	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)**

Company	Principal activities	Position held	Date of appointment/ Date of resignation/ Date of cessation	% of shareholdings held	
				Direct	Indirect
Knet Global (M) Sdn Bhd	Provision of electronic engineering services and general traders	Director / Shareholder	17 July 2013/ 11 March 2022/ Ceased to be a shareholder on 30 March 2022	60.0	-
Oasis Skills Academy Sdn Bhd	Dissolved on 21 July 2021	Director / Shareholder	28 September 2018/ 19 November 2019/ Ceased to be a shareholder on 12 December 2019	100.0	-
Baguss Resources Sdn Bhd	Real estate activities with own or leased property, hotels and resort hotels, restaurant	Director	21 March 2019/ 3 November 2020	-	-
Orig Machinery Sdn Bhd	<ul style="list-style-type: none"> <li>• Renting of construction machinery and equipment with operator (e.g. crane);</li> <li>• Construction and engineering projects; and</li> <li>• Transportation</li> </ul>	Director / Shareholder	25 July 2019/ 18 May 2020/ Ceased to be a shareholder on 4 June 2020	100.0	-
Southern Infrastructure Sdn Bhd	Dissolved on 18 June 2021	Director / Shareholder	5 August 2019	-	<sup>(2)</sup> 50.0
Iconix Skills Academy Sdn Bhd	Provision of skill education services	Director / Shareholder	23 April 2020/ 22 March 2021/ Ceased to be a shareholder on 26 March 2021	10.0	-
Apex Biocare Sdn Bhd	Marketing, wholesale and trading, and direct selling of medicine and supplement products	Director / Shareholder	8 June 2016/ 1 March 2021/ Ceased to be an indirect shareholder on 20 March 2021	-	<sup>(3)</sup> 89.3

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)**

Company	Principal activities	Position held	Date of appointment/ Date of resignation/ Date of cessation	% of shareholdings held	
				Direct	Indirect
Apex Biocare Limited <sup>(4)</sup>	Investment holding company in shares of company which principally involved in marketing, wholesaling and trading and direct selling of medicine and supplement products, and advertising, wholesale of a variety of goods without any particular specialisation	Director / Shareholder	25 January 2018/ 24 February 2021/ Ceased to be a direct shareholder on 24 February 2021 and an indirect shareholder on 20 March 2021	50.0	<sup>(5)</sup> 20.0
The Brand Tailor Sdn Bhd	Dissolved on 24 March 2022	Director / Shareholder	4 December 2018/ 6 October 2021/ Ceased to be an indirect shareholder on 20 March 2021	-	<sup>(3)</sup> 99.9
Baguss City Hotel Sdn Bhd	Dissolved on 30 December 2022	Director / Shareholder	3 May 2016	15.0	-
Hwa Seng Services Sdn Bhd	Dissolved on 10 March 2023	Director / Shareholder	19 October 2016	50.0	-

**Notes:**

- (1) Not applicable as Sutera Sejati Risk Management is a sole proprietorship and was registered on 29 July 2009. The business of Sutera Sejati Risk Management is managed by the spouse of Datuk Dr Ting, and he is not involved in the day-to-day operations of the business.
- (2) Deemed interested by virtue of his interest in Bestari Selatan.
- (3) Deemed interested by virtue of his interest as well as his spouse's interest in Apex Biocare Limited.
- (4) Apex Biocare Limited is a company incorporated in British Virgin Islands.
- (5) Deemed interested by virtue of his spouse's interest in the company.



**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)**

**(c) Hin Wai Mun**

Company	Principal activities	Position held	Date of appointment/ Date of resignation/ Date of cessation	% of shareholdings held	
				Direct	Indirect
<b><u>Present involvement</u></b>					
Bestari Selatan	Property investment company	Non-Executive Director / Shareholder	12 September 2018	15.0	-
<b><u>Past involvement</u></b>					
Ecobore Sdn Bhd	General contractor and transportation agents	Director / Shareholder	14 April 2017/ 21 April 2020/ Ceased to be a shareholder on 11 May 2020	15.0	-
TSE Jaya Sdn Bhd	Installation of underground pipes	Director / Shareholder	15 July 2015/ 12 November 2021/ Ceased to be a shareholder on 19 August 2021	40.0	-
Smart HDD Sdn Bhd	Dissolved on 1 June 2020	Director / Shareholder	17 May 2017	50.0	-
Orig Machinery Sdn Bhd	<ul style="list-style-type: none"> <li>• Renting of construction machinery and equipment with operator (e.g. crane);</li> <li>• Construction and engineering projects; and</li> <li>• Transportation</li> </ul>	Director	25 July 2019/ 18 May 2020	-	-
Southern Infrastructure Sdn Bhd	Dissolved on 18 June 2021	Director	5 August 2019	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)**

**(d) Chong Tuoo Choi**

Company	Principal activities	Position held	Date of appointment/ Date of resignation/ Date of cessation	% of shareholdings held	
				Direct	Indirect
<b><u>Present involvement</u></b>					
Restoran Chin Chee	Restaurant	Sole proprietor <sup>(1)</sup>	26 August 2002	100.0	-
<b><u>Past involvement</u></b>					
Ecobore Sdn Bhd	General contractor and transportation agents	Director / Shareholder	14 April 2017/ 16 February 2021/ Ceased to be a shareholder on 23 March 2021	25.0	-

**Note:**

<sup>(1)</sup> The business is operated and managed by his sister and he is not involved in the day-to-day operations of the business.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)**

**(e) Vincent Wong Soon Choy**

Company	Principal activities	Position held	Date of appointment/ Date of resignation/ Date of cessation	% of shareholdings held	
				Direct	Indirect
<b><u>Present involvement</u></b>					
Cabnet Holdings Berhad (listed on the ACE Market)	Investment holding company of subsidiaries principally involved in the provision of building management solutions which comprise structure cabling and extra low voltage systems, electrical contractor, wholesale of household appliances and related products, information technology service as a complementary offering to building management solutions, general trading and services, as well as providing infrastructure for hosting, data processing services and related activities	Independent Non-Executive Director	9 April 2019	-	-
Kia Lim Berhad (listed on the Main Market of Bursa Securities)	Investment holding company of subsidiaries principally involved in the manufacturing of bricks and roofing tiles	Independent Non-Executive Director	4 April 2023	-	-
<b><u>Past involvement</u></b>					
Plastrade Technology Berhad (currently known as Artroniq Berhad, listed on the ACE Market)	Investment holding company of subsidiaries principally involved in distribution of information and communication technology products and related activities, importer and exporter of information and communication technology products and provision of point of sales solutions and distribution of point of sales hardware, peripherals and related services	Independent Non-Executive Director	5 August 2011/ 17 October 2018	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)**

Company	Principal activities	Position held	Date of appointment/ Date of resignation/ Date of cessation	% of shareholdings held	
				Direct	Indirect
Pelangi Publishing Group Bhd (previously listed on the Main Market of Bursa Securities)	Investment holding company of subsidiaries principally involved in the publishing and distribution of books and other educational materials, distribution and provider of e-learning materials and multimedia related products, education services, and provision of typesetting and printing services	Independent Non-Executive Director	1 January 2011/ 30 September 2021	-	-

**(f) Ng Lee Thin**

Company	Principal activities	Position held	Date of appointment/ Date of resignation/ Date of cessation	% of shareholdings held	
				Direct	Indirect
<b>Present involvement</b>					
Yellow Point Marketing Sdn Bhd	Provision of telecommunication services and retail sales of telecommunication equipment and other related products	Shareholder	7 January 2014 / 10 August 2017	50.0	-
Axteria Group Berhad (listed on the Main Market of Bursa Securities)	Investment holding company of subsidiaries principally involved in property development and construction	Independent Non-Executive Director	15 May 2021	-	-
Yellow Tax Services Sdn Bhd	To provide tax services, consultancy and other related activities	Director / Shareholder	25 June 2012	50.0	(1)50.0
Able Global Berhad (listed on the Main Market of Bursa Securities)	Investment holding company of subsidiaries principal involved in manufacturing, processing, packaging, distribution, importation and exportation of dairy products and manufacturing and sales of container	Independent Non-Executive Director	6 May 2014	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)**

Company	Principal activities	Position held	Date of appointment/ Date of resignation/ Date of cessation	% of shareholdings held	
				Direct	Indirect
Wang Premier Assets Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – non-residential buildings	Director / Shareholder	31 December 2020	35.0	<sup>(2)</sup> 65.0
BPO Founders Sdn Bhd	Investment advisory services	Shareholder	-	4.0	-
NLT & Co	Auditing activities	Sole proprietor	<sup>(4)</sup> -	100.0	-
<b><u>Past involvement</u></b>					
Wang Management Services	Provision of accounting and management services	Sole proprietor	<sup>(3)</sup> 21 December 2001/ 27 April 2023	100.0	-

**Notes:**

- (1) Deemed interested by virtue of her spouse's interest in the company.
- (2) Deemed interested by virtue of her spouse's interest and children's interest in the company.
- (3) Expired on 27 April 2023.
- (4) Not applicable as NLT & Co is a sole proprietorship. NLT & Co was registered on 16 August 2015.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)**

**(g) Latha A/P Dhamodaran Pillay**

Company	Principal activities	Position held	Date of appointment/ Date of resignation/ Date of cessation	% of shareholdings held	
				Direct	Indirect
<b><u>Present involvement</u></b>					
Syed Alwi Ng & Co	Provision of legal services	Managing Partner	1 October 2004	-	-
Takdir Hebat Holdings Sdn Bhd	Investment holding in property and real estate agency	Director / Shareholder	22 October 2013	60.0	-
Selat Dass Sdn Bhd	Property investment company	Director / Shareholder	6 June 2001	50.0	<sup>(1)</sup> 50.0
Fuji International Holdings Sdn Bhd	Consulting, investment and trading business	Director / Shareholder	16 February 2017	50.0	-
Autumn Bay Sdn Bhd	Property investment company	Alternate Director	7 February 2020	-	-
Timeless Harvest Sdn Bhd	Property investment company	Alternate Director	7 February 2020	-	-
London Metropolitan Holdings Sdn Bhd	Warehousing and storage services, buying, selling, renting and operating of self-owned or leased real estate (residential buildings), management of real estate on a fee or contract basis	Director / Shareholder	26 May 2023	51.0	-
<b><u>Past involvement</u></b>					
Autumn Bay Sdn Bhd	Property investment company	Director	24 November 2016/ 6 February 2020	-	-
Timeless Harvest Sdn Bhd	Property investment company	Director	10 February 2015/ 6 February 2020	-	-

**Note:**

<sup>(1)</sup> Deemed interested by virtue of her spouse's interest in the company.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)**

**(h) Goh Lei Lei**

Company	Principal activities	Position held	Date of appointment/ Date of resignation/ Date of cessation	% of shareholdings held	
				Direct	Indirect
<b>Present involvement</b>					
P & D Planners Sdn Bhd	Town planner	Director / Shareholder	11 September 2002	70.0	-

As at LPD, the directorships of our Directors in other companies are in compliance with Rule 15.06 of the Listing Requirements as they do not hold more than 5 directorships in public listed companies on Bursa Securities.

Save as disclosed in Section 11.1, the involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Directors in the business outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the day-to-day operations of the companies/businesses outside our Group. Therefore, their involvement in the company does not require a significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS *(Cont'd)*

### 5.2.4 Directors' remuneration and benefits

The remuneration of our Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The Director's fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 15.3 for further details.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2022 to 2024 are as follows:

	<u>Directors' fees</u>	<u>Salaries</u>	<u>Bonuses</u>	<u>Other emolument</u>	<u>Benefits-in-kind</u>	<u>Total</u>
	<b>RM'000</b>					
<b>FYE 2022 (Paid)</b>						
Datuk Dr Ting	-	946	-	97	34	1,077
Hin Wai Mun	-	248	-	31	29	308
Chong Tuoo Choi	-	374	62	63	93	592
Vincent Wong Soon Choy	-	164	30	24	-	218
<b>FYE 2023 (Paid)</b>						
Datuk Dr Ting	-	1,066	-	109	80	1,255
Hin Wai Mun	-	300	-	37	29	366
Chong Tuoo Choi	-	502	84	54	206	846
Vincent Wong Soon Choy	-	180	38	34	-	252
<b>FYE 2024 (Proposed)</b>						
Lee Chye Tee	(2)-	-	-	-	-	-
Datuk Dr Ting	-	1,079	(1)-	112	84	1,275
Hin Wai Mun	-	350	(1)-	45	29	424
Chong Tuoo Choi	-	515	(1)-	42	237	794
Vincent Wong Soon Choy	-	230	(1)-	31	-	261
Ng Lee Thin	(2)-	-	-	-	-	-
Latha A/P Dhamodaran Pillay	(2)-	-	-	-	-	-
Goh Lei Lei	(2)-	-	-	-	-	-



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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS *(Cont'd)***

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**Notes:**

- (1) The bonuses for FYE 2024 are not included. Such bonuses, if any, will be determined at a later date based on the individual's performance as well as our Group's performance, and will be subject to recommendation of our Remuneration Committee as well as the approval by our Board.
- (2) The Independent Non-Executive Directors' fees will be determined upon the date of our Listing. Such Directors' fees will be subject to shareholders' approval at a general meeting pursuant to Section 230 of the Act.

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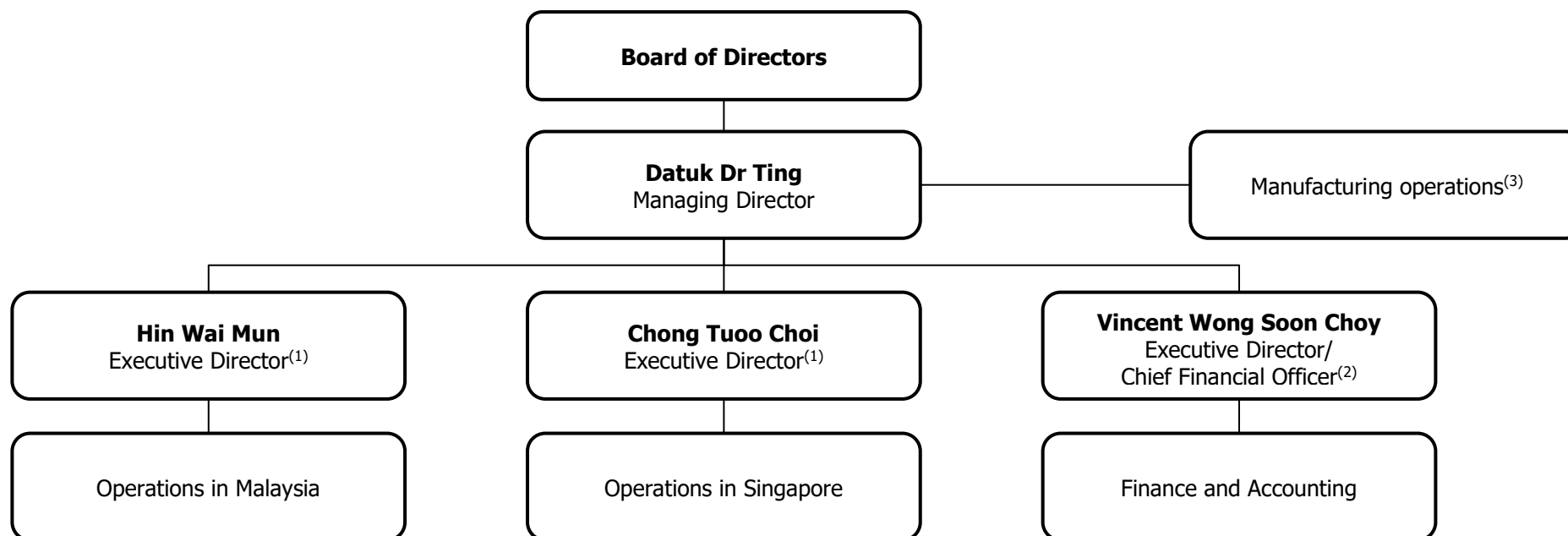
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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)**

**5.3 MANAGEMENT REPORTING STRUCTURE**

Save for our Executive Directors, there are no other key senior management. The management reporting structure of our Group is as follows:



**Notes:**

- (1) Responsible for overseeing the respective day-to-day operations including contract and procurement, project, human resource and administration and health and safety.
- (2) Responsible for overseeing the finance and accounting functions of our Group.
- (3) Refers to the HDPE pipe manufacturing operations of PPI. For avoidance of doubt, the manufacturing operations of PPI are excluded from the purview of Hin Wai Mun and Chong Tuoo Choi.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**  
**(Cont'd)**

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**5.4 BOARD PRACTICE**

**5.4.1 Board**

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) to provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- (b) to review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (c) to review and adopt corporate governance best practices throughout our Group in all its business dealings in respect of our shareholders and other stakeholders and to ensure compliance with applicable laws and regulations;
- (d) to ensure that our Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code on Corporate Governance;
- (e) to review and approve our annual business plans, annual budget, financial statements and annual reports;
- (f) to monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or effective shareholders' communications policy for our Group;
- (g) to ensure that our key management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of our board and key management;
- (h) to ensure the integrity of our Group's financial and non-financial reporting; and
- (i) to appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

In accordance with our Constitution, an election of Directors shall take place each year. At the first Annual General Meeting ("**AGM**") of the Company, all the Directors shall retire from office, and at the AGM in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires whether adjourned or not.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)

As at LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

<b>Name</b>	<b>Date of appointment as Director</b>	<b>Date of expiration of the current term in office</b>	<b>Tenure up to LPD</b>
Lee Chye Tee	25 May 2023	At the 2024 AGM of our Company	Less than 1 year
Datuk Dr Ting	25 May 2023	At the 2024 AGM of our Company	Less than 1 year
Hin Wai Mun	25 May 2023	At the 2024 AGM of our Company	Less than 1 year
Chong Tuoo Choi	25 May 2023	At the 2024 AGM of our Company	Less than 1 year
Vincent Wong Soon Choy	25 May 2023	At the 2024 AGM of our Company	Less than 1 year
Ng Lee Thin	25 May 2023	At the 2024 AGM of our Company	Less than 1 year
Latha A/P Dhamodaran Pillay	25 May 2023	At the 2024 AGM of our Company	Less than 1 year
Goh Lei Lei	25 May 2023	At the 2024 AGM of our Company	Less than 1 year

The members of our Board are set out in Section 5.2. The composition of our Board is in compliance with the Malaysian Code on Corporate Governance.

### 5.4.2 Audit and Risk Management Committee

The members of our Audit and Risk Management Committee as at LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ng Lee Thin	Chairperson	Independent Non-Executive Director
Latha A/P Dhamodaran Pillay	Member	Independent Non-Executive Director
Goh Lei Lei	Member	Independent Non-Executive Director

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its oversight responsibilities. Our Audit and Risk Management Committee has full access to internal and external auditors who in turn have access at all times to the Chairman of our Audit and Risk Management Committee.

The key duties and responsibilities of our Audit and Risk Management Committee include, amongst others, the following:

- (a) to review the engagement, compensation, performance, qualification and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (b) to review and recommend our quarterly and annual financial statements for approval by our Board before announcement to regulatory bodies, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from our audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**  
***(Cont'd)***

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- (c) to review and monitor any related party transaction/business dealings entered into by our Group and any conflict of interest situation that may arise within our Group to ensure that they are conducted on arms' length basis and based on terms that are fair to our Group;
- (d) to oversee and recommend the risk management framework of our Group;
- (e) to review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which address the strategies, operational, financial and compliance risk;
- (f) to implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (g) to review the risk profile of our Group and to evaluate the measure taken to mitigate the business risks;
- (h) to review the adequacy of our management's response to issues identified to risk registers, ensuring that our risks are managed within our Group's risk appetite;
- (i) to discuss and review the major findings of internal investigations and our management's response;
- (j) to do the following:
  - (i) consider and approve the appointment of internal auditors and any question of resignation;
  - (ii) review the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - (iii) review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that the appropriate action is taken on the recommendation of the internal auditors;
  - (iv) consider the internal audit reports and findings by the internal auditors, fraud investigation and actions and steps taken by our management in response to audit findings;
  - (v) appraise or assess the performance of members of the internal audit function; and
  - (vi) monitor the overall performance of our Company's internal audit function.
- (k) to consider other areas as defined by our Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time; and
- (l) to perform such other functions that may be mutually agreed upon by our Audit and Risk Management Committee and our Board.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS (Cont'd)

### 5.4.3 Nominating Committee

The members of our Nominating Committee as at LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Latha A/P Dhamodaran Pillay	Chairperson	Independent Non-Executive Director
Ng Lee Thin	Member	Independent Non-Executive Director
Goh Lei Lei	Member	Independent Non-Executive Director

Our Nominating Committee undertakes, among others, the following functions:

- (a) to assist our Board in ensuring that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) to ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees;
- (c) to evaluate the effectiveness of our Board and our Board committees;
- (d) to undertake formal assessment on the effectiveness of our Board as a whole and the effectiveness of each Director;
- (e) to ensure that all Directors receive appropriate continuous training in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements;
- (f) to ensure an appropriate framework and succession planning for our Board, including our Executive Directors; and
- (g) to consider and examine such other matters as our Nominating Committee considers appropriate.

The recommendations of our Nominating Committee are subject to the approval of our Board.

### 5.4.4 Remuneration Committee

The members of our Remuneration Committee as at LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Goh Lei Lei	Chairperson	Independent Non-Executive Director
Ng Lee Thin	Member	Independent Non-Executive Director
Latha A/P Dhamodaran Pillay	Member	Independent Non-Executive Director

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) to recommend a remuneration framework for our Executive Directors for our Board's approval to ensure corporate accountability and governance with respect to our Board's remuneration and compensation. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefits-in-kind;

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**  
**(Cont'd)**

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- (b) to recommend specific remuneration packages for our Executive Directors. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. The Remuneration Committee is not responsible for determining the remuneration of our Non-Executive Directors whose remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of our Board. The remuneration of our Non-Executive Directors will be decided by our Board as a whole with the assistance of our Remuneration Committee who may propose and make recommendation on the policy, criteria and framework to be taken into consideration by our Board in respect of the Non-Executive Directors' remuneration;
- (c) to ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Executive Directors;
- (d) to implement the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of our Board; and
- (e) to perform any other functions as defined by our Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

**5.5 RELATIONSHIPS AND/OR ASSOCIATIONS**

Save as disclosed below, there are no family relationships (as defined under Section 197 of the Act) or associations between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD:

- (a) Datuk Dr Ting and Ting Meng Pheng are siblings; and
- (b) Hin Wai Mun is cousin of Datuk Dr Ting and Ting Meng Pheng.

**5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS**

As at LPD, there are no existing or proposed service agreements entered into between our Company or companies within our Group with any Directors which provide for benefits upon termination of employment.

**5.7 DECLARATIONS FROM PROMOTERS AND DIRECTORS**

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

- (a) in the last 10 years, a petition under any bankruptcy or insolvency law 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 a member of key senior management;
- (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) in the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**  
***(Cont'd)***

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- (d) in the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) in the last 10 years, 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;
- (f) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) 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
- (h) has any unsatisfied judgment against him.

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## 6. INFORMATION ON OUR GROUP

### 6.1 INFORMATION ON OUR COMPANY

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 Company is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD. 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. Our Group is also involved in the manufacturing and trading of HDPE pipes, primarily to support our underground utilities engineering projects in Malaysia and Singapore. Please refer to Section 7.1 for detailed information of our Group's history.

[As at LPD, our share capital is RM48,339,000 comprising 483,390,000 Shares], which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

<b>Date of allotment</b>	<b>No. of Shares allotted</b>	<b>Consideration/ Types of issue</b>	<b>Cumulative share capital RM</b>
21 July 2022	2	RM2/ Subscribers' share	2
16 May 2023	18	Nil/ Share split	2
17 May 2023	80	RM8/ Cash	10
[•]	483,389,900	RM48,338,990/ Consideration for the Acquisitions	48,339,000

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

Upon completion of our IPO, our enlarged share capital will increase to RM[•] million comprising 608,292,000 Shares.

### 6.2 DETAILS OF THE ACQUISITIONS

In preparation for our Listing, we have undertaken the Acquisitions. On 18 August 2023, we entered into the following agreements:

- (a) a conditional share purchase agreement with Datuk Dr Ting, Hin Wai Mun and Ting Meng Pheng to acquire a total of 750,000 ordinary shares in Kum Fatt representing the entire equity interest for a total purchase consideration of RM24.2 million which was satisfied by the issuance of 242,249,900 new Shares to the vendors at an issue price of RM0.10 each;
- (b) a conditional share purchase agreement with Datuk Dr Ting and Chong Tuoo Choi to acquire a total of 250,000 ordinary shares representing the entire equity interest in Konnection for a total purchase consideration of RM18.2 million which was satisfied by the issuance of 181,740,000 new Shares to the vendors at an issue price of RM0.10 each; and
- (c) a conditional share purchase agreement with Datuk Dr Ting and Hin Wai Mun to acquire a total of 2,400,000 ordinary shares representing the entire equity interest in PPI for a total purchase consideration of RM5.9 million which was satisfied by the issuance of 59,400,000 new Shares to the vendors at an issue price of RM0.10 each.

**6. INFORMATION ON OUR GROUP (Cont'd)**

Details of the Acquisitions and the number of Shares issued to the vendors pursuant to the Acquisitions are as follows:

<b>Vendors of Kum Fatt</b>	<b>Shareholdings in Kum Fatt</b>			<b>No. of Shares issued</b>
	<b>No. of shares acquired</b>	<b>% of share capital</b>	<b>(1)Purchase consideration</b>	
			<b>RM</b>	
Datuk Dr Ting	487,500	65.0	15,745,990	157,459,900
Hin Wai Mun	112,500	15.0	3,634,000	36,340,000
Ting Meng Pheng	150,000	20.0	4,845,000	48,450,000
	<b>750,000</b>	<b>100.0</b>	<b>24,224,990</b>	<b>242,249,900</b>

**Note:**

- (1) After rounding adjustments agreed between the vendors of Kum Fatt made on the purchase consideration. Correspondingly, the number of Shares issued are pursuant to the rounded purchase consideration.

The purchase consideration for the Acquisition of Kum Fatt of RM24.2 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Kum Fatt as at 28 February 2023 of RM24.7 million.

<b>Vendors of Konnection</b>	<b>Shareholdings in Konnection</b>			<b>No. of Shares issued</b>
	<b>No. of shares acquired</b>	<b>% of share capital</b>	<b>(1)Purchase consideration</b>	
			<b>RM</b>	
Datuk Dr Ting	187,500	75.0	13,631,000	136,310,000
Chong Tuoo Choi	62,500	25.0	4,543,000	45,430,000
	<b>250,000</b>	<b>100.0</b>	<b>18,174,000</b>	<b>181,740,000</b>

**Note:**

- (1) After rounding adjustments agreed between the vendors of Konnection made on the purchase consideration. Correspondingly, the number of Shares issued are pursuant to the rounded purchase consideration.

The purchase consideration for the Acquisition of Konnection of RM18.2 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Konnection as at 28 February 2023 of RM17.5 million.

<b>Vendors of PPI</b>	<b>Shareholdings in PPI</b>			<b>No. of Shares issued</b>
	<b>No. of shares acquired</b>	<b>% of share capital</b>	<b>Purchase consideration</b>	
			<b>RM</b>	
Datuk Dr Ting	1,680,000	70.0	4,158,000	41,580,000
Hin Wai Mun	720,000	30.0	1,782,000	17,820,000
	<b>2,400,000</b>	<b>100.0</b>	<b>5,940,000</b>	<b>59,400,000</b>

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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The purchase consideration for the Acquisition of PPI of RM5.9 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of PPI as at 28 February 2023 of RM6.1 million.

The Acquisitions were completed on [•]. Thereafter, Kum Fatt, Konnection and PPI became our wholly-owned subsidiaries, as set out in our group structure under Section 6.3.

The new Shares issued under the Acquisitions rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

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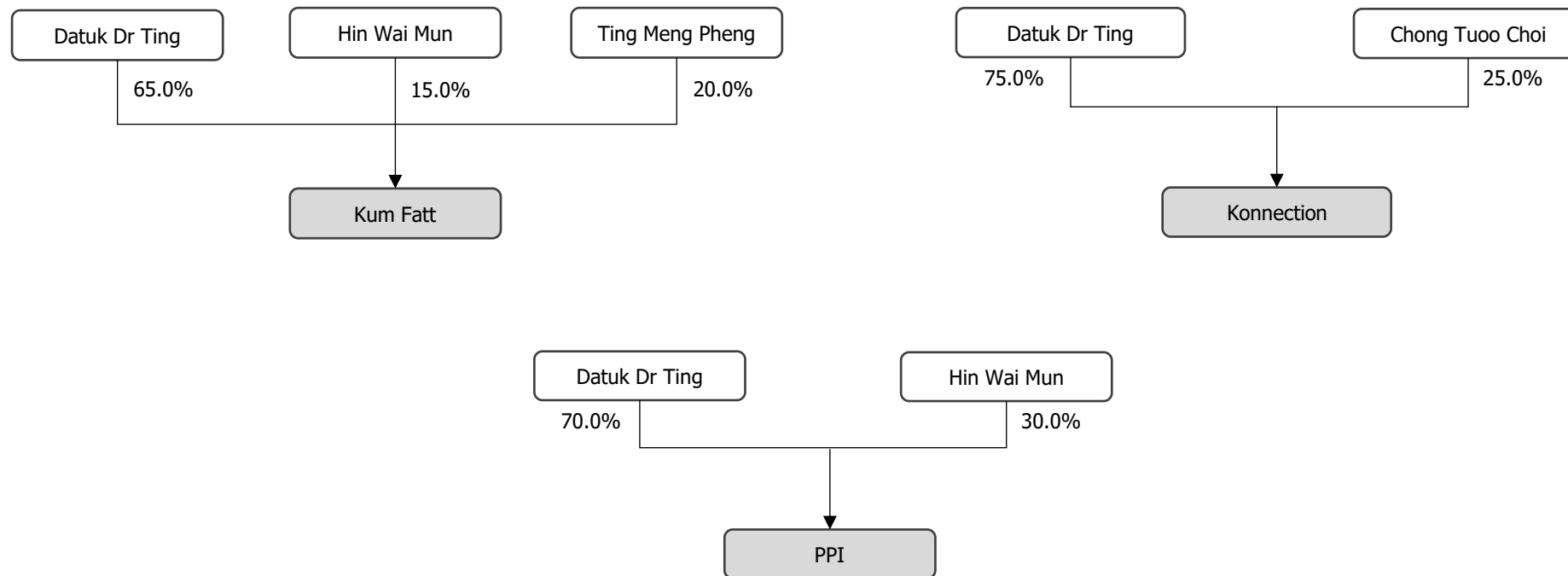
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**6. INFORMATION ON OUR GROUP (Cont'd)**

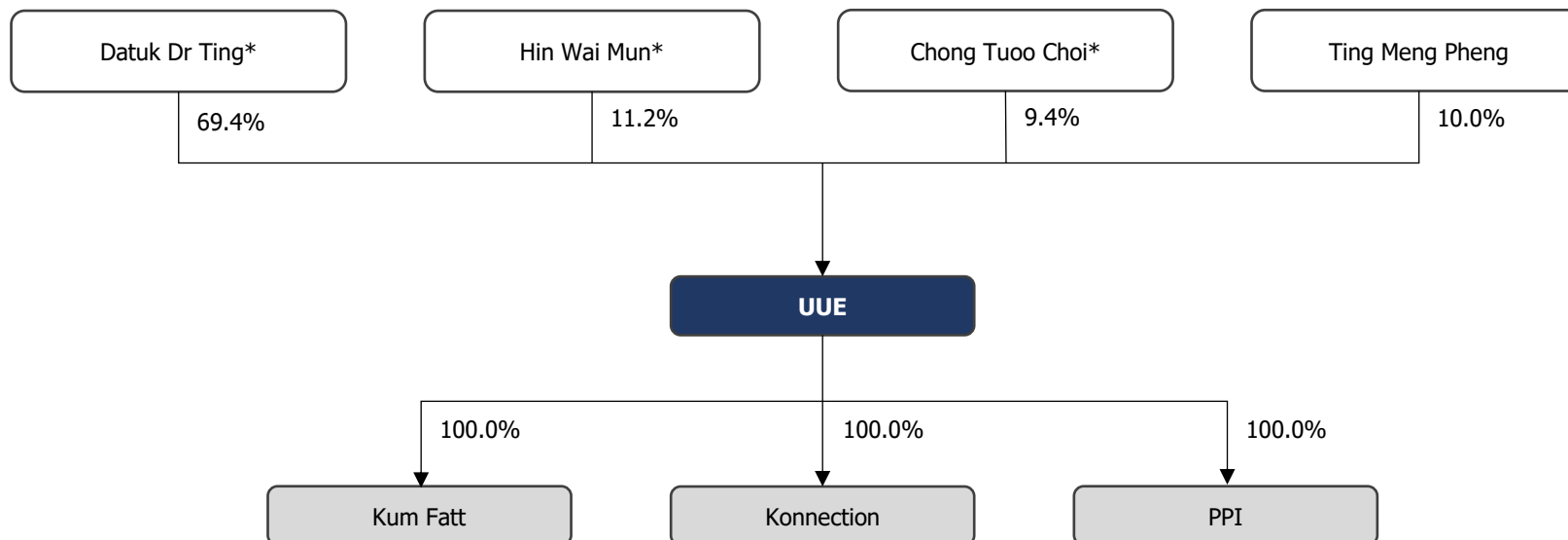
**6.3 GROUP STRUCTURE**

**Before the Acquisitions**



**6. INFORMATION ON OUR GROUP (Cont'd)**

**After the Acquisitions but before our IPO**

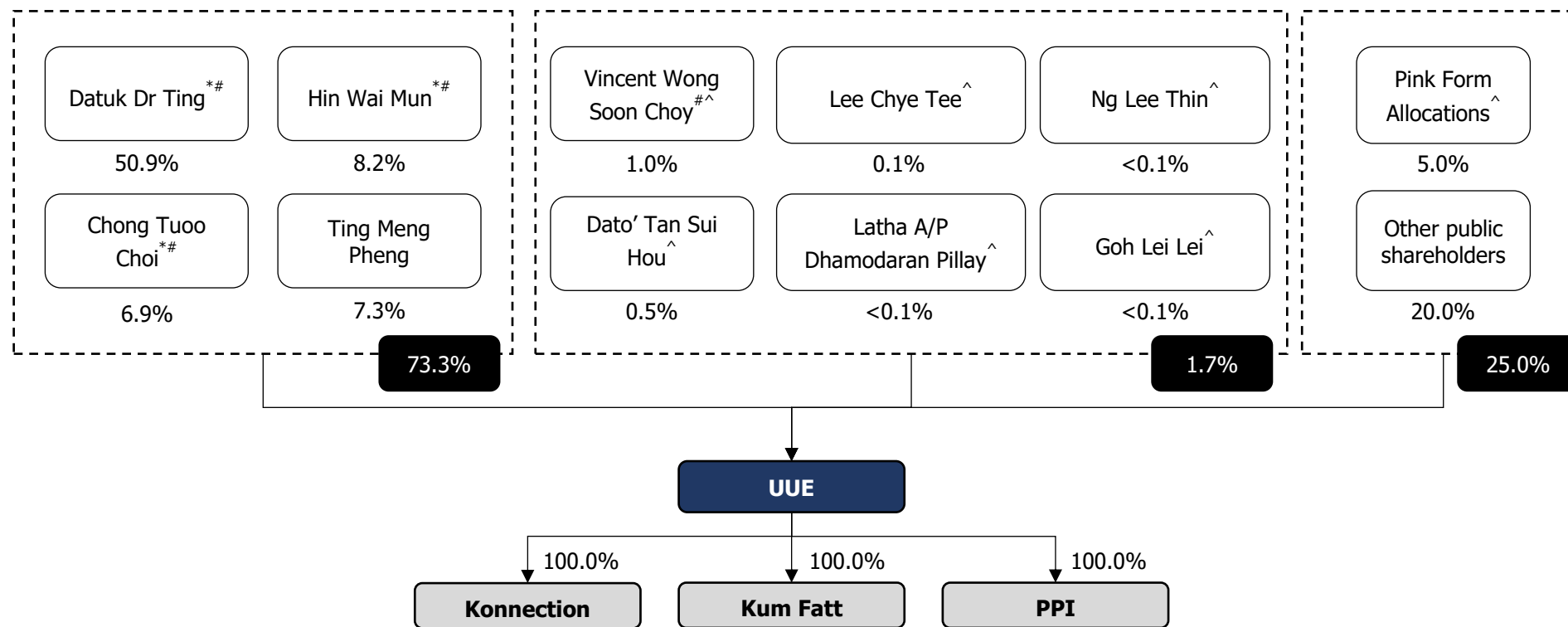


**Notes:**

\* Relates to the Promoters.

**6. INFORMATION ON OUR GROUP (Cont'd)**

**After our Acquisitions and our IPO**



**Notes:**

\* Relates to the Promoters.

^ Assuming that all Eligible Persons will subscribe for the Pink Form Allocations.

# Relates to our Executive Directors.

Upon completion of the IPO, the public shareholding spread will be 25.0%.

## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.4 SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of our subsidiaries as at LPD are summarised as follows:

Company/ Registration Number	Date/ Place of incorporation	Issued share capital	Effective equity interest %	Principal activities/ Principal place of business
Kum Fatt/ 200901003119 (846046-M)	6 February 2009/ Malaysia	RM750,000	100.0	Provision of underground utilities engineering services and solutions/ Malaysia
Konnection/ 200901033W	16 January 2009/ Singapore	SGD250,000 ( <sup>(1)</sup> RM846,275)	100.0	Provision of underground utilities engineering services and solutions/ Singapore
PPI/ 201701010598 (1224763-D)	30 March 2017/ Malaysia	RM2,400,000	100.0	Manufacturing and trading of HDPE pipes/ Malaysia

**Note:**

- (<sup>1</sup>) Based on the closing rate of SGD1.00 = RM3.3851 as at LPD as extracted from BNM's website.

Details of the share capital of our subsidiaries are set out in Section 15.2.

As at LPD, we do not have any associated company.

### 6.5 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2021 to 2023 and up to LPD:

- (a) sale and purchase agreement dated 24 May 2021 entered into between Kum Fatt as vendor and Teh Inn Joo as purchaser for the disposal all that piece of land known as unit of two and half storey terrace house held under individual Title No. GRN 263266, Lot No. 28940 Seksyen 39, Bandar Petaling Jaya, Daerah Petaling and Negeri Selangor bearing postal address of 23, Jalan BU 11/4, Bandar Utama, 47800 Petaling Jaya, Selangor measuring approximately 153 sq m at a cash consideration of RM1,400,000. The transaction was completed on 21 October 2021;
- (b) five (5) separate sale and purchase agreements, all dated 13 June 2022 entered into between Kum Fatt as vendor and Bestari Selatan as purchaser for the disposal of the following properties:
- (i) all that piece of freehold land known as HS(D) 179469 PTD 99919 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 195.1829 sq m in area together with 3-storey shop office erected thereon and known as 47, 47-01, 47-02, Jalan Permas 4, Bandar Baru Permas Jaya, 81750 Masai, Johor at a cash consideration of RM1,350,000. The transaction was completed on 2 December 2022;

## **6. INFORMATION ON OUR GROUP (Cont'd)**

- (ii) all that piece of freehold land known as Geran 178037 Lot 57101 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 251 sq m in area together with double storey shop house erected thereon and known as 1, Jalan Molek 2/1, Taman Molek, 81100 Johor Bahru, Johor at a cash consideration of RM2,000,000. The transaction was completed on 2 December 2022;
- (iii) all that piece of land and hereditaments known as HS(D) 179467 PTD 99917 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 153.285 sq m in area together with 3-storey shop office erected thereon and known as 47B, 47B-01 & 47B-02, Jalan Permas 4, Bandar Baru Permas Jaya, 81750 Masai, Johor at a cash consideration of RM1,050,000. The transaction was completed on 2 December 2022;
- (iv) all that piece of land and hereditaments known as HS(D) 179466 PTD 99916 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 153.285 sq m in area together with 3-storey shop office erected thereon and known as 47C, 47C-01 & 47C-02, Jalan Permas 4, Bandar Baru Permas Jaya, 81750 Masai, Johor at a cash consideration of RM1,050,000. The transaction was completed on 2 December 2022;
- (v) all that piece of land and hereditaments known as HS(D) 179468 PTD 99918 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 153.285 sq m in area together with 3-storey shop office erected thereon and known as 47A, 47A-01 & 47A-02, Jalan Permas 4, Bandar Baru Permas Jaya, 81750 Masai, Johor at a cash consideration of RM1,050,000. The transaction was completed on 2 December 2022;
- (c) conditional share sale agreement dated 18 August 2023 with Datuk Dr Ting, Hin Wai Mun and Ting Meng Pheng for the Acquisition of Kum Fatt, which was completed on [•];
- (d) conditional share sale agreement dated 18 August 2023 with Datuk Dr Ting and Chong Tuoo Choi for the Acquisition of Konnection, which was completed on [•];
- (e) conditional share sale agreement dated 18 August 2023 with Datuk Dr Ting and Hin Wai Mun for the Acquisition of PPI, which was completed on [•]; and
- (f) underwriting agreement dated [•] between our Company and M&A Securities for the underwriting of 71,006,000 Issue Shares for an underwriting commission of [•]% of the IPO Price multiplied by the number of Issue Shares underwritten.

### **6.6 PUBLIC TAKE-OVERS**

During the last financial year and the current financial year up to LPD, there were:

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



## 6. INFORMATION ON OUR GROUP *(Cont'd)*

### 6.7 MAJOR APPROVALS AND LICENCES

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

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority</b>	<b>Date of issue or commencement/ Date of expiry</b>	<b>Nature of approval/ Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>
(a)	Kum Fatt	Johor Bahru City Council	8 May 2022/ 31 December 2023	Business and Signage Licence  To license Kum Fatt's premises as training centres for electrical engineering and management office at 69, Jalan Teratai 7 Taman Johor Jaya, 81100 Johor Bahru, Johor and placement of 1 set of signage	Licences are not transferable except with the permission of the Datuk Bandar	Complied
(b)	Kum Fatt	Johor Bahru City Council	2 December 2021/ 31 December 2023	Business and Signage Licence  To license Kum Fatt's premises as management office at 55 & 57 Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor for and placement of 2 sets of signage	Licences are not transferable except with the permission of the Datuk Bandar	Complied
(c)	Kum Fatt	Johor Bahru City Council	15 March 2023/ 31 December 2023	Business and Signage Licence  To license Kum Fatt's premises as training centres for electrical engineering, storage, contractor management office at 1, Jalan Istimewa 4, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor and placement of 1 set of signage	Licences are not transferable except with the permission of the Datuk Bandar	Complied
(d)	PPI	Johor Bahru City Council	17 July 2022/ 31 December 2023	Business and Signage Licence  To license Kum Fatt's premises for polyvinylchloride piping business and as management office at PTD 204684, Batu 13 1/2 Jalan Sungai Tiram, 81800 Ulu Tiram, Johor and placement of 1 set of signage	Licences are not transferable except with the permission of the Datuk Bandar	Complied

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status												
(e)	Kum Fatt	CIDB	5 July 2022/ 23 September 2024	<p>Certificate of Registration</p> <p>To certify that Kum Fatt is a registered contractor with CIDB to undertake the following work:</p> <table border="1"> <thead> <tr> <th>Grade</th> <th>Category</th> <th>Specialisation</th> </tr> </thead> <tbody> <tr> <td>G7<sup>(1)</sup></td> <td>B<sup>(2)</sup></td> <td>B02<sup>(5)</sup>, B04<sup>(6)</sup>, B12<sup>(7)</sup>, B13<sup>(8)</sup>, B14<sup>(9)</sup>, B24<sup>(10)</sup></td> </tr> <tr> <td>G7</td> <td>CE<sup>(3)</sup></td> <td>CE01<sup>(11)</sup>, CE02<sup>(12)</sup>, CE03<sup>(13)</sup>, CE10<sup>(14)</sup>, CE13<sup>(15)</sup>, CE21<sup>(16)</sup>, CE31<sup>(17)</sup>, CE36<sup>(18)</sup></td> </tr> <tr> <td>G7</td> <td>ME<sup>(4)</sup></td> <td>E07<sup>(19)</sup>, E08<sup>(20)</sup>, M01<sup>(21)</sup>, M15<sup>(22)</sup></td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>(1) No limit  (2) Building  (3) Civil Engineering  (4) Mechanical and Electrical Engineering  (5) Industrialised Building System: Steel Frame System  (6) Construction Work on Buildings  (7) Glass Installation  (8) Tile Installation  (9) Paintwork  (10) Building Maintenance  (11) Road and Pavement Construction  (12) Bridge and Jetty Construction  (13) Marine Structure  (14) Piling  (15) Billboard installation  (16) Civil Engineering Construction  (17) Underground cable path structure  (18) Earthwork  (19) Internal telecommunications system  (20) External telecommunications system  (21) Air-conditioning and circulation systems  (22) Miscellaneous mechanical equipment</p>	Grade	Category	Specialisation	G7 <sup>(1)</sup>	B <sup>(2)</sup>	B02 <sup>(5)</sup> , B04 <sup>(6)</sup> , B12 <sup>(7)</sup> , B13 <sup>(8)</sup> , B14 <sup>(9)</sup> , B24 <sup>(10)</sup>	G7	CE <sup>(3)</sup>	CE01 <sup>(11)</sup> , CE02 <sup>(12)</sup> , CE03 <sup>(13)</sup> , CE10 <sup>(14)</sup> , CE13 <sup>(15)</sup> , CE21 <sup>(16)</sup> , CE31 <sup>(17)</sup> , CE36 <sup>(18)</sup>	G7	ME <sup>(4)</sup>	E07 <sup>(19)</sup> , E08 <sup>(20)</sup> , M01 <sup>(21)</sup> , M15 <sup>(22)</sup>	<p>(a) This certification cannot be assigned/ transferred</p> <p>(b) The contractor i.e. Kum Fatt shall not undertake any construction project which the value of the construction work exceeds the limit of its grade and shall not conduct any construction project outside its registered categories</p>	<p>Complied</p> <p>Complied</p>
Grade	Category	Specialisation																
G7 <sup>(1)</sup>	B <sup>(2)</sup>	B02 <sup>(5)</sup> , B04 <sup>(6)</sup> , B12 <sup>(7)</sup> , B13 <sup>(8)</sup> , B14 <sup>(9)</sup> , B24 <sup>(10)</sup>																
G7	CE <sup>(3)</sup>	CE01 <sup>(11)</sup> , CE02 <sup>(12)</sup> , CE03 <sup>(13)</sup> , CE10 <sup>(14)</sup> , CE13 <sup>(15)</sup> , CE21 <sup>(16)</sup> , CE31 <sup>(17)</sup> , CE36 <sup>(18)</sup>																
G7	ME <sup>(4)</sup>	E07 <sup>(19)</sup> , E08 <sup>(20)</sup> , M01 <sup>(21)</sup> , M15 <sup>(22)</sup>																

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status								
(f)	Kum Fatt	CIDB	9 July 2022/ 23 September 2024	<p>Government Employment Certificate</p> <p>To certify that Kum Fatt is a registered contractor with CIDB and to allow for participation in the following government procurement work:</p> <table border="1"> <thead> <tr> <th>Grade</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>G7<sup>(1)</sup></td> <td>B<sup>(3)</sup></td> </tr> <tr> <td>G7<sup>(2)</sup></td> <td>CE<sup>(4)</sup></td> </tr> <tr> <td>G7<sup>(1)(2)</sup></td> <td>ME<sup>(5)</sup></td> </tr> </tbody> </table> <p><b>Notes:</b>                      (1) More than RM10,000,000 (Building / General / Mechanical)                      (2) From RM200,001 and above (for Electrical)                      (3) Building                      (4) Civil Engineering                      (5) Mechanical and Electrical Engineering</p>	Grade	Category	G7 <sup>(1)</sup>	B <sup>(3)</sup>	G7 <sup>(2)</sup>	CE <sup>(4)</sup>	G7 <sup>(1)(2)</sup>	ME <sup>(5)</sup>	<p>(a) The contractor i.e. Kum Fatt shall not lend, lease, transfer, allow or cause for whatsoever matter that will render this certificate to be used by anyone who is not named in this certificate to obtain any procurement work from the Government</p> <p>(b) Any changes to the information shall be informed to the CIDB within 30 days from the date of such changes</p>	<p>Complied</p> <p>Noted. Please refer to Note (1) below</p>
Grade	Category													
G7 <sup>(1)</sup>	B <sup>(3)</sup>													
G7 <sup>(2)</sup>	CE <sup>(4)</sup>													
G7 <sup>(1)(2)</sup>	ME <sup>(5)</sup>													
(g)	Kum Fatt	MOF	4 January 2022/ 14 January 2025	<p>Certificate of Registration of Company</p> <p>To certify that Kum Fatt is registered with MOF in relation to supply of service under the following sectors on 4 January 2022:</p> <table border="1"> <thead> <tr> <th>Field Code</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>090101</td> <td>Building materials and road safety equipment/ building materials</td> </tr> <tr> <td>090201</td> <td>Building materials and road safety equipment/ road safety equipment/ road furniture</td> </tr> <tr> <td>140101</td> <td>Electrical and electronic engineering equipment/ electricity generation and distribution machines and</td> </tr> </tbody> </table>	Field Code	Description	090101	Building materials and road safety equipment/ building materials	090201	Building materials and road safety equipment/ road safety equipment/ road furniture	140101	Electrical and electronic engineering equipment/ electricity generation and distribution machines and	<p>(a) Any changes to the information must be updated via online portal within 21 days from the date of changes</p> <p>(b) A newly registered company with MOF is restricted from making any change on its ownership or directors within 6-month from first date of registration</p>	<p>Noted. Please refer to Note (1) below</p> <p>Complied. There is no change to the directorship and shareholding of Kum Fatt within 6 months from</p>
Field Code	Description													
090101	Building materials and road safety equipment/ building materials													
090201	Building materials and road safety equipment/ road safety equipment/ road furniture													
140101	Electrical and electronic engineering equipment/ electricity generation and distribution machines and													

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status						
				<table border="1"> <tr> <td></td> <td>machinery as well as accessories/ motors and spare parts</td> </tr> <tr> <td>220507</td> <td>Service/ maintenance/ repair engineering and communication/ pump/ water pipes and components</td> </tr> <tr> <td>221003</td> <td>Services/ cleaning and treatment services/ garbage removal</td> </tr> </table>		machinery as well as accessories/ motors and spare parts	220507	Service/ maintenance/ repair engineering and communication/ pump/ water pipes and components	221003	Services/ cleaning and treatment services/ garbage removal		the date of issue of the certificate
	machinery as well as accessories/ motors and spare parts											
220507	Service/ maintenance/ repair engineering and communication/ pump/ water pipes and components											
221003	Services/ cleaning and treatment services/ garbage removal											
(h)	Kum Fatt	TNB	31 July 2023/ 23 September 2024	Certificate of Registration as Work Contractor	None	Not applicable						

To certify that Kum Fatt is registered with TNB as work contractor for the following work:

Grade	Category	Specialisation
G7 <sup>(1)</sup>	B <sup>(2)</sup>	B02 <sup>(5)</sup> , B04 <sup>(6)</sup> , B12 <sup>(7)</sup> , B13 <sup>(8)</sup> , B14 <sup>(9)</sup> , B24 <sup>(10)</sup>
	CE <sup>(3)</sup>	CE01 <sup>(11)</sup> , CE02 <sup>(12)</sup> , CE03 <sup>(13)</sup> , CE10 <sup>(14)</sup> , CE13 <sup>(15)</sup> , CE21 <sup>(16)</sup> , CE31 <sup>(17)</sup> , CE36 <sup>(18)</sup>
	ME <sup>(4)</sup>	E07 <sup>(19)</sup> , E09 <sup>(20)</sup> , M01 <sup>(21)</sup> , M15 <sup>(22)</sup>

**Notes:**

- (1) No limit
- (2) Building
- (3) Civil Engineering
- (4) Mechanical and Electrical Engineering
- (5) Industrialised Building System: Steel Frame System
- (6) Construction Work on Buildings
- (7) Glass Installation
- (8) Tile Installation
- (9) Paintwork
- (10) Building Maintenance
- (11) Road and Pavement Construction

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority</b>	<b>Date of issue or commencement/ Date of expiry</b>	<b>Nature of approval/ Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>
				<i>(12) Bridge and Jetty Construction</i> <i>(13) Marine Structure</i> <i>(14) Piling</i> <i>(15) Billboard installation</i> <i>(16) Civil Engineering Construction</i> <i>(17) Underground cable path structure</i> <i>(18) Earthwork</i> <i>(19) Internal telecommunications system</i> <i>(20) External telecommunications system</i> <i>(21) Air-conditioning and circulation systems</i>		
(i)	Kum Fatt	TNB	31 July 2023/ 14 January 2025	<p>Certificate of Registration as Service Supplier and Contractor</p> <p>To certify that Kum Fatt is registered with TNB as a service supplier and contractor for the following work:</p> <ul style="list-style-type: none"> <li>• Building materials and road safety equipment/ building materials;</li> <li>• Building materials and road safety equipment/ road furniture;</li> <li>• Electrical and electronic engineering equipment/ electricity generation and distribution machines and machinery as well as accessories/ motors and spare parts;</li> <li>• Service/ maintenance/ repair engineering and communication/ pump/ water pipes and components; and</li> <li>• Services/ cleaning and treatment services/ garbage removal.</li> </ul>	None	Not applicable

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority</b>	<b>Date of issue or commencement/ Date of expiry</b>	<b>Nature of approval/ Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>				
(j)	PPI	MOF	9 November 2022/ 26 November 2025	<p>Certificate of Registration of Company</p> <p>To certify that PPI is registered with MOF in relation to supply of service under the following sector on 8 November 2022:</p> <table border="1"> <thead> <tr> <th><b>Field Code</b></th> <th><b>Description</b></th> </tr> </thead> <tbody> <tr> <td>090102</td> <td>Building materials and road safety equipment/ building materials/ pipes and equipment</td> </tr> </tbody> </table>	<b>Field Code</b>	<b>Description</b>	090102	Building materials and road safety equipment/ building materials/ pipes and equipment	<p>(a) Any changes to the information must be updated via online portal within 21 days from the date of changes</p> <p>(b) A newly registered company with MOF is restricted from making any change on its ownership or directors within 6-month from first date of registration</p>	<p>Noted. Please refer to Note (1) below</p> <p>Complied. There is no change to the directorship and shareholding of PPI within 6 months from the date of issue of the certificate</p>
<b>Field Code</b>	<b>Description</b>									
090102	Building materials and road safety equipment/ building materials/ pipes and equipment									
(k)	PPI	MIDA	<u>Date of Issue</u> 17 March 2020	<p>Letter of Exemption from Manufacturing Licence</p> <p>To approve that PPI is exempted from the requirement to obtain manufacturing license for its business</p>	<p>The company is required to submit application for manufacturing licence if the company has fulfilled the following requirements for the manufacturing licence:</p> <p>(a) The company has shareholder fund of more than RM2,500,000; and</p> <p>(b) The company has more than 75 full-time paid employees</p>	<p>Noted. As at LPD, the shareholder fund of PPI is RM2.4 million and the company has 28 employees</p>				

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority</b>	<b>Date of issue or commencement/ Date of expiry</b>	<b>Nature of approval/ Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>
(l)	PPI	SIRIM QAS International Sdn Bhd	24 February 2021/ 24 February 2024	Product Certification Licence  License for PPI to use the certification mark on polyethylene pipes for water supply as complying with MS 1058:Part 2:2005	None	Not applicable
(m)	PPI	SIRIM QAS International Sdn Bhd	26 February 2021/ 26 February 2024	Product Certification Licence  License for PPI to use the certification mark on polyethylene pipes for water supply as complying with ISO 4427-2:2019	None	Not applicable
(n)	PPI	SIRIM QAS International Sdn Bhd	2 October 2023/ 2 October 2024	Product Certification Licence  License for PPI to use the certification mark on polyethylene (PE) smooth wall pipes for electrical cable installation as complying with SIRIM 52 : 2022	None	Not applicable
(o)	PPI	TNB	17 November 2022/ 26 November 2025	Certificate of Registration as Service Supplier and Contractor  To certify that PPI is registered with TNB as service supplier and contractor for building materials and road safety equipment/ building materials/ pipes and fittings	None	Not applicable
(p)	PPI	DOSH	7 August 2022/ 31 October 2023	Certificate of Fitness for Unfired Pressure Vehicle  To certify that the air receiver with registration number JH PMT 93110 has been inspected and satisfied the requirement under the Factories and Machinery Act 1967	None	Not applicable

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Licencee</b>	<b>Issuing authority</b>	<b>Date of issue or commencement/ Date of expiry</b>	<b>Nature of approval/ Licences</b>	<b>Equity and/or major conditions imposed</b>	<b>Compliance status</b>
(q)	PPI	DOSH	29 December 2022/ 27 March 2024	Certificate of Fitness for Unfired Pressure Vehicle  To certify that the air receiver with registration number JH PMT 94316 has been inspected and satisfied the requirement under the Factories and Machinery Act 1967	None	Not applicable
(r)	PPI	DOSH	29 December 2022/ 27 March 2024	Certificate of Fitness for Unfired Pressure Vehicle  To certify that the air receiver with registration number JH PMT 94315 has been inspected and satisfied the requirement under the Factories and Machinery Act 1967	None	Not applicable
(s)	Kum Fatt	Department of Labour Peninsular Malaysia	16 February 2023/ 16 February 2026	Certificate for Accommodation  The accommodation of Kum Fatt at premises located at 3, Jalan Istimewa 4, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor is certified with Certificate for Accommodation issued under Section 24D(2) of Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990	The company should not accommodate more than 52 persons in the accommodation	Complied
(t)	Konnection	Building and Construction Authority, Singapore	14 December 2022/ 1 February 2026	Contractors Registration System  To certify that Konnection is approved under contractors registration system under CR07 Workhead: Cable / pipe laying & road reinstatement with an L4 financial grade <sup>(2)</sup>	The company shall have minimum of SGD250,000 paid-up capital	Complied

**Notes:**

- (1) Kum Fatt and PPI will submit the changes of the information arising from the completion of the Acquisitions via portal.
- (2) The scope of work under CR07 Workhead includes installation of underground cables/pipes and the subsequent reinstatement of roads and other surfaces including detection of underground services. "L4 financial grade" refers to tendering limit of SGD8.0 million.





## 6. INFORMATION ON OUR GROUP (Cont'd)

In respect of our business operations in Singapore, there is no specific business licence required to be maintained by Konnection save for general registration under the Companies Act 1967 with the Accounting and Corporate Regulatory Authority of Singapore.



As at LPD, our Group has obtained all the required approvals, licences and permits for our business operations. As at LPD, our Group has not faced any issues in relation to renewal of our approvals, licences and permits.

### 6.8 INTELLECTUAL PROPERTIES

As at LPD, our Group does not own and has not applied for the registration of any other intellectual properties other than those disclosed below:

<u>No.</u>	<u>Trademarks</u>	<u>Registered owner/ Trademark no.</u>	<u>Class/ Description</u>	<u>Validity period</u>	<u>Approving authority/ Place of application or registration</u>	<u>Status</u>
(a)		Kum Fatt/ TM2023011989	Class 35/ Advertising services to create corporate and brand identity; business consultancy services in relation to corporate image; corporate management assistance; corporate planning	<u>Submission date</u> 4 August 2023	Intellectual Corporation of Malaysia/ Property of Malaysia/	Under Substantive Examination <sup>(1)</sup>
(b)		Kum Fatt/ TM2019043219	Class 35/ Business management consultancy; business project management services for construction projects; advertising/ publicity; the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods; such services may be provided by retail stores, wholesale outlets, through vending machines, mail order catalogues or by means of electronic media, for example, through web sites or television shopping programmes; all included in class 35	24 November 2019 to 25 November 2029	Intellectual Corporation of Malaysia/ Property of Malaysia/	Registered

**6. INFORMATION ON OUR GROUP (Cont'd)**

<u>No.</u>	<u>Registered owner/ Trademark no.</u>	<u>Class/ Description</u>	<u>Validity period</u>	<u>Approving authority/ Place of application or registration</u>	<u>Status</u>
(c)	 PPI/ TM2021021099	Class 17/ Fittings, not of metal, for hoses; fittings, not of metal, for pipes; junctions, not of metal, for flexible pipes; junctions, not of metal, for pipes; reinforcing materials, not of metal, for pipes	1 August 2021 to 1 August 2031	Intellectual Property Corporation of Malaysia/ Malaysia	Registered
(d)	PREMPOLY PPI/ TM2020003601	Class 17/ Fittings, not of metal, for rigid pipes; junctions, not of metal, for pipes; reinforcing materials, not of metal, for pipes	24 February 2020 to 24 February 2030	Intellectual Property Corporation of Malaysia/ Malaysia	Registered
(e)	 Konnection/ 40202118360T	Class 37/ Construction; Construction services; Pipeline construction; Construction consultancy; Installation of utilities in construction sites	2 August 2021 to 2 August 2031	Intellectual Property Office of Singapore/ Singapore	Registered

**Note:**

- (1) The trademark application is currently being examined and verified by the Intellectual Property Corporation of Malaysia (“**MyIPO Registrar**”) to ensure that the trademark application complies with all the legal requirements for registration prior to acceptance by MyIPO Registrar for publication and opposition (“**Publication**”). The mark will be registered if there is no opposition made by anyone within 2 months from the date of the advertisement/Publication of the mark in the Government Gazette. Assuming there is no opposition from any third party to the registration of the trademark within the prescribed period, the trademark is expected to be registered with a 10-year’s validity period from the date of the application for registration of the trademark. The Publication for the registration of the trademark is expected to be published by first quarter of 2024, subject to substantive examination of the trademark is accepted by the MyIPO Registrar.

Our Group’s business and profitability are not materially dependent on the trademarks listed above.

**6. INFORMATION ON OUR GROUP (Cont'd)**

**6.9 PROPERTY, PLANT AND EQUIPMENT**

**6.9.1 Properties owned by our Group**

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

<b>No.</b>	<b>Registered owner/ Postal address/ Title details</b>	<b>Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)</b>	<b>Approximate land area/ Approximate built-up area</b>	<b>Date of CCC</b>	<b>Encumbrance</b>	<b>Audited NBV as at 28 February 2023 RM'000</b>
(a)	Kum Fatt/ PTD 204684 Jalan Sungai Tiram, Ulu Tiram, 81800 Ulu Tiram, Johor/ GM 4360 Lot 198370 (formerly known as PTD 204684 HSM4266), Mukim Plentong, District of Johor Bahru, State of Johor	Single storey open-sided factory building, guard house and bin centre/ Tenanted to PPI and used as a factory/ Freehold/ Industrial or Industry	6,850.4 sq m/ 1,441.3 sq m	5 May 2015	Charged to Hong Leong Bank Berhad	2,792

The property owned by our Group is not in breach of any land use conditions, statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD. Our property has obtained all the necessary licences and certificates.

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## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.9.2 Properties rented by our Group

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

#### (a) Kum Fatt

<b>No.</b>	<b>Postal address</b>	<b>Landlord</b>	<b>Description/ Existing use</b>	<b>Approximate land area/ Approximate built-up area (sq ft)</b>	<b>Date of CCC</b>	<b>Period of tenancy/ Rental per annum</b>
(a)	55, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor	Bestari Selatan	Double storey shophouse/ Office	1,539.2/ 5,681.8 <sup>(1)</sup>	28 June 1992	1 December 2020 to 30 November 2023/ RM36,000 per annum  <u>First renewal period</u> 3 years commencing from 1 December 2023 to 30 November 2026  <u>Second renewal period</u> 3 years commencing from 1 December 2026 until 30 November 2029
(b)	57, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor	Bestari Selatan	Double storey shophouse/ Office	1,539.2/ 5,681.8 <sup>(1)</sup>	28 June 1992	1 January 2021 to 31 December 2023/ RM36,000 per annum  <u>First renewal period</u> 3 years commencing from 1 January 2024 to 31 December 2026  <u>Second renewal period</u> 3 years commencing from 1 January 2027 until 31 December 2029

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Postal address</b>	<b>Landlord</b>	<b>Description/ Existing use</b>	<b>Approximate land area/ Approximate built-up area (sq ft)</b>	<b>Date of CCC</b>	<b>Period of tenancy/ Rental per annum</b>
(c)	69, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor	Bestari Selatan	Double storey shophouse/ Training centre	1,539.2/ 2,789.0	28 June 1992	1 August 2021 to 31 July 2024/ RM36,000 per annum  <u>First renewal period</u> 3 years commencing from 1 August 2024 to 31 July 2027  <u>Second renewal period</u> 3 years commencing from 1 August 2027 until 31 July 2030
(d)	3, Jalan Istimewa 4, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor	Bestari Selatan	Factory/ Dormitory <sup>(2)</sup>	9,601.4/ 5,400.0	7 August 2002	1 December 2022 to 30 November 2024/ RM72,600 per annum  <u>Renewal period</u> 1 year from the expiry date of the tenancy
(e)	1, Jalan Istimewa 4, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor	Bestari Selatan	Factory <sup>(3)</sup> / Warehouse, office and training centre	13,057.0/ 7,000.0	7 August 2002	1 December 2022 to 30 November 2024/ RM112,800 per annum  <u>Renewal period</u> 1 year from the expiry date of the tenancy

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>No.</b>	<b>Postal address</b>	<b>Landlord</b>	<b>Description/ Existing use</b>	<b>Approximate land area/ Approximate built-up area (sq ft)</b>	<b>Date of CCC</b>	<b>Period of tenancy/ Rental per annum</b>
(f)	Unit H-14 and H-15, Lot 2152, Batu 13 ¼, Jalan Sungai Tiram, Ulu Tiram, 81800 Johor	Embun Karisma Resources (M) Sdn Bhd	Rental of a lodging space for 52 workers <sup>(4)</sup>	<sup>(5)</sup> Not applicable	24 May 2015	1 October 2023 to 30 September 2024/ RM71,760 per annum  <u>Renewal period</u> 1 year from the expiry date of the tenancy

**(b) PPI**

<b>No.</b>	<b>Postal address</b>	<b>Landlord</b>	<b>Description/ Existing use</b>	<b>Approximate land area/ Approximate built-up area (sq ft)</b>	<b>Date of CCC</b>	<b>Period of tenancy / Rental per annum</b>
(a)	Unit C-03 and Unit C-04, Lot 2152, Batu 13 ¼, Jalan Sungai Tiram, Ulu Tiram, 81800 Johor	Embun Karisma Resources (M) Sdn Bhd	Rental of a lodging space for 16 workers <sup>(4)</sup>	<sup>(5)</sup> Not applicable	4 October 1992	1 November 2022 to 31 October 2023/ RM53,760 per annum  <u>Renewal period</u> 1 year from the expiry date of the tenancy

**6. INFORMATION ON OUR GROUP (Cont'd)**

**(c) Konnection**

<b>No.</b>	<b>Postal address</b>	<b>Landlord</b>	<b>Description/ Existing use</b>	<b>Approximate land area/ Approximate built-up area (sq ft)</b>	<b>Date of Certificate of Statutory Completion</b>	<b>Period of tenancy / Rental per annum</b>
(a)	8B Admiralty Street #07-07 Singapore 757440	Chua Hui Che	Commercial property serving as office premises for the company	Not applicable/ 1,753.0	18 March 2014	1 June 2023 to 31 May 2024/ SGD33,000 per annum  <u>Renewal period</u> 2 years from the date of expiry of the tenancy
(b)	Block 12 18A Kranji Way, #12-03, #12-04, Singapore 739443	Westlite Dormitory (Woodlands) Pte Ltd	Rental of a lodging space for 10 workers	<sup>(5)</sup> Not applicable	23 March 2015	1 July 2023 to 30 June 2024/ SGD56,400 per annum (inclusive of monthly service charge)  <u>Renewal period</u> None
(c)	37 Tuas View Place Singapore 637883	Gan Services Pte Ltd	Rental of a lodging space for 20 workers	<sup>(5)</sup> Not applicable	23 October 2006	15 January 2023 to 14 January 2024/ SGD132,000 per annum  <u>Renewal period</u> None

**Notes:**

- (1) The built-up areas are the combined built-up area of properties located at 55 & 57, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor.
- (2) Our Group has obtained the Certificate for Accommodation issued by the Department of Labour Peninsular Malaysia in accordance with the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 for the dormitory at 3, Jalan Istimewa 4, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor.
- (3) The factory has the required space to store our heavy machinery and equipment as well as to accommodate our VR HDD and simulator training centre.

## 6. INFORMATION ON OUR GROUP (Cont'd)

- (4) Embun Karisma Resources (M) Sdn Bhd has obtained the Certificate for Accommodation issued by the Department of Labour Peninsular Malaysia in accordance with the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 for its centralised accommodation at Lot 2152, Batu 13 ¼, Jalan Sungai Tiram, Ulu Tiram, 81800 Johor, details of the Certificate for Accommodation are as follows:

<u>Licencee</u>	<u>Issuing authority</u>	<u>Date of issue or commencement/ Date of expiry</u>	<u>Nature of approval/ Licences</u>	<u>Equity major imposed and/or conditions</u>	<u>Compliance status by the Group</u>
Embun Karisma Resources (M) Sdn Bhd	Department of Labour Peninsular Malaysia	30 March 2023/ 30 March 2026	<p>Certificate for Accommodation</p> <p>The centralised accommodation of Embun Karisma Resources (M) Sdn Bhd at the following premises is certified with Certificate for Accommodation issued under Section 24D(2) of Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990:</p> <p>(i) Blok A, Lot 2152, Batu 13 ¼, Jalan Sungai Tiram, 81800 Ulu Tiram, Johor for 76 workers</p> <p>(ii) Blok B, Lot 2152, Batu 13 ¼, Jalan Sungai Tiram, 81800 Ulu Tiram, Johor for 76 workers</p> <p>(iii) Blok C, Lot 2152, Batu 13 ¼, Jalan Sungai Tiram, 81800 Ulu Tiram, Johor for 80 workers</p> <p>(iv) Blok D, Lot 2152, Batu 13 ¼, Jalan Sungai Tiram, 81800 Ulu Tiram, Johor for 80 workers</p> <p>(v) Blok H, Lot 2152, Batu 13 ¼, Jalan Sungai Tiram, 81800 Ulu Tiram, Johor for 241 workers</p>	The centralised accommodation should not accommodate more than 553 workers.	Not applicable

- (5) Not applicable as it is rental of bed space for workers.

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



## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.9.3 Acquisition of properties

Our Group has not acquired nor entered into any agreements to acquire any properties during FYE 2021 to 2023 and up to LPD.

### 6.9.4 Key machinery and equipment

Details of our Group's key machinery and equipment are as follows:

<b>Equipment</b>	<b>Function</b>	<b>Average useful lifespan</b>	<b>Average age</b>	<b>No. of units</b>	<b>No. of units fully depreciated</b>	<b>Audited NBV as at 28 February 2023</b>
		<b>Years</b>	<b>Years</b>			<b>RM'000</b>
HDD machine	Boring machines for installing underground utilities such as pipes, conduits and cables	12	3	15	2	4,298
Excavator	Diggers for trenches, holes and foundations	12	2	1	-	300
Backhoe	Diggers for trenches, holes and foundations	5	3	2	-	58
Underground utility locator / detector	Detection of underground utilities	12	2	6	-	154
Gyroscopic utility mapping device	Collect the as-built data of HDD pipes	12	1	2	-	307
Forklift	Lifting and movement of pipes, conduits and cables	12	4	3	-	168
Lorries	Transportation of pipes, conduits and cables	5	6	25	17	1,451
Microtrencher	Trench digging equipment for installation of fibre optic cables	12	6	1	-	67
Pipe extrusion line	Manufacturing of HDPE pipes	12	3	2	-	681
VR HDD and simulator	VR training software in relation to HDD machine operations and locating system	12	1	8	-	322
					<b>Total</b>	<b>7,806</b>

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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We conduct periodic inspection and maintenance of our machinery and equipment and undertake certain repair works when necessary. Our maintenance procedures including oiling, corrosion prevention and cleaning. Machinery which is fully depreciated may not have surpassed its useful life. Although certain machinery and equipment are fully depreciated, they may still operate effectively. If the machinery is well maintained and can operate effectively and efficiently, it will not be disposed. Fully depreciated machinery are disposed when they cannot operate effectively, or are functionally obsolete.

As part of our business strategies and future plans to expand our fleet of construction machinery and equipment, we intend to progressively phase out some of the older construction machinery and equipment which have been fully depreciated after considering the ongoing cost of maintenance and repair relative to the costs and benefits of replacing these machinery and equipment. Please refer to Section 7.18 for further details on the expansion on our fleet of construction machinery and equipment.

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**6. INFORMATION ON OUR GROUP (Cont'd)****6.9.5 Material capital expenditures and divestitures****(a) Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures made by us for FYE 2021 to 2023 and up to LPD:

<b>Capital expenditures</b>	<b>At cost</b>			
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>1 March 2023 up to LPD</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Computers	48	54	233	44
Equipment	-	7	-	-
Electrical installation	14	30	-	-
Furniture and fittings	4	342	257	18
Motor vehicles <sup>(1)</sup>	1,917	1,841	2,903	230
Laboratory equipment	62	52	130	74
Office equipment	7	265	98	12
Plant and machinery <sup>(2)</sup>	3,223	3,188	2,536	351
Renovations	<sup>(3)</sup> 382	<sup>(3)</sup> 409	<sup>(4)</sup> 905	<sup>(4)</sup> 407
Signboard	1	-	-	-
Capital work-in-progress	<sup>(5)</sup> 143	<sup>(5)</sup> 762	10	<sup>(6)</sup> 12
	<b>5,801</b>	<b>6,950</b>	<b>7,072</b>	<b>1,148</b>

**Notes:**

- (1) Relates to the purchase of lorries and cars for our operations.
- (2) Relates to the purchase of plant and machinery comprising mainly HDD machines, auger boring machine (acquired from Ecobore Sdn Bhd in FYE 2021 in conjunction with Datuk Dr Ting's departure from the company), excavators, VR HDD and simulator (for training purpose), gyroscopic utility mapping device, locators, solar panel and forklift.
- (3) Relates to renovation costs incurred for offices premises located in Taman Johor Jaya, Johor and factory located in Ulu Tiram, Johor.
- (4) Relates to renovation costs for office, warehouse and dormitory located in Taman Perindustrian Desa Cemerlang, Johor and factory located in Ulu Tiram, Johor.
- (5) Relates to the purchase of 1 unit of pipe extrusion line machine for our manufacturing operations.
- (6) Relates to construction of mud tank equipment for storage purpose.

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures are mainly driven by our business growth as well as for replacement purposes.

**6. INFORMATION ON OUR GROUP (Cont'd)****(b) Material capital divestitures**

Save for the divestitures disclosed below, there were no other capital divestitures made by us for FYE 2021 to 2023 and up to LPD:

<b>Capital divestitures</b>	<b>At cost</b>			<b>1 March</b>
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>2023 up to</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>LPD</b>
				<b>RM'000</b>
Freehold land	-	<sup>(1)</sup> 656	<sup>(1)</sup> 1,467	-
Buildings	-	<sup>(1)(2)</sup> 999	<sup>(1)</sup> 3,393	-
Computers	-	3	-	-
Equipment	-	54	<sup>(3)</sup> 931	-
Furniture and fittings	-	3	<sup>(3)</sup> 389	-
Motor vehicles <sup>(4)</sup>	1,065	1,142	600	135
Office equipment	-	15	25	-
Plant and machinery <sup>(5)</sup>	697	1,529	2,669	-
Renovations	-	-	<sup>(1)</sup> 1,743	-
	<b>1,762</b>	<b>4,401</b>	<b>11,217</b>	<b>135</b>

**Notes:**

- (1) Relates to disposal of properties as detailed in Sections 6.5(a) and 6.5(b).
- (2) Relates to write off of building extensions located in Taman Johor Jaya, Johor pursuant to termination of tenancy agreement in relation to the said building.
- (3) Relates to disposal of equipment as well as furniture and fittings in respect of the disposal of properties as detailed in Section 6.5(b).
- (4) Relates to disposal of motor vehicles that are no longer in good condition.
- (5) Relates to disposal of plant and machinery comprising mainly HDD machines that are no longer in good condition and auger boring machine that is no longer in use as our Group's existing projects do not require the use of auger boring machine. Further, we do not intend to venture into underground utilities engineering services using pipe-jacking method which requires the use of the auger boring machine.

All our capital divestitures were carried out in the ordinary course of business as part of the periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or obsolete or surpassed their useful lives.

As at LPD, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia. Further, save for the purchase of machinery and equipment as disclosed in Section 4.9.1(a) which are approved but not contracted for, our Group does not have any material capital commitment as at LPD.

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## **6. INFORMATION ON OUR GROUP (Cont'd)**

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### **6.9.6 Material plans to construct, expand or improve our property, plant and equipment**

Save for the proposed utilisation of proceeds from our Public Issue to finance the capital expenditure as set out in Section 4.9.1 and the material capital commitments as set out in Section 12.6, our Group does not have any other immediate plans to construct, expand or improve our property, plant and equipment as at LPD.

### **6.10 RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS**

The following is an overview of the major laws, regulations, rules and requirements governing the conduct of our Group's business and environmental issue which may materially affect our business operations:

#### **6.10.1 Malaysia**

##### **(a) Local Government Act 1976 ("LGA")**

The LGA was enacted to revise and consolidate the laws relating to local government in Peninsular Malaysia. Every licence or permit granted by the local authority shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefore.

Pursuant to the LGA, a person who fails to exhibit or produce his licence on the licenced premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both.

As at LPD, our Group holds and maintains valid business and signage licences issued by the respective local authorities.

##### **(b) Industrial Co-Ordination Act 1975 ("ICA")**

The ICA and guideline on application for manufacturing licence issued by MIDA requires manufacturing companies with shareholders' funds of RM2.50 million and above or engaging 75 or more full-time paid employees to apply for a manufacturing licence from the MITI. Failure to observe and adhere to the licensing requirements under the ICA will constitute an offence which is punishable on conviction by a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 per day during which the non-compliance continues.

As at LPD, PPI is exempted from the requirements to obtain manufacturing licence for its factory as it neither has the shareholders' fund of RM2.5 million and above nor engaged 75 or more full-time paid employees.

##### **(c) Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 ("CIDB Act")**

The CIDB Act and the regulations made thereunder, govern the establishment of the CIDB and provide for its function in relation to the construction industry and all matters in connection therewith.

The CIDB Act prescribes that a contractor must register with the CIDB and hold a valid certificate of registration issued by the CIDB under the CIDB Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor. Failure to comply with the above shall render a person liable to a fine of not less than RM10,000 but not more than RM100,000.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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As at LPD, Kum Fatt maintains a valid Grade G7 certificate of registration as contractors with CIDB respectively. Kum Fatt has also maintained a valid Grade G7 government work procurement certificate with CIDB.

**(d) Factories and Machinery Act 1967 ("FMA")**

The objective of the FMA and the regulations made thereunder, is to provide for the control of factories on matters relating to safety, health and welfare of factory workers, the registration and inspection of machineries and matters connected thereto.

Certificate of Fitness of Machinery

Section 19(1) of the FMA further states that no person shall operate or cause or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is in force in relation to the operation of the machinery a valid certificate of fitness issued under the FMA. In the case of any contravention, an inspector of factories and machineries appointed under the FMA shall forthwith serve upon the person aforesaid a notice in writing prohibiting the operation of the machinery or may render the machinery inoperative until such time a valid certificate of fitness is issued. The person who contravenes Section 19(1) shall be liable of an offence and shall, on conviction, be liable to a fine not exceeding RM150,000.

As at LPD, our Group holds 3 valid certificates of fitness issued by Department of Occupational Safety and Health Malaysia for the relevant machineries we use. Please refer to Section 6.7 for further details of the certificates of fitness. Save for the certificate of fitness as disclosed in Section 6.7, no other machineries owned by our Group require the certificate of fitness.

**(e) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSHA")**

The EMSHA and regulations made thereunder, prescribe the minimum standards of housing for employees and centralised accommodations, requirement for employers to provide health, hospital, medical and social amenities and all matters incidental thereto.

Pursuant to the EMSHA, no accommodation shall be provided to an employee unless the accommodation is certified with a Certificate for Accommodation issued by the Department of Labour. The EMSHA provides that an employer who contravenes this provision commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.

As at LPD, we have obtained the relevant Certificates of Accommodation in relation to our 3 worker accommodations. Please refer to Sections 6.9.2(a) and (b) for further details on the Certificates of Accommodation issued in relation to our worker accommodations.

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## **6. INFORMATION ON OUR GROUP (Cont'd)**

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### **(f) Immigration Act 1959/63**

The Immigration Act 1959/63 is enacted to regulate matters in respect of immigration, including the issuance of visit pass of foreign workers employed by Malaysian employers.

Pursuant to Section 6 of the Immigration Act 1959/63, no person other than citizen shall enter Malaysia unless the person is in possession of a valid entry permit or valid pass lawfully issued to him to enter Malaysia or has been granted an exemption under the Immigration Act 1959/63. The Immigration Act 1959/63 provides that any person who employs one or more persons, other than a citizen or a holder of an entry permit, who is not in possession of a valid pass 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 RM50,000 or to imprisonment for a term not exceeding 12 months or to both for each such employee.

The foreign workers employed by Kum Fatt and PPI carry valid working permits or entry passes which are valid for a period of 11 to 12 months. As at LPD, all our foreign workers employed by us have valid working permits or entry passes, which are renewable periodically.

### **6.10.2 Singapore**

#### **(a) Contractors Registration System**

The Contractors Registration System ("**CRS**") is administered by the BCA to serve the procurement needs of government departments, statutory bodies and other public sector organisations including first level sub-contractors involved in government projects.

A company need only register with the CRS if they wish to participate in construction tenders or carry out construction projects (as a main or a sub-contractor) for the public sector if this is a contractual requirement by the relevant public sector agency.

There are 7 major registration categories, namely Construction Workhead (CW), Construction-Related Workhead (CR), Mechanical & Electrical Workhead (ME), Facilities Management Workhead (FM), Supply Head (SY), Trade Head (TR) and Regulatory Workhead (RW). Applicants are expected to meet the specific registration requirements for each workhead and should satisfy the BCA that they have sufficient financial resources to meet the financial commitments for the respective workheads and grades, that their track record for the past 3 years hits the minimum requirements and that they have the necessary personnel and management and development resources to undertake the work corresponding to the registration workhead applied for.

As at LPD, Konnection hold a valid licence and is a registered contractor under the BCA for the Construction-Related 07 (CR07) Workhead category of cable / pipe laying and road reinstatement.

## **6. INFORMATION ON OUR GROUP (Cont'd)**

### **(b) Employment of Foreign Manpower Act 1990 ("EFMA")**

In Singapore, the employment of foreign workers is governed by the Employment of Foreign Manpower Act 1990 of Singapore and regulated by the Ministry of Manpower, Singapore.

Section 5 of EFMA deals with the prohibition of employment of foreign employees without a valid work pass.

Under the EFMA it provides that a person must not employ a foreign employee unless the foreign employee has a valid pass.

Any person who fails to comply with EFMA by employing a foreign employee without a valid work pass shall upon conviction be guilty of an offence and be liable to a fine of at least SGD5,000 and not more than SGD30,000 or to imprisonment for a term not exceeding 12 months or to both.

On a second or subsequent conviction:-

- (i) in the case of an individual, a fine of at least SGD 10,000 and not more than SGD 30,000 and with imprisonment for a term of not less than 1 month and not more than 12 months; or
- (ii) in any other case, be punished with a fine of at least SGD 20,000 and not more than SGD 60,000.

As at LPD, all the foreign employees employed by Konnection have valid work passes. The work pass is usually valid for a period between 1 to 2 years and can be renewed periodically.

Details of the major approvals, licences and permits issued to our Group in order for us to carry out our operations are set out in Section 6.7. Save as disclosed therein, as at LPD, there are no other material laws, regulations, rules or requirements governing the conduct of our business and/or major environmental issue which may materially affect our operations.

### **6.11 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES**

Our Group has implemented, and are in the midst of implementing, the following practices:

#### **(a) Environmental**

Our Group believes in preserving and caring for the environment by adopting sustainable practices in our business activities. In managing environmental matters, we will focus on, amongst others, the following:

- (i) being committed to environmental protection and stewardship by minimising risks and impacts to the environment in our daily operations such as installation of rooftop solar systems at our factory which reduces greenhouse gas emissions and usage of rainwater at our factory which minimise water consumption;
- (ii) adhere to all relevant environmental regulatory and legal requirements; and
- (iii) ensure responsible waste management and disposal.



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**6. INFORMATION ON OUR GROUP (Cont'd)**

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**(b) Social**

Our Group is committed to act responsibly to all our stakeholders in our business operations as well as to the community in which we operate in. We recognise that our employees are valuable assets and as such, we strive to retain and nurture skilled talent through the following practices:

- (i) ensure a safe, healthy and conducive work environment for our employees;
- (ii) eliminate improper conduct and practices, including but not limited to workplace bullying, discrimination against individual differences, discriminatory and sexual harassment, intimidation and victimisation;
- (iii) ensure equal access to opportunities regardless of one's age, gender, ethnicity, religion, national origin, sexual orientation, disability or any other relevant characteristics;
- (iv) respect and uphold the fundamental workers' rights through the elimination of child labour and forced labour of all forms;
- (v) empower our workforce by supporting their personal and professional growth;
- (vi) cultivate a diverse and inclusive culture that recognises and values individuality; and
- (vii) contribute to the well-being and development of the surrounding community through corporate social responsibility programmes and donation.

**(c) Governance**

Our Group is committed to conduct our business ethically and in compliance with all relevant laws, regulations, rules and requirements as disclosed in Section 6.10. In maintaining high standards of corporate governance, our Board has progressively adopted all the applicable principles and practices as promulgated in the MCCG in particularly on embracing board gender diversity.

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

## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.12 EMPLOYEES

As at LPD, we have a total workforce of 237 full-time employees, of which 114 are local employees and 123 foreign employees, and all of whom are permanent employees.

The breakdown of our employees as at 28 February 2021, 28 February 2022, 28 February 2023 and LPD are as follows:

	No. of employees		
	Local (Malaysian)	Foreign	Total employees
<b>As at 28 February 2021</b>			
<b><u>Department</u></b>			
Executive Directors <sup>(1)</sup>	3	-	3
Key senior management	<sup>(2)</sup> 2	-	2
Contract and procurement <sup>(5)</sup>	2	-	2
Project, comprising:	20	5	25
- Skilled workers	19	4	23
- General workers	-	-	-
- Project administration	1	1	2
Production	2	-	2
Finance	5	-	5
Human resource and administration	4	2	6
Health and safety	-	-	-
Marketing	1	-	1
<b>Total</b>	<b>39</b>	<b>7</b>	<b>46</b>
<b><u>Countries</u></b>			
Malaysia	29	-	29
Singapore	10	7	17
<b>Total</b>	<b>39</b>	<b>7</b>	<b>46</b>
<b>As at 28 February 2022</b>			
<b><u>Department</u></b>			
Executive Directors <sup>(1)</sup>	<sup>(3)</sup> 3	-	3
Key senior management	<sup>(4)</sup> 1	-	1
Contract and procurement <sup>(5)</sup>	3	-	3
Project, comprising:	37	7	44
- Skilled workers	36	6	42
- General workers	-	-	-
- Project administration	1	1	2
Production	10	6	<sup>(7)</sup> 16
Finance	5	-	5
Human resource and administration	12	3	15
Health and safety	1	-	1
Marketing	1	-	1
<b>Total</b>	<b>73</b>	<b>16</b>	<b>89</b>
<b><u>Countries</u></b>			
Malaysia	61	6	67
Singapore	12	10	22
<b>Total</b>	<b>73</b>	<b>16</b>	<b>89</b>

**6. INFORMATION ON OUR GROUP (Cont'd)**

	No. of employees		
	Local (Malaysian)	Foreign	Total employees
<b>As at 28 February 2023</b>			
<b><u>Department</u></b>			
Executive Directors <sup>(1)</sup>	3	-	3
Key senior management	<sup>(4)</sup> 1	-	1
Contract and procurement <sup>(5)</sup>	7	-	7
Project, comprising:	55	39	94
- Skilled workers	49	17	66
- General workers	1	21	22
- Project administration	5	1	6
Production	8	14	22
Finance	7	1	8
Human resource and administration	16	3	19
Health and safety	2	2	4
Marketing	1	-	1
<b>Total</b>	<b>100</b>	<b>59</b>	<b>159</b>
<b><u>Countries</u></b>			
Malaysia	80	14	94
Singapore	20	45	65
<b>Total</b>	<b>100</b>	<b>59</b>	<b>159</b>
<b>As at LPD</b>			
<b><u>Department</u></b>			
Executive Directors <sup>(1)</sup>	<sup>(4)</sup> 4	-	4
Key senior management	-	-	-
Contract and procurement <sup>(5)</sup>	10	-	10
Project, comprising:	66	104	170
- Skilled workers	56	18	74
- General workers	1	85	86
- Project administration	9	1	10
Production	8	13	21
Finance	7	1	8
Human resource and administration	15	3	18
Health and safety	2	2	4
Marketing	1	-	1
Purchasing and logistics <sup>(6)</sup>	1	-	1
<b>Total</b>	<b>114</b>	<b>123</b>	<b>237</b>
<b><u>Countries</u></b>			
Malaysia	96	72	168
Singapore	18	51	69
<b>Total</b>	<b>114</b>	<b>123</b>	<b>237</b>

**Notes:**

- (1) Excludes the non-executive directors of Kum Fatt namely Ting Meng Pheng and Dato' Tan Sui Hou.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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- (2) Being Vincent Wong Soon Choy, the Chief Finance Controller of Kum Fatt which has been appointed in August 2018, and Chong Tuoo Choi, the Executive Director of Konnection which has been appointed in December 2021, both of which have since been appointed as our Executive Directors on 25 May 2023.
- (3) Being Chong Tuoo Choi, the Executive Director of Konnection which has been appointed in December 2021, who has since been appointed as our Executive Director on 25 May 2023.
- (4) Being Vincent Wong Soon Choy, the Chief Finance Controller of Kum Fatt which has been appointed in August 2018, who has since been appointed as our Executive Director/ Chief Financial Officer on 25 May 2023.
- (5) Our Contract and Procurement Department is responsible for reviewing contracts with our customers, identifying suppliers and subcontractors and preparing contracts to subcontractors as well as sourcing construction materials and subcontractor services. Our Contract and Procurement Department is under Kum Fatt.
- (6) Our Purchasing and Logistics Department is responsible for the identification of suppliers and sourcing of raw materials required for the manufacturing of HDPE pipes. Our Purchasing and Logistics Department is under PPI. Prior to the establishment of our Purchasing and Logistics Department, our Factory Manager was responsible for the identification of suppliers and sourcing of raw materials required for the manufacturing of HDPE pipes. In line with the growth of PPI's business, we decided to form a Purchasing and Logistics Department to take on these responsibilities, thereby enabling our Factory Manager to focus on PPI's daily operations and oversee production planning and management.
- (7) During FYE 2021, our Group only had 1 manufacturing line for HDPE pipes i.e. Line 1 and we relied on an average of 7 foreign workers from a labour supply agency to support our internal staff in the operations of Line 1. During FYE 2022, PPI commissioned an additional manufacturing line for HDPE pipes i.e. Line 2. Our Group recruited 14 additional employees under our Production Department to support the manufacturing activities of Line 1 and Line 2.

We have been progressively expanding our Project Department as evidenced by the growth in headcount from 25 to 44, 94 and 170 employees as at 28 February 2021, 28 February 2022, 28 February 2023 and LPD respectively. This increase in headcount in our Project team is attributable to the following:

- (a) In Singapore, over FYE 2023, we created 3 additional teams of general workers with each team comprising between 8 to 10 workers each, in order to expand our scope of underground utilities engineering projects from solely undertaking HDD works to include the planning and implementation of HDD project delivery works, prior to the commencement of underground utilities engineering projects;
- (b) In Malaysia, we expanded our Project Department headcount of general workers by recruiting 59 employees as at LPD in the following manner:
  - (i) to undertake projects in the east coast region where we have secured electricity supply projects with total contract value of RM69.2 million as at LPD. Our existing subcontractors do not have sufficient resources to undertake projects in this region. As such, we have decided to deploy our own team of Project Department employees alongside our subcontractors to undertake our projects in the east coast region; and

**6. INFORMATION ON OUR GROUP (Cont'd)**

- (ii) due to capacity limitation faced by our subcontractors, they were not able to undertake certain labour-intensive scope of works such as cable laying, traffic management as well as site preparation, maintenance and cleaning prior to handing over the project site to customers. In light of this, we have gradually been expanding our own Project Department by hiring more workers to perform these tasks, and have begun deploying them to some of our project sites to undertake the abovementioned works.

For clarity, our Group is principally responsible for undertaking the technical aspects of the project including project planning and project management, site survey, tracing and utility mapping, commissioning, submission of as-built drawings to TNB and handover. Our subcontractors are responsible for undertaking the labour-intensive physical underground utilities works such as 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. We also supply HDPE pipes for the projects that we undertake.

However, due to the increased number of projects we are undertaking, there is a capacity limitation faced by our subcontractors, particularly with regards to cable laying works and general works such as traffic management as well as site preparation, maintenance and cleaning scopes of work, which are more labour intensive. As such, we have gradually begun to undertake these works for some of our projects, depending on the capacity of our team and the subcontractors' team, to ensure that we are able to undertake more projects concurrently, and implement them in a timely manner.

The breakdown of our employees by subsidiary as at 28 February 2021, 28 February 2022, 28 February 2023 and LPD are as follows:

<b>Subsidiaries</b>	<b>No. of employees</b>			
	<b>As at 28 February 2021</b>	<b>As at 28 February 2022</b>	<b>As at 28 February 2023</b>	<b>As at LPD</b>
Kum Fatt	25	48	66	141
Konnection	17	22	65	69
PPI	4	19	28	27
<b>Total</b>	<b>46</b>	<b>89</b>	<b>159</b>	<b>237</b>

None of our employees belong to any labour union and over FYE 2021 to 2023 and up to LPD, there has been no labour dispute between our management and our employees. Additionally, over FYE 2021 to 2023 and up to LPD, there has not been any incident of work stoppage that has materially affected our operations.

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## **7. BUSINESS OVERVIEW**

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### **7.1 OUR HISTORY**

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 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. Our Group is also involved in the manufacturing and trading of HDPE pipes.

#### **Kum Fatt**

The history of our Group can be traced back to the incorporation of Kum Fatt, then under the name of Kum Fatt Construction Sdn Bhd, in Malaysia on 6 February 2009 by the late Dato' Ting Ah Kong and Chen Koi Yen as the shareholders and directors, each of whom held 1 subscriber's share. The late Dato' Ting Ah Kong incorporated Kum Fatt with the intention to pursue the provision of HDD works for underground utilities.

Prior to the founding of Kum Fatt, the late Dato' Ting Ah Kong was initially a shareholder in Komasi Engineering (previously known as Komasi Enterprise Sdn Bhd) which was a general contractor and transportation agent, prior to divesting his entire equity interest in 1997. Between 1997 and 2009, he was involved in several entrepreneurial endeavours in general construction and the laying of underground utilities.

Upon its incorporation, Kum Fatt was involved in general construction as well as laying of underground utilities for private development projects for various main contractors, including Komasi Engineering. Kum Fatt was then operating from a rented shop office located in Taman Mayang Jaya, Petaling Jaya, Selangor.

In 2009, the late Dato' Ting Ah Kong invited his son, Datuk Dr Ting, to join Kum Fatt as a Project Manager, by leveraging on his experience to build the business of Kum Fatt. Datuk Dr Ting was previously an employee of Komasi Engineering from 1999 to 2009, where his career progressed from the position of Project Engineer to Senior Project Manager over the years. During his tenure at Komasi Engineering, he learned the project management and technical aspects of underground utilities engineering works.

During the same year, Kum Fatt was registered as a Grade G6 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME), thereby allowing it to tender for projects with contract value of up to RM10.0 million throughout Malaysia.

In 2009, Kum Fatt secured its first contract from Komasi Engineering via Perkasa Selatan Sdn Bhd with a contract value of RM0.2 million. For clarity, Perkasa Selatan Sdn Bhd was engaged by Komasi Engineering to undertake underground HDPE piping installation using the HDD method for the Seremban-Gemas Electrified Double Track Project. Perkasa Selatan Sdn Bhd had subsequently appointed Kum Fatt as a subcontractor to undertake this project. During the year, Kum Fatt was also awarded projects to undertake HDD works for the power utilities sector and telecommunications sector.

On 10 April 2009, the late Dato' Ting Ah Kong increased his shareholdings in Kum Fatt to 80.0% while Chen Koi Yen held the remaining 20.0%. On 7 July 2009, Ting Meng Pheng (sister of Datuk Dr Ting) and Lim Kim Ku @ Lim Ah Siang (not a related party) were allotted shares in Kum Fatt, resulting in the late Dato' Ting Ah Kong, Chen Koi Yen, Ting Meng Pheng and Lim Kim Ku @ Lim Ah Siang having equity interests of 40.0%, 20.0%, 20.0% and 20.0% respectively.

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**7. BUSINESS OVERVIEW (Cont'd)**

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On 24 July 2009, Lim Kim Ku @ Lim Ah Siang ceased to be a shareholder and transferred his entire equity interest to Azman Bin Atan (not a related party). On 18 January 2010, Chen Koi Yen acquired the entire equity interest (20.0%) of Azman Bin Atan, resulting in the late Dato' Ting Ah Kong, Chen Koi Yen and Ting Meng Pheng having equity interests of 40.0%, 40.0% and 20.0% respectively.

Subsequently in 2010, the late Dato' Ting Ah Kong increased his shareholding to 80.0% upon acquisition of 30.0% equity interest from Chen Koi Yen for a consideration of RM150,000 and 10.0% equity interest from Ting Meng Pheng for a consideration of RM50,000.

In 2011, Kum Fatt secured a contract from Sutera Utama to undertake the laying of microducts from Cyberjaya to Bulatan Kampung Pandan, Kuala Lumpur via MEX highway using the HDD method with a contract value of RM0.3 million.

In 2012, the late Dato' Ting Ah Kong disposed his entire 80.0% equity interest in Kum Fatt to his son, Datuk Dr Ting, for a consideration of RM0.4 million. Datuk Dr Ting was subsequently appointed as a director of Kum Fatt, and took over the leadership and daily management of Kum Fatt from the late Dato' Ting Ah Kong.

In 2013, Kum Fatt secured a contract from Komasi Engineering for the supply and provision of engineering services for the laying of optical fibre infrastructure from Menara Ansar to Danga Bay, Johor Bahru, Johor using the HDD method in relation to Johor's fibre rollout for a contract value of RM0.07 million. This project marked our entry into underground utilities engineering projects in the state of Johor. During the year, Chen Koi Yen disposed her entire equity interest in Kum Fatt to Ting Meng Pheng for a consideration of RM50,000, resulting in Ting Meng Pheng holding 20.0% equity interest in Kum Fatt.

In 2014, Kum Fatt relocated from Selangor to Johor to capitalise on business opportunities for HDD engineering solutions in Iskandar Malaysia. We established our new headquarters in a rented shop office at 71A, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor.

In 2015, Kum Fatt was engaged by Global Forway Sdn Bhd for the laying of pipes from telecommunications exchange to various distribution points for a mobile network service provider at multiple sites in Peninsular Malaysia spanning from 2015 to 2019 with total project value of RM34.3 million. This marked our first project for mobile network service providers in the telecommunications sector. In 2015, Kum Fatt was registered with the MOF, thereby allowing it to supply materials and services to agencies under the Government.

In 2016, Kum Fatt obtained the Sijil Perolehan Kerja Kerajaan as a Grade G6 contractor from CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME), enabling its participation in Government projects with contract value not exceeding RM10.0 million. During the year, Hin Wai Mun became a shareholder of Kum Fatt upon acquisition of 15.0% equity interest from Datuk Dr Ting for a consideration of RM75,000, and was concurrently appointed as a director.

In 2017, Kum Fatt expanded its business and rented an additional office space at 73A, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor.

In 2019, Kum Fatt was awarded a contract from Komasi Engineering to undertake 33kV cable laying and jointing works for the electricity supply distribution network in the Johor zone with an initial contract value of RM9.0 million, that was subsequently extended and renewed for an additional RM45.0 million in contract value. This marked our first major project whereby the project owner is TNB. During the year, Kum Fatt relocated to a new office in a rented shop office located at 77, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor.

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**7. BUSINESS OVERVIEW (Cont'd)**

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On 23 September 2020, Kum Fatt assumed its present name, Kum Fatt Engineering Sdn Bhd. Further in 2020, Kum Fatt's CIDB and Sijil Perolehan Kerja Kerajaan registrations were upgraded to Grade G7 for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME). With this, Kum Fatt is allowed to tender throughout Malaysia for Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME) projects with unlimited contract value under CIDB, as well as Electrical projects exceeding RM0.2 million and Building/General/Mechanical and Facility projects exceeding RM10.0 million under Sijil Perolehan Kerja Kerajaan.

In 2020, Kum Fatt relocated to its current business premises to a rented shop office at 55, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor and subsequently expanded to include a rented shop office at 57, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor, with approximate total built-up area of 5,681.8 sq ft, in line with the expansion of its business.

Over the years, we have built long and mutually beneficial business relationships with Komasi Engineering and Sutera Utama wherein Kum Fatt has been engaged as a subcontractor for the provision of underground utilities engineering solutions for projects in the electricity supply and telecommunications sector. Building upon this historical business relationships, Kum Fatt was appointed as the exclusive engineering service provider of Komasi Engineering and Sutera Utama respectively in 2021. Pursuant to these appointments, Kum Fatt will be the sole and exclusive provider of HDD solutions for projects awarded to Komasi Engineering and Sutera Utama that require HDD engineering works, other than those contracts that require the participation of Bumiputera only.

In 2022, Kum Fatt was certified compliant to ISO 9001:2015 and ISO 45001:2018 by Global Compliance Certification Pty Ltd for the scope of provision of HDD services to construction, pipeline and utility respectively. Kum Fatt was also registered as a contractor with Maxis Berhad, and secured its first contract as the main contractor of Maxis Broadband Sdn Bhd (being a wholly-owned subsidiary of Maxis Berhad) to undertake the supply, delivery, installation, commissioning and maintenance of equipment and outside plant for a period of 2 years.

In 2023, Kum Fatt was registered with TNB, thereby allowing it to supply materials and services to TNB projects. As at LPD, Kum Fatt has yet to tender and secure any contracts directly awarded from TNB. For clarity, our Group had decided to obtain this TNB registration as it provides assurance to our customers, who are primarily main contractors appointed by TNB, that we are able to supply materials and services that meet the requirements of TNB. Our Group will continually explore market opportunities that will position us favourably to undertake projects of varying scale and complexity, and expand our customer base. This does not preclude our Group from tendering directly with TNB in the future, should the opportunity arise.

**Konnection**

Konnection was incorporated in Singapore as Komasi Construction Pte Ltd by Datuk Dr Ting on 16 January 2009, while he was still at employment with Komasi Engineering. Recognising the industry reputation and track record of the "Komasi" name as well as Datuk Dr Ting's previous experience in Komasi Engineering, he sought consent from Komasi Engineering to use the "Komasi" name with the intention to pursue opportunities in telecommunications and power line construction in Singapore. Datuk Dr Ting was then involved in managing the daily operations of Konnection, primarily focusing on business development activities to secure new projects.



## **7. BUSINESS OVERVIEW (Cont'd)**

In 2009, Konnection was registered as a Grade C3 Construction Workhead (CW) for the General Building (CW01) category in the Contractor Registration System administered by the BCA, thereby allowing it to tender for public sector construction projects throughout Singapore with tendering limit of SGD0.8 million. Following this, Konnection secured its first contract to undertake the installation of HDPE pipes for power utilities infrastructure using the HDD method from Wee Guan Construction Pte Ltd in 2009 with contract value of SGD0.02 million.

In 2012, Konnection's BCA's Contractor Registration System registration was upgraded to a Single Grade Construction-related Workhead (CR) for the Minor Construction Works (CR01) category, thereby allowing it to tender for minor building and civil engineering works that are not governed by Singapore's Building Control Act.

In 2015, Konnection was certified compliant with the Workplace Health and (Risk Management) Regulations and attained a bizSAFE Level 3 Certification from Singapore's Workplace Safety and Health Council.

Subsequently in 2017, Konnection further secured a contract from Wee Guan Construction Pte Ltd to undertake the installation of HDPE pipes for power utilities infrastructure using the HDD method with contract value of SGD0.6 million.

In 2020, Konnection relocated to a rented office located at 37 Kranji Link, Singapore 728643 to support the expansion of its business. During the year, Konnection's BCA's Contractor Registration System registration was upgraded to a Grade L1 Construction-related Workhead (CR) for the Cable/Pipe Laying and Road Reinstatement (CR07) category, thereby allowing it to tender for the installation of underground cables/pipes and the subsequent reinstatement of roads and other surfaces including detection of underground services throughout Singapore.

Building upon our track record undertaking the installation of HDPE pipes for power utilities infrastructure in Singapore, our Group embarked on a rebranding exercise in 2021 which saw Konnection assuming its present name of Konnection Engineering Pte Ltd on 16 April 2021. The rebranding exercise was part of our strategy to create a distinct profile for Konnection as a HDD specialist with our existing and prospective customers in Singapore. Further, Konnection secured another major project from Wee Guan Construction Pte Ltd to undertake the installation of HDPE pipes using the HDD method for the supply and installation of 66kV power cables, auxiliary cables and accessories at multiple locations across Singapore with a contract value of SGD4.1 million.

During the year, Konnection relocated to its current business premise, a rented commercial property located at 8B Admiralty Street #07-07 Singapore 757440.

On 17 November 2021, Chong Tuoo Choi became a shareholder of Konnection, resulting in Datuk Dr Ting and Chong Tuoo Choi holding equity interests of 75.0% and 25.0% respectively. On 22 December 2021, Chong Tuoo Choi was appointed as a director of Konnection.

### **PPI**

PPI was incorporated as Geo Inspire Sdn Bhd in Malaysia on 30 March 2017 by Datuk Dr Ting and New Say Ann (a subscriber shareholder) as the shareholders and directors, each of whom held 1 subscriber's share. At this point in time, PPI was dormant.

In January 2018, Datin Chu Ai Lee, being the spouse of Datuk Dr Ting, was appointed as a director of PPI. Subsequently in February 2018, New Say Ann disposed his equity interest in PPI for a consideration of RM1.00 to Datin Chu Ai Lee. On 8 November 2018, PPI adopted its present name of Premier Plastic Industry Sdn Bhd. On 19 November 2018, Datin Chu Ai Lee ceased to be a director of PPI.

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**7. BUSINESS OVERVIEW (Cont'd)**

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On 19 November 2018, Ting Teong Kong (the uncle of Datuk Dr Ting and our then Factory Manager) and Ang Ghee Siong (our current Marketing Executive) were appointed as directors of PPI. Subsequently on 23 November 2018, Bestari Selatan, an investment holding company held by Datuk Dr Ting and Hin Wai Mun subscribed for new shares in PPI for a total consideration of RM58. On the same day, Ting Teong Kong and Ang Ghee Siong became shareholders via subscription of new shares in PPI. On 14 December 2018, Datuk Dr Ting and Datin Chu Ai Lee subsequently disposed their equity interests, being 1.0% each, in PPI to Bestari Selatan, resulting in Bestari Selatan, Ting Teong Kong and Ang Ghee Siong holding equity interests of 60.0%, 30.0% and 10.0% in PPI respectively.

In 2019, PPI commenced the HDPE pipe manufacturing operations from a factory rented from Kum Fatt located at PTD 204684, Batu 13 1/2, Jalan Sungai Tiram, 81800 Ulu Tiram, Johor where it installed its first pipe extrusion line ("**Line 1**") that has an average operating capacity of approximately 325kg per hour.

In 2019, PPI began supplying HDPE pipes for underground utilities projects undertaken by Kum Fatt. During the same year, PPI was registered with TNB, thereby allowing it to supply materials and services to TNB projects. As at LPD, PPI has yet to secure any contracts directly awarded from TNB. For clarity, our Group had decided to obtain this TNB registration as it provides assurance to our customers, who are primarily main contractors appointed by TNB, that we are able to supply services and building materials that meet the requirements of TNB. PPI is able to directly tender to TNB for contracts to supply materials and services to TNB projects. However, HDPE pipes are typically purchased by contractors carrying out underground utilities engineering projects for TNB. Thus, PPI will explore opportunities to market its HDPE pipes to other contractors that are carrying out underground utilities engineering projects for TNB. Ang Ghee Siong disposed his equity interest in PPI to Datuk Dr Ting for a consideration of RM0.1 million and ceased to be a director in 2019. This resulted in Bestari Selatan, Ting Teong Kong and Datuk Dr Ting holding equity interests of 60.0%, 30.0% and 10.0% in PPI respectively.

In 2021, PPI was granted the licence to use the SIRIM certification mark on its HDPE pipes upon being certified compliant to MS 1058: Part 2:2005 and ISO 4427-2:2007+A1:2014 by SIRIM QAS International Sdn Bhd, indicating that PPI's HDPE pipes can be used as water supply pipes. To expand its operating capacity and accommodate for increasing demand for its HDPE pipes, PPI installed a second HDPE pipe extrusion line ("**Line 2**") in the same factory with an average operating capacity of approximately 600kg per hour. PPI subsequently utilised Line 2 as its primary production line, with Line 1 being the reserve production line to provide additional operating capacity to fulfil larger orders.

On 18 January 2021, Ting Teong Kong resigned as a director of PPI and Hin Wai Mun was concurrently appointed as a director. Subsequently on 17 February 2021, Ting Teong Kong disposed his equity interest in PPI to Datuk Dr Ting for a consideration of RM0.82 million. This resulted in Bestari Selatan and Datuk Dr Ting holding equity interests of 60.0% and 40.0% in PPI respectively. On 7 September 2021, Datuk Dr Ting further increased his shareholding to 70.0% upon acquisition of 30.0% equity interest from Bestari Selatan for a consideration of RM0.3 million. At that point in time, Hin Wai Mun became a shareholder of PPI upon acquisition of the entire 30.0% equity interest held by Bestari Selatan for a consideration of RM0.3 million.

In 2023, PPI was certified compliant to the SIRIM 52:2022 standards in relation to PE smooth wall pipes for electrical cable installation by SIRIM QAS International Sdn Bhd.

## 7. BUSINESS OVERVIEW *(Cont'd)*

### 7.2 KEY ACHIEVEMENTS AND MILESTONES

The key corporate and business development milestones of our Group are as follows:

<b>Year</b>	<b>Key milestones</b>
2009	<ul style="list-style-type: none"> <li>• Incorporation of Kum Fatt and Konnection</li> <li>• Kum Fatt registered as a Grade G6 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME)</li> <li>• Kum Fatt secured its first contract from Komasi Engineering via Perkasa Selatan Sdn Bhd to undertake underground HDPE piping installation using the HDD method for the Seremban-Gemas Electrified Double Track Project</li> <li>• Konnection was registered as a Grade C3 Construction Workhead (CW) for the General Building (CW01) category in the Contractor Registration System administered by the BCA, thereby allowing it to tender for public sector construction projects throughout Singapore</li> <li>• Konnection secured its first contract to undertake the installation of HDPE pipes for power utilities infrastructure using the HDD method from Wee Guan Construction Pte Ltd</li> </ul>
2011	<ul style="list-style-type: none"> <li>• Kum Fatt secured a contract from Sutera Utama Sdn Bhd to undertake the laying of microducts from Cyberjaya to Bulatan Kampung Pandan, Kuala Lumpur via MEX highway using the HDD method</li> </ul>
2012	<ul style="list-style-type: none"> <li>• Konnection's BCA's Contractor Registration System registration was upgraded to a Single Grade Construction-related Workhead (CR) for the Minor Construction Works (CR01) category, thereby allowing it to tender for minor building and civil engineering works that are not governed by Singapore's Building Control Act</li> </ul>
2013	<ul style="list-style-type: none"> <li>• Kum Fatt secured a contract from Komasi Engineering for the supply and provision of engineering services for the laying of optical fibre infrastructure from Menara Ansar to Danga Bay, Johor Bahru, Johor</li> </ul>
2015	<ul style="list-style-type: none"> <li>• Kum Fatt was engaged by Global Forway Sdn Bhd for the laying of pipes from telecommunications exchange to various distribution points for a mobile network service provider at multiple sites in Peninsular Malaysia</li> <li>• Kum Fatt was registered with MOF, thereby allowing it to supply materials and services to agencies under the Government</li> <li>• Konnection was certified compliant with the Workplace Health and Safety (Risk Management) Regulations and attained a bizSAFE Level 3 Certification</li> </ul>
2016	<ul style="list-style-type: none"> <li>• Kum Fatt obtained Sijil Perolehan Kerja Kerajaan as a Grade 6 contractor for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME)</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Konnection secured a contract from Wee Guan Construction Pte Ltd to undertake the installation of HDPE pipes for power utilities infrastructure</li> <li>• Incorporation of PPI</li> </ul>
2019	<ul style="list-style-type: none"> <li>• Kum Fatt was awarded a contract from Komasi Engineering to undertake 33kV cable laying and jointing works for the distribution network in the Johor zone</li> <li>• PPI commenced the HDPE pipe manufacturing operations and began supplying HDPE pipes</li> </ul>
2020	<ul style="list-style-type: none"> <li>• Kum Fatt's CIDB and Sijil Perolehan Kerja Kerajaan registrations were upgraded to Grade G7 for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME)</li> </ul>
2021	<ul style="list-style-type: none"> <li>• PPI was granted the licence to use the SIRIM certification mark on its HDPE pipes upon being certified compliant to MS 1058: Part 2:2005 and ISO 4427-2:2007+A1:2014 by SIRIM QAS International Sdn Bhd</li> </ul>
2022	<ul style="list-style-type: none"> <li>• Kum Fatt was certified compliant to ISO 9001:2015 and ISO 45001:2018 by Global Compliance Certification Pty Ltd</li> </ul>

**7. BUSINESS OVERVIEW (Cont'd)**

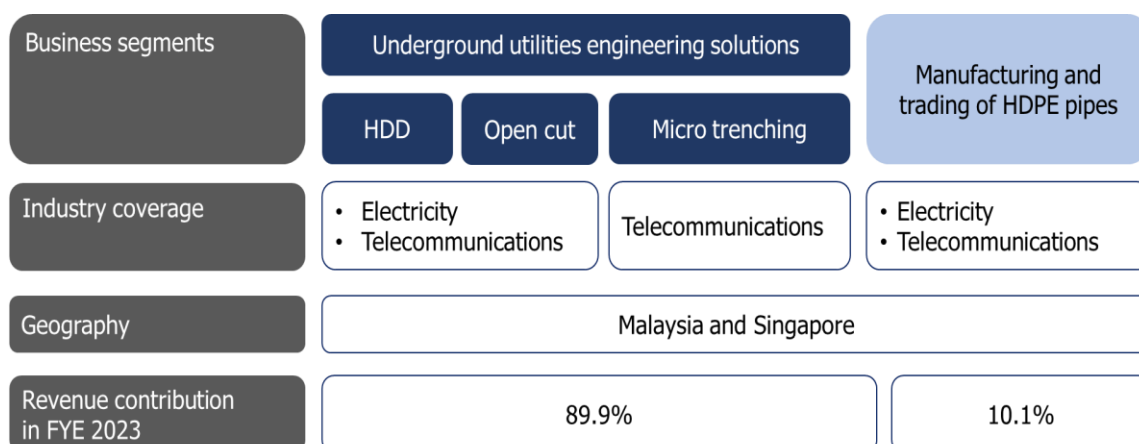
<b>Year</b>	<b>Key milestones</b>
2023	<ul style="list-style-type: none"> <li>• Kum Fatt was registered with TNB, thereby allowing it to supply materials and services to TNB projects</li> <li>• PPI was certified compliant to the SIRIM 52:2022 standards in relation to PE smooth wall pipes for electrical cable installation by SIRIM QAS International Sdn Bhd</li> </ul>

**7.3 DESCRIPTION OF OUR BUSINESS**

Our Group is 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 as follows:



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**7. BUSINESS OVERVIEW (Cont'd)**

**7.3.1 Provision of underground utilities engineering solutions**

We participate in underground utilities engineering projects either as a main contractor or a subcontractor, where our roles and responsibilities differ according to the terms in the contracts, and are generalised in the table below:

<b>Role</b>	<b>Engaged by</b>	<b>Responsibilities</b>
Subcontractor	Main contractor	<p>We are responsible for specific sections of the project as per our scope of works that is stipulated in the contract.</p> <p>For the specific sections that we undertake, we focus on our core competencies in project planning and implementing our project delivery works, including developing a master work plan and carrying out underground utilities survey works prior to the commencement of underground utilities engineering projects as well as HDD technical works with the necessary machinery, materials and general labour.</p> <p>We engage subcontractors on a project basis to undertake the labour-intensive physical underground utilities engineering works such as 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. In such cases, we are responsible for the quality and timeliness of materials procured and works performed by our subcontractors.</p>
Main contractor	Project owner	<p>We plan and manage the overall project based on the master work plan that we develop. We will be responsible for carrying out underground utilities survey works, appointing suppliers and subcontractors, coordinating with and monitoring the work progress of suppliers and subcontractors, liaising with the relevant regulatory authorities for permit approvals, supervising daily on-site activities as well as planning and managing resources such as site workers, procurement of materials, machinery and equipment.</p> <p>We typically engage subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing 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.</p> <p>For clarity, we are appointed as a main contractor in underground utilities engineering projects awarded to us by property developers and telecommunications sector projects by network facilities providers.</p>

## 7. BUSINESS OVERVIEW (Cont'd)

Regardless of the roles that we assume in an underground utilities engineering project, we engage subcontractors on a project basis to carry out selected portions of our works as this allows us to increase our project delivery capabilities and capacity. We engage other subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing 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. In such cases, we are responsible for the quality and timeliness of materials procured and works performed by our subcontractors.

We typically undertake the following form of contracts:

- (a) single work orders with specific scope of works within a specific time period; or
- (b) multiple work orders for a specific geographical location and/or specific scope of works over a period of time under a specified fixed contract.

During FYE 2021 to 2023, our major customers comprised main contractors appointed by utility companies in the electricity supply industry and telecommunications sector in Malaysia and Singapore. These main contractors are mainly involved in:

- (a) electricity supply projects that require our underground utility engineering solutions to enable the transmission and distribution of electricity to specific locations and/ or premises; or
- (b) telecommunication projects that require our underground utility engineering solutions to enable the connectivity of fixed and/ or mobile telecommunication services to specific locations and/ or premises.

We are typically engaged as a subcontractor for the projects in which we have been contracted, and are responsible for providing our project management, utility detection and mapping as well as HDD technical expertise with the necessary machinery, materials and general labour. We engage subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing 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. In such cases, we are responsible for the quality and timeliness of materials procured and works performed by our subcontractors.

### **HDD method**

We specialise in the HDD method, primarily for the laying of HDPE pipes, for the electricity supply industry and telecommunications sector. We also manufacture and supply the HDPE pipes used in the projects that we undertake. Under the HDD method, we undertake the tracing, mapping, procurement, supply, installation, testing, commissioning, inspection, repair and maintenance of:

- power cables, auxiliary cables and accessories for the transmission and distribution of electricity; and
- telecommunication and fibre optic network for fixed line and mobile network services.

HDD is a type of trenchless excavation method used to install pipelines underground ranging from depths of 3m to 20m with minimal surface level disruptions and surface restoration costs. The HDD method produces tunnels ranging in size from 10mm to 1,000mm using high-pressure fluid jets for cutting, which are sometimes augmented with cutting blades to help penetrate the more consolidated sediments and allow operation in chalk, shale and occasional encounters with rubble and gravel.

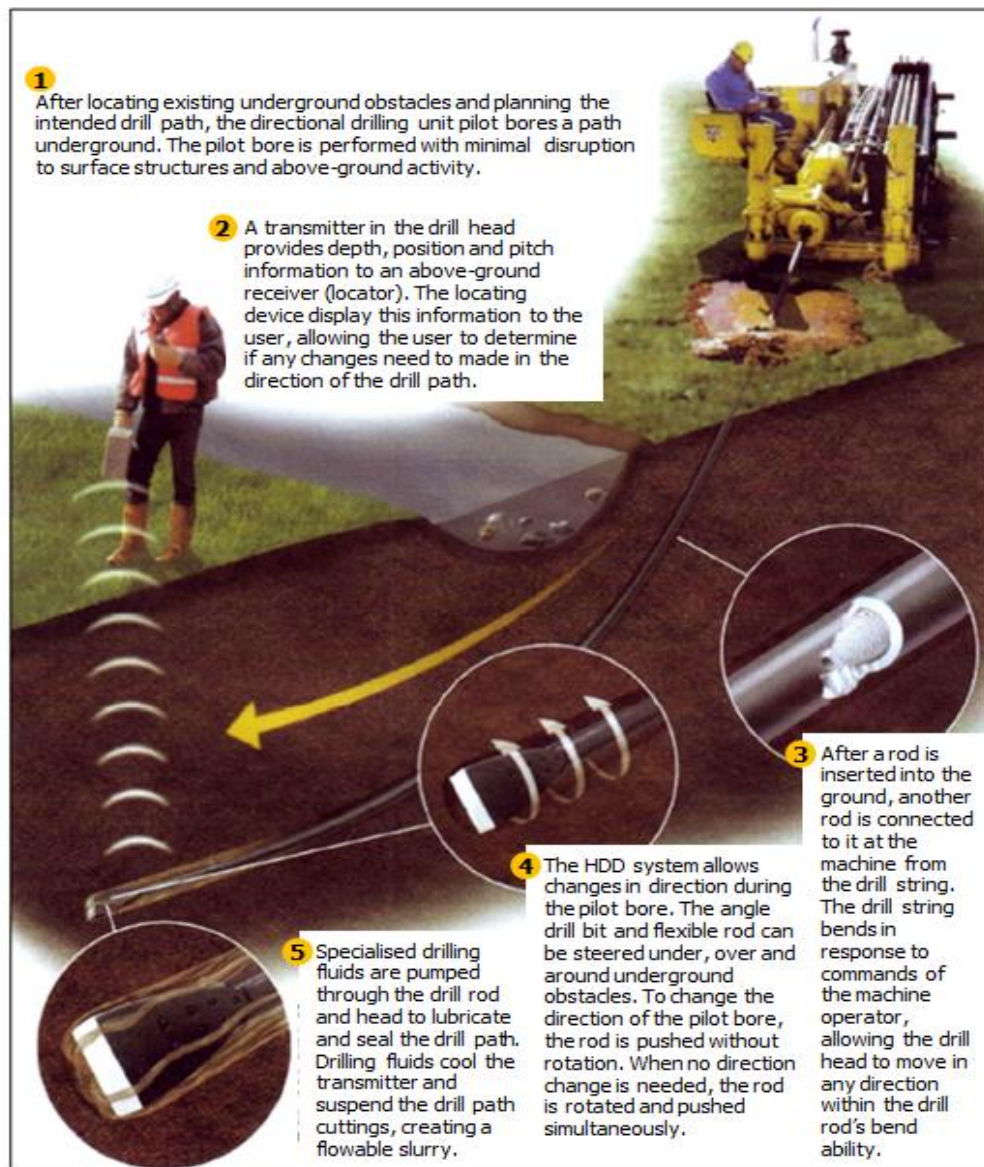
**7. BUSINESS OVERVIEW (Cont'd)**

The HDD machines used in the HDD method can be categorised as follows:

Type of HDD machine	Thrust/pull-back (kg)	Torque (kg-force m)	Bore length (m)	Pipe diameter (mm)	Depth (m)
Mini rig	up to 9,000	130	180	up to 300	4
Midi rig	up to 45,000	up to 2,700	300	up to 600	22
Maxi rig	>45,000	>2,700	1,800	up to 1,200	60

As at LPD, we own midi rig HDD machines.

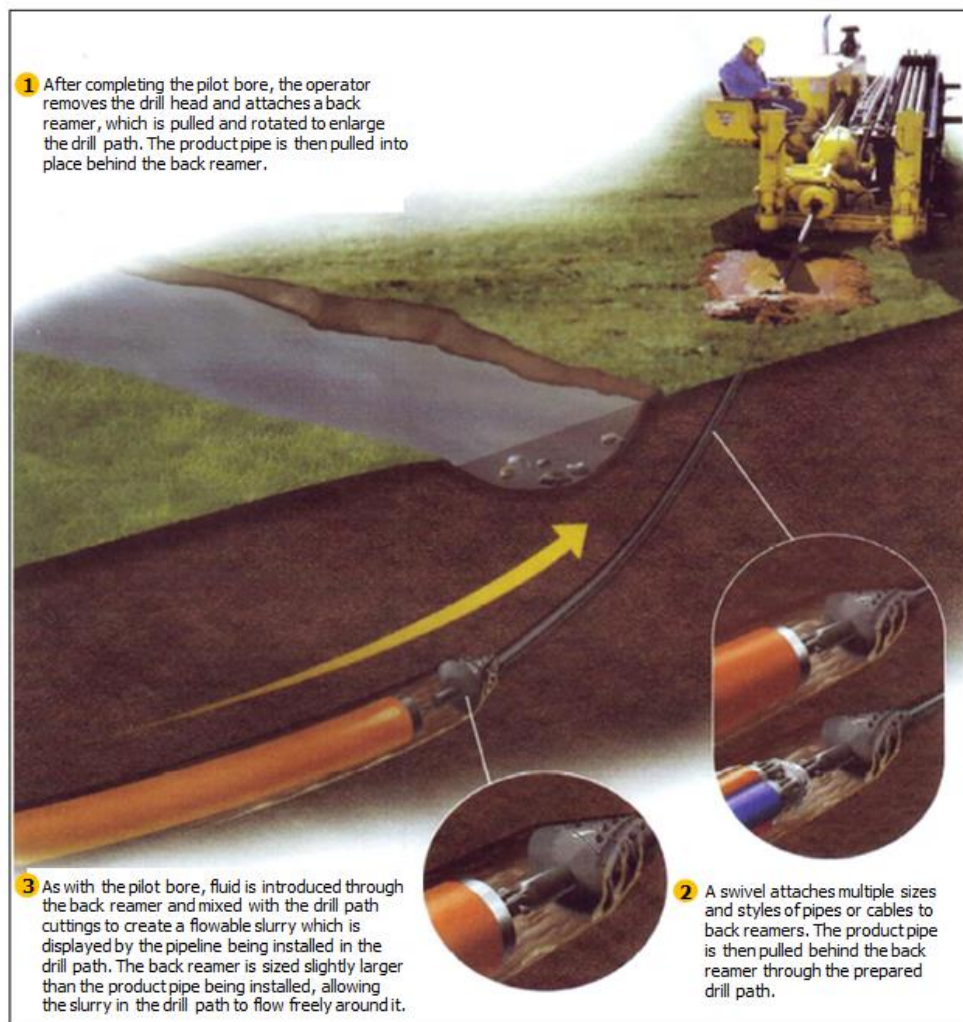
The HDD method is as illustrated below:



## 7. BUSINESS OVERVIEW (Cont'd)

HDD does not result in significant disturbance to surrounding environments and soil composition. Therefore, it enables the installation of cables and pipelines along routes that could be obstructed by manmade elements (such as roads, pavements, monsoon drains or building structures) or natural elements (such as rivers and forests). HDD has been widely adopted for the installation of pipelines under or in the crossings of rivers, channels, roads and highways, railways and other complex or unsuitable shallow buried areas. Further, HDD is suitable to be used in developed areas, in particular congested and high traffic urban areas, as it is unobtrusive to the local community in terms of noise level and traffic disruptions. Aside from not damaging the ground environment and increasing the stability control, the HDD method also has the advantages of accurate and flexible pipeline placement, shorter construction period, fewer external constraints, more effective installation and lower construction costs.

An overview of the pipe installation in the HDD method is as depicted below:



Prior to the commencement of HDD works, we conduct site survey and geotechnical analysis of the area as rock and soil conditions affect the size of drill head and type of back reamer used. We also conduct underground utilities survey such that the proposed pipeline route is done without damaging the existing underground utilities. The underground utilities survey works that we undertake prior to the commencement of HDD works comprise:



## 7. BUSINESS OVERVIEW (Cont'd)

### (i) Underground utility detection (induction) and mapping

The tracing works are performed by a team of trained tracing officers using 2 types of equipment to detect the underground utilities at project site and to confirm the depth and alignment of utilities found. The 2 types of equipment used are PCL and GPR. There are 3 available methods used in PCL including induction/sweep, clamping and direct connection depending on site availability whereby:

- Induction/sweep is a method that utilises a transmitter and receiver to detect underground objects. The transmitter emits a low-frequency electromagnetic field, which induces an electric current in nearby objects. The receiver then measures the strength and frequency of the induced current, and is moved in a sweeping motion to detect and locate subsurface utilities on site;
- Clamping is a method that uses a loop of wire (clamp) to detect subsurface objects. The clamp is placed around a utility or cable, and a low-frequency signal is applied to induce an electric current in the object. The current is then detected by the clamp, allowing for the location and mapping of subsurface utilities; and
- Direct connection is a method that involves physically connecting to the utility or cable to detect its location. This method is often used when locating metal pipes and cables and involves attaching a transmitter to the utility and tracing its signal using a receiver.



Tracing officers identifying the number of utilities present underground using induction method of PCL



Tracing officers detecting the underground utilities using GPR

The induction results obtained are transcribed onto the actual project site photographs and updated in AutoCAD software for accuracy and further planning of HDD works.



Example of induction results

## 7. BUSINESS OVERVIEW (Cont'd)

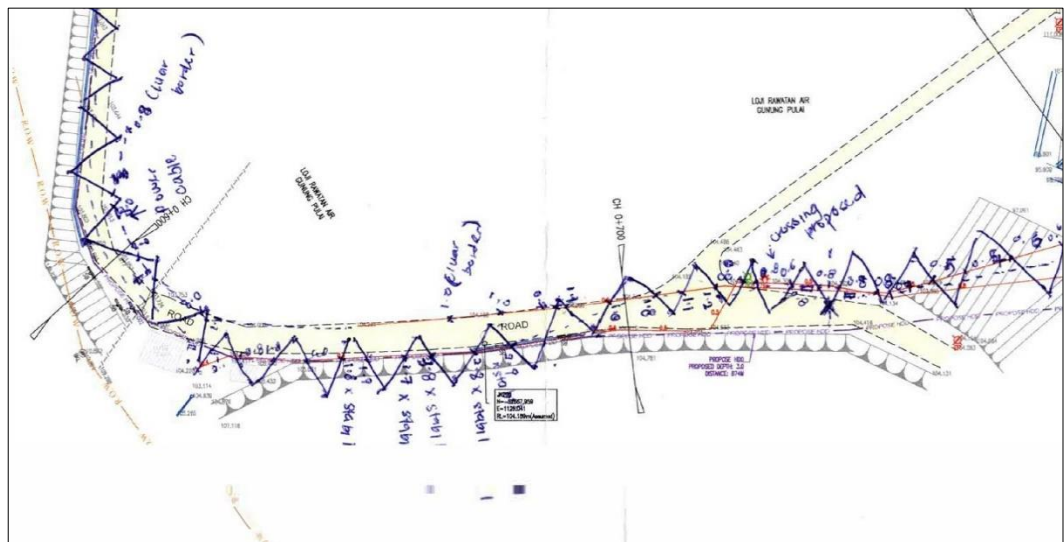
### (ii) Trial pit boring

Trial pits are bored at regular intervals along the proposed route to determine ground conditions and verify the presence of other underground utilities. This allows us to determine whether the proposed route is suitable for our HDD works. Trial hole tapping is a cost-effective method which requires minimal machinery and increases the success rate of the eventual HDD works to be undertaken.

### (iii) Passive live tracing or tracing zigzag

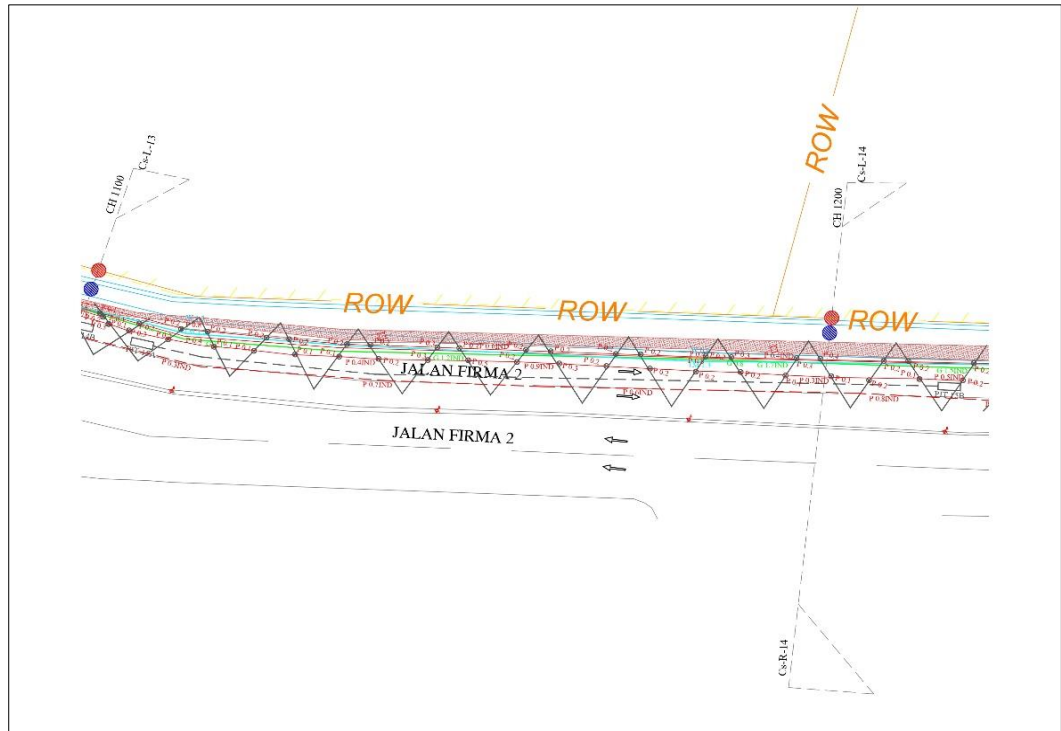
The passive live cable tracing is done using the PCL and 50 Hz frequency to identify the location and depth of buried live power cables underground. Video of the passive live tracing in zigzag motion along with the alignment of the utility detected are recorded as result of the tracing activity.

The zigzag drawing is first sketched on site during tracing activity on UDM layout plan, where data of sonde and induction found on site are collated. Thereafter, the final zigzag drawing is produced using AutoCAD software for submission to TNB, as supporting documentation that underground utilities survey works have been performed to identify existing buried live power cables underground prior to the commencement of underground utilities engineering works.



Example of a zigzag sketch done on the UDM during tracing zigzag

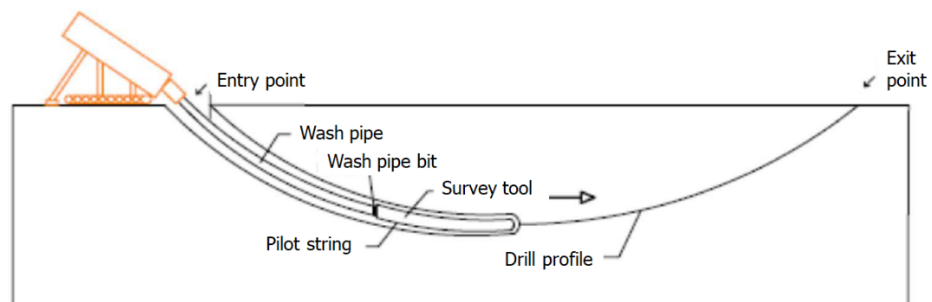
**7. BUSINESS OVERVIEW (Cont'd)**



Example of final drawing zigzag for submission to TNB

The stages of the HDD installation method are as follows:

**(i) Drill pilot bore**

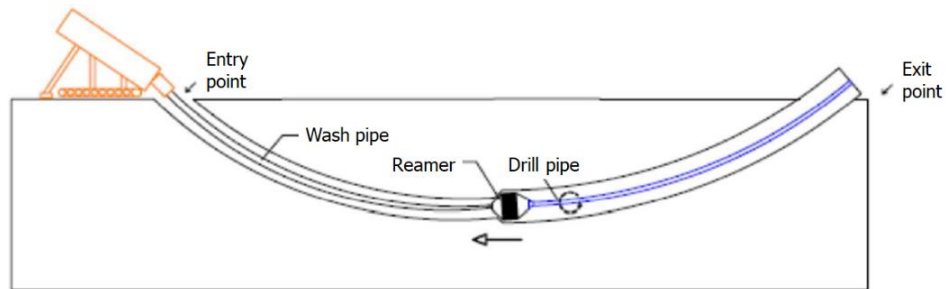


Cross section view of drilling pilot bore process

A small entrance that is called the 'start pit' is dug as the entry point. Then, a small-diameter bore is drilled along the pre-determined drill path using the drill tool of the HDD machine to reach the 'target pit' (being the exit point) where the product pipe is to be pulled. Slurry is emitted from the jets into the drill tool and forced through the ground to form a pilot bore. The removed soil is transported along the pilot bore to the 'start pit' via the slurry mixture. Throughout the drilling process, the operator has control over steering the drill head in a straight line or in any selected direction, depending on the drill path, using the locating system.

**7. BUSINESS OVERVIEW (Cont'd)**

**(ii) Pre-ream**

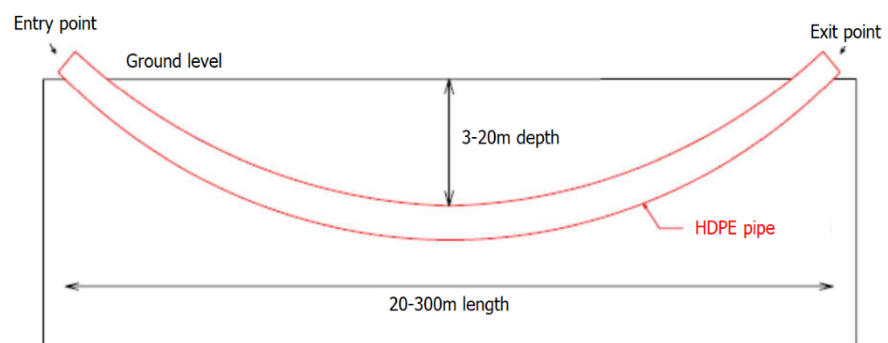


Cross section view of pre-reaming process

Upon reaching the 'target pit', the drill head is removed from the wash pipe in the 'target pit' and replaced with the back reamer. The back reamer is pulled back to the 'start pit' and rotated while pumping slurry to widen the initial pilot bore to the intended tunnel size such that the product pipeline can be installed. If needed, numerous back reamers of gradually larger diameters are used to ensure the bore is large enough for the installation of product pipeline.

**(iii) Pullback pipe**

The product pipe to be installed is attached to a swivel, which is then attached to the back reamer. The swivel prevents the turning of the wash pipe from twisting the product pipeline. The back reamer is then retracted with rotation and mud and the product pipe is pulled back from the 'target pit' to the 'start pit'.



General profile of a product pipeline installation process using the HDD method

## **7. BUSINESS OVERVIEW (Cont'd)**

The major components of the HDD system are as follows:

(a) Field power unit (FPU)

The field power unit provides hydraulic, pneumatic and electric connection to the high-pressure drilling fluid.

(b) Radio detection unit

The radio detection unit is used to investigate and locate any hidden obstacles such as undetected cables or utility pipelines along the proposed drill path.

(c) HDD machine

The HDD machine is used at all phases of the drilling process. HDD machines are generally categorised by the size (diameter), forward thrust, pullback rate and rotational torque of the drill head.

(d) Drill pipe

The drill pipe, also known as drill rod, is a hollow pipe that allows slurry to be pumped to the drill head for the fluid jet cutting operation. The drill pipe has to withstand severe stresses relating to the rotational torque, pushing, pulling and bending. The diameter of the drill pipe used is dependent on the size of the drill head. Wash pipe is a type of drill pipe with extra steel or HDPE casing for unstable soils.

(e) Slurry

Slurry, which is the drilling fluid, is a viscous mixture of water and bentonite. The slurry mixture provides necessary functions to the HDD process, such as establishing and maintaining the tunnel integrity, cooling the drill head, lubricating the tunnel, suspending the sediment particles and transporting them back to the surface as well as providing hydraulic power when drilling hard soils.



Slurry mixture that we use to establish and maintain tunnel integrity, cool drill head, lubricate tunnel, suspend sediment particles and transport back to the surface as well as provide hydraulic power when drilling hard soils

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**7. BUSINESS OVERVIEW (Cont'd)**

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(f) Back reamer

The back reamer is used to enlarge the pilot bore to a diameter that is large enough to accommodate the cable and pipeline. It has a series of jets, which produces sufficient mudflow and pressure to cut away and remove soil, widening the pilot bore to the desired diameter.



Reamer units of varying sizes affixed to HDD machines to enlarge pilot bore

(g) Locating system

The locating system is used to locate, track and guide the drill head such that it stays on the proposed drill path. The signal receiver above the ground, in combination with the transmitter located in the drill head, determines the position of the drill head such that steering directions can be provided to the machine operator to guide the drill head via the orientation of jet drill head.



Different models of underground location transmitter units that we utilise

## 7. BUSINESS OVERVIEW (Cont'd)

### (iv) As-built drawing development

Our Group uses a gyroscopic surveying tool which leverages on GPS to get the precise coordinate and elevation of the pipe at the HDD entry and exit pits. The gyroscopic tool is used to collect the as-built data of HDD pipe. The GPS coordinate is further checked by comparing it with the nearest boundary mark at site.



Tracing officers pulling the gyroscopic surveying tool from HDD exit pit



Tracing officers checking the coordinates using the boundary mark at site

Data obtained is processed using the gyroscopic surveying tool software for final results in Excel data, AutoCAD drawing, Google Earth image and HDD graph image.



An example of the data overlaid on Google Earth image for submission to TNB

## 7. BUSINESS OVERVIEW (Cont'd)

### **Open cut method**

Open trench excavation involves digging a pit of a specific depth in the surface of the ground along the specified route for the installation of each piece of pipeline. With the open trench excavation method, cables or pipes are installed underground at a depth close to the surface. This depth is typically up to 1.5m beneath ground level, or to the specifications of local authorities, or our customers.

We are able to install utilities/product pipelines that are of higher capacity (i.e. high number of cables and/or pipelines with wide diameter pipes) using this method.

We typically engage subcontractors to carry out the following activities in the open trench excavation method as follows:



\* If necessary, based on project requirements

The open trench excavation method is a cost-effective method for cable or pipeline routes located in non-pavement or grass verge areas. If the route is located on paved areas, we will be required to restore the pavement after the cable laying work is completed. This may involve reconstruction of road, footpath or kerb, surface vegetation and reinstating all traffic signs and road markings to the original position.

### **Micro trenching method**

Micro trenching is a technique for deploying cables (such as for broadband networks) in a cost effective manner. A micro trencher is a small rockwheel specially designed for work in urban areas. It is fitted with a cutting wheel that saws a micro-trench with smaller dimensions than the ones achieved with conventional trench digging equipment. The trench dimensions range from about 10mm to 50mm in width, and at maximum depths of 400mm.

Once the microtrencher is used to cut a tiny slot / pathway on the side of the road, our subcontractors install and lay the cables' protective ducts, through which fibre optic cables are pulled or pushed.

Finally, our subcontractors use applicators to fill the micro-trenches with resin. An ideal infill system will include 2 layers of resin. The first resin layer may be dyed bright orange as a dig-safe indicator. We then go over that layer with a second application of resin, which is pigmented to match the road colour. The result on the road section where the infill system is installed is a minimally visible reinstatement with a stronger bond than the initial asphalt's cohesive strength.



Our micro trencher being operated at a project site



**7. BUSINESS OVERVIEW (Cont'd)**

**7.3.2 Manufacturing of HDPE pipes**

We are also involved in the manufacturing of HDPE pipes to complement our underground utilities engineering solutions business segment. Approximately 70.0% of the HDPE pipes that we manufacture is primarily utilised in the underground utilities projects that we undertake locally, while the remaining is typically exported to Singapore to be utilised by main contractors of underground utilities projects. We also supply and distribute HDPE pipes on a purchase order basis as and when such business opportunities arise.

HDPE pipe is a type of flexible plastic pipe made from HDPE polymer. We typically use these HDPE pipes for electrical conduits and telecommunication conduits.

HDPE pipes generally have the following features:

- low weight;
- resistance to low temperatures, compressive stress and tension stress;
- high impact strength;
- resistant to environmental stress cracking (ESC);
- erosion resistant;
- chemical resistant;
- electrical insulation;
- low water absorption;
- high flow rate;
- easy to connect; and
- flexible and tough even at extremely low temperatures.

We manufacture HDPE pipes with material grade of PE80 and PE100 and pressure rating of PN10, PN12.5 and PN16 in the following diameters and lengths:



	<b>Drum</b>	<b>Piece</b>	<b>Coil</b>
<b>Diameter (mm)</b>	160	110, 160 and 200	110
<b>Length (m)</b>	200	6 and 12	100

Our Group’s HDPE pipes are certified compliant to the standards of ISO 4427-2:2019. ISO 4427-2:2019 states the requirements for a PE piping system and its components intended to be used in buried or above ground applications, for the conveyance of water for human consumption, raw water prior to treatment, drainage and sewerage under pressure, vacuum sewer systems, and water for other purposes. Our Group’s HDPE pipes are also certified compliant to the standards of MS1058:Part2:2005, which specifies the characteristics of pipes made from PE intended for the conveyance of water for human consumption, including raw water prior to treatment. PPI was further certified compliant to the SIRIM 52:2022 standards in relation to PE smooth wall pipes for electrical cable installation by SIRIM QAS International Sdn Bhd. We implement QC and quality assurance procedures in our HDPE pipe manufacturing process. Please refer to Section 7.14 for further details on our quality management system as well as quality assurance measures of our Group.

**7. BUSINESS OVERVIEW (Cont'd)**



HDPE pipes finished products in piece form being stored at PPI prior to transportation to project site



HDPE pipes finished products in coil form being stored at PPI prior to transportation to project site



Line 2 pipe extrusion lines at PPI

**7. BUSINESS OVERVIEW (Cont'd)**



Line 1 pipe extrusion lines at PPI



View of mixing tower of pipe extrusion line, dried raw materials (being HDPE resin and masterbatches) will be loaded



Finished HDPE pipe pieces from the pipe extrusion lines



Raw material inventories (i.e. resin) for our pipe manufacturing activities

**7. BUSINESS OVERVIEW (Cont'd)**

Our Group's QC testing equipment include:



Electronic densimeter used for density test (maximum 200 grams)



Melt flow indexer used for melt flow rate test (maximum 400°C)



Forced convection oven used for longitudinal reversion test (maximum 250°C)



Tensile machine used for elongation at break, tensile strength and compression test (maximum 5,000 Newton)



Hydrostatic pressure testing machine used for hydrostatic test (0 – 20 megapascal)



Muffle furnace used for ash content test (up to 1000°C)

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3.3 Our ongoing and completed projects

#### (i) Ongoing projects

As at LPD, we have 109 ongoing projects with total contract value of RM372.1 million that is expected to be realised over the next 3 financial years. Out of this total contract value, RM220.8 million remains unbilled as at LPD.

From the abovementioned 109 projects with total contract value of RM372.1 million, the following table sets forth our ongoing projects over FYE 2021 to 2023 and up to LPD with contract value of RM2.0 million and above.

<b>Project details/ scope<sup>(1)</sup></b>	<b>Role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and expected completion period<sup>(2)(3)</sup></b>	<b>Contract value/ Balance contract value as at LPD<sup>(4)</sup> (RM million)</b>	<b>Stage of completion (% as at LPD)</b>	<b>FYE of balance contract value to be fully recognised</b>
Laying of 33kV cables using HDD method for Pembangunan Aset Zon Johor	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	March 2019 to December 2023	18.1/ 3.1	82.9	FYE 2024
Bulk contract for laying of 11kV cables using HDD method for Pembangunan Aset Zon Negeri Sembilan	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	May 2019 to December 2023	4.9/ 0.4	91.8	FYE 2024
Laying of 33kV cables and connection works for Unit Pembangunan Aset Negeri Sembilan,	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	July 2019 to November 2024	47.5/ 18.4	61.3	FYE 2025

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Project details/ scope<sup>(1)</sup></b>	<b>Role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and expected completion period<sup>(2)(3)</sup></b>	<b>Contract value/ Balance contract value as at LPD<sup>(4)</sup> (RM million)</b>	<b>Stage of completion (% as at LPD)</b>	<b>FYE of balance contract value to be fully recognised</b>
Distribution Network Laying of 11kV cables using HDD method for Zone J2 Unit Pembangunan Aset Johor	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	September 2019 to December 2023	17.7/ 1.6	91.0	FYE 2024
Laying of 33kV cables and connection works for Unit Pembangunan Aset Zon Johor, Distribution Network	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	January 2020 to December 2024	54.0/ 16.6	69.3	FYE 2025
Laying of 11kV cables using HDD method for Selatan Bulk 2019 (Johor, Negeri Sembilan and Melaka)	Subcontractor	Malaysia	TNB	Sutera Utama	Electricity supply	March 2019 to December 2023	18.3/ 1.4	92.3	FYE 2024
Project development PPU (mobile) Tiara for Package 3 and 33kV cables laying and connection works at route of Majlis	Subcontractor	Malaysia	TNB Energy Services Sdn Bhd	Sutera Utama	Electricity supply	June 2022 to December 2023	6.3/ 2.2	65.1	FYE 2024

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Project details/ scope<sup>(1)</sup></b>	<b>Role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and completion period<sup>(2)(3)</sup></b>	<b>Contract value/ Balance contract value as at LPD<sup>(4)</sup> (RM million)</b>	<b>Stage of completion (% as at LPD)</b>	<b>FYE of balance contract value to be fully recognised</b>
Bandaraya Johor Bahru Survey, construction and implementation of civil infrastructure, fibre optic cabling system and all related works of fibre optic infrastructure – Package 2 (Johor)	Subcontractor	Malaysia	Celcom Networks Sdn Bhd	Sutera Utama	Telecom- munications	July 2022 to November 2024	9.1/ 8.5	6.6	FYE 2025
Survey, construction and implementation of civil infrastructure, fibre optic cabling system and all related works of fibre optic infrastructure – Package 1 (Johor and Terengganu)	Subcontractor	Malaysia	Celcom Networks Sdn Bhd	Sutera Utama	Telecom- munications	August 2022 to November 2024	15.0/ 12.7	15.3	FYE 2025

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Project details/ scope<sup>(1)</sup></b>	<b>Role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and expected completion period<sup>(2)(3)</sup></b>	<b>Contract value/ Balance contract value as at LPD<sup>(4)</sup> (RM million)</b>	<b>Stage of completion (% as at LPD)</b>	<b>FYE of balance contract value to be fully recognised</b>
Supply, delivery, installation, commissioning and maintenance of equipment and provision of outside plant and maintenance work (Johor)	Main contractor	Malaysia	Maxis Broadband Sdn Bhd	Maxis Broadband Sdn Bhd	Telecom- munications	June 2022 to December 2024	<sup>(5)</sup> 1.8/ 1.5	16.7	FYE 2025
Installation, testing and commissioning of 33kV cables and accessories for asset development all zones, Distribution Network Division, TNB - Mainhead E: Selatan (Johor and Melaka)	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	January 2023 to January 2025	16.4/ 14.7	10.4	FYE 2025



**7. BUSINESS OVERVIEW (Cont'd)**

<b>Project details/ scope<sup>(1)</sup></b>	<b>Role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and expected completion period<sup>(2)(3)</sup></b>	<b>Contract value/ Balance contract value as at LPD<sup>(4)</sup> (RM million)</b>	<b>Stage of completion (% as at LPD)</b>	<b>FYE of balance contract value to be fully recognised</b>
Installation, testing and commissioning of 11kV cables and accessories for asset development all zones, Distribution Network Division, TNB – Mainhead E (Johor)	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	December 2022 to December 2024	7.3/ 3.5	52.1	FYE 2025
Installation, testing and commissioning of 11kV cables and accessories for asset development all zones, Distribution Network Division, TNB - Mainhead E: South Zone 11kV (Johor and Melaka)	Subcontractor	Malaysia	TNB	Sutera Utama	Electricity supply	December 2022 to December 2024	7.3/ 4.1	43.8	FYE 2025

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Project details/ scope<sup>(1)</sup></b>	<b>Role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and expected completion period<sup>(2)(3)</sup></b>	<b>Contract value/ Balance contract value as at LPD<sup>(4)</sup> (RM million)</b>	<b>Stage of completion (% as at LPD)</b>	<b>FYE of balance contract value to be fully recognised</b>
Survey, construction and implementation of civil infrastructure, fibre optic cabling system and all related works of fibre optic infrastructure – Package 3 (Terengganu)	Subcontractor	Malaysia	Celcom Networks Sdn Bhd	Sutera Utama	Telecom- munications	December 2022 to November 2024	13.0/ 12.2	6.2	FYE 2025
IM10 Package 3 for projects (i) Laying of 11kV cables and fibre optic cables from PPU Ulu Choh to Simpang Gelang Patah, Johor (ii) Spur feeder - Pub Gunung Pulai (iii) Spur feeder - Sri Pulai Granite	Subcontractor	Malaysia	TNB Energy Services Sdn Bhd	Komasi Engineering	Electricity supply	June 2023 to June 2024	3.8/ 3.7	2.6	FYE 2025

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Project details/ scope<sup>(1)</sup></b>	<b>Role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and expected completion period<sup>(2)(3)</sup></b>	<b>Contract value/ Balance contract value as at LPD<sup>(4)</sup> (RM million)</b>	<b>Stage of completion (% as at LPD)</b>	<b>FYE of balance contract value to be fully recognised</b>
Installation, testing and commissioning of 33kV cables and accessories for asset development all zones, Distribution Network Division, TNB - Mainhead A: Timur (Terengganu and Kelantan)	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	December 2023 <sup>(6)(8)</sup> to December 2025	22.0/ 22.0	-	FYE 2026
Installation, testing and commissioning of 11kV cables and accessories for asset development all zones, Distribution Network Division, TNB - Mainhead A (Kelantan)	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	June 2023 to June 2025	12.2/ 11.3	7.4	FYE 2026

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Project details/ scope<sup>(1)</sup></b>	<b>Role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and expected completion period<sup>(2)(3)</sup></b>	<b>Contract value/ Balance contract value as at LPD<sup>(4)</sup> (RM million)</b>	<b>Stage of completion (% as at LPD)</b>	<b>FYE of balance contract value to be fully recognised</b>
Installation, testing and commissioning of 33kV cables and accessories for asset development all zones, Distribution Network Division, TNB - Mainhead A: East Zone (Pahang) 33kV	Subcontractor	Malaysia	TNB	Sutera Utama	Electricity supply	April 2023 to April 2025	22.8/ 21.6	5.3	FYE 2026
Installation, testing and commissioning of 33kV cables and accessories for asset development all zones, Distribution Network Division, TNB - Mainhead A: East Zone 11kV (Terengganu and Kelantan)	Subcontractor	Malaysia	TNB	Sutera Utama	Electricity supply	June 2023 to June 2025	12.2/ 11.4	6.6	FYE 2026

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Project details/ scope<sup>(1)</sup></b>	<b>Role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and expected completion period<sup>(2)(3)</sup></b>	<b>Contract value/ Balance contract value as at LPD<sup>(4)</sup> (RM million)</b>	<b>Stage of completion (% as at LPD)</b>	<b>FYE of balance contract value to be fully recognised</b>
Supply and install new infrastructure from Kulai Iskandar Data Exchange to Southern Industrial Logistic Clusters, Johor	Main contractor	Malaysia	Speedlink Communications Sdn Bhd	Speedlink Communications Bhd	Telecommunications	July 2023 to February 2024	4.7/ 4.6	2.0	FYE 2024
Supply and installation of 66kV power cables, auxiliary cables and accessories at Jurong Pier Road, Google Tower 1B, Singapore	Subcontractor	Singapore	SP PowerAssets Limited	Wee Guan Construction Pte Ltd	Electricity supply	May 2023 to December 2023	8.2/ 5.9	28.0	FYE 2024
Fibre infrastructure and cable works from Kulai to Tanjung Kupang, Johor	Subcontractor	Malaysia	YTL Communications Sdn Bhd	Sutera Utama	Telecommunications	September 2023 <sup>(6)(7)</sup> to February 2024	7.5/ 7.5	-	FYE 2024
Fibre infrastructure and cable works to Menara Ansar, Johor	Subcontractor	Malaysia	YTL Communications Sdn Bhd	Sutera Utama	Telecommunications	December 2023 <sup>(6)(8)</sup> to May 2024	7.8/ 7.8	-	FYE 2025

## 7. BUSINESS OVERVIEW (Cont'd)

<b>Project details/ scope<sup>(1)</sup></b>	<b>Role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and expected completion period<sup>(2)(3)</sup></b>	<b>Contract value/ Balance contract value as at LPD<sup>(4)</sup> (RM million)</b>	<b>Stage of completion (% as at LPD)</b>	<b>FYE of balance contract value to be fully recognised</b>
Supply and installation of 66kV power cables, auxiliary cables and accessories at Buona Vista and Clementi, Singapore	Subcontractor	Singapore	SP PowerAssets Limited	Wee Guan Construction Pte Ltd	Electricity supply	May 2023 to December 2023	2.6/ 2.6	-	FYE 2024

### Notes:

- (1) Project details/ scope are based on the respective LOAs and purchase orders.
- (2) Commencement date of each project is based on the respective LOAs or purchase orders or management estimates on commencement date.
- (3) Expected completion date of each project is based on the completion date set out in the respective LOAs and includes subsequent extension of time required to deliver variation of work orders from the customers to our Group, if any, or management estimates on completion date.
- (4) Contract value and balance contract value as at LPD of each project includes original contract value as per LOAs or purchase orders and subsequent variation orders, if any.
- (5) Contract value based on cumulative purchase orders.
- (6) Commencement dates are based on management estimates, as the actual commencement dates are not stipulated in the LOAs or purchase orders and the management has yet to receive the notice of commencement of work from the customer. The management has estimated the typical timeframe required for the issuance of work permit from local council, upon which the customer will issue the notice of commencement of work to our Group.

## 7. BUSINESS OVERVIEW (Cont'd)

(7) As at LPD, our Group has commenced planning works but pending the notice of commencement of work to start physical construction works at site.

(8) As at LPD, our Group has yet to commence planning works.

### (ii) Completed projects

The following table sets forth our past projects over FYE 2021 to 2023 and up to LPD with contract values of RM2.0 million and above.

<b>Project details/ scope</b>	<b>Scope of role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and completion period<sup>(1)</sup></b>	<b>Contract value<sup>(2)</sup> (RM million)</b>
Laying of 33kV cables and connection works for Unit Pembangunan Aset Negeri Sembilan, Bahagian Pembangunan TNB	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	September 2018 to March 2023	3.4
11kV HDD works for IM10 Johor for Unit Asset Planning & Performance Zon Johor	Subcontractor	Malaysia	TNB	Sutera Utama	Electricity supply	May 2019 to October 2022	4.1
11kV HDD works for IM10 Johor for Unit Asset Planning & Performance Zon Johor	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	June 2020 to August 2022	4.8
Laying of 33kV cables using HDD method for Unit Pembangunan Aset Zon Negeri Sembilan	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	June 2019 to April 2021	3.9
Supply and installation of 66kV power cables, auxiliary cables and accessories at	Subcontractor	Singapore	SP PowerAssets Limited	Wee Guan Construction Pte Ltd	Electricity supply	November 2019 to October 2021	4.8

## 7. BUSINESS OVERVIEW (Cont'd)

<b>Project details/ scope</b>	<b>Scope of role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and completion period<sup>(1)</sup></b>	<b>Contract value<sup>(2)</sup> (RM million)</b>
Pioneer Road and Northern Tuas, Singapore							
Installation of HDPE pipes using HDD method – cable installation turnkey project at Loyang Avenue, Nicoll Drive and Changi Coast Road, Singapore	Subcontractor	Singapore	SP PowerAssets Limited	Weng Guan Technology Pte Ltd	Electricity supply	February 2020 to October 2021	5.8
Bulk contract for laying of 11kV cables using HDD method for Unit Pembangunan Aset Zon Johor	Subcontractor	Malaysia	TNB	Komasi Engineering	Electricity supply	May 2020 to June 2021	4.6
Supply and installation of 66kV power cables, auxiliary cables and accessories at Boon Lay, Yuan Ching Road and Tukang Road, Singapore	Subcontractor	Singapore	SP PowerAssets Limited	Wee Guan Construction Pte Ltd	Electricity supply	July 2021 to December 2022	2.6
Installation of HDPE pipes using HDD method for 66kV power cables at Old Choa Chu Kang Road, Singapore	Subcontractor	Singapore	SP PowerAssets Limited	Integrate Engineers Pte Ltd	Electricity supply	March 2022 to December 2022	2.9
Supply, installation and commissioning of FTTX network infrastructure for Zone 2: Eastern & Southern Region (Johor)	Subcontractor	Malaysia	Allo Technology Sdn Bhd	Komasi Engineering	Telecommunications	January 2021 to June 2023	4.6
Supply, installation and commissioning of FTTX network infrastructure for	Subcontractor	Malaysia	Allo Technology Sdn Bhd	Sutera Utama	Telecommunications	July 2021 to June 2023	3.4



**7. BUSINESS OVERVIEW (Cont'd)**

<b>Project details/ scope</b>	<b>Scope of role</b>	<b>Geographical market</b>	<b>Project owner</b>	<b>Customer</b>	<b>Industry</b>	<b>Commencement and completion period<sup>(1)</sup></b>	<b>Contract value<sup>(2)</sup> (RM million)</b>
Zone 2: Eastern and Southern Region (Johor)							
HDD works for TNB supply from PPU Pasir Putih to 2 industrial premises at Kawasan Perindustrian Tanjung Langsat, Johor	Subcontractor	Malaysia	TNB	Bio Brilliant Sdn Bhd	Electricity supply	November 2022 to June 2023	3.5
Supply and installation of 66kV power cables, auxiliary cables and accessories at multiple locations across Singapore	Subcontractor	Singapore	SP PowerAssets Limited	Wee Guan Construction Pte Ltd	Electricity supply	March 2021 to June 2023	15.3

**Notes:**

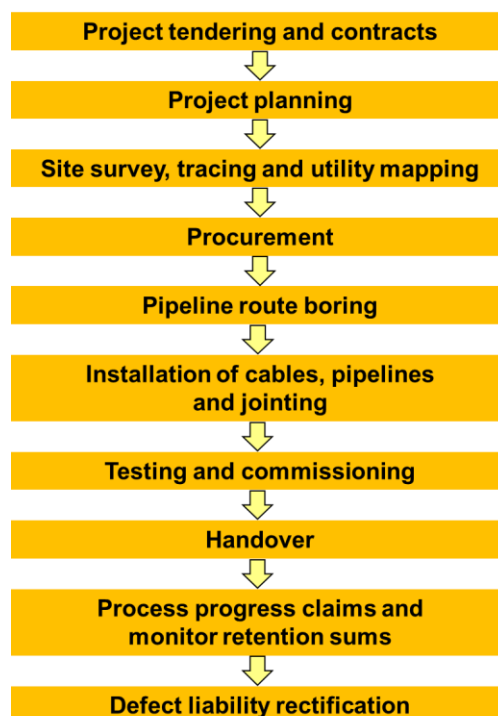
- (1) Commencement period of each project is based on the respective LOA or purchase order, whereas the completion period is based on the CC.
- (2) Contract value of each project is determined based on the original contract amount stated in the LOAs or purchase orders and subsequent variation orders (if any), which collectively form the final project accounts to be mutually agreed by both parties.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.4 BUSINESS PROCESSES

#### 7.4.1 Provision of HDD engineering solutions

We adopt the following process flow in the provision of HDD engineering solutions:



##### (a) Project tendering and contracts

We generally participate in private tenders via direct invitations. Direct invitations refer to tender invitations extended to us directly by main contractors or project owners.

Upon receipt of invitation to tender, we will perform a preliminary assessment by reviewing the scope of services required, project timeline and relevant industry standards, statutory and regulatory requirements. The tender documents that we receive from main contractors or project owners will indicate the type of underground utilities engineering solution method, namely HDD method or open cut method. We will also evaluate our current project commitments and resources available before deciding whether to participate in a new project tender. For indirect invitations, we may be required to complete a pre-qualification exercise before participating in the tender exercise.

In cases where we decide to participate in the tender exercise, we will subsequently prepare a tender proposal including tender documents, costing details and quotation.

We may also be requested to attend tender interviews during the tendering phase. If we are successful, we will be issued a letter of award prior to signing a contract.

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**7. BUSINESS OVERVIEW (Cont'd)**

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We hold a retention sum, typically between 5.0% to 10.0% of the contract value, from our subcontractors. We also provide our customers with retention sum, typically ranging from 5.0% to 10.0% of the contract value. Specific to our project with Maxis Broadband Sdn Bhd wherein we had been appointed as the main contractor, we provided a performance bond (typically 5.0% of the contract value) to Maxis Broadband Sdn Bhd to guarantee the completion of project. As at LPD, we are only required to provide performance bond for our ongoing project with Maxis Broadband Sdn Bhd, being that we are the main contractor for this particular project. Please refer to Section 7.3.3(i) for further details on our ongoing project with Maxis Broadband Sdn Bhd. While our Group was also appointed as a main contractor in relation to our project with Speedlink Communications Sdn Bhd, we did not provide a performance bond to Speedlink Communications Sdn Bhd as it was not stipulated as a requirement from our Group in the contract that Kum Fatt entered into with Speedlink Communications Sdn Bhd. For clarity, our Group will provide a performance bond to our customers when it is stipulated as a requirement from our Group in the contracts that we enter into with our customers.

**(b) Project planning**

Upon award of a project, we will form an internal project team consisting of project engineers, technical staff, tracing officers and safety officers and it will be headed by an appointed project manager. Our project team will hold a kick-off meeting with the customer representatives to establish a common understanding of the project requirements and schedule for a site visit.

During the project planning phase, our project team is involved in developing a master project development plan which includes project costing details, work schedules, resource allocation, roles and responsibilities of project team members as well as QC measures and site safety procedures. In projects wherein our Group has been appointed as the main contractor, our project team is also responsible for liaising with the local authorities on the necessary registrations, licences and permits prior to site preparation and commencement of works to ensure compliance to the relevant regulatory requirements.

Subject to our project commitments and resource availability, we may engage subcontractors to undertake selected parts of our works to scale up our capabilities. In such cases, our project manager will liaise closely with the appointed subcontractor in relation to the project plan to ensure that the quality of works performed by the subcontractor is in accordance with the customer requirements. We typically engage subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing 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.

**(c) Site survey, tracing and utility mapping**

Our project team will perform a site visit with the main contractor and / or the project owner (being the utility company or telecommunications service provider) or their appointed consultant / representative. Subsequent to the site visit, our project team will conduct site survey and geotechnical analysis of the area during the site visit. Our project team will also conduct underground utilities survey via zigzag tracing. The locator and transmitter used during the survey works will be calibrated before use to ensure that the readings are accurate. The range, depth and geospatial coordinates of existing underground utilities obtained during the tracing works will be subsequently utilised to prepare the utility plan with the proposed utility route such that the proposed pipeline route is done without damaging the existing underground utilities.

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**7. BUSINESS OVERVIEW (Cont'd)**

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Further to the underground utility detection and mapping, our project team will also excavate a trial hole to verify underground utilities at the proposed HDD pit. The trial hole is needed to ensure that there no other existing underground utilities will be disrupted based on our pipeline route. If the trial hole area contains other existing underground utilities, another trial hole to be dug nearby needs to be proposed.

**(d) Procurement**

Our project manager will acquire and submit the relevant documents and information to our procurement team. Our procurement team will subsequently order the required materials and equipment from suppliers. The appointment of suppliers and subcontractors will be based on criteria such as timeliness of delivery, reputation, reliability, quality and pricing. We will also determine our existing HDD machinery availability, and if required, lease additional HDD machinery to meet project requirements and timeline.

Upon receipt of the procured materials and equipment, our project team and subcontractors will inspect the items and ensure that the quality and quantity align with the project requirements. Our project team will ensure that all machinery, equipment and materials arrive at the project site on time before the commencement of works.

**(e) Pipeline route boring**

Warning signs and traffic cones are placed according to the relevant traffic management guidelines prior to the commencement of site works. The entry and exit pits for the cable installation will be marked and excavated. The HDD machine will be moved to the entry pit to bore the pipeline route in accordance with the approved utility drawing plan and contract specifications.

**(f) Installation of cables, pipelines and jointing**

Installation of cables, pipelines and jointing are done in accordance with standard procedures, project specifications and/or machine manufacturer requirements. In projects where we appoint subcontractors to carry out the installation works, our project team will monitor the progress of works and ensure that the installation works are undertaken in accordance with the project specifications.

**(g) Testing and commissioning**

After the installation works, our project team will perform the mandrel test. The mandrel test is the inspection of pipes after they are pulled through the bored tunnel to ensure that they do not break or clog with soil and debris. It is done via inserting a duct rod into the pipe. The duct rod is tied to one end of a mandrel which is suitable for the size of the pipe. The other side of the mandrel is tied to a rope. The duct rod is then pulled through the pipe. If the mandrel passes through smoothly, the ends of the installed pipes will be covered with end caps. If the mandrel is stuck or hard to pull out, the pipe needs to be cleaned from soil and debris and the test will be repeated. The affected section of the installed pipes need to be pulled out and replaced with new pipes if they fail the second mandrel test.

Our project manager will also hold a meeting with the customer to verify the pipe length installed via the HDD method, using the surface measurement, rope measurement or pipe measurement method.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**(h) Handover**

Our project team will hand over the completed installation works and relevant handover documents to the customer after all the necessary tests have been performed to ensure compliance to contractual and regulatory requirements.

Subsequent to this, our customer will issue a completion certificate or an acknowledgement of stage of work completed, indicating that our works have been completed, inspected and approved.

**(i) Process progress claims and monitor retention sums**

Our revenue is recognised based on percentage of project completion or upon completion of work orders. Subsequent to the issuance of completion certificate or acknowledgement of stage of work completed by our customer, our Finance department will prepare and issue the corresponding invoices.

We will also monitor our receipts and return of retention monies from time to time. Generally, our customers hold 5.0% to 10.0% of the contract value as retention sum, half of which will be released to us upon 6 months of the completion date and the remaining half will be released to us upon 12 months of the completion date. We impose similar retention requirements on our subcontractors.

**(j) Defect liability rectification**

We generally provide our customers with defect liability period of 12 months effective from the date of the completion certificate. Specific to the projects that we undertake for power grid projects in Singapore, we provide a defect liability period of 60 months, which corresponds to the defect liability period imposed on our Group by our main contractors. During the defect liability period, we are liable to render remedial works which may arise from the defective works or materials used as identified by our customers. Upon expiry of the defect liability period, we will be released from our obligations under the contract terms.

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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.4.2 Provision of open cut and micro trenching engineering solutions

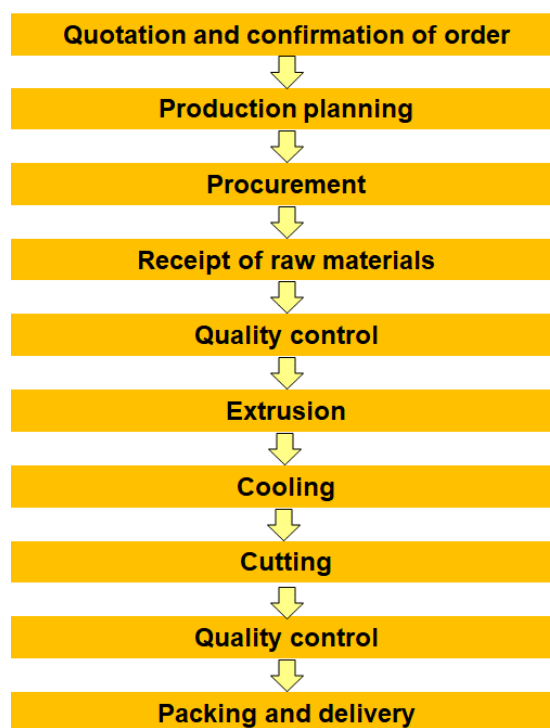
The overall process flow for underground utilities engineering solutions using the HDD, open cut and micro trenching methods is similar. However, there are differences in specific activities performed in the process flow specific to pipeline route boring and installation of cables, pipelines and jointing. The differences are summarised below:

Activity	Method		
	HDD	Open cut	Micro trenching
<b>Pipeline route boring</b>	<p>The entry and exit pits for the cable installation will be marked and excavated.</p> <p>The HDD machine will be moved to the entry pit to bore the pipeline route in accordance with the approved utility drawing plan and contract specifications. The bore is enlarged to a diameter that would allow the installation of the required pipe.</p>	Not applicable	Not applicable
<b>Installation of cables, pipelines and jointing</b>	<p>The pipeline is pulled into the hole. The process creates a continuous segment of pipes underground.</p>	<p>A trench of a specific depth is dug in the surface of the ground along the specified route for the installation of each piece of pipeline. The depth of the trench is typically up to 1.5m beneath ground level, or to the specifications of local authorities, or our Group's customer.</p> <p>Pipelines are manually placed in the exposed trench.</p> <p>Lastly cables are laid and pulled through the pipelines.</p> <p>The open trench is then backfilled and the surface is restored to the original condition.</p>	<p>A microtrencher is a small rockwheel fitted with a cutting wheel that saws a micro-trench with smaller dimensions than the ones achieved with conventional trench digging equipment. The trench dimensions range from about 10mm to 50mm in width, and at maximum depths of 400mm.</p> <p>Once the microtrencher is used to cut a tiny slot / pathway on the side of the road, the cables' protective ducts are installed and laid, through which fibre optic cables are pulled or pushed.</p> <p>Finally, applicators are used to fill the micro trenches with resin and restore the road section.</p>

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.4.3 Manufacturing of HDPE pipes

The typical process flow of our manufacturing of HDPE pipes is depicted below:



#### (a) Quotation and confirmation of order

Upon receiving enquiries from our customers, we will provide quotations to our customers based on the type and quantity of HDPE pipes required. Upon acceptance of the sales quotation, our customers will place purchase orders with us.

#### (b) Production planning

Our factory manager is responsible for preparing production planning based on the purchase orders received. The schedule for product planning will be reviewed and updated every week, unless we receive ad hoc order placements. The factory manager will acknowledge any updates to production planning and communicate them to the production supervisor promptly for the preparation of raw materials.

#### (c) Procurement

Our procurement team will place purchase orders of raw materials from approved suppliers on a monthly basis based on the quantity required detailed in the production planning schedule.

#### (d) Receipt of raw materials

Raw materials will be delivered by our suppliers to PPI and received by our production team.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**(e) QC**

Upon the receipt of procured raw materials, our lab technicians will perform the following tests on a sampling basis:

- density test; and
- melt index test.

**(f) Extrusion**

The machine operator will initiate the warming up process by switching on the heaters for extruders. The warming up process will take up to 3 hours for Line 1 and 4 hours for Line 2. The dried raw materials (being HDPE resin and masterbatches) will be loaded into the mixing tower and the mixed raw materials will be discharged from the mixing tower and kept in mixture containers. When the heater temperature reaches the predetermined temperature, the heating rings of the extruder barrel will melt the raw material mixtures and the extruder will be set to start pushing the molten raw material mixture through the extruder die head. The die set is shaped according to the size of the pipe required. The HDPE pipe formed shall be connected to the leftover HDPE pipe from the previous production run using heat-resistant gloves. Irregular parts from the first batch of extrusion are cut off after successful connection of HDPE pipes.

**(g) Cooling**

The HDPE pipe formed will go through the vacuum tank to keep its shape intact once it leaves the die set and go through the cooling tanks. The calibration sleeve is a component that assists the cooling and shaping of plastic pipes. After the pipe comes out of the extruder die head, it enters the vacuum tank and spray cooling tank for further cooling through the calibration sleeve for preliminary cooling and sizing, until it is completely cooled and solidified, so as to achieve the size specification required. The water spraying cooling tanks cool down the HDPE pipes during production. We recycle rainwater used in the water circulation system. The pipe is indelibly marked by the laser marking machine at pre-set intervals with identification of trademark, pipe size, PE classification (material grade), nominal pressure (pressure rating), label as well as date and time of manufacture.

**(h) Cutting**

The pre-cooled and shaped HDPE pipes will be pulled down by the haul-off machine at a constant speed and then cut into the required lengths by the cut-off saw machine.

**(i) QC**

Our QC and assurance process involves daily sampling inspection of 1 in every 20 HDPE pipes output for pipe thickness, size and appearance, where the inspection results need to be approved by the factory manager. This QC sampling size is based on sampling standards defined under the SIRIM 52: 2022 standards.

In the event of deviation from product quality during production, we will promptly make adjustments on the speed of extruder and haul-off machine, temperature of heaters and/or pressure of calibration sleeve to resolve the issue.

For pressure pipes, we perform additional quality testing to determine conformance to tensile strength and hydrostatic pressure. Unlike our HDPE pipes in which power cables are laid and are used to protect the power cables contained therein, pressure pipes are used to contain fluid at high pressure. Pressure pipes are commonly used for water supply distribution and gas distribution.



**7. BUSINESS OVERVIEW (Cont'd)**

For clarity, our Group did not produce and sell any pressure pipes during FYE 2021 to 2023 and up to LPD. During FYE 2021 to 2023 and up to LPD, our Group only produced HDPE pipes for the electricity supply and telecommunications sectors. However, our Group is able to produce and sell pressure pipes should opportunities arise and when we receive such requests from customers.

If any deviation in product quality is noticed during the manufacturing or testing phase, the production supervisor will resolve it by adjusting the speed of extruder and haul off machine, temperature of heaters and/or pressure of calibration sleeve.

**(j) Packing and delivery**

The HDPE pipes are stacked or rolled in wheel drums to be packaged and delivered after passing the testing stage.

**7.5 PRINCIPAL MARKETS AND SEGMENTS**

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
- As a subcontractor	44,004	85.1	68,479	91.4	78,494	88.5
- As a main contractor	57	0.1	117	0.2	1,226	1.4
Manufacturing and trading of HDPE pipes <sup>(1)</sup>	7,645	14.8	6,290	8.4	8,942	10.1
<b>Total</b>	<b>51,706</b>	<b>100.0</b>	<b>74,886</b>	<b>100.0</b>	<b>88,662</b>	<b>100.0</b>

**Note:**

(1) Being the sales of HDPE pipes to external parties.

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
<b>Total</b>	<b>51,706</b>	<b>100.0</b>	<b>74,886</b>	<b>100.0</b>	<b>88,662</b>	<b>100.0</b>

**7.6 BUSINESS DEVELOPMENT AND MARKETING STRATEGIES**

Our projects typically come from private tenders extended to us directly from the project owners or via a main contractor. We also obtain opportunities for new projects through recommendations or word-of-mouth through our existing customers.

We believe our ability to consistently procure new projects is attributable to our expertise in HDD technology, track record as well as quality and timely delivery of services. We have also established and maintained good relationships with our customers, leading to us being appointed as the exclusive HDD engineering service provider by Komasi Engineering and Sutera Utama. We believe that the goodwill from satisfied customers will continue contributing to new projects and business opportunities either through recurring business or business referrals to other prospective customers.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.7 MAJOR CUSTOMERS

Our top 5 major customers for FYE 2021 to 2023 are as follows:

#### FYE 2021

No.	Major customers	Solutions delivered	Revenue contribution		(1)Length of relationship
			RM'000	%	Years
1	Komasi Engineering	HDD engineering solutions	25,264	48.9	9
2	Sutera Utama	HDD engineering solutions	10,885	21.1	10
3	Wee Guan Group <sup>(2)</sup>	HDD engineering solutions and HDPE pipes	7,238	14.0	12
4	Drill Dig Sdn Bhd	HDPE pipes	2,127	4.1	1
5	Motobina Sdn Bhd	HDPE pipes	1,979	3.8	1
			<b>47,493</b>	<b>91.9</b>	

#### FYE 2022

No.	Major customers	Solutions delivered	Revenue contribution		(1)Length of relationship
			RM'000	%	Years
1	Komasi Engineering	HDD engineering solutions	42,803	57.2	10
2	Wee Guan Group <sup>(2)</sup>	HDD engineering solutions and HDPE pipes	15,362	20.5	13
3	Sutera Utama	HDD engineering solutions	10,753	14.4	11
4	Integrate Engineers Pte Ltd	HDD engineering solutions and HDPE pipes	1,413	1.9	8
5	Viva Complete Sdn Bhd	HDPE pipes	953	1.3	2
			<b>71,284</b>	<b>95.3</b>	

**7. BUSINESS OVERVIEW (Cont'd)****FYE 2023**

<b>No.</b>	<b>Major customers</b>	<b>Solutions delivered</b>	<b>Revenue contribution</b>		<b>(1)Length of relationship</b>
			<b>RM'000</b>	<b>%</b>	<b>Years</b>
1	Komasi Engineering	HDD engineering solutions and HDPE pipes	39,721	44.8	11
2	Wee Guan Group <sup>(2)</sup>	HDD engineering solutions and HDPE pipes	16,921	19.1	14
3	Sutera Utama	HDD engineering solutions	12,311	13.9	12
4	Integrate Engineers Pte Ltd	HDD engineering solutions and HDPE pipes	5,586	6.3	9
5	Bio Brilliant Sdn Bhd	HDD engineering solutions	3,954	4.5	2
			<b>78,493</b>	<b>88.6</b>	

**Notes:**

- (1) Length of relationship as at the respective FYE.
- (2) The companies within our customer grouping are as follows:

<b>Customer grouping</b>	<b>Companies</b>
Wee Guan Group	Wee Guan Construction Pte Ltd, Weng Guan Technology Pte Ltd and Geecomms Pte Ltd

Our major customers contributed to 91.9%, 95.3% and 88.6% of our revenues in FYE 2021, 2022 and 2023 respectively. Revenue contribution from our Group's major customers varies from year to year given the nature of our business being conducted on a contract basis, and are based on projects secured from time-to-time as well as work-in-progress claims. The contracts that our Group enters into with our customers typically range between 3 months and 24 months, depending on the scale of project and the scope of services that we are engaged to perform. We may not secure similar contracts in terms of size and scope with the same customers every year.

**7. BUSINESS OVERVIEW (Cont'd)**

Notwithstanding the above, our Group's business is dependent on Komasi Engineering, Sutera Utama and Wee Guan Group by virtue of their collective revenue contributions of 84.0%, 92.1% and 77.8% for FYE 2021, 2022 and 2023 respectively. The breakdown of the number of contracts and contract value awarded by Komasi Engineering, Sutera Utama and Wee Guan Group to our Group for FYE 2021 to 2023 are as follows:

<b>Major customers</b>	<b>Parameter</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
Komasi Engineering	Number of contracts	8	15	25
	Contract value (RM million) <sup>(1)</sup>	50.8	36.5	78.5
Sutera Utama	Number of contracts	10	59	62
	Contract value (RM million) <sup>(1)</sup>	6.8	9.2	91.5
Wee Guan Group	Number of contracts	2	8	2
	Contract value (RM million) <sup>(1)</sup>	0.6	16.9	1.1
Others	Number of contracts	7	15	39
	Contract value (RM million)	1.5	2.0	33.1
<b>Total</b>	<b>Number of contracts</b>	<b>27</b>	<b>97</b>	<b>128</b>
	<b>Contract value (RM million)</b>	<b>59.7</b>	<b>64.6</b>	<b>204.2</b>

**Note:**

- <sup>(1)</sup> The contract value awarded for each of the financial year will not correspond to the revenue contributed by these customers as the revenues are based on percentage of project completion or upon completion of work orders during the financial year.

Further details of Komasi Engineering, Sutera Utama and Wee Guan Group are as follows:

- (i) Komasi Engineering is a private limited company incorporated in Malaysia on 30 September 1983 and commenced its business since 1984. Komasi Engineering is principally involved as general contractor and transportation agents. The directors and shareholders of Komasi Engineering are as follows:

<b>Name of directors / shareholders</b>	<b>Designation</b>	<b>Nationality</b>	<b>No. of shares held (%)</b>
Abd Aziz Bin Abd Majid	Director and shareholder	Malaysian	800,800 shares (80.0%)
Helan Bin Awang	Director and shareholder	Malaysian	200,200 shares (20.0%)
Mohd Nizam Bin Abd Majid	Director	Malaysian	-

## 7. BUSINESS OVERVIEW (Cont'd)

- (ii) Sutera Utama is a private limited company incorporated in Malaysia on 4 February 2009 and commenced its business since 2009. Sutera Utama is principally involved in general contracting and generation of electricity using solar power. The directors and shareholders of Sutera Utama are as follows:

<b>Name of directors / shareholders</b>	<b>Designation</b>	<b>Nationality</b>	<b>No. of shares held (%)</b>
Wan Mohd Azmir Bin Wan Mohd Affandi	Director and shareholder	Malaysian	375,000 shares (50.0%)
Mohamad Zailan Bin Melan	Director and shareholder	Malaysian	375,000 shares (50.0%)

- (iii) Wee Guan Construction Pte Ltd, Weng Guan Technology Pte Ltd and Geecomms Pte Ltd (collectively Wee Guan Group) are indirect subsidiaries of Wei Yuan Holdings Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited, through its indirect subsidiary, Wee Guan Corporation Pte Ltd, a company incorporated in Singapore. Wei Yuan Holdings Limited is an investment holding company and its subsidiaries are principally engaged in general construction of civil engineering projects in Singapore.

The details of the relevant companies under Wee Guan Group are as follows:

- (a) Wee Guan Construction Pte Ltd

Wee Guan Construction Pte Ltd is a private limited company incorporated in Singapore on 14 February 1991 and commenced its business since 1992. The company is principally a general construction contractor. The directors and shareholder of the company are as follows:

<b>Name of directors / shareholder</b>	<b>Designation</b>	<b>Nationality / Country of incorporation</b>	<b>No. of shares held (%)</b>
Ng Tian Kew	Director	Malaysian	-
Ng Tian Fah	Director	Singaporean	-
Ng Tian Soo	Director	Malaysian	-
Wee Guan Corporation Pte Ltd	Shareholder	Singapore	3,000,000 (100.0%)

**7. BUSINESS OVERVIEW (Cont'd)**

## (b) Weng Guan Technology Pte Ltd

Weng Guan Technology Pte Ltd is a private limited company incorporated in Singapore on 4 March 1992 and commenced its business since 1994. The company is principally involved in road and railway construction. The directors and shareholder of the company are as follows:

<b>Name of directors / shareholder</b>	<b>Designation</b>	<b>Nationality / Country of incorporation</b>	<b>No. of shares held (%)</b>
Phang May Lan	Director	Malaysian	-
Chen Teck Men	Director	Singaporean	-
Wee Guan Corporation Pte Ltd	Shareholder	Singapore	750,000 (100.0%)

## (c) Geecomms Pte Ltd

Geecomms Pte Ltd is a private limited company incorporated in Singapore on 27 May 2014 and commenced its business since 2014. The company is principally involved in electrical works. The director and shareholder of the company are as follows:

<b>Name of director / shareholder</b>	<b>Designation</b>	<b>Nationality / Country of incorporation</b>	<b>No. of shares held (%)</b>
Chen Teck Men	Sole Director	Singaporean	-
Wee Guan Corporation Pte Ltd	Shareholder	Singapore	500,000 (100.0%)

Our Group has entered into Exclusive Engineering Service Provider Agreements with Komasi Engineering and Sutera Utama respectively, details of which are as follows:

- (i) Exclusive Engineering Service Provider Agreement dated 1 July 2021 and Supplementary Agreement dated 1 August 2021 between Kum Fatt and Komasi Engineering; and
- (ii) Exclusive Engineering Service Provider Agreement dated 1 August 2021 and Supplementary Agreement dated 1 August 2021 between Kum Fatt and Sutera Utama.

## 7. BUSINESS OVERVIEW (*Cont'd*)

The salient terms of each of the Exclusive Engineering Service Provider Agreement is as follows:

	<b>Descriptions</b>
Parties	<p>(1) Komasi Engineering / Sutera Utama (each party respectively referred to as the "<b>Contractor</b>")</p> <p>(2) Kum Fatt</p>
Purpose of the agreement	The Contractor irrevocably appointing Kum Fatt as the sole and exclusive engineering service provider for HDD for all the projects (save and except those contracts awarded with the participation of Bumiputera only) (" <b>Award</b> ")
Tenure	From 1 January 2021 until and unless being terminated by Kum Fatt solely
Obligation of the Parties	<p><u>Contractor's obligation</u> The Contractor is to identify and submit tenders for all potential projects</p> <p><u>Kum Fatt's obligations</u> Kum Fatt is to provide consultancy, construction and commissioning for works including but not limited to the supply of pipes and fittings for the project and any other scope of works that may be required, stated or prescribed in the Award, from time to time.</p> <p>Kum Fatt is also required to undertake the following:</p> <ul style="list-style-type: none"> <li>(a) if required to obtain relevant financing including providing a bank guarantee in relation to the project awarded;</li> <li>(b) if required, to apply and obtain all relevant licenses, permits, approvals and/or certificates required for undertaking the scope of work for the project awarded;</li> <li>(c) as and when required by the Contractor, issue performance bond, pay earnest monies and such other monies necessary to undertake the project awarded; and</li> <li>(d) if required, to maintain an insurance for the purpose of undertaking the project.</li> </ul> <p>The Contractor agrees and grants Kum Fatt with the absolute right to enter into any joint venture arrangements with any party including to appoint any subcontractors, consultants and professionals to undertake and complete the project awarded provided always that a notification be provided to the Contractor and the Contractor undertakes not to interfere, prohibit, restrict nor object to such arrangement.</p> <p>Kum Fatt is granted with an exclusive right to manage each and every project awarded, obtained and secured by the Contractor at its own costs and expenses. For clarity, any costs incurred in relation to the tender submission by the Contractor shall be borne by the Contractor.</p>

**7. BUSINESS OVERVIEW (Cont'd)**

	<b>Descriptions</b>
Parties' entitlements	<p><u>Kum Fatt's Entitlement</u> 90% of the contract or award sum, inclusive of any variation, additions and any deduction certified by the consultant of the project to those set out in the award.</p> <p><u>Contractor's Entitlement</u> The remaining 10% of the contract or award sum.</p>
Terms of payment	<p>For any progressive claims or invoices or other claim statement ("<b>Billings</b>") for the work done/completed are to be submitted directly to the Contractor, which the Contractor will collate such Billings and forward to the principal or owner of the project. The Contractor irrevocably:</p> <p>(a) commits to settle all Billings submitted by Kum Fatt based on payment terms stated in the Billings; and            (b) undertakes to remit the payment to Kum Fatt no later than seven (7) working days from the date of the receipt of the payment from principal or project owner.</p> <p>For illustrative purposes, under scenario (a) above if the Contractor did not receive payment from the principal / project owner, the Contractor is to commit to settle all Billings based on the Billing terms whilst under scenario (b), if the Contractor receives payment from the principal / project owner, payment is to be remitted within 7 working days from the date of receipt of the payment by the Contractor.</p> <p>All projects awarded by the Contractors to Kum Fatt is based on 90% of the total value of the contract / award sum awarded by the project owner, hence, there is no deduction prior to the remittance of progressive payments by the Contractors to Kum Fatt.</p>
Termination	<p>The Exclusive Engineering Service Provider Agreement is to be terminated upon the occurrence of any of the following events, whichever is the earliest:</p> <p>(a) termination by Kum Fatt at any time; or            (b) termination by Kum Fatt due to breach or non-observance by the Contractors.</p> <p>In addition to the above, Kum Fatt reserves the right to terminate the Exclusive Engineering Service Provider Agreement upon the occurrence of any event of default ("<b>Events of Default</b>") as set out below by giving notice to the Contractor:</p> <p>(a) the Contractor goes into liquidation, being served with a winding up order, involved in any legal proceedings or litigation that will materially impact the Contractor's performance under the award including failure to maintain any of its licences during the tenure of the Exclusive Engineering Service Provider Agreement;</p>



## 7. BUSINESS OVERVIEW (*Cont'd*)

### Descriptions

- (b) the Contractor appoints third party without the consent of Kum Fatt in respect of any project and fails, neglects and/or refuses to appoint Kum Fatt as the engineering service provider;
- (c) there is change of structure, shareholdings and directors in the Contractor without the consent of Kum Fatt which could materiality affect Kum Fatt from undertaking the project or award; and
- (d) the Contractor defaults, breaches and/or fails to comply with any provisions of any statute, law, enactment, ordinance, act, rule, regulation, by-law, or any statutory or other requirement affecting the Awards or contravenes its obligations and undertakings under the Exclusive Engineering Service Provider Agreements.

On any occurrence of the Events of Default, Kum Fatt may:

- (a) terminate the Exclusive Engineering Service Provider Agreement and seek for compensation for all the direct financial loss and expense incurred by Kum Fatt; or
- (b) seek specific performance against the Contractor in relation to the breach of under paragraphs (b) and (c) as well as failure to uphold, maintain and renew (if applicable) any of its licences.

Arbitration	If either the Contractor or Kum Fatt disagrees on the settlement quantum under the event of default or the matter cannot be resolved amicably, the parties agree to opt for mediation and to appoint a mediator to negotiation and to reach a settlement between other parties, failing which, the parties agree to submit the dispute to a mutually agreed upon arbitrator in Kuala Lumpur. if the Contractor and Kum Fatt are unable reach any further amicable settlement during the mediation or arbitration, either party may refer that matter, dispute or claim to Court of Malaysia
Governing law	Law of Malaysia
First right of refusal	The Contractor agrees to grant Kum Fatt the irrevocable right of first refusal, if the Contractor decides to issue any new shares in its company including any disposal of its shares by any of its shareholder provided always that the Contractor shall comply with its contractor license's terms and conditions and/or its Bumiputera status
Project completion work	All projects awarded to Kum Fatt shall be completed on timely basis. If the progress work of the project carried out by Kum Fatt is behind the schedule (subject to any extension of time granted by the project owner or the Contractor (as case may be) in accordance with the terms of the award made between the project owner and the Contractor), the Contractor shall in good faith discuss with Kum Fatt to resolve the matter amicably (including quantum to liquidated damages, if any imposed on the Contractor) and if required, to appoint additional subcontractor(s) (as may be approved by Kum Fatt) to complete the project on time at the cost of Kum Fatt. For the avoidance of doubt, Kum Fatt has not been subject to any liquidated damages for FYE 2021 to 2023 and up to LPD.

## **7. BUSINESS OVERVIEW (Cont'd)**

For projects undertaken with Kum Fatt pursuant to the Exclusive Engineering Service Provider Agreements, Komasi Engineering and Sutera Utama will undertake the role of a main contractor who is responsible for the scope of work of the its contract at large, that includes HDD works. The scope of work that falls beyond the scope of HDD works generally include the following:

- (a) overall project management and liaising with project owner on project progress;
- (b) liaising with consultants appointed by the project owner and local authorities to obtain the requisite permit approvals and clearance to commence work;
- (c) obtaining approval from the local authority for traffic management plan during construction activities;
- (d) supervising works taking place on the project site as well as liaising with appointed subcontractors and managing their progress vis-à-vis the project timeline;
- (e) procurement of construction materials;
- (f) cable laying, jointing and termination works;
- (g) installation of earthing cables and systems;
- (h) civil works such as milling and paving; and
- (i) fibre to the home (FTTH) deployment.

Pursuant to the Exclusive Engineering Service Provider Agreements, Komasi Engineering and Sutera Utama are obliged to engage Kum Fatt for HDD works. They may also, at their own discretion, subcontract the above scope of works to Kum Fatt in addition to the HDD works in which they are obligated to subcontract to Kum Fatt, where Kum Fatt generally also subcontracts such non-HDD works out where this encompasses labour-intensive physical underground utilities engineering works such as 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. For avoidance of doubt, our Group is unable to affirm whether it is a common industry practice to enter into such exclusive agreements.

Komasi Engineering, Sutera Utama and Wee Guan Group are expected to continue contributing significantly to our Group's revenue in the future. Thus, if Komasi Engineering, Sutera Utama and Wee Guan Group cease to be our customer(s), our financial results will be adversely affected if we are not able to replace the decrease or loss in sales in a timely manner. Additionally, 30 (with total contract value of RM277.0 million) of 109 (with total contract value of RM372.1 million) ongoing projects as at LPD are for the electricity supply industry where TNB is the project owner for electricity supply-related projects in Peninsular Malaysia. Thus, we are also dependent on our 2 major customers' ability to continuously secure new projects from TNB. Please refer to Section 9.1.2 for further details of the risk of dependency on our major customers.

Notwithstanding the above, our Group will continue to work closely with our existing major customers as part of our ongoing efforts in meeting the service quality and other project requirements to ensure customer satisfaction; engage with potential customers via direct communication in efforts to participate in new tenders and/or requests for quotations and secure new projects from them; and serve other customers and pursue business development activities to expand our customer base and reduce dependency on Komasi Engineering, Sutera Utama and Wee Guan Group.

Further, our Group is also striving to expand our business and customer base through our future plans and strategies. Please refer to Section 7.18 for further details on our business strategies and prospects.

**7. BUSINESS OVERVIEW (Cont'd)****7.8 TYPES, SOURCES AND AVAILABILITY OF INPUTS**

The main inputs for our business are as follows:

- (a) subcontractors' fees for our underground utilities engineering solutions;
- (b) construction materials such as pipes, cables and microducts for our underground utilities engineering solutions; and
- (c) raw materials such as HDPE resin and masterbatches for our HDPE pipe manufacturing activities.

The breakdown of the inputs purchased/sourced by our Group for FYE 2021 to 2023 is as follows:

	FYE 2021 <sup>(1)</sup>		FYE 2022 <sup>(1)</sup>		FYE 2023 <sup>(1)</sup>	
	RM'000	%	RM'000	%	RM'000	%
Subcontractors' fee	20,742	64.3	27,023	63.7	31,262	61.0
HDPE pipes <sup>(3)</sup>	5,331	16.5	9,424	22.2	10,380	20.3
HDPE resin	5,012	15.5	3,973	9.4	6,212	12.1
Accessories <sup>(2)</sup>	767	2.4	1,305	3.1	1,979	3.9
Cables	248	0.8	565	1.3	631	1.2
Masterbatches	158	0.5	136	0.3	111	0.2
Microducts	-	-	-	-	662	1.3
<b>Total</b>	<b>32,258</b>	<b>100.0</b>	<b>42,426</b>	<b>100.0</b>	<b>51,237</b>	<b>100.0</b>

**Notes:**

- (1) Our Group's purchases for FYE 2021 to 2023 are locally sourced.
- (2) Accessories include cable support structures, lightning mast poles, lightning protection rods and accessories, sockets, concrete slabs, manholes, poles, cable plugs, link boxes, electrical relays, rods, cable glands and cable markers.

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**7. BUSINESS OVERVIEW (Cont'd)**

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- (3) Includes cost of production by PPI for HDPE pipes purchased by Kum Fatt. For clarity, purchases of HDPE pipes from suppliers other than PPI were accounted for at their actual purchase cost, as these are considered third party transactions. Conversely, purchases from PPI are accounted for based on the cost of production in view that this approach was taken to eliminate intercompany transactions. As a result, at the group level, the cost of HDPE pipes used in Kum Fatt's projects are accounted for based on the cost of production incurred by PPI in producing these HDPE pipes. This ensures consistent tracking of construction material costs.

Subcontractors' fee was our largest component of purchases and comprised 64.3%, 63.7% and 61.0% of our total purchases in FYE 2021, 2022 and 2023 respectively. As at LPD, we have engaged 30 subcontractors for our ongoing projects. We engage subcontractors on a project basis to carry out selected parts of our works, such as 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. Thus, in these instances, we take on the role of overall project management, whereby we manage and monitor the works performed by our subcontractors. Our Group is not materially dependent on any of the subcontractors that we engage. We have a list of subcontractors that we approach to source comparable quotations prior to engaging a subcontractor. By engaging subcontractors, we are able to scale up our project capabilities to complete our projects in a timely manner and undertake more projects.

Notwithstanding that project owners may nominate suppliers from whom we purchase certain materials, the construction materials for our Group's underground utilities engineering solutions are readily available from local suppliers. We maintain a list of suppliers which meet our project requirements. We select these suppliers based on multiple factors, including the availability of materials, quality, pricing and lead time for delivery as well as their reliability. We have good business relationships with our suppliers, which we believe contributes to our purchasing and cost efficiency. By maintaining a certain level of buffer in our budgeted project cost, we are better prepared for instances of potential cost overruns due to an increase in the price of materials.

Our Group procures pipes for our underground utilities engineering projects, to supplement PPI's internal production volume, and in instances where we require corrugated HDPE pipes. We procure HDPE resin for the manufacturing of our HDPE pipes.

Our purchases are subject to price fluctuations as a result of demand and supply conditions in the market. Generally, the unit prices of these materials are budgeted into our project costing where we have factored in potential price fluctuations over the duration of the project period. However, any unfavourable fluctuations in the cost of these materials during the performance of our projects may increase our overall project costs.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.9 MAJOR SUPPLIERS AND SUBCONTRACTORS

Our top 5 major suppliers for FYE 2021 to 2023 are as follows:

#### FYE 2021

No.	Major suppliers	Materials procured	Purchase contribution		(1)Length of relationship
			RM'000	%	Years
1	Lotte Chemical Titan (M) Sdn Bhd	HDPE resin	6,373	57.4	2
2	Nu-Plus Manufacturing Sdn Bhd	HDPE resin	855	7.7	Less than 1 year
3	CJ Polymers Sdn Bhd	HDPE resin	765	6.9	Less than 1 year
4	Bina Plastic Industries Sdn Bhd	HDPE pipes	679	6.1	11
5	Foremost Cable Accessories Sdn Bhd	Cable accessories	404	3.6	Less than 1 year
			<b>9,076</b>	<b>81.7</b>	

#### FYE 2022

No.	Major suppliers	Materials procured	Purchase contribution		(1)Length of relationship
			RM'000	%	Years
1	Lotte Chemical Titan (M) Sdn Bhd	HDPE resin	5,907	38.1	3
2	CJ Polymers Sdn Bhd	HDPE resin	2,104	13.6	1
3	Bina Plastic Industries Sdn Bhd	HDPE pipes	1,657	10.7	12
4	Cew Sin Plastic Pipe Sdn Bhd	HDPE pipes	1,194	7.7	7
5	Nu-Plus Manufacturing Sdn Bhd	HDPE resin	936	6.0	1
			<b>11,798</b>	<b>76.1</b>	

## 7. BUSINESS OVERVIEW (Cont'd)

### FYE 2023

No.	Major suppliers	Materials procured	Purchase contribution		(1)Length of relationship
			RM'000	%	Years
1	Petronas Chemicals Marketing (Labuan) Ltd	HDPE resin	4,713	25.3	1
2	Lotte Chemical Titan (M) Sdn Bhd	HDPE resin	4,511	24.2	4
3	Power Cable Solutions Sdn Bhd	Cable accessories	1,225	6.6	2
4	CKY Recycle Plastic Sdn Bhd	HDPE resin	1,118	6.0	1
5	Cew Sin Plastic Pipe Sdn Bhd	HDPE pipes	778	4.2	8
			<b>12,345</b>	<b>66.3</b>	

#### Note:

(1) Length of relationship as at the respective FYE.

The abovementioned major suppliers contributed to 81.7%, 76.1% and 66.3% of our Group's total purchases for FYE 2021 to 2023 respectively. Our Group's top supplier is Lotte Chemical Titan (M) Sdn Bhd, a petrochemical producer, which contributed to 57.4%, 38.1% and 24.2% of our total purchases in FYE 2021, 2022 and 2023 respectively. While we primarily procure HDPE resin from Lotte Chemical Titan (M) Sdn Bhd, our Group also has other suppliers that are able to supply us with HDPE resin based on our production and quality requirements.

Our Group's pipe extrusion lines are able to produce HDPE pipes with dimensions ranging from 75mm up to 315mm. PPI produces non-corrugated HDPE pipes (also known as solid HDPE pipes) which are suitable for and used in our HDD projects. The dimensions of non-corrugated HDPE pipes produced by PPI are as follows:

	Drum	Piece	Coil
<b>Diameter (mm)</b>	160	110, 160 and 200	110
<b>Length (m)</b>	200	6 and 12	100

In the event our Group requires non-corrugated HDPE pipes of different dimensions, we will purchase such pipes from other suppliers.

## 7. BUSINESS OVERVIEW (Cont'd)

Further, prior to June 2021 (during FYE 2022 period), our Group only had 1 pipe extrusion line for the production of non-corrugated HDPE pipes at PPI's factory. Thus, in order to meet our HDD project requirements, our Group also purchased non-corrugated HDPE pipes of similar dimensions (i.e. 110mm, 160mm and 200mm) from other suppliers to supplement PPI's production volume. In June 2021, we installed our second pipe extrusion line for the production of non-corrugated HDPE pipes at PPI's factory. With 2 pipe extrusion lines in operations at PPI's factory, we were able to increase our production volume of non-corrugated HDPE pipes to meet our HDD project needs, especially 160mm and 200mm HDPE pipes. Thus, our Group's purchases of non-corrugated HDPE pipes from other suppliers were lower in FYE 2023 compared to FYE 2021 and 2022. However, our Group does supplement internal production of HDPE pipes with purchases from other suppliers in the event that (i) our Group faces unavailability of HDPE pipes with specific diameter to meet our project requirements; and/or (ii) our Group requires a limited quantity of HDPE pipes with specific diameter for our project requirements and production of such quantity does not enable economies of scale to be reaped. This is because we primarily produce 160mm and 200mm HDPE pipes, for which our Group has higher requirement in its electricity supply projects.

Our Group also purchases corrugated HDPE pipes from external suppliers, as PPI does not produce corrugated HDPE pipes. Corrugated HDPE pipes are used in open cut related projects.

As our Group's underground utilities engineering solutions are primarily using the HDD method, it is more cost effective for our Group to manufacture non-corrugated HDPE pipes internally and purchase corrugated HDPE pipes from external suppliers when we secure open cut related projects.

Our top 5 major subcontractors for FYE 2021 to 2023 are as follows:

### FYE 2021

No.	Major subcontractors	Services procured	Purchase contribution		(1)Length of relationship
			RM'000	%	Years
1	Ecobore Sdn Bhd	HDD subcontracting services	7,892	38.5	1
2	Drill Dig Sdn Bhd	HDD subcontracting services	7,060	34.4	9
3	Viva Complete Sdn Bhd	Cable laying and HDD subcontracting services	2,346	11.4	1
4	Jaringan Seia Sdn Bhd	Fibre optic cable laying services	1,290	6.3	Less than 1 year
5	TSE Jaya Sdn Bhd	HDD subcontracting services	1,060	5.2	3
			<b>19,648</b>	<b>95.8</b>	

**7. BUSINESS OVERVIEW (Cont'd)**

**FYE 2022**

<b>No.</b>	<b>Major subcontractors</b>	<b>Services procured</b>	<b>Purchase contribution</b>		<b><sup>(1)</sup>Length of relationship</b>
			<b>RM'000</b>	<b>%</b>	<b>Years</b>
1	Ecobore Sdn Bhd	HDD subcontracting services	9,083	33.7	2
2	Viva Complete Sdn Bhd	Cable laying and HDD subcontracting services	4,370	16.2	2
3	Drill Dig Sdn Bhd	HDD subcontracting services	2,856	10.6	10
4	Jaringan Seia Sdn Bhd	Fibre optic cable laying services	2,609	9.7	1
5	TSE Jaya Sdn Bhd	HDD subcontracting services	1,619	6.0	4
			<b>20,537</b>	<b>76.2</b>	

**FYE 2023**

<b>No.</b>	<b>Major subcontractors</b>	<b>Services procured</b>	<b>Purchase contribution</b>		<b><sup>(1)</sup>Length of relationship</b>
			<b>RM'000</b>	<b>%</b>	<b>Years</b>
1	Ecobore Sdn Bhd	HDD subcontracting services	9,675	30.9	3
2	Viva Complete Sdn Bhd	Cable laying and HDD subcontracting services	7,133	22.8	3
3	Jaringan Seia Sdn Bhd	Fibre optic cable laying services	3,115	10.0	2
4	Drill Dig Sdn Bhd	HDD subcontracting services	2,403	7.7	11
5	TSE Jaya Sdn Bhd	HDD subcontracting services	2,070	6.6	5
			<b>24,396</b>	<b>78.0</b>	

**Note:**

<sup>(1)</sup> Length of relationship as at the respective FYE.

Further details of our major subcontractors for the physical HDD and cable laying works are set out below.



**7. BUSINESS OVERVIEW (Cont'd)**

The abovementioned major subcontractors contributed to 95.8%, 76.2% and 78.0% of our Group's total subcontractors' fees for FYE 2021, 2022 and 2023 respectively. Save for the following, our Group is not dependent on any other single subcontractor as none of the other subcontractors accounted for more than 10.0% of our total subcontractors' fees during FYE 2021 to 2023:

- (a) Ecobore Sdn Bhd, engaged for the provision of HDD subcontracting services, contributed to 38.5%, 33.7% and 30.9% of our Group's total subcontractors' fees in FYE 2021, 2022 and 2023 respectively. Ecobore Sdn Bhd is a private limited company incorporated in Malaysia on 14 April 2017 and is principally engaged as general contractor and transportation agents. Ecobore Sdn Bhd commenced its business since 2017. The details of the director and shareholder of the company are as follows:

<b>Name of director / shareholder</b>	<b>Designation</b>	<b>Nationality</b>	<b>No. of shares held (%)</b>
Mohamed Rizal Bin Mohamed Yakub	Sole director and shareholder	Malaysian	900,000 shares (100.0%)

For information purposes, Ecobore Sdn Bhd was originally owned by our Promoters. Datuk Dr Ting and Hin Wai Mun disposed their respective shareholdings in Ecobore Sdn Bhd on 11 May 2020 while Chong Tuo Chooi disposed his shareholding in Ecobore Sdn Bhd on 23 March 2021.

Ecobore Sdn Bhd was primarily involved in the provision of physical HDD works which are physically labour intensive in nature. Ecobore Sdn Bhd was also involved in the provision of underground engineering services using the pipe-jacking method prior to the disposal of Ecobore Sdn Bhd by our Promoters.

Our Promoters disposed Ecobore Sdn Bhd as they did not want to be involved in the physically labour-intensive portion of the HDD works and instead focus on the technical aspects of underground utilities engineering services, namely project planning and management, site survey, tracing and utility mapping while subcontracting out the physically labour-intensive portion of the HDD works. This allows us to scale up our operations by focusing on our core expertise which is project planning and management, site survey, tracing and utility mapping.

As disclosed in Section 7.9, we continue to engage subcontractors such as Ecobore Sdn Bhd to undertake the physically labour-intensive HDD works as this strategy allows us to scale up our operations and focus on the technical aspects of HDD namely project planning and management, utility detection and mapping.

## 7. BUSINESS OVERVIEW (Cont'd)

- (b) Viva Complete Sdn Bhd, engaged for the provision of cable laying and HDD subcontracting services, contributed to 11.4%, 16.2% and 22.8% of our Group's total subcontractors' fees in FYE 2021, 2022 and 2023 respectively. Viva Complete Sdn Bhd is a private limited company incorporated in Malaysia on 25 June 2009 and is principally engaged in amongst other, in the business in civil, electrical and mechanical engineering, transportation services and to provide design, installation and maintenance of renewable energy installations and consultation for the likes, and to carry on the business as building contractor and to undertake construction and civil engineering works. Viva Complete Sdn Bhd commenced its business since 2009. The details of the directors and shareholders of the company are as follows:

<b>Name of directors / shareholders</b>	<b>Designation</b>	<b>Nationality</b>	<b>No. of shares held (%)</b>
Tee Chie Piau	Director and shareholder	Malaysian	301,000 shares (33.2%)
Tan Seng Guan	Director and shareholder	Malaysian	302,000 shares (33.4%)
Tee Kee Seng	Director and shareholder	Malaysian	302,000 shares (33.4%)

- (c) Drill Dig Sdn Bhd, engaged for the provision of HDD subcontracting services, contributed to 34.4%, 10.6% and 7.7% of our Group's total subcontractors' fees in FYE 2021, 2022 and 2023 respectively. Drill Dig Sdn Bhd is a private limited company incorporated in Malaysia on 20 January 2010 and is principally engaged as general contractor and transportation agents. Drill Dig Sdn Bhd commenced its business since 2010. The details of the directors and shareholders of the company are as follows:

<b>Name of directors / shareholders</b>	<b>Designation</b>	<b>Nationality</b>	<b>No. of shares held (%)</b>
Ling Poh Yong	Director and shareholder	Malaysian	400,000 shares (80.0%)
Ling Chai Yien	Director and shareholder	Malaysian	100,000 shares (20.0%)

TSE Jaya Sdn Bhd, a former related party by virtue of the interest of Hin Wai Mun, our Executive Director, is a private limited company incorporated in Malaysia on 15 July 2015 and is principally engaged in the provision of HDD in installing underground pipes. TSE Jaya Sdn Bhd commenced its business since 2015. The details of directors and shareholders of the company are as follows:

<b>Name of directors / shareholders</b>	<b>Designation</b>	<b>Nationality</b>	<b>No. of shares held (%)</b>
Lioo Yong Tiam	Director and shareholder	Malaysian	30,000 shares (15.0%)
Samuel Loh Wei Yue	Director and shareholder	Malaysian	50,000 shares (25.0%)
Loh Weng Keong	Director and shareholder	Malaysian	90,000 shares (45.0%)
Ling Poh Yong	Shareholder	Malaysian	20,000 shares (10.0%)
Loh Weng Kian	Shareholder	Malaysian	10,000 shares (5.0%)

Further details of our transactions with TSE Jaya Sdn Bhd are set out in Section 10.1.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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We engage Ecobore Sdn Bhd, Drill Dig Sdn Bhd, Viva Complete Sdn Bhd and TSE Jaya Sdn Bhd to carry out the physical HDD works and cable laying portion of HDD projects undertaken by our Group which are labour intensive in nature, where this involves pipeline route boring and installation of cables, pipelines and jointing, under the supervision of our Group's employees.

While our Group is able to carry out these works internally and we also own 15 HDD machines, our Group engages subcontractors to undertake the physical HDD works as this strategy allows us to scale up our operations and focus on project planning and management, utility detection and mapping as well as HDD technical expertise while also providing the necessary machinery and materials. As at LPD, we lease 3 additional HDD machines to support our projects based on project requirements.

Thus, our Group will continue engaging subcontractors for the physical HDD and cable laying works portion of HDD projects. However, we will assess its subcontractors on a project-to-project basis, and the appointment of subcontractors will be based on a variety of factors, including quality, pricing and lead time for delivery as well as their reliability. As such, this does not preclude our Group from engaging other subcontractors for physical HDD and cable laying works.

Regardless of the role that our Group assumes, we may engage subcontractors to carry out selected portions of our works as this allows our Group to increase our project delivery capabilities and capacity. We engage subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing 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. In such cases, we are responsible for the quality and timeliness of materials procured and works performed by our subcontractors.

The construction materials and services as well as raw materials that our Group procures from our major suppliers and subcontractors are readily available from other local suppliers and subcontractors. Our Group maintains a list of approved suppliers and subcontractors based on a variety of factors, including the availability of raw materials, quality of products/services, pricing, lead time for delivery and reliability. In this respect, our Group has continuously engaged our major suppliers and subcontractors due to their product specifications and availability of supply, ability to meet delivery timelines, price competitiveness and service quality.

Our Group does not enter into long term agreements or arrangements with our suppliers and subcontractors, as this allows us to have the flexibility to source for quality materials and services at competitive prices and favourable credit terms. Our Group has established long-standing business relationships with our suppliers and subcontractors to ensure minimal disruptions to our supply chain and business operations.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.10 TECHNOLOGY USED OR TO BE USED

The technologies relevant to our Group in order to facilitate our business operations include the following:

#### (a) Underground utility locating system

We utilise our underground utility locating system consisting of pipe and cable locator, GPR and GPS to detect and locate existing underground utilities for our UDM plan prior to commencement of construction works.

#### (b) VR HDD and simulator

We use a VR HDD and simulator which is equipped with training software to introduce to our employees in the Project Department to the basic concepts and procedures of using a HDD machine and a locating system prior to physical training at sites. These employees are able to learn and incorporate skills in relation to initial setup, project site setup, pre-drilling and drilling at virtual project sites with increasing levels of difficulty and complexity using the VR headset and controller. The learning modules in the training include site safety guidelines, type of locating equipment used, transmitter selection, overcoming interference, locator frequency optimisation, transmitter and locator pairing, calibration, changing transmitter bands, locating points, height above ground, steering, creating log-while-drilling as-built drawings as well as common commands between locating specialist and drill operator.

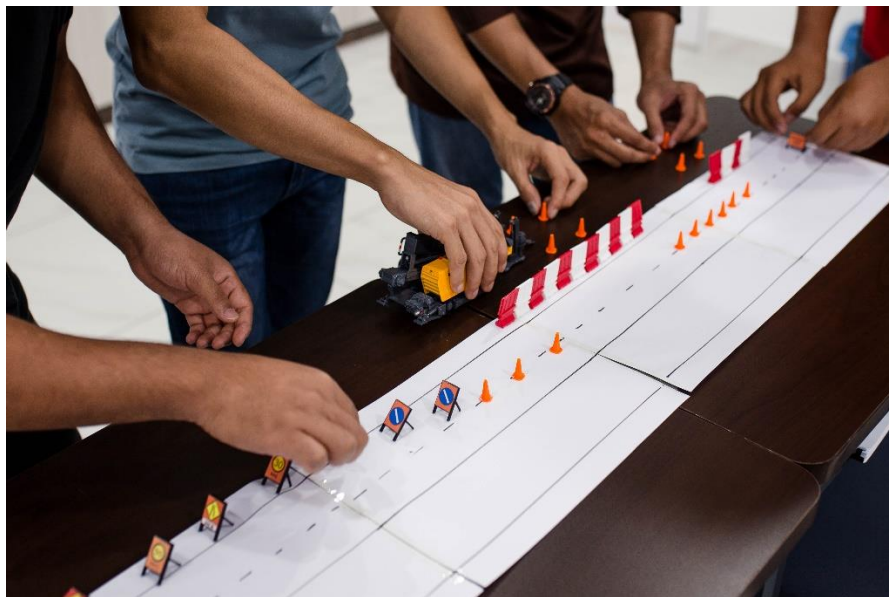
At the end of the practice modules, our employees can take an examination to assess the knowledge and skills learned and the result will be generated at the end of the examination. This training is provided to new employees upon joining our Project Department as well as existing employees in the Project Department on an ongoing basis.



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**7. BUSINESS OVERVIEW (Cont'd)**

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Our employees undergoing VR HDD and simulator training

**(c) AutoCAD**

AutoCAD is a computer-aided design and drafting software developed by Autodesk that we use to sketch and develop the UDM plans for our projects.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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### **7.11 INTERRUPTIONS 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.

#### **7.11.1 Impact of COVID-19 on our Group**

Pursuant to the outbreak of the COVID-19 pandemic in 2020, the Government had implemented different forms of MCO since 18 March 2020 to contain the spread of the virus. During this period, our Group was required to comply with the changes in SOP outlined by MITI throughout the period.

In FYE 2021, we faced some disruptions in PPI's operations when we temporarily halted operations from 18 March 2020 to 3 May 2020 in adherence to the MCO. We resumed operations on 4 May 2020 while adhering to operating capacity restrictions upon obtaining approval from MITI. During this period, Kum Fatt was able to continue operating while adhering to operating capacity restrictions, as we support project owners in the electricity supply and telecommunications industries which are deemed as essential services. Konnection's operations was temporarily halted from 7 April 2020 to 2 June 2020 in adherence to the circuit breaker imposed by the Government of Singapore to contain the spread of COVID-19 in Singapore.

We had informed our customers of the delay in project delivery schedules and in view of the COVID-19 situation, our customers did not initiate any penalty claims against our Group arising from the delay.

Further, there was no material adverse impact on our sales during the COVID-19 pandemic period as our sales activities have been able to continue through online meetings. There was no material impact on our sales, delivery and receipt of supplies upon the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

#### **7.11.2 Impact of COVID-19 and MCOs on our business, cash flows, liquidity, financial position and financial performance**

The delay in project delivery schedules that our Group experienced in FYE 2021 had resulted in some delayed recognition of revenue of RM2.5 million in FYE 2021 which was subsequently recognised in FYE 2022.

Save for the above, there was no material impact to our business, cash flows, liquidity, financial position and financial performance in FYE 2021. Further, there was no material impact to our business, cash flows, liquidity, financial position and financial performance in FYE 2022 and FYE 2023 arising from the COVID-19 pandemic. Our business cash flows, liquidity, financial position and financial performance was also not impacted by the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

#### **7.11.3 Strategy and steps taken to address the impact of COVID-19**

In response to the COVID-19 pandemic, our Group established a standard safety protocol that outlined several infection control measures based on the guidelines and SOP issued by MITI from time to time to protect employees and customers against COVID-19 infections.

Since March 2020 and up to LPD, there have been no actions taken or penalties issued by the relevant authorities against our Group for breach of any laws relating to COVID-19 restrictions and/or SOP.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.12 SEASONALITY

Our operations are not significantly affected by seasonal or cyclical effects as our customers generally operate throughout the year. However, the demand for our solutions may be affected by global and local economic conditions and government policies, which may affect the utilities industries that our customers operate in.

### 7.13 OPERATING CAPACITIES AND OUTPUT

Our operating capacities and production output in respect of the manufacturing of HDPE pipes for FYE 2021 to 2023 is outlined below:

	<b>Number of operating manufacturing lines</b>	<b>Production capacity (kg)</b>	<b>Actual production output (kg)</b>	<b>Utilisation rate (%)</b>
<b>FYE 2021</b>	1	<sup>(1)</sup> 2,293,200	2,024,301	88.3
<b>FYE 2022<sup>(2)</sup></b>	2	<sup>(2)</sup> 4,730,400	2,479,151	52.4
<b>FYE 2023<sup>(2)</sup></b>	2	<sup>(3)</sup> 6,130,800	2,886,044	47.1

#### Notes:

- (1) Based on operations of 24 hours a day and 6 days per week with average machine capacity of 325kg/hour for Line 1.

Line 1's operations was temporarily paused for the following period:

<b>Period</b>	<b>Reason</b>
18 March 2020 – 3 May 2020	MCO 1.0

During the period from June 2020 to February 2021, weekly operations were extended from 6 days to 7 days per week for a total of 21 weeks in order to meet the production volume requirement for our ongoing underground utilities engineering projects and to build buffer stock of inventories.

- (2) Based on operations of 24 hours a day and 6 days per week with average machine capacity of 325kg/hour for Line 1. Commencing the operations of Line 2 on 3 June 2021 and the gradual ramping up of Line 2's operations to full production capacity on 1 August 2021, Line 1 was redesignated as a reserve production line.

Line 1's operations was temporarily paused for the following period:

<b>Period</b>	<b>Reason</b>
1 June 2021 – 1 August 2021	Installation and commissioning of Line 2 which required some civil and electrical engineering works to be carried out in the production area, thereby limiting the working space at PPI for Line 1's production operations

Based on operations of 24 hours a day and 6 days per week with average machine capacity of 600kg/hour for Line 2 which commenced initial production on 3 June 2021 and gradually ramped up to full production capacity on 1 August 2021 was designated as our primary production line.

## 7. BUSINESS OVERVIEW (Cont'd)

Commencing 1 August 2021, we only operated Line 1 when:

- a) Line 2's operations were paused for preventive maintenance; and
  - b) there were peak orders for HDPE pipes and PPI needed to operate both Line 1 and Line 2 simultaneously to meet the production delivery timelines.
- (3) Based on operations of 24 hours a day and 6 days per week with average machine capacity of 325kg/hour for Line 1 and 600kg/hour for Line 2. Line 2 continued to function as a primary production line and Line 1 as a reserve production line.

During FYE 2023, we only operated Line 1 when:

- a) Line 2's operations were paused for preventive maintenance; and
- b) there were peak orders for HDPE pipes and PPI needed to operate both Line 1 and Line 2 simultaneously to meet the production delivery timelines.

Our Group will review opportunities to increase production output in line with demand for our HDPE pipes to support our ongoing underground utilities engineering projects in Malaysia and Singapore as well as demand arising from third party sales. We will continually review and evaluate the demand for our HDPE pipes as well as current inventory levels in determining further plans to increase our production output.

### 7.14 QC AND QUALITY ASSURANCE PROCEDURES

We recognise that the adoption of a QC and quality assurance systems are vital to maintaining our reputation and market standing as a reliable contractor. As such, our Group places emphasis on quality management to ensure that the quality of our deliverables comply with the relevant industry standards, regulations and meet the expectations and requirements of our customers.

In line with this, we have established and implemented a quality management system in accordance with the ISO 9001:2015 standards and requirements. As a testament to our quality commitment, Kum Fatt has been certified compliant to ISO 9001:2015, details of which are included below:

Year awarded	first	Current validity	Certification	Scope	Awarding body
2022	20 October 2022 –	12 April 2025	ISO 9001:2015	Provision of HDD services to construction, pipeline and utility	Global Compliance Certification Pty Ltd

As part of our QC efforts, we practise the following in our provision of underground utilities engineering solutions:

- (a) we strive to improve the quality and operations of our HDD works through underground utilities survey works prior to the commencement of HDD works. Our underground utilities survey works comprise underground utility detection (induction) and mapping, trial pit boring and passive live tracing or tracing zigzag;
- (b) we strive to ensure that our projects are completed in accordance with customer specifications, industry standards and regulatory requirements;



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**7. BUSINESS OVERVIEW (Cont'd)**

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- (c) we procure services, equipment and materials from our approved list of subcontractors and suppliers;
- (d) subcontractors and suppliers are assessed in terms of service/product quality, timeliness of delivery and pricing prior to being placed on the approved list;
- (e) we assign a project manager and safety officer to manage and monitor onsite activities such that they are in accordance with customer specifications, project schedule, utility mapping plan and safety regulations;
- (f) we supervise and inspect works performed by our subcontractors and ensure that they meet the contractual specifications and are delivered on time;
- (g) our project team conducts regular onsite inspections with customer representatives such that any issues in relation to onsite performance and safety management will be communicated and rectified promptly;
- (h) in cases where the works of the subcontractors do not meet the technical specifications and requirements, our project manager will liaise closely with the subcontractor's site representative such that corrective measures and rectification works can be carried out promptly;
- (i) we perform the necessary tests such as the mandrel test after the installation of cables, pipelines and jointing as well as rectification works, if required, prior to handover to customers; and
- (j) we are responsible for rectifying defective works, if any, under the defect liability period of our project contracts. We also impose similar defect liability rectification arrangements on our subcontractors. Our subcontractors are responsible for the rectification of any defects in relation to the scope of work that we have subcontracted to them, and these subcontractors will bear the cost of rectification works. However, our Group is ultimately responsible to our customers for ensuring that the defects are rectified. In the event our subcontractors are unable to rectify defects for works that we have subcontracted to them, our Group may need to engage other subcontractors to perform rectification works and bear the initial rectification costs before we can charge the rectification costs back to the subcontractors who caused the defects.

We practise the following QC procedures in our HDPE pipe manufacturing process:

- (a) we procure raw materials from our approved list of suppliers;
- (b) suppliers are assessed in terms of product quality, timeliness of delivery and pricing prior to being placed on the approved list;
- (c) we test our pipe manufacturing raw materials for density and melt index prior to loading them onto the manufacturing line;
- (d) we perform daily sampling inspection procedures for 1 of every 20 HDPE pipes produced for the pipe thickness, size and appearance; and
- (e) in the event of deviation from product quality during production, we will promptly make adjustments on the speed of extruder and haul-off machine, temperature of heaters and/or pressure of calibration sleeve to resolve the issue.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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### **7.15 RESEARCH AND DEVELOPMENT**

Due to the nature of our business, we do not engage in research and development and thus have not undertaken any research and development activities.

### **7.16 DEPENDENCY ON CONTRACTS, AGREEMENTS OR OTHER ARRANGEMENTS**

Save for the Exclusive Engineering Service Provider Agreements that our Group has entered into with Komasi Engineering and Sutera Utama, our Group is not dependent on any other contracts, agreements or other arrangements.

### **7.17 COMPETITIVE STRENGTHS**

#### **7.17.1 We are a specialised provider of HDD engineering solutions with presence in Malaysia and Singapore**

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.

Throughout the years, our Group has gained substantial experience and expertise in providing underground utilities engineering solutions, encompassing: tracing, mapping, procurement, supply, installation, testing, commissioning, inspection, repair and maintenance of underground utilities. Further, our Group's HDPE pipe manufacturing business segment is also complementary to its provision of HDD engineering solutions and has provided our Group with cost and QC advantages as our Group utilises these pipes in its projects.

Historically, our Group primarily undertook underground utilities engineering projects in the electricity supply and telecommunications sector, comprising cable and pipeline installation and maintenance works for 11kV, 33kV and 66kV power distribution projects as well as for fixed line and mobile network services. Nevertheless, the expertise and technical know-how in the HDD technology that our Group accumulated over the years has prepared us and will allow us to strategically diversify over to other end markets or industries such as power transmission (132kV, 275kV and 500kV), water, sewerage and piped gas. For avoidance of doubt, there is no difference in terms of the underground utilities engineering solutions provided by our Group for 11kV and 33kV power distribution projects in Malaysia. However, we are only involved in the laying of HDPE pipes for 66kV power distribution projects in Singapore. Our Group receives and responds to requests for quotations from other main contractors in relation to power transmission projects. While we have submitted several quotations, these have not progressed further. Notwithstanding this, our Group will continue engaging with main contractors that are involved in these end markets or industries so that we continue to be invited to submit requests for quotations. Our Group's success in venturing into these end markets or industries will be dependent on our ability to secure such projects as well as the ability to build up our internal team and machinery resources for project execution.

## **7. BUSINESS OVERVIEW (Cont'd)**

Leveraging on our experience and project track record in the electricity supply sector, 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.

Further, we also own a fleet HDD machinery and equipment such as underground utility locators/detectors and gyroscopic utility mapping devices, which enables us to better control our costs, and gives 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.

### **7.17.2 Our focus on project management and underground utilities survey works have enabled us to grow our underground utilities engineering solutions business**

Our Group focuses on project planning and management, utility detection and mapping as well as HDD technical expertise. Other industry players may focus on 1 or more areas, and undertake physical underground utilities engineering works instead of project planning and management as well as utility detection and mapping activities, resulting in customers having to engage more than 1 party to undertake underground utilities engineering projects.

We engage subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing 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, and we are responsible for the quality and timeliness of materials procured and works performed by our subcontractors. This strategy allows our Group to increase our project delivery capabilities and capacity. Project planning and management is an important facet of construction projects. Our focus on project planning is a competitive advantage as it allows us to realise benefits in project delivery, including:

- (a) having a clear definition of project requirements, tasks to be done and order of task implementation;
- (b) having an accurate assessment of the costs associated with a project as well as a timeline for completion;
- (c) ability to effectively manage subcontractors work performance in line with project requirements, timeline and cost; and
- (d) ensuring project requirements are met.

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. This is a competitive advantage to our Group as carrying out underground utilities surveys prior to HDD works allows us to determine existing utilities below the surface and minimise the risk of damaging these utility pipes during the course of our project. Upon completion of a project, we prepare as-built drawings for submission to TNB.

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**7. BUSINESS OVERVIEW (Cont'd)**

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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. Our employees are able to learn and incorporate skills in relation to initial setup, project site setup, pre-drilling and drilling at virtual project sites with increasing levels of difficulty and complexity using the VR headset and controller. For clarity, the VR HDD and simulators are third party technologies that are not proprietary to our Group. While these technologies are available in the market, it's adoption rate for purposes for training and development to enhance employee competency in our industry is still limited. Thus, our adoption of VR HDD and simulators is a competitive advantage to our Group.

Our focus on project management and underground utilities survey works enable us to improve our project delivery performance, while ensuring that we meet the technical, time and cost requirements of our customers.

**7.17.3 We have established relationships with our customers which provide us with stable flow of projects**

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.

Our Group is dedicated in providing quality underground utilities engineering solutions that meet the needs and specifications of our customers. As a result of our track record, our Group receives requests for quotations from main contractors for electricity supply and telecommunications projects. 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.

Our Group is able to participate in tenders and requests for quotations for projects issued by electricity supply and telecommunication utility companies. As at LPD, our Group has received and responded to requests for quotations issued by telecommunication utility companies, from which we have secured telecommunication projects from Maxis Broadband Sdn Bhd. Notwithstanding the above, we also receive and respond to requests for quotations from main contractors, which include Komasi Engineering, Sutera Utama and Wee Guan Group. Thus, these contractors are a sales channel for our Group to secure electricity supply and telecommunications projects in Malaysia. We have long term and mutually beneficial business relationship with these contractors and our Group supports them in the delivery of underground utilities engineering solutions for the electricity supply and telecommunications projects that they have secured. In Singapore, underground utilities engineering solutions are a subset of larger utility projects. Thus, our Group submits quotations to main contractors that have secured such projects. The contractors are a sales channel for our Group to secure electricity supply projects in Singapore.

Our Group also maintains a list of approved subcontractors and suppliers that meet its selection criteria. Our Group leverages on these subcontractors and suppliers to deliver quality and timely delivery of services and products to our customers, thus helping us to consistently procure new business opportunities through goodwill and word-of-mouth, which will eventually lead to better financial performance and market positioning.

## **7. BUSINESS OVERVIEW (Cont'd)**

### **7.17.4 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 Group places emphasis on product quality and is committed to quality assurance and consistency of its HDPE pipes. As such, we have developed and implemented QC procedures to ensure that our HDPE pipes meet the relevant industry standards and needs of our customers. 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. Our Group has met the assessment criteria of and is registered with TNB for the supply of materials and services to TNB's power projects. Further, PPI was certified compliant to the SIRIM 52:2022 standards in relation to PE smooth wall pipes for electrical cable installation.

Our Group's QC practices have resulted in consistent quality of HDPE pipes being manufactured. This has contributed to customer satisfaction, which in turn has enabled our Group to maintain business relationships with our customers through recurring orders. 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.

### **7.17.5 We have a qualified and experienced senior management team with proven track record who are supported by experienced and skilled personnel**

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. Throughout the years, he has played a significant role in developing and implementing the business strategies of our Group, which have contributed to our Group's business growth.

Datuk Dr Ting is supported by the following senior management team:

<b>Name</b>	<b>Designation</b>	<b>Work experience (years)</b>
Hin Wai Mun	Executive Director	17
Chong Tuoo Choi	Executive Director	27
Vincent Wong Soon Choy	Executive Director/ Chief Financial Officer	29

Hin Wai Mun and Chong Tuoo Choi, each possess approximately 17 and 27 years of experience in the industry and have also contributed significantly to our Group's business growth, where they oversee the day-to-day operations of our underground utilities engineering projects in Malaysia and Singapore respectively, including contract and procurement, project, human resource and administration and health and safety. Vincent Wong Soon Choy brings with him 29 years of experience in the areas of finance, tax and accounts.

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.

We believe that our experienced senior management team, supported by our competent employees, will continue to support our business operations and sustain our business growth.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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### **7.18 BUSINESS STRATEGIES AND PROSPECTS**

#### **7.18.1 We intend to pursue opportunities to expand regionally in Malaysia**

Our Group has established our track record as a provider of underground utilities engineering solutions, specialising in the HDD method. Throughout the years, we have established strong and long-lasting relationships with various stakeholders in the electricity supply and telecommunications industry, comprising contractors, utility companies, property developers and owners as well as suppliers.

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 have on-going underground utilities engineering projects in the states of Johor, Negeri Sembilan, Melaka and Selangor.

Our Group will continue to engage with other main contractors to position ourselves favourably to be invited to submit requests for quotations for underground utilities engineering projects. Our Group's success will be dependent on our ability to secure new projects as well as the ability to build up our internal team and machinery resources for project execution.

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.

This plan is part of our Group's continuous efforts, and further collaborations are expected to be realised within 36 months from our Listing. As at LPD, we have not initiated formal discussions with any main contractors on the method of such collaborations, and our Group is open to consider any manner of collaboration.

#### **7.18.2 We intend to acquire more machinery to expand our range of underground utilities engineering solutions and scale of projects**

Our Group's operational resources to carry out underground utilities engineering solutions depend largely on the availability of our machinery and equipment. 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 works, micro trenching works, physical HDD works 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.

Our Group intends to purchase HDD machines, excavators and lorries to supplement our existing machinery fleet to cater for our on-going underground utilities engineering projects, our order book and scale up existing operations to secure more projects to facilitate the anticipated growth in our Group's underground utilities engineering operations in Malaysia and Singapore.

**7. BUSINESS OVERVIEW (Cont'd)**

To facilitate this initiative, we have allocated approximately RM[•] million from the proceeds of the Public Issue to fully fund the acquisition of machinery over the next 24 months, comprising:

<b>Machinery</b>	<b>Purpose</b>	<b>No. of units</b>	<b>Total estimated cost RM'000</b>
HDD machines	Boring machine for installing underground pipes, conduits and cables	3	[•]
Maxi rig HDD machine	Boring machine for subsea HDD works	1	[•]
Lorries <sup>(1)</sup>	Transportation of cables and other construction materials	21	[•]
Excavators	Digging of trenches, holes, foundations and general landscaping	5	[•]
			<b>[•]</b>

**Notes:**

- (1) From the 21 lorries to be acquired, 13 lorries are intended to support our underground utilities engineering projects in Malaysia. The remaining 8 lorries are intended to support our underground utilities engineering projects in Singapore.

The acquisition of 21 new lorries will strengthen our fleet of motor vehicles for underground utilities engineering projects. As at LPD, we own 25 lorries of which 22 lorries are being used in Malaysia while the remaining 3 lorries are being used in Singapore. We intend to utilise our existing fleet of 22 lorries in Malaysia for the underground utilities engineering projects that we undertake in other states in Peninsular Malaysia, particularly the east coast region where we have secured electricity supply projects with total contract value of RM69.2 million in the east coast region for Terengganu, Kelantan and Pahang.

Our Group plans 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. Subsea HDD works refer to the HDD technique of drilling a tunnel from an entry point at the shore and through the sea bed to a pre-determined exit point along the coastline for the laying of pipes. In order to develop capabilities and expertise to venture into subsea HDD works, our Group will identify employees in our Project Department for subsea HDD works training programmes, and we will also recruit additional employees with the requisite experience. Our recruitment of such experienced employees will be in line with our ability to secure projects relating to subsea HDD works. Our Group has conducted site visits to other subsea HDD projects to study its implementation method prior to deciding to venture into subsea HDD works. We will continue to conduct such site visits, when such opportunities arise, as part of our on-going efforts to improve our capabilities and expertise. For clarity, our Group will only commence marketing the provision of subsea HDD works to our existing and potential customers once we have accepted delivery of the maxi rig HDD machine, which will be purchased using the IPO proceeds, and upon ensuring that we have a team of trained and experienced employees who will be able to undertake subsea HDD works. We will constantly review market opportunities, acquire the maxi rig HDD machine and assess the readiness of our team to undertake subsea HDD works before we commence marketing the provision of subsea HDD works to our customers.

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**7. BUSINESS OVERVIEW (Cont'd)**

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As we frequently use these machinery, we believe that our investment will place us in a more competitive position to carry out 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.

Given the frequent usage of such major machinery, purchasing them will render us less susceptible to risks in terms of availability, quality and reliability of such major machinery as compared to leasing. The purchase of additional machinery will increase the availability of such machinery as well as enable us to have better cost control and estimates for bidding construction projects and enhancing our flexibility in managing projects. This in turn allows us to cope with our business development with more efficiency, reliability and technical capability in performing projects as well as enhancing our ability to cater for different needs and requirements of different customers.

**7.18.3 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. Furthermore, the announcements of new township and development of infrastructure projects are anticipated to drive demand for underground utilities engineering solutions. *(Source: IMR Report)*

The future prospects and demand for underground utilities engineering solutions appear promising on the back to the abovementioned drivers. 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 distribution projects by leveraging on our project track record, technical expertise and experience of our employees. This plan is part of the Group's continuous efforts, and is expected to be realised within 36 months from our Listing.

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**8. IMR REPORT**

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22 August 2023

The Board of Directors  
**UUE HOLDINGS BERHAD**  
No 55 & 57, Jalan Teratai 7  
Taman Johor Jaya  
81100 Johor Bahru  
Johor  
Malaysia.

Dear Sirs,

**Outlook of the Power Infrastructure Utilities Market in Malaysia in conjunction with the Listing of UUE HOLDINGS BERHAD on the ACE Market of Bursa Malaysia Securities Berhad**

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PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this Outlook of the Power Infrastructure Utilities Market in Malaysia strictly for inclusion in the Prospectus of UUE HOLDINGS BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

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For and on behalf of PROVIDENCE:

ELIZABETH DHOOS  
EXECUTIVE DIRECTOR

**About PROVIDENCE STRATEGIC PARTNERS SDN BHD:**

*PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.*

**About ELIZABETH DHOOS:**

*Elizabeth Dhoos is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Elizabeth Dhoos holds a Bachelor of Business Administration from the University of Malaya, Malaysia.*

**8. IMR REPORT (Cont'd)****1 POWER INFRASTRUCTURE UTILITIES MARKET IN MALAYSIA**

Utilities are infrastructure services provided to consumers, and include electricity, piped gas, water and sewerage as well as communications services. Utility projects refer to construction projects where design, construction, installation, repair and maintenance of utility infrastructure are included. Thus, the power infrastructure utilities market relates to the construction of subsurface and above surface pipelines, communication and power lines, water mains and line construction, reservoirs, irrigation systems, sewer systems and sewage disposal plants, electricity substations and power plants.

Overhead utilities (also known as overhead power lines) are overhead wires and supporting infrastructure used in electric power transmission and distribution to transmit electricity. Overhead power lines consist of one or more conductors suspended by towers or poles.

Underground utilities, also known as subsurface utilities, are infrastructures installed beneath the ground surface. Underground utilities include lines used for electricity distribution, traffic lights, street lights, natural gas transportation, telecommunications, water and sewerage pipelines, and broadband internet services. These infrastructures are typically installed and maintained by public utility companies or contractors engaged by public utility companies. Underground utilities construction activities are undertaken for the installation, repair, maintenance and upgrading of such subsurface utilities.

Underground utilities construction can be performed by way of:

- Open trench excavation method - a method of pipeline installation, repair and replacement that requires opening up the surface of the ground to the required depth for installing a pipeline. Upon installation, the excavated route is then backfilled, and the surface is restored. This can be an affordable method for non-pavement covered surfaces.
- Trenchless method - a method for the installation of new, replacement or rehabilitation of existing underground infrastructure with minimal disruption to surface traffic, businesses and other activities. Trenchless methods include:
  - horizontal directional drilling (“HDD”) involves the use of a directional drilling machine that can be precisely steered to avoid any obstructions for any pipeline crossing to be completed. Through HDD, pipelines can be laid in the underground space without breaking the surface or with minimal excavation works. The HDD technique does not involve a large working space and does not disrupt other works as well as urban traffic systems. HDD can be done at any time of the day, subject to approval from the relevant authorities, and thus requires a shorter duration for completion. Hence, HDD can be cost effective when compared to the conventional open-trench excavation methods;
  - pipe jacking allows for the installation of prefabricated pipelines through the ground from a drive shaft to a reception shaft. The benefits of pipe jacking include minimal traffic disruption and disturbance to public with regards of noise, dirt and vibration. Pipe jacking techniques include microtunneling and manshield; and
  - cable tunnelling refers to the installation of high-voltage electricity cables along tunnel sections that can go as deep as 60 metres beneath the ground level.

The open trench excavation method and trenchless method can be used for the installation of pipelines such as electricity cables, sewerage pipes and water mains.

The electricity supply industry comprises electricity generation, transmission and distribution / retail. Utility companies and independent power producers (IPPs) generate electricity from energy sources to be sold to consumers. Utility companies are companies typically involved in all three phases of electricity supply chain from generation to transmission to distribution. The three main utility companies, namely Tenaga Nasional Berhad, Sabah Electricity Sdn Bhd and Sarawak Energy Berhad, typically engage third party engineering companies to design, construct, install, repair and maintain underground and overhead utility infrastructure. Large industrial customers such as mining operators, steel mills, cement plants, oil refineries, airports and seaports require high volumes of electricity and therefore may erect electricity substations within their premises which draw electricity supply from the National Grid.

Utility companies typically engage third party engineering companies to undertake the design and development of transmission and distribution infrastructure, connecting residential, commercial and industrial consumers to the National Grid. These third-party engineering companies are typically main contractors who subsequently engage subcontractors such as UUE Holdings Berhad to perform the required works. Property developers and large industrial users also engage these third-party engineering companies to erect electricity substations within their premises and/or lay pipelines and cables to draw power from the National Grid to their premises. Thus, these third-party engineering companies play a critical

## 8. IMR REPORT (Cont'd)



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role in developing transmission and distribution infrastructure to ensure the accessibility and connectivity of utilities such as electricity, telecommunications, piped gas, water and sewerage.

UUE Holdings Berhad is principally involved in the provision of underground utilities engineering solutions where we specialise in the HDD method of laying pipes, and the manufacturing of high-density polyethylene ("HDPE") pipes.

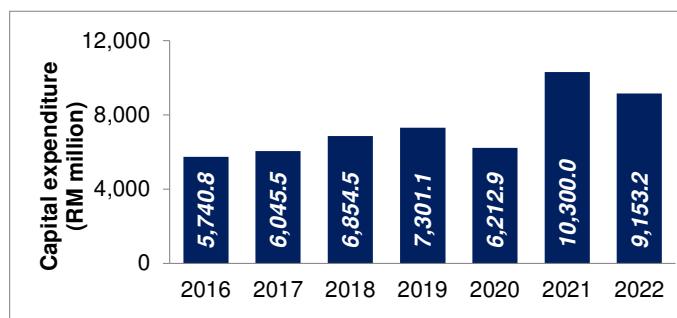
### 1.1 INDUSTRY SIZE AND GROWTH POTENTIAL

The power infrastructure utilities market in Malaysia, based on the capital expenditure incurred for recurring electricity generation, transmission and distribution, rose from RM5.7 billion in 2016 to RM9.2 billion in 2022 at a compound annual growth rate ("CAGR") of 8.3%.

In 2020, the capital expenditure incurred for electricity transmission and distribution was affected by the COVID-19 pandemic and the subsequent phases of the movement control order ("MCO") that stifled economic activity. In 2023, Tenaga Nasional Berhad announced a capital expenditure allocation of RM12.8 billion, from which RM7.0 billion will be for regulated capital expenditure (including energy transition related capital expenditure of RM1.0 billion) while the remaining RM5.8 billion will be allocated for other major projects.<sup>2</sup>

The power infrastructure utilities market comprises the capital expenditure of utility companies for utility systems and related services in relation to the construction of generation facilities, transmission and distribution lines, as well as related structures for power utilities by industry players. All structures that are integral parts of utility systems are included in this market. The work performed by these industry players includes new installations, additions, alterations, maintenance, and repairs.

**Capital expenditure for recurring power generation, transmission and distribution in Malaysia**



Source: Annual Reports 2016 - 2022, Tenaga Nasional Berhad; Sarawak Energy Berhad; PROVIDENCE analysis

### 1.2 DEMAND CONDITIONS: KEY GROWTH DRIVERS

#### Long term economic growth supports investments in utility infrastructure

Malaysia continued to face economic challenges in 2022 ranging from a volatile external environment, surges in Omicron cases at the start of the year, labour shortages, supply chain disruptions, and rising inflation. Despite this, the nation's economy expanded by 8.7% in 2022. Domestically, the full upliftment of containment measures and the revival of tourism activity amid continued policy support led to an improvement in economic growth. Externally, the impact of lower global growth and trade activity arising from the geopolitical conflicts, and tightening monetary policy was contained.<sup>3</sup>

According to Malaysia's Ministry of Finance, Malaysia's economy is expected to grow moderately between 4.0% to 5.0% in 2023, backed by strong fundamentals and diversified economic structure, coupled with ongoing policy support to cushion the impact of the rising cost of living and mitigate the downside risk stemming from the prolonged geopolitical uncertainties and tightening global financial conditions. Bank Negara Malaysia also anticipates that domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects.

Economic growth is a key driver for investments in utilities, as a robust utility infrastructure supports economic activities and attracts foreign and domestic investments. PROVIDENCE anticipates that the private and public sector will still incur capital investments for power infrastructure, as infrastructure and utilities are important drivers for the growth of economy of any region. Electricity, roads, water systems,

<sup>2</sup> TNB records strong FY2022 EBITDA, intensifies progress in energy transition plan, Tenaga Nasional Berhad press release, 28 February 2023

<sup>3</sup> Economic and Monetary Review 2022, Central Bank of Malaysia

## 8. IMR REPORT (Cont'd)



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public utilities, airports, railways, and telecommunications are essential services that drive economic activity by channelling trade and mobility.

### Population growth and urbanisation promotes investments in utility infrastructure

Based on a projection by the United Nations Department of Economic and Social Affairs (“DESA”), it is estimated that Malaysia’s population, similar to the rest of the world, will increase exponentially within three decades. According to the World Population Prospects: The 2017 Revision, the nation’s population is expected to reach almost 33 million people in 2020, with numbers projected to rise to more than 40 million in 2050. The same trend has been projected for the nation’s urbanisation rate, which stands at 75.0%. DESA, in its World Urbanisation Prospect: The 2014 Revision, projected that Malaysia was expected to register an urbanisation rate of 80.0% in 2020, and between 85.0% to 90.0% by 2050. In 2022, Malaysia’s population stood at 32.7 million. According to the Key Findings of Population and Housing Census of Malaysia 2020 published by the Department of Statistics Malaysia in December 2022, Malaysia’s urbanisation rate increased to 75.1% in 2020 from the 70.9% in 2010.<sup>4</sup>

The increase in urbanisation will bring changes and challenges unless it can be supported by robust utility infrastructure for electricity, piped gas, water and sewerage as well as communications services. This will ensure that Kuala Lumpur and other cities will continue to experience growth and remain competitive. Thus, investments in utility infrastructure to support population growth and urbanisation will benefit industry players that offer underground utilities engineering solutions.

### Growing demand for electricity stimulates investments in new and replacement utility infrastructure

Electricity energy is a crucial element in the development process as well as economic growth of a country. Shortage of electricity supply may negatively affect the development progress of the country, and possibly limit its potential growth.

Malaysia’s consumption of electricity increased from 132,199.0 gigawatt hours (“GWh”) in 2015 to 172,819.8 GWh in 2022. Regionally, Peninsular Malaysia remains as the primary consumer of electricity in Malaysia, consuming close to 80.0% of the electricity sold.

Peninsular Malaysia and Sabah’s transmission systems were 25,838.0 kilometres (“km”) and 3,153.9 km in length respectively comprising 500.0 kilovolt (“kV”) lines, 275.0 kV lines, 132.0 kV lines and 66.0 kV lines. Separately, Peninsular Malaysia and Sabah’s distribution systems, comprising overhead lines and underground cables, were 741,764.2 km and 27,871.0 km in length respectively. Peninsular Malaysia had 480 transmission substations and 87,947 distribution substations, while Sabah had 49 transmission substations and 8,945 distribution substations in 2021.<sup>6</sup> Comparatively, Sarawak transmission system was 2,391 km comprising 500.0 kV lines, 275.0 kV lines and 132.0 kV lines, and its distribution system was 37,174 km comprising overhead lines and underground cables in 2019. In 2020, Sarawak had 43 transmission substations and 14,395 distribution substations.<sup>7</sup>

The consumption of electricity is a key driver for the electricity supply industry, and spurs investments in generation, transmission and distribution infrastructure. Over the longer term, the demand for electricity is expected to recover and exhibit growth at a healthy pace as a result of future economic growth, supporting Government policies, as well as population growth. Thus, this is expected to benefit industry players that are involved in the design, construction, installation, repair and maintenance of utility infrastructure. Further, Tenaga Nasional Berhad has embarked on a Grid of the Future initiative which will enable the grid system to accommodate innovative energy solutions as these emerge while having inbuilt cybersecurity as well as resilience against the impact of climate change.<sup>8</sup> This too presents opportunities for industry players that are involved in the design, construction, installation, repair and maintenance of utility infrastructure.

### Foreign investment and domestic investment growth support investments in utility infrastructure

Malaysia recorded a total of RM264.6 billion worth of approved investments in the manufacturing, services and primary sectors in 2022 across 4,454 projects. From the total investments approved, foreign

<sup>4</sup> Department of Statistics Malaysia. Latest available statistics as at 27 October 2023

<sup>6</sup> Annual Report 2022, Tenaga Nasional Berhad

<sup>7</sup> Sourced from Malaysia Energy Statistics Handbook 2021, Energy Commission Malaysia. Latest available statistics as at 27 October 2023

<sup>8</sup> TNB invests RM21b in Grid of the Future programme, The Edge Markets, 21 September 2022

## 8. IMR REPORT (Cont'd)



investments accounted for RM163.3 billion or 61.7%, with domestic investments accounting for RM101.3 billion or 38.3%.<sup>9</sup>

The services sector accounted for the largest share of the total investments in 2022, amounting to RM154.0 billion (58.2%), followed by the manufacturing sector with RM84.3 billion (31.9%) and the primary sector with RM26.3 billion (9.9%). While foreign investments lead the approved investments in the services and manufacturing sector, investments from local companies dominated in the primary sectors. Malaysia's services sector experienced promising and strong growth, with an increase of 63.7% in investments from 2021. The information and communications (RM84.7 billion), real estate (RM28.9 billion), financial services (RM11.2 billion), utilities (RM10.8 billion), and distributive trade (RM6.2 billion) made up 92.1% of total approved investments for the services sector in 2022.<sup>10</sup>

Malaysia aims to attract quality investments, as this will be key in driving a more sustainable economic recovery for Malaysia and to achieve its aspirations of becoming a high-income nation. Foreign investment and domestic investment are important contributors to the country's economic growth and the Government has been proactive in encouraging growth based on productivity, innovation and shared prosperity in order for wages to continue rising. Foreign investment also plays an important role in supporting Malaysia's move to become a high-income technology-based economy. As such, investments in properties and infrastructure also crucial to support the investment prospects of Malaysia for foreign investors. Such investments are expected to be benefit industry players offering underground utilities engineering solutions.

### **Growing demand for other utilities stimulates investments in new and replacement utility infrastructure**

#### **a) Piped gas**

The marketing, sales and distribution of natural gas, as well as development, operations and maintenance of Malaysia's natural gas distribution system within Peninsular Malaysia is under the purview of Gas Malaysia Berhad. Gas Malaysia Berhad further undertakes the supply and sales of liquefied petroleum gas (LPG) in Peninsular Malaysia.

As at 31 December 2021, Gas Malaysia Berhad operated and maintained 2,786 km of gas pipeline across Peninsular Malaysia, supplying natural gas to 1,037 industrial customers, 1,845 commercial customers and 21,430 residential customers. The natural gas distribution system within Peninsular Malaysia was previously 2,139 km in length in 2015, with 795 industrial customers, 862 commercial customers and 12,571 residential customers. Industrial customers accounted for approximately 99.5% of total gas volume sales in 2022. They represent a diverse range of industries that include rubber products, consumer products, oleo-chemicals, glass products, pulp and paper, steel / aluminium / copper, and other industries.<sup>11</sup>

Gas Malaysia Berhad incurred capital expenditure of approximately RM152.0 million in 2022, mainly due to construction projects awarded in relation to the natural gas distribution system network as well as non-natural gas distribution system projects. Projects under the natural gas distribution system network development are specific towards construction of gas pipelines and metering stations while non-natural gas distribution system projects include, among others, the purchase of gas and office equipment, digitalisation efforts as well as motor vehicles. A future financial commitment of approximately RM278.0 million will be spent during the Incentive Based Regulation's second regulatory period (RP2), spanning across 2023. The sum will be utilised for the development of natural gas distribution system network and non-natural gas distribution system activities.<sup>12</sup>

Capital investments aimed at further developing and expanding the natural gas distribution system network in Peninsular Malaysia will support investments in underground utilities engineering services and solutions for the laying of gas pipelines. Such capital investments will improve the accessibility of industrial customers to natural gas and improve the investment prospects of Malaysia for foreign investors.

#### **b) Water and sewerage**

The demand for clean treated water is growing ever bigger but climate changes are putting pressure on Malaysia's water resources while its catchment areas are facing a rising incidence of pollution and development activities. The production of water increased from 14.4 billion litres per day in 2018 to 15.5 billion litres per day in 2022 at a CAGR of 1.9% in Peninsular Malaysia and Labuan. During this period, metered water consumption rose from 9.6 billion litres per day to 10.3 billion litres per day at a CAGR of

<sup>9</sup> Malaysia Performance Investment Report 2022, Malaysian Investment Development Authority ("MIDA")

<sup>10</sup> Malaysia Performance Investment Report 2022, MIDA

<sup>11</sup> Annual Report 2022, Gas Malaysia Berhad

<sup>12</sup> Annual Report 2022, Gas Malaysia Berhad

## 8. IMR REPORT (Cont'd)



1.8%. Among the states in Malaysia, Selangor is the largest consumer of metered water with its consumption comprising 35.9% of total metered water consumption in 2022.<sup>13</sup>

In Selangor, Air Selangor Sdn Bhd operates 34 water treatment plants located in various parts of the state and seven dams. Air Selangor Sdn Bhd also manages and maintains a total of 29,270 km of pipe network to supply water to areas in the state. Air Selangor Sdn Bhd has committed a capital expenditure of an estimated RM35.4 billion over the next 30 years. From this, an estimated RM13.4 billion is intended to be utilised to improve asset reliability and resilience and several water treatment plants are slated to be built at a cost of RM13.0 billion. These new water treatment plants include the 700 million litres a day (“MLD”) Rasau Stage 1 which will deliver water to the Klang region and is targeted to be operational by 2024; the 769 MLD Langat 2 Phase 2 catering for the Gombak, Kuala Lumpur, Hulu Langat and Sepang regions which is expected to be completed in 2030; and the Rasau Stage 2 meant for the Petaling region that will treat 700 MLD. With the construction of these water treatment plants, Air Selangor Sdn Bhd is looking to increase its treated water reserve margins to more than 15.0% by 2030.<sup>14</sup>

Malaysia’s sewerage system is an underground network of pipes that transport wastewater from domestic, residential, industrial and commercial consumers to wastewater treatment plants. Sewerage system play a critical role in supporting public health and environmental protection. Sewers are further classified based on the type of wastewater that it carries. For example, storm sewers are designed to carry stormwater from roofs, paved areas, pavements and roads; industrial sewers are designed to carry wastewater generate from the industry; sanitary sewers are designed to carry waste water from cooking, washing and toilet waste; and combined sewers are designed to carry stormwater, industrial wastes, as well as domestic sewage.

Water and sewerage are basic utilities that need to be installed for all new development projects. Further, old water and sewerage pipes also need to be maintained and replace when necessary. Thus, industry players offering underground utilities engineering services and solutions will benefit from capital expenditure for the design, construction, installation, repair and maintenance of water and sewerage infrastructure.

### c) Communication services

Connectivity services have been a driver for service provider revenue growth and investments in communication utility infrastructure. Connectivity services have evolved from fixed voice to mobile and recently, mobile broadband.

Malaysia’s mobile cellular market had a penetration rate per 100 inhabitants of 145.3% in 2022 (2016: 99.8%). Many users have more than one subscription, taking advantage of competitive voice or data plans offered by the various service providers, or to make best use of network coverage and call quality in different locations. Additionally, subscribers use multiple phones or dual-SIM phones to differentiate between professional and personal use.

Broadband subscriptions grew from 31.0 million in 2016 to reach 47.5 million in 2022. In 2022, mobile broadband subscriptions constituted 131.0% of national broadband penetration rate per 100 inhabitants while fixed broadband was at 47.6%. Fixed broadband subscriptions increased from 2.5 million in 2016 to 4.2 million in 2022. In places where fixed broadband is not available, mobile broadband is an alternative for Internet access. Mobile broadband subscriptions increased to 43.2 million in 2022 from 28.5 million in 2016, supported by 3G and 4G LTE population coverage. The factors driving mobile broadband subscriptions growth include improved network coverage, more attractive pricing plans, and consumer uptake of more connected devices.

The capital expenditure of fixed service providers increased from RM1.8 billion in 2014 to RM4.6 billion in 2019 before dipping to RM1.8 billion in 2020. In 2021, the capital expenditure of fixed service providers increased to RM2.0 billion (2020: RM1.8 billion). Comparatively, the capital expenditure of mobile service providers increased from RM4.9 billion in 2014 to RM5.2 billion in 2018 before dipping to RM3.0 billion in 2019. In 2020 and 2021, the capital expenditure of mobile service providers remained at a constant RM3.0 billion respectively. Investments by mobile services providers are driven by several factors, including improving network coverage; increasing network capacity to accommodate both ongoing growth in subscriber base and data usage; and funding higher speed mobile broadband networks deployments (for both 3G and 4G LTE). Capital expenditure investments in the near term would be used to support the increase in data consumption, the National Digital Network (Jalanan Digital Negara, “JENDELA”) network requirements as well as the need to maintain service quality

<sup>13</sup> Water and Sewerage Factbook 2022, Peninsular Malaysia and Federal Territory Labuan, National Water Services Commission

<sup>14</sup> SPAN approves Air Selangor’s RM35.4 bil capex, The Edge Markets, 14 December 2020

## 8. IMR REPORT (Cont'd)



Demand for bandwidth surged in 2020 as a result of the COVID-19 pandemic that resulted in the imposition of the MCO. Adherence to the MCO by remaining indoors at all times saw 23.5% higher internet traffic nationwide during the first week of the MCO, while the second week of the MCO saw a further increase of 8.6% in internet traffic. During this period, Malaysia saw an increase in internet use during the stay-at-home period primarily for streaming, online games and video conferencing calls. The increase in internet demand stemmed from both fixed and mobile broadband. The surge in bandwidth demand was inevitable as more Malaysians turned to video conferencing, online classes and e-commerce while working and studying at home.<sup>15</sup>

In February 2021, the Government of Malaysia launched the Malaysia Digital Economy Blueprint (2021 – 2030) which aims to transform Malaysia into a digitally-enabled and technology-driven high income nation, and a regional lead in digital economy. Phase 1 (2021 – 2022) aims to accelerate adoption towards strengthening the digital foundation needed for the rollout of Phases 2 and 3. In Phase 2 (2023 – 2025), the focus shifts to driving digital transformation and inclusion among the *rakyat* and all levels of businesses across the digital economy. Phase 3 (2026 – 2030) aims to chart the pathway for strong, sustainable growth in the decades to come, positioning Malaysia to become a regional market producer for digital products and digital solutions provider.

Digital Nasional Berhad was established in 2021 to deliver several key outcomes in line with the goals of the Malaysia Digital Economy Blueprint, among which include to accelerate deployment of 5G infrastructure and network in Malaysia and realise the potential of 5G in Malaysia to spur economic activity. According to Digital Nasional Berhad, Malaysia will kick off the launch 5G at its national and administrative capitals of Kuala Lumpur, Putrajaya and Cyberjaya by the end of 2021, before eventually expanding nationwide between 2022 and 2024.

On 29 August 2020, the then Prime Minister of Malaysia, Tan Sri Muhyiddin Yassin, announced the JENDELA action plan which forms part of the 12<sup>th</sup> Malaysia Plan (2021 – 2025). The JENDELA plan, valued at RM21.0 billion, was formulated to steer Malaysia towards achieving better digital connectivity by boosting the efficiency of national infrastructure and optimising spectrum usage. From the RM21.0 billion allocated for JENDELA, 40% is to be funded by the Malaysian Communications and Multimedia Commission's Universal Service Provision (USP) fund while the remaining 60% is to be funded by industry players. The implementation of JENDELA will be carried out in two phases, namely Phase 1 (2020 – 2022) and Phase 2 (2022 – 2025).

The JENDELA initiative has improved the country's broadband infrastructure towards providing ubiquitous availability of services. Hence, fixed broadband has seen more demand, with subscriptions growing 23.5% to 4.2 million in 2022 (2020: 3.4 million). The higher uptake of both mobile and fixed broadband has in turn contributed to the increase in total broadband subscriptions nationwide by 12.6% to 47.5 million in 2022 (2020: 42.2 million).

Greater demand for connectivity services will contribute positively towards spurring investments in utility infrastructure, thereby benefitting industry players that offer underground utilities engineering solutions.

### **Malaysia's renewable energy generation targets create opportunities for investments in power infrastructure**

At the 21<sup>st</sup> Conference of Parties (COP21) in 2015, Malaysia pledged to reduce its carbon emission intensity per GDP by 35.0% in 2030 relative to the 2005 levels, or 45.0% with support from developed countries. This nationally determined contribution was ratified at the 2015 Paris Agreement, and adopted by United Nations member states to counter the damaging impacts of climate change. To support the nationally determined contribution, the Eleventh Malaysia Plan (2016 – 2020) established more pathways for green growth in the country. In 2017, the Green Technology Master Plan (2017 – 2030) created the framework for mainstreaming green technologies into planned developments. It called for green technologies to be embedded in six carbon-intensive sectors, and by doing so, change the trajectory of the nation's growth. One of these sectors is energy.<sup>16</sup>

Meanwhile, in 2018, the ambit of the Ministry of Energy, Green Technology and Water was expanded to include environment and climate change. With clean energy becoming a priority, the Government targets a capacity mix of 31.0% renewable energy by 2025 and 40.0% by 2035. As at the end of 2020, renewable

<sup>15</sup> Media statement: Changing Usage Patterns Influence Internet Speed In Malaysia, MCMC, 9 April 2020

<sup>16</sup> Peninsular Malaysia Electricity Supply Industry Outlook 2019, Energy Commission Malaysia

## 8. IMR REPORT (Cont'd)



energy accounted for 23.0% of the national power installed capacity, with the remaining 77.0% dominated by fossil fuels.<sup>17</sup>

Renewable energy generation in Peninsular Malaysia covers solid waste, small hydro, biomass, biogas, geothermal and solar. Large hydro plants with the capacity of more than 100.0 megawatts (“MW”) are not considered as renewable energy. The 31.0% renewable energy target by 2025 focuses on increasing solar energy generation capacity, and along the way creating new business opportunities for big companies, small and medium enterprises (SMEs), microbusinesses and households.

As of 2020, renewable energy installed capacity stood at 8.5GW, generated by large scale solar farms, net energy metering (NEM) and feed-in-tariff (FiT) developers. There was also a 589.0MW off-grid capacity from co-generation plants and self-generation. Renewable energy capacity must be ramped up to 4.5GW to deliver the 31.0% target by 2025. This plan is being reviewed periodically, subject to changes in demand forecast, generation requirement, completion of committed projects and government policies.<sup>18</sup>

In November 2020, Ministers in the Association of Southeast Asian Nations (“ASEAN”) region agreed to set a new target of 35.0% renewable energy in installed power capacity by 2025 which will contribute to achieving ASEAN’s target of 23.0% of renewable energy in total primary energy supply by 2025.<sup>19</sup>

In May 2023, Malaysia’s Cabinet agreed for the renewable energy capacity mix target to be raised to 70% of the nation’s total capacity by 2050 under the Renewable Energy Strategic Development Roadmap, from the initial 40% target under the Malaysia Renewable Energy Roadmap. The robustness of grid infrastructure is a key prerequisite for accommodating the anticipated growth in renewable energy. Efforts to increase the renewable energy capacity would require new investments estimated at RM637.0 billion up to year 2050, where this would include investments in renewable energy generation resources as well as the strengthening of the transmission and distribution grid infrastructure. The Government of Malaysia aims to introduce two new roadmaps by the second half of 2023 to ensure Malaysia achieves long-term energy security that is environmentally sustainable.

In order to achieve these renewable energy targets, corresponding utility infrastructure such as underground cabling will also be required to support this effort. As such, Malaysia’s aspirations to boost the adoption of renewable energy in Malaysia will benefit industry players offering underground utilities engineering solutions.

### Government initiatives to strengthen utility infrastructure in Malaysia

The Government of Malaysia has proposed several initiatives under Budget 2023 to strengthen accessibility to utilities in Malaysia. Among others, these include:

#### ▪ Rural infrastructure

To ensure the well-being of rural Malaysians, infrastructure facilities will continue to be improved and enhanced. A total of RM2.55 billion is allocated with a focus on Sabah and Sarawak to implement the following projects:

- Rural Electricity Supply project with an allocation of RM472 million to benefit residents of 2,100 houses;
- The Rural and Alternative Water Supply Project amounting to RM381 million for the benefit of the residents of 4,800 houses, including at RISDA Palong Farm in Jempol, Negeri Sembilan; and
- Kampung Street Lights Project involving the installation of 6,800 units of new lamps and the maintenance of more than 525,000 lamp units with an allocation of RM123.0 million.

#### ▪ Inter-regional development

- Sabah and Sarawak will continue to benefit immensely, with development expenditure allocations of RM6.3 billion and RM5.4 billion respectively. The allocations, among others, are for the development of water, electricity, roads, health, and educational facilities infrastructure projects; and
- Malaysia’s five main Corridor Regions will receive a total allocation of RM1.4 billion. In 2023, the main programs to be implemented include the Samalaju Water Supply Infrastructure Project Phase 3 with an allocation of RM100.0 million.

#### ▪ Digital connectivity

<sup>17</sup> Malaysia Renewable Energy Roadmap, Sustainable Energy Development Authority (SEDA) Malaysia

<sup>18</sup> Malaysia Energy Information Hub database, Energy Commission Malaysia

<sup>19</sup> Asean ministers set 35% target on renewable energy, The Malaysian Reserve, 20 November 2020



**8. IMR REPORT (Cont'd)**

- Under JENDELA Phase 2 project, the Government will provide 100% internet coverage in populated areas and provide fibre optic coverage to 9.0 million premises nationwide by 2025;
- For 2023, the JENDELA initiative will be provided RM700.0 million to implement digital connectivity for 47 industrial areas and nearly 3,700 schools;
- Tenaga Nasional Berhad will also pilot the implementation of the rural internet by optimising its electrical cable network to provide high-speed broadband facilities. This project will potentially benefit over 60,000 rural residents and is supported through a matching grant of RM25.0 million; and
- For 2023, Digital Nasional Berhad will expand the 5G network throughout the country and achieve coverage of 70% of highly populated areas. Digital Nasional Berhad plans to implement infrastructure expenditure worth RM1.3 billion in 2023.

The abovementioned initiatives that aim to reduce the urban and rural development gap, improve digital connectivity and bridge the economic gap will require investments in underground cabling and substations, thereby benefitting industry players offering underground utilities engineering solutions.

**1.3 COMPETITIVE LANDSCAPE**

UUE Holdings Berhad's customers in Malaysia are primarily main contractors involved in electricity supply and telecommunications projects, that require its services to enable the supply of power to specific locations and/or premises. There are distinct barriers to entry, with industry players possessing the relevant licenses and registrations, experienced technical employees who can carry out large scale and complex projects as well as project track record.

Contractors will need to meet certain criteria when submitting their proposals for underground and overhead utilities engineering services and solutions with utility companies. As an illustration, based on tender notices posted on Tenaga Nasional Berhad's website, Tenaga Nasional Berhad requires tenderers to be registered as a Tenaga Nasional Berhad vendor and possess the requisite Construction Industry Development Board (CIDB) license registrations (for which the grade and specialisation will be stipulated in the tender notice), demonstrate experience / project track record and financial strength. In instances where participation in tenders is restricted to Bumiputera registered contractors, such requirement will be indicated in Tenaga Nasional Berhad's tender notices.<sup>20</sup>

The power infrastructure utilities market comprises the capital expenditure for utility systems and related services by industry players that construct generation facilities, transmission and distribution lines, as well as related structures for power utilities. All structures that are integral parts of utility systems are included in this market. The work performed by these industry players includes new installations, additions, alterations, maintenance, and repairs. Thus, the revenue of industry players that are involved in the delivery of underground and overhead utilities engineering services and solutions; and substation engineering services and solutions for power utilities are a subset of the capital expenditure incurred for utility systems and related services.

In 2022, the power infrastructure utilities market in Malaysia, based on the capital expenditure incurred for recurring electricity generation, transmission and distribution, was RM9.2 billion. In the financial year ended ("FYE") 28 February 2023, UUE Holdings Berhad recorded a revenue of RM88.7 million, from which revenue from its underground utilities engineering solutions in Malaysia comprised RM60.7 million. UUE Holdings Berhad garnered a market share of 0.7% based on its revenue of RM60.7 million from underground utilities engineering solutions in Malaysia in comparison to the capital expenditure incurred for recurring electricity generation, transmission and distribution in Malaysia of RM9.2 billion.

*[The rest of this page is intentionally left blank]*

<sup>20</sup> Source: <https://www.tnb.com.my/doing-business-with-tnb/suppliers>

**8. IMR REPORT (Cont'd)****Financial performance of selected industry players**

Industry player	Business activities *	Type of electricity supply projects primarily undertaken @	Latest available FYE	Revenue (RM)	Gross profit (RM)	Gross profit margin (%)	Profit before tax (RM)	Profit after tax (RM)	Profit after tax margin (%)
Eiscon Construction Sdn Bhd	(a)	Distribution	31 July 2021	189,481,928	- 8,561,594	- 4.5	- 18,541,838	- 19,392,777	- 10.2
Komasi Engineering Sdn Bhd	(a)	Distribution	31 December 2022	57,142,413	9,954,283	17.4	4,673,802	3,570,916	6.2
UUE Holdings Berhad	(a)	Distribution	28 February 2023	88,662,000	26,609,000	30.0	17,174,000	14,117,000	15.9
Jati Tinggi Holding Sdn Bhd	(a), (b) and (c)	Transmission and distribution	30 November 2022	234,611,763	17,584,610	7.5	12,302,017	10,221,149	4.4
MN Holdings Berhad ^	(a), (b) and (c)	Transmission and distribution	30 June 2022	104,003,063	22,928,043	22.0	8,219,260	5,527,868	5.3
Pembinaan Tajri Sdn Bhd	(a) and (b)	Transmission and distribution	31 December 2021	83,336,506	1,387,995	1.7	219,622	144,655	0.2
Pestech Sdn Bhd #	(a), (b) and (c)	Transmission and distribution	30 June 2022	298,476,635	Not available	Not available	13,026,170	12,109,105	4.1
Swis Resources Sdn Bhd	(a), (b) and (c)	Transmission and distribution	31 December 2021	86,122,057	17,386,203	20.2	5,609,598	4,766,942	5.5

## Notes:

<sup>a</sup> The selected industry players were identified from publicly available sources, such as the internet, published documents and industry directories based on the following criteria:

- are involved in the provision of underground and overhead infrastructure utilities engineering solutions;
- serve the electricity supply and telecommunications sectors;
- operate in Malaysia; and
- have achieved a minimum revenue of RM50.0 million in the latest available audited financial statement.

The list of selected industry players identified above is non-exhaustive, as it does not include industry players that do not have public presence, are not listed in industry directories and do not have corporate websites.

\* Categories of business activities: (a) provision of underground and overhead infrastructure utilities engineering solutions; (b) provision of substation EPCC services; and (c) trading of equipment for substations

@ Categories of type of electricity supply projects primarily undertaken comprise transmission segment underground and overhead infrastructure utilities engineering solutions and distribution segment underground and overhead infrastructure utilities engineering solutions

^ Listed on the ACE Market of Bursa Malaysia Securities Berhad

# Subsidiary of Pestech International Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad

Latest available as at 15 August 2023

Source: Various annual reports, Companies Commission of Malaysia, PROVIDENCE analysis

8. **IMR REPORT (Cont'd)**

## 2 POWER INFRASTRUCTURE UTILITIES MARKET IN SINGAPORE

The civil engineering utilities works segment of the civil engineering construction industry (where the scope of work activities include cables installation and pipelines construction) mainly includes power and telecommunication; water and sewerage; gas; and others.

Civil engineering utilities works segment in Singapore, based on awarded civil engineering work contracts for the public and private sector, rose from SGD9.0 billion in 2016 to SGD10.2 billion in 2022 at a CAGR of 2.2%. In 2019 and 2020, the value of awarded civil engineering work contracts contracted by 4.7% and 39.1% respectively due to the COVID-19

pandemic which led to various movement control orders being imposed to curb the spread of the COVID-19 virus. In 2021, the value of awarded civil engineering work contracts rebounded and demonstrated a growth rate of 74.9% in line with the reopening of various sectors and economic recovery.

To ensure that there will be sufficient space for the growing population and infrastructures, the Government of Singapore has put into motion various projects involving underground works in order to clear up the spaces above ground that is occupied by infrastructures such as cables and pipes. The second phase of the Deep Tunnel Sewerage System (DTSS phase 2) and the Underground Transmission Cable Tunnel Project are some of the major underground work projects. Several upcoming underground developments have been planned up till 2030 to further the objective of optimisation of land use, including Thomson-East Coast Line, Deep Tunnel Sewerage System Phase 2, Four-in-One Depot at Changi, North-South Corridor, and Cross Island Line. These underground works projects are expected to progress in line with the expected overall developments of the construction works industry, notably with the development of private, public, commercial and industrial buildings which would require proper infrastructures such as electricity, telecommunication and water to meet the needs of society.

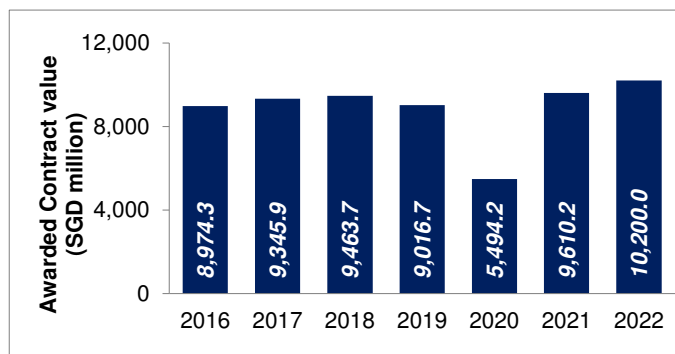
Moving forward, it is anticipated that the civil engineering utilities works will experience a stronger growth, in line with the anticipated growth of the civil engineering segment following the Government of Singapore's plan to increase the overall population to a range of 6.5 million to 6.9 million persons by 2030 and to optimise land use. Furthermore, the announcements of new township and development of infrastructure projects are anticipated to drive demand for civil engineering works further.

UUE Holdings Berhad's customers in Singapore are main contractors involved in electricity supply projects that require its services to enable the supply of power to specific locations and/or premises. The civil engineering utilities works segment in Singapore, based on awarded civil engineering work contracts for the public and private sector, was SGD10.2 billion in 2022. In the FYE 28 February 2023, UUE Holdings Berhad recorded a revenue of SGD5.9 million from the provision of underground utilities engineering solutions in Singapore. UUE Holdings Berhad garnered a market share of 0.1% based on its revenue of SGD5.9 million from underground utilities engineering solutions in Singapore in comparison to the awarded civil engineering work contracts for the public and private sector in Singapore of SGD10.2 billion. Industry players that are involved in the provision of underground utilities engineering solutions in Singapore include:

- Dicipie Contractors Pte Ltd
- FG Engineering & Construction Pte Ltd
- Hynergy Corporation Pte Ltd
- K.G.M. Brothers Contractors Pte Ltd
- Konnection Engineering Pte Ltd (a subsidiary of UUE Holdings Berhad)
- Power Works Pte Ltd
- Powercom Engineering Works Pte Ltd
- Thaitan International Pte Ltd
- U Guan Construction Pte Ltd

The abovementioned industry players were identified from publicly available sources, such as the internet, published documents and industry directories based on the criteria that they are involved in the provision of underground infrastructure utilities engineering solutions; and serve the electricity supply sector; and operate in Singapore.

**Value of awarded civil engineering work in Singapore**



Source: Building and Construction Authority Singapore; PROVIDENCE analysis

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**9. RISK FACTORS**

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**NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER, IN ADDITION TO THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE BEFORE INVESTING IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.**

**9.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS****9.1.1 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.

Accordingly, the scale and number of projects and the amount of revenue that we are able to derive therefrom are affected by a series of factors including but not limited to changes in our customers' businesses, economic downturn and availability of funds/ budgetary considerations on the part of project owners. Consequentially, our revenue may vary significantly from period to period, and it may be difficult to forecast our financial performance.

The financial performance of our Group depends on our ability to secure new projects to sustain our order book. Any significant decline in our order book will materially and adversely impact our sustainability, growth potential, and future financial performance. As at LPD, the total unbilled contract value of our on-going projects based on contracts secured was RM220.8 million and our Group expects that the unbilled order book to be recognised over the next 3 financial years. However, there is no assurance that we will be able to maintain our order book at such levels in the future. In addition, our order book may be subject to unexpected project cancellations or scope adjustments which may occur from time to time. There can also be no certainty that projects from our order book will not be delayed or terminated or we may face situation of delays in securing new contracts due to factors outside our control such as deferment in project awarded by project owners or economic downturns. Any delay or cancellation or reduction in the contract value or scope of work of projects secured in our order book may reduce the value of our order book and in turn, affect our future financial performance.

Our quotations and success of our tenders are affected by various factors which include our pricing and tendering strategy, level of competition and our customers' evaluation of standards. Therefore, there is no guarantee that we will be able to secure every contract that we tender for or achieve a similar success in our tenders for every bid that we put in. Depending on the then market condition and competitive landscape, we may have to lower our pricing or adjust our tendering strategy in order to maintain the competitiveness of our quotations and tenders. In the event that our Group fails to secure new projects from our customers with contract values, sizes and/or margins comparable to existing ones, our business and financial performance and results of operations will be materially and adversely affected. Therefore, the historical financial performance and financial condition of our Group may not be indicative of our future financial performance.

**9. RISK FACTORS (Cont'd)****9.1.2 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
<b>Total</b>	<b>43,387</b>	<b>84.0</b>	<b>68,918</b>	<b>92.1</b>	<b>68,953</b>	<b>77.8</b>

**Note:**

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

We expect that the abovementioned major customers will continue to contribute significantly to our Group's revenue in the future. We have entered into the Exclusive Engineering Service Provider Agreements with Komasi Engineering and Sutera Utama respectively. These Exclusive Engineering Service Provider Agreements are intended to establish a framework for collaboration for future business opportunities which may arise. As at LPD, the order book attributable to the abovementioned major customers is RM208.6 million, representing 94.5% of our Group's unbilled order book. We work closely with our existing customers to ensure customer satisfaction and participate in business meetings with them or potential customers as part of the efforts to secure new projects from them. We will continue to serve our other customers and strive to pursue business development activities to expand our customer base and reduce dependency on the abovementioned major customers.

We have high concentration of projects (30 (with total contract value of RM277.0 million) of 109 (with total contract value of RM372.1 million) ongoing projects as at LPD) for the electricity supply industry where TNB is the project owner for electricity supply-related projects in Peninsular Malaysia. Thus, we are also dependent on our 2 major customers' ability to continuously secure new projects from TNB.

Therefore, our Group's sustainability, revenue, and financial results will be materially and adversely affected if:

- we were to lose 1 or more of our top 3 major customers (or reduce the level of services provided to them) without securing new customers to replace the loss of business;
- we were to encounter difficulties in collecting payments from these major customers;
- our contracts with the abovementioned major customers are delayed or terminated;
- due to the concentration of our major customers' contracts in the electricity supply industry where TNB is the project owner for electricity supply-related projects in Peninsular Malaysia, TNB ceases to award projects to our Group's 2 major customers; and/or
- termination of Exclusive Engineering Service Provider Agreements with Komasi Engineering and Sutera Utama.

In particular, our Group's major concentration of credit risk relates to the amounts owing by 2 customers in FYE 2021, 3 customers in FYE 2022 and 2 customers in FYE 2023 which constituted approximately 64.0%, 80.0% and 55.0% of our Group's gross trade receivables at the end of FYE 2021, FYE 2022 and FYE 2023 respectively. Therefore, we are exposed to the concentration of credit risk arising from trade receivables due to unanticipated events beyond our control, such as delays in our customers receiving the corresponding payment from project owners or economic downturn.

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**9. RISK FACTORS (Cont'd)**

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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 the 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.

**9.1.3 We are subject to regulatory requirements for our business operations**

Our business is subject to various laws, rules and regulations. We have obtained the required certificates of registrations and licenses as set out in Section 6.7 and are in compliance with the relevant governing laws and regulations as set out in Section 6.10, to carry out our operations.

As at LPD, all foreign employees employed by us carry valid working permits or working passes which are renewable periodically. Any changes to the policies on employment of foreign workers in Malaysia or Singapore or changes in bilateral agreements between Malaysia or Singapore and the countries from which our foreign workers are sourced may adversely affect 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.

**9.1.4 We depend on our Executive Directors for our continued success**

Our future prospects are, to a significant extent, attributable to the abilities, skills, experience, competency and continuous effort of our Executive Directors who are also our key senior management. A team of experienced personnel in our business is crucial in guiding and implementing our Group's strategies, maintaining the quality of our Group's services whilst retaining the business confidence of our customers as well as to ensure our business continues to grow. Our Group intends to participate in more large-scaled projects, expand further in Singapore. Please refer to Section 7.18 for further information on our Group's business strategies.

The continued success and future growth of our Group are largely dependent on the contributions and involvement of our Promoter and Managing Director, Datuk Dr Ting who has approximately 23 years of experience in the industry. Throughout the years, he has played a significant role in developing and implementing business strategies of our Group, which have contributed to our Group's business growth. Hin Wai Mun and Chong Tuoo Choi, our Promoters and Executive Directors, whom each possess approximately 17 years and 27 years of experience in the industry and also contributed significantly to our business growth. They are supported by Vincent Wong Soon Choy who is also our Executive Director/ Chief Financial Officer. Please refer to Section 5 for further details on our Executive Directors who are also our key senior management.

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.

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**9. RISK FACTORS (Cont'd)**

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**9.1.5 Our operations depend on the availability of an adequate supply of materials at competitive prices**

We utilise various materials such as HDPE resin and masterbatches for our HDPE pipe manufacturing activities, as well as cables, pipes and cable joints in carrying out our underground utility projects, and are thus dependent on the continuous supply of such materials. Please refer to Section 7.8 for more details on our purchases.

Our materials are price sensitive, and we face the risk of obtaining sufficient quantities of materials at competitive prices. Our purchases of HDPE resin are subjected to the fluctuation in global market commodity prices. Any price fluctuations in HDPE resin caused by demand and supply and price volatility, which are beyond our control, could result in increased costs and have a material adverse effect on our business and financial performance.

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.

In view of the above, our cash flows and profitability are dependent on our ability to accurately estimate the cost associated for our projects, which are dependent on a variety of factors, amongst others, such as, conditions at the project sites, contagious diseases as well as cost of materials and labour. These variations may cause actual GP for a project to differ from the original estimates which may result, in certain contracts having a lower profit margin than anticipated or losses if actual contract cost exceeds its estimates, and thereafter, would reduce our profitability, cash flows, liquidity and impact on our financial performance.

**9.1.6 We are dependent on the services and quality of our subcontractors' works**

We usually engage subcontractors to scale up our project capabilities and to carry out selected parts of our project activities, such as HDD works, open trenching, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works. We schedule, monitor and provide overall supervision of the on-site operational activities carried out by the subcontractors such that they are in compliance with contractual requirements and safety regulations. We are responsible for the quality of our subcontractors' works.

Subcontractors are appointed following the shortlisting of candidates based on the project requirements, assessment of tenders/ quotations submitted by the candidates, as well as our past working experiences and relationship with the candidates. Upon finalisation of negotiation of pricing, scope of works and the bills of quantities, we will issue LOAs or purchase orders to the subcontractors.

## 9. RISK FACTORS (Cont'd)

As our subcontractors have no direct contractual relationships with our customers, we are subject to risks associated with non-performance by our subcontractors. If our subcontractors are unable to:

- (a) deliver their services in a timely manner;
- (b) deliver work of good standards to us;
- (c) meet the technical specifications and requirements; and/or
- (d) make good of the defects or undertake all rectification works,

our Group's operations may experience delays in project completion, quality issues concerning the works done, or non-performance of the affected projects. Further, we are exposed to defects liability claims as a result of the non-performance of our subcontractors. For clarity, our subcontractors are responsible for the rectification of any defects in relation to the scope of work that we have subcontracted to them, and these subcontractors will bear the cost of rectification works. However, our Group is ultimately responsible to our customers for ensuring that the defects are rectified. In the event our subcontractors are unable to rectify defects for works that we have subcontracted to them, our Group may need to engage other subcontractors to perform rectification works and bear the initial rectification costs before we can charge the rectification costs back to the subcontractors who caused the defects.

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 defects liability claims from our customers, or liquidated ascertained damages ("**LAD**") 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.

To this, we maintain certain insurance coverages against various losses and liabilities as a result of damages and/or related risks where our exposure to such losses and liabilities will be limited to the extent of the sum insured under the respective insurance coverages. For losses and liabilities as a result of defects, our exposure to such losses and liabilities will be limited to the retention sum retained based on the projects.

The subcontracted services accounted for approximately 64.3%, 63.7% and 61.0% of our total purchases for FYE 2021, FYE 2022 and FYE 2023 respectively. During FYE 2021 to 2023 and up to LPD, we have not experienced any material complaint(s) from our customers in respect of the services and quality of our subcontractors' works and all the defect rectification works requested have been attended to by our Group or our subcontractors in a timely manner.

### 9.1.7 Unanticipated cost overruns may affect our profitability and our financial performance

Our contracts with customers normally have a fixed and pre-determined value throughout the contract period in accordance with the scope of works that we tendered for. In pricing a tender or quotation, we estimate the project costs based on numerous factors including but not limited to:

- (a) scope of works;
- (b) material and labour requirements and costs;
- (c) project complexity;
- (d) time required for completing a project;



**9. RISK FACTORS (Cont'd)**

- (e) types of machinery required;
- (f) historical fees we charged for similar projects; and
- (g) prevailing market conditions.

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.

We may not be able to complete the project on time or we may be subject to cost overruns due to certain events that are not within our control, such as timing required to obtain the necessary work permits from local authorities, adverse weather conditions and outbreak of diseases.

**9.1.8 We are subject to the risk of defect liability claims from our customers**

We extend a defect liability period of up to 12 months from the date of the completion certificate. Specific to the projects that we undertake for power grid projects in Singapore, we provide a defect liability period of 60 months, which corresponds to the defect liability period imposed on our Group by our main contractors. Our subcontractors in Malaysia similarly extend defect liability periods to our Group of up to 12 months. During the defect liability period, we are liable for any repair work, reconstruction or rectification of any defects which may surface or be identified at our own cost. For clarity, our Group had only engaged 1 subcontractor in Singapore during FYE 2021 to 2023 and up to LPD, and this subcontractor in Singapore does not extend any defect liability periods to our Group.

In situations where we are affected by defect liability claims, we may experience an increase in project costs if:

- (a) no corresponding claim can be asserted against a subcontractor/ supplier;
- (b) amount of the claim cannot be recovered in full or at all from the subcontractor/ supplier or the retention sum retained from the subcontractor is insufficient, we may be required to bear some or all the cost of such claim; and/or
- (c) we are unable to enforce or experience delay in enforcing legal recourse against our subcontractors/ suppliers to indemnify or compensate us (such as the subcontractor's insolvency).

As a result of this, our business, reputation and financial performance may be materially and adversely affected.

During FYE 2021 to 2023 and up to LPD, we have not experienced any defect liability claim which has materially affected our business operations and financial performance. Furthermore, as at LPD, there is no material claim for any compensation and retention sum asserted by our customers against us in relation to any defect works performed by us or our subcontractors, as well as the quality of construction materials supplied by our suppliers.

Nonetheless, there can be no assurance that in the future we will not be subject to material defect liability claims, which may have an adverse impact on our business operations, profitability, reputation and financial performance.

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**9. RISK FACTORS (Cont'd)**


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**9.1.9 The insurance coverage for our Group's projects may not be sufficient to cover all losses and/or liabilities arising from potential claims**

For projects in which our Group is engaged as a subcontractor, our customers (i.e. the main contractors) are generally responsible for procuring the requisite insurance policies, which will cover losses and/or liabilities arising from potential claims for works performed by our Group.

For projects in which our Group is engaged as a main contractor, we are required by our customers to procure and maintain insurance policies relevant for the projects, in the interest of our customers, such as the following:

(a) Erection All Risks Insurance

This policy covers material damage in connection with the erection work, and cover loss of or damage to the existing property or property belonging to or held in care, custody or control by the main contractor or subcontractor caused by or arising out of the construction or erection of the items insured under the policy. Additionally, it covers third party liability damages which includes bodily injury and physical damage to the substance of property.

(b) Contractor All Risks Insurance

This policy covers material damage from contract works (including all materials to be incorporated therein), the loss of or damage to the principal's existing property within the worksite, and third party liability damages which includes bodily injury and property damage.

(c) Workmen's Compensation Insurance

This policy provides that if at any time during the period of insurance any employee in the company's immediate service shall sustain personal injury by accident or disease arising out of and in the course of his employment by the company in its work as contractor and if the company shall be liable to pay the compensation for such injury either under the law relating to workmen compensation or common law, the insurance provider will indemnify the company against all sums for which the company shall be so liable and will in addition be responsible for all costs and expenses incurred with its consent in defending any claim for such compensation.

We are aware of the adverse consequences arising from inadequate insurance coverage that could potentially affect our business, operations and financial performance. We have also purchased business insurance policies, to protect our business and office furniture and equipment against unexpected losses or damage due to break-ins or loss of monies and policies to insure our vehicles.

Although we have procured and maintained the relevant insurance policies for our projects, we may receive claims from our customers, subcontractors or other parties in respect of various matters concerning our underground utilities engineering solutions projects from time to time. There is no assurance that our current insurance policies will sufficiently protect us against all potential liabilities arising from any claims or losses.

Further, our insurance coverages are subject to exclusions and limitations of liability both in amount and with respect to the insured events. The outcome of any claim is subject to the relevant parties' negotiation and the result of claims may be unfavourable to us. If we are held liable for uninsured losses or the amounts of claims for insured losses exceed the limit of our insurance coverage, our business and financial performance will be impacted.

For FYE 2021 to 2023 and up to LPD, we have not encountered any events that resulted in any insurance claims that materially affected our business and financial condition.

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**9. RISK FACTORS (Cont'd)**

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**9.1.10 Our business and financial performance may be affected in the event of delay or inability to complete projects on a timely basis**

Our projects are subject to timelines for us to adhere to. In the event where there are any delays in the timeline of a project, it would usually result in project cost overruns, which attract negative publicity and legal uncertainties such as potential LAD claims from our customers.

Our revenue is recognised based on percentage of project completion or upon completion of work orders and billing is based on actual work performed and certified by our customers. Thus, any delays or postponement in projects may influence our resource allocation for the execution of subsequent projects and delay our revenue recognition. Any form of delay in completing the projects will therefore affect our billings, revenue, operational cash flow and financial performance. We may be required to pay our suppliers and subcontractors regardless of such delays if the works have been performed, and as such, it would affect our cash flow.

The timely completion of projects undertaken by our Group is dependent on external factors inherent in the electricity supply industry and telecommunications market including, amongst others, the timely receipt of requisite licenses, permits or approvals from regulatory authorities, performance of any subcontractors appointed, expected soil conditions, safety and site conditions, shortage of materials, equipment and/or labour, adverse weather conditions, economic downturn and changes to government policies. Any adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which may result in our customers imposing LAD claims on us as stipulated in our contracts and our reputation, financial performance and operational cash flows would be materially affected.

There was no LAD incurred by our Group during FYE 2021 to 2023 and up to LPD.

**9.1.11 Our contracts may be subject to early termination**

In line with industry practice, our contracts with customers ordinarily contain clauses which could give rise to a right of early termination by our customer or us, in the event of, amongst others, suspension of works, our persistent failure to comply with the terms and conditions contained in the contracts, failure for payment of our works as per the payment schedule, and in situations of insolvency faced by our customers or us.

In the event we experience any early termination of our contracts, the loss of revenue and/or costs incurred arising from such termination may have an adverse impact on the financial condition and prospects of our Group. If our Group is at fault, we may also be susceptible to the risks of legal claims, liabilities and compensation to our customers. This could have a negative impact on our financial condition and reputation.

As at LPD, our Company has not experienced any termination of our contracts.

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**9. RISK FACTORS (Cont'd)**


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**9.2 RISKS RELATING TO OUR INDUSTRY****9.2.1 There are inherent risks in the electricity supply and telecommunications industry**

As our business is mainly in the provision of underground utilities engineering solutions whereby, we, amongst others, procure, supply, deliver, install, lay, construct, relocate, test and commission as well as inspect, repair and maintain underground and overhead utilities or product pipelines and therefore we are subject to inherent risks within the electricity supply and telecommunications industries. 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.

**9.2.2 We face competition from industry players**

We face competition from competitors which may be capable of offering similar services and compete with us in terms of pricing, technology, range and quality of services and timeliness of project delivery. Some of our competitors may have longer operating track record and financial resources or equipped with better machineries, resources and technical expertise allowing them to offer a more comprehensive range of services or specialised services in comparison to us. In the event our competitors are able to offer the services at a more competitive price than ours, we may be forced to match their pricing to secure the projects, which may affect our profit margins. In addition, if we fail to match or be better than our competitors in terms of the range of comprehensive solutions and technology offered, our clients may choose our competitors. Additionally, consolidation of small market players within the infrastructure utilities industry would also result in a competitive environment.

There is no assurance that we can or will remain competitive among our existing or new competitors in light of the competitive business environment. As such, the competition we face and failure to remain competent or to build on our competitive advantages and key strengths going forward may adversely affect our business operations and financial performance.

**9.2.3 We are subject to economic, political and/or regulatory risks in Malaysia and Singapore**

Our principal market is Malaysia, which contributed to 83.6%, 76.5% and 74.2% of the revenue generated by our Group for FYE 2021, FYE 2022 and FYE 2023 respectively. Singapore contributed to the remaining 16.4%, 23.5% and 25.8% of the revenue generated by our Group for FYE 2021, FYE 2022 and FYE 2023 respectively.

Our business, prospects, financial condition and results of operations may be affected by any adverse developments, changes and / or uncertainties in the economic, political and legal environments that are beyond our control in Malaysia and Singapore. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrests, methods of taxation, inflation and foreign exchange controls. All of these changes are beyond our control.

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**9. RISK FACTORS (Cont'd)**

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Any adverse developments in one or more of the abovementioned conditions may cause disruptions in the delivery and completion schedules of our infrastructure utilities engineering solutions projects, which may consequently cause a decline in our revenue; or may cause a decline in demand for our Group's solutions. As such, there is no assurance that any adverse political, regulatory or economic developments, would not materially affect our business, financial performance and prospects of our Group.

**9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES****9.3.1 There is no prior market for our Shares**

Prior to our IPO, there has been no public market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained.

Furthermore, notwithstanding that our IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, prospects and future plans and our financial and operating history, we cannot assure you that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing and that the market price of our Shares will not decline below the IPO Price or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

**9.3.2 Our Share price and trading volume may be volatile**

The market price of our Shares may be highly volatile and could be subject to wide fluctuations in response to, among others, the following factors, some of which are beyond our control:

- (a) variation in our operating results;
- (b) success or failure of our management in implementing business and growth strategies;
- (c) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (d) changes in conditions affecting the industry, general economic conditions or stock market sentiments or other events or factors;
- (e) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Malaysia or anywhere else in the world;
- (f) additions or departures of key management;
- (g) fluctuations in stock market prices and volume;
- (h) involvement in litigation; or
- (i) changes in government policy, legislation or regulation.

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**9. RISK FACTORS (Cont'd)**

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The performance of Bursa Securities is also affected by external factors such as the performance of the regional and global stock exchanges, 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 on Bursa Securities, thus adding risks to the market price of our Shares.

**9.3.3 Our Listing is exposed to risk of that it may be aborted or delayed**

Our Listing may be aborted or delayed due to possible occurrences of certain events, which include the following:

- (a) the selected investors fail to subscribe for their portion of our IPO Shares;
- (b) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself of its obligations under such agreement;
- (c) we are unable to meet the minimum public shareholding spread requirement under the Listing Requirements of having at least 25.00% of the total number of our Shares for which our Listing is sought being in the hands of a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing; and/or
- (d) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Although we endeavour to comply with the various regulatory requirements, in any event these events as mentioned above occur, the investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the application within 14 days, failing which the provisions of Section 243(2) and 243(6) of the CMSA shall apply. Our Company shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC upon expiration of that period until the full refund is made.

If our Listing is aborted/ terminated and our Shares have been allotted to the investors, all monies paid in respect of all applications for our IPO Shares will be refunded to the investors only by way of cancellation of share capital as provided under Sections 116 and 117 of the Act and its related rules.

Such cancellation requires the approval of the shareholders by special resolution in a general meeting, the consent of our creditors (if required), with the sanction of the High Court of Malaysia or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and meeting the solvency requirements under Section 117(3) of the Act. There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

Nonetheless, our Board will endeavour to comply with the various regulatory requirements, including, inter alia, public shareholding spread requirements for our Listing. However, there can be no assurance that the abovementioned factors/ events will not cause a delay in or non-implementation of our Listing.

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**9. RISK FACTORS (Cont'd)**

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**9.4 OTHER RISKS**

**9.4.1 Our Promoters and/or Specified Shareholders will be able to exert significant influence over our Company and the interest of our Promoters who control our Company may not be aligned with the interest of our other shareholders**

Our Promoters and/or Specified Shareholders will collectively hold at least 73.3% of our enlarged number of issued Shares upon Listing. As a result, they will be able to 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 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 Promoters with those of our other shareholders.

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## 10. RELATED PARTY TRANSACTIONS

### 10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisitions and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2021 to 2023 and up to LPD:

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value			<sup>(1)</sup> 1 March 2023 up to LPD
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	
Speedlink Communications Sdn Bhd	Kum Fatt	Datuk Dr Ting and Ting Meng Pheng	Datuk Dr Ting is our Managing Director, Promoter and substantial shareholder	Provision of engineering works for construction of fibre optic infrastructure by Kum Fatt to Speedlink Communications Sdn Bhd <sup>(2b)</sup>	50 (0.1% of our Group's revenue)	-	113 (0.1% of our Group's revenue)	8
			Ting Meng Pheng is sister of Datuk Dr Ting. Ting Meng Pheng is our substantial shareholder and a non-executive director of Kum Fatt					
			Datuk Dr Ting and Ting Meng Pheng were the directors and shareholders of Speedlink Communications Sdn Bhd <sup>(2a)</sup>					
			Ting Meng Pheng was the Chief Financial Officer of Speedlink Communications Sdn Bhd <sup>(2a)</sup>					



**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value			<sup>(1)</sup> 1 March 2023 up to LPD
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	
TSE Jaya Sdn Bhd	Kum Fatt	Hin Wai Mun	Hin Wai Mun is our Executive Director, Promoter and substantial shareholder	Provision of subcontractor works for HDD works by TSE Jaya Sdn Bhd to Kum Fatt	1,132 (5.5% of our Group's subcontractor costs)	908 (3.4% of our Group's subcontractor costs)	<sup>(3b)</sup> N/A	<sup>(3b)</sup> N/A
			Hin Wai Mun was the director and shareholder of TSE Jaya Sdn Bhd	Provision of subcontractor works for HDD works by Kum Fatt to TSE Jaya Sdn Bhd <sup>(3a)</sup>	86 (0.2% of our Group's revenue)	-	<sup>(3b)</sup> N/A	<sup>(3b)</sup> N/A
TSE Jaya Sdn Bhd	PPI	Hin Wai Mun	Hin Wai Mun is our Executive Director, Promoter and substantial shareholder	Supply of HDPE pipes by PPI to TSE Jaya Sdn Bhd	179 (0.3% of our Group's revenue)	71 (0.1% of our Group's revenue)	<sup>(3b)</sup> N/A	<sup>(3b)</sup> N/A
			Hin Wai Mun was the director and shareholder of TSE Jaya Sdn Bhd					

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value			<sup>(1)</sup> 1 March 2023 up to LPD
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	
Ecobore Sdn Bhd	Kum Fatt	Datuk Ting and Hin Wai Mun	Datuk Dr Ting is our Managing Director, Promoter and substantial shareholder	Provision of subcontractor works for HDD works by Ecobore Sdn Bhd to Kum Fatt	249	<sup>(4)</sup> N/A	<sup>(4)</sup> N/A	<sup>(4)</sup> N/A
			Hin Wai Mun and Chong Tuoo Choi are our Executive Directors, Promoters and substantial shareholders		(1.2% of our Group's subcontractor costs)			
			Datuk Dr Ting, Hin Wai Mun and Chong Tuoo Choi were the directors and shareholders of Ecobore Sdn Bhd					

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value			<sup>(1)</sup> 1 March 2023 up to LPD
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	
Bestari Selatan	Kum Fatt	Datuk Dr Ting, Hin Wai Mun, and Ting Meng Pheng	Datuk Dr Ting is our Managing Director, Promoter and substantial shareholder	Rental expenses paid to Bestari Selatan for the tenancy of our Group's office and training centre <sup>(5)</sup>	15	93	108	45
			Hin Wai Mun is our Executive Director, Promoter and substantial shareholder	Disposal of shop offices by Kum Fatt to Bestari Selatan <sup>(6)</sup>	-	-	6,500	-
			Ting Meng Pheng is sister of Datuk Dr Ting. Ting Meng Pheng is our substantial shareholder and a director of Kum Fatt	Rental expenses paid to Bestari Selatan for the tenancy of our Group's training centre, storage, office and dormitory <sup>(7)</sup>	-	-	46	77
			Datuk Dr Ting and Hin Wai Mun are the directors of Bestari Selatan					
			Datuk Dr Ting, Hin Wai Mun and Ting Meng Pheng are the shareholders of Bestari Selatan					

## 10. RELATED PARTY TRANSACTIONS *(Cont'd)*

### Notes:

- (1) The percentage of the related party transaction is not calculated as the financial statements up to LPD is not prepared.
- (2) (a) On 4 September 2023, both Datuk Dr Ting and Ting Meng Pheng have ceased to be shareholders and directors of Speedlink Communications Sdn Bhd. On the even date, Ting Meng Pheng also ceased as a Chief Financial Officer of Speedlink Communications Sdn Bhd. Further details of Speedlink Communications Sdn Bhd are set out in Section 11.1.
- (b) The business arrangement between Kum Fatt and Speedlink Communications Sdn Bhd is still continuing as at LPD. Such business arrangement is expected to cease in February 2024 upon completion of its contract.
- (3) (a) Kum Fatt was engaged by TSE Jaya Sdn Bhd as subcontractor for the supply and installation of 1 way 200mm HDPE PN10 pipe by using HDD method at Wangsa Idaman. This was a one-off transaction.
- (b) Not applicable as Hin Wai Mun has ceased to be a director of TSE Jaya Sdn Bhd on 12 November 2021 and fully disposed his entire equity interest in TSE Jaya Sdn Bhd on 19 August 2021.
- (4) Not applicable as Datuk Dr Ting and Hin Wai Mun ceased to be directors of Ecobore Sdn Bhd on 21 April 2020 and fully disposed of their entire equity interests in Ecobore Sdn Bhd on 11 May 2020. Chong Tuoo Choi ceased to be a director of Ecobore Sdn Bhd on 16 February 2021 and fully disposed of his entire equity interest in Ecobore Sdn Bhd on 23 March 2021. The details of their disposal and their respective shareholdings in Ecobore Sdn Bhd prior to the disposal are as follows:

Name	Number of shares held and disposed			Transferee	Consideration (RM)
Datuk Dr Ting	175,000	ordinary	shares	Mohamed Rizal Bin Mohamed Yakub	175,000
	(35.0%) <sup>(a)</sup>				
Hin Wai Mun	75,000	ordinary	shares	Mohamed Rizal Bin Mohamed Yakub	75,000
	(15.0%) <sup>(a)</sup>				
Chong Tuoo Choi	225,000	ordinary	shares	Mohamed Rizal Bin Mohamed Yakub	225,000
	(25.0%) <sup>(b)</sup>				

### Notes:

- (a) Based on total issued shares of 500,000 ordinary shares at the point of the disposal.
- (b) Based on total issued shares of 900,000 ordinary shares at the point of the disposal.

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

(5) Kum Fatt has rented the following properties from Bestari Selatan bearing the following postal address:

<b>Address</b>	<b>Existing use</b>	<b>Tenure</b>	<b>Rental per annum RM'000</b>	<b>Termination clause</b>
57, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor	Management office	1 January 2021 to 31 December 2023 (with an option to renew for a further term of 3 years commencing from 1 January 2024 to 31 December 2026 and second renewal term of 3 years commencing from 1 January 2027 to 31 December 2029)	36	<p><u>Event of Default and Termination by Kum Fatt</u></p> <p>(a) If Kum Fatt terminates the tenancy at any time before the expiration of the term, Bestari Selatan is entitled to forfeit the rental deposit paid under the tenancy agreement and without prejudice to any right of action Bestari Selatan may have against Kum Fatt in respect of the unpaid rent or any antecedent breach; or</p> <p>(b) If Kum Fatt fails to pay rent or any part of the payment under the tenancy agreement for 14 days or fails to comply with the terms or covenant under the tenancy agreement or shall be wound-up or enter into any arrangement or composition with creditors or suffer any distress or execution to be levied on its goods, Bestari Selatan shall have the right to terminate the tenancy agreement and forfeit the deposit but without prejudice to the rights of actions of Bestari Selatan in respect of any breach of Kum Fatt's covenants and agreement</p> <p><u>Event of Default and Termination by Bestari Selatan</u> If the agreement is terminated due to the default of Bestari Selatan, the rental deposit shall be refunded to Kum Fatt and Bestari Selatan shall reimburse all the cost of renovation of the premises to Kum Fatt</p>

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

<u>Address</u>	<u>Existing use</u>	<u>Tenure</u>	<u>Rental per annum RM'000</u>	<u>Termination clause</u>
55, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor	Management office	1 December 2020 to 30 November 2023 (with an option to renew for a further term of 3 years commencing from 1 December 2023 to 30 November 2026 and second renewal term of 3 years commencing from 1 December 2026 to 30 November 2029)	36	Same as above
69, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor	Training centres for electrical engineering	1 August 2021 to 31 July 2024 (with an option to renew for a further term of 3 years commencing from 1 August 2024 to 31 July 2027 and second renewal term of 3 years commencing from 1 August 2027 to 31 July 2030)	36	Same as above

In respect of the tenure for renewal, Bestari Selatan has imposed that such renewal for each term shall be subject to revision of the monthly rental based on prevailing market price but shall not exceed 10% of the current monthly rental to be mutually agreed between the parties.

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

- (6) Kum Fatt had entered into 5 sale and purchase agreements all dated 13 June 2022 with Bestari Selatan for the disposals of properties bearing the following postal address:

<u>Address</u>	<u>Disposal consideration</u> <u>RM'000</u>
HS(D) 179469 PTD 99919 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 195.1829 sq m in area together with 3-storey shop office erected thereon and known as 47, 47-01, 47-02, Jalan Permas 4, Bandar Baru Permas Jaya, 81750 Masai, Johor	1,350
Geran 178037 Lot 57101 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 251 sq m in area together with double storey shop House erected thereon and known as 1, Jalan Molek 2/1, Taman Molek, 81100 Johor Bahru, Johor	2,000
HS(D) 179467 PTD 99917 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 153.285 sq m in area together with 3-storey shop office erected thereon and known as 47B, 47B-01 & 47B-02, Jalan Permas 4, Bandar Baru Permas Jaya, 81750 Masai, Johor	1,050
HS(D) 179466 PTD 99916 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 153.285 sq m in area together with 3-storey shop office erected thereon and known as 47C, 47C-01 & 47C-02, Jalan Permas 4, Bandar Baru Permas Jaya, 81750 Masai, Johor	1,050
HS(D) 179468 PTD 99918 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 153.285 sq m in area together with 3-storey shop office erected thereon and known as 47A, 47A-01 & 47A-02, Jalan Permas 4, Bandar Baru Permas Jaya, 81750 Masai, Johor	1,050
<b>Total</b>	<b>6,500</b>

Prior to the disposals, all 5 properties were rented out to third parties. All 5 of the sale and purchase agreements dated 13 June 2022 entered into between Bestari Selatan and Kum Fatt had been completed on 2 December 2022. In FYE 2023, our Group recorded a gain of RM0.3 million in respect of the disposal of the said properties. The subject properties were appraised by a property valuer, namely KGV International Property Consultants (Johor) Sdn Bhd, with the date of valuation being 1 June 2022. The disposal considerations for the subject properties were based on market value as at 1 June 2022, of which the valuation of the subject properties has been carried out using the comparison approach. The subject properties were disposed at market value pursuant to the valuation report prepared by the said property valuer, without any premium or discount thereon.

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

(7) Kum Fatt has rented the following properties from Bestari Selatan bearing the following postal address:

<u>Address</u>	<u>Existing use</u>	<u>Tenure</u>	<u>Rental per annum</u> <u>RM'000</u>	<u>Termination clause</u>
1, Jalan Istimewa 4, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor	Warehouse, office and training centre	1 December 2022 to 30 November 2024 (with an option to renew for a further term of 1 year commencing from the date of expiry of tenancy)	113	Same termination clause as provided under Note (5) above
3, Jalan Istimewa 4, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor	Dormitory	1 December 2022 to 30 November 2024 (with an option to renew for a further term of 1 year commencing from the date of expiry of tenancy)	73	Same termination clause as provided under Note (5) above

Our Board (save for the interested Directors in the respective transactions) is of the view that all our related party transactions above were carried out on an arm's length basis and on normal commercial terms which were not more favourable to the related parties than those generally available to the public and were not detrimental to our Group. This was determined based on the following:

- (a) Provision of engineering works and subcontracting works by our Group were based on the prevailing market rates, comparable quotations and/or invoices obtained from unrelated third parties by our Group;
- (b) Provision of subcontracting works to our Group were based on the prevailing market rates, comparable quotations and/or invoices obtained from unrelated third parties by our Group;
- (c) Supply of HDPE pipes were based on comparable selling prices to our Group's third-party customers;
- (d) Rental expenses incurred based on the prevailing rental rates of comparable properties at the relevant time; and
- (e) Disposal price of the properties is based on the prevailing market prices of comparable properties at the relevant time based on valuation reports prepared by KGV International Property Consultants (Johor) Sdn Bhd, a property valuer which appraised the subject properties.



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**10. RELATED PARTY TRANSACTIONS (Cont'd)**

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Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

**(a) Recurrent related party transactions**

- (i) at least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or
- (ii) if quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

**(b) Other related party transactions**

- (i) whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (ii) the rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (iii) whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

**10.2 OTHER TRANSACTIONS****10.2.1 Transactions entered into that are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2021 to 2023 and up to LPD.

**10.2.2 Outstanding loans (including guarantees of any kind)****(a) Outstanding loans and/or balances**

As at LPD, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group.

**(b) Guarantees**

Our Promoters, substantial shareholders and Executive Directors, namely Datuk Dr Ting, Hin Wai Mun, Chong Tuoo Choi, Ting Meng Pheng (sister of Datuk Dr Ting and non-executive director of Kum Fatt) as well as Dato' Tan Sui Hou (non-executive director of Kum Fatt) have jointly and severally provided personal guarantees for the banking and leasing facilities extended by the following financial institutions ("**Financiers**"):

<b>Financiers</b>	<b>Borrowers</b>	<b>Type of facilities</b>	<b>Outstanding balance as at LPD</b>	<b>Facility limit</b>	<b>Guarantor(s)</b>
			<b>RM'000</b>	<b>RM'000</b>	
Alliance Bank Malaysia Berhad	Kum Fatt	1 trade facility - To finance the purchase of construction materials and payment of subcontractors' fees	4,369	5,000	<ul style="list-style-type: none"> <li>Datuk Dr Ting</li> <li>Hin Wai Mun</li> <li>Ting Meng Pheng</li> </ul>
		1 overdraft facility - To finance Kum Fatt's working capital			
	PPI	1 term loan - To part finance the purchase of plant and machinery	292	310	<ul style="list-style-type: none"> <li>Datuk Dr Ting</li> <li>Hin Wai Mun</li> </ul>

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

<b>Financiers</b>	<b>Borrowers</b>	<b>Type of facilities</b>	<b>Outstanding balance as at LPD RM'000</b>	<b>Facility limit RM'000</b>	<b>Guarantor(s)</b>
Alliance Islamic Bank Malaysia Berhad	PPI	1 term financing-i facility - To finance PPI's working capital	710	1,000	<ul style="list-style-type: none"> <li>Datuk Dr Ting</li> <li>Hin Wai Mun</li> </ul>
BMW Credit (Malaysia) Sdn Bhd	PPI	2 hire purchase facilities - To finance the purchase of plant and machinery as well as QC testing equipment	209	244	<ul style="list-style-type: none"> <li>Datuk Dr Ting</li> <li>Hin Wai Mun</li> </ul>
DBS Bank Ltd	Konnection	2 hire purchase facilities - For hire purchase of motor vehicles	(1)342	430	<ul style="list-style-type: none"> <li>Chong Tuoo Choi</li> </ul>
Hong Leong Bank Berhad	Kum Fatt	1 trade facility - To finance the purchase of construction materials and payment of subcontractors' fees	5,278	7,627	<ul style="list-style-type: none"> <li>Datuk Dr Ting</li> <li>Hin Wai Mun</li> <li>Ting Meng Pheng</li> </ul>
		3 overdraft facilities - To finance Kum Fatt's working capital			
		2 term loans - To finance the purchase of factory building - To finance Kum Fatt's working capital			
	Kum Fatt	12 hire purchase facilities - For hire purchase of motor vehicles	1,566	2,316	<ul style="list-style-type: none"> <li>Datuk Dr Ting</li> <li>Hin Wai Mun</li> </ul>
	Konnection	3 hire purchase facilities - For hire purchase of motor vehicles	(1)254	364	<ul style="list-style-type: none"> <li>Chong Tuoo Choi</li> </ul>
Hong Leong Islamic Bank Berhad	PPI	1 trade financing-i facility - To finance the purchase of raw materials	1,131	2,500	<ul style="list-style-type: none"> <li>Datuk Dr Ting</li> <li>Hin Wai Mun</li> </ul>
		1 cash line-i facility - To finance PPI's working capital			

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

<b>Financiers</b>	<b>Borrowers</b>	<b>Type of facilities</b>	<b>Outstanding balance as at LPD</b>	<b>Facility limit</b>	<b>Guarantor(s)</b>
			<b>RM'000</b>	<b>RM'000</b>	
Hong Leong Finance Limited	Konnection	2 hire purchase facilities - For hire purchase of motor vehicles	(1)187	267	• Chong Tuoo Choi
HSBC Amanah Malaysia Berhad	Kum Fatt	2 trade financing-i facilities - To finance the purchase of construction materials and payment of subcontractors' fees	3,672	9,000	• Datuk Dr Ting • Hin Wai Mun • Ting Meng Pheng
		1 cash line-i facility - To finance Kum Fatt's working capital			
	PPI	1 trade financing-i facility - To finance the purchase of raw materials	764	3,000	• Datuk Dr Ting • Hin Wai Mun
		1 cash line-i facility - To finance PPI's working capital			
Maybank Singapore Limited	Konnection	4 hire purchase facilities - For hire purchase of motor vehicles	(1)422	587	• Datuk Dr Ting • Chong Tuoo Choi
MBSB Bank Berhad	Kum Fatt	1 cash line-i facility - To finance Kum Fatt's working capital	891	1,706	• Datuk Dr Ting • Hin Wai Mun • Ting Meng Pheng
		6 hire purchase-i facilities - To finance the purchase of plant and machinery			
	PPI	1 cash line-i facility - To finance PPI's working capital	368	885	• Datuk Dr Ting • Hin Wai Mun
		2 hire purchase-i facilities - For hire purchase of plant and machinery			
Orix Credit Malaysia Sdn Bhd	Kum Fatt	2 hire purchase facilities - For hire purchase of plant and machinery	284	600	• Datuk Dr Ting • Hin Wai Mun

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

<b>Financiers</b>	<b>Borrowers</b>	<b>Type of facilities</b>	<b>Outstanding balance as at LPD RM'000</b>	<b>Facility limit RM'000</b>	<b>Guarantor(s)</b>
Small Medium Enterprise Development Bank Malaysia Berhad	Kum Fatt	2 commodity Murabahah term financing-i facilities - To part finance the purchase of plant and machinery	910	966	<ul style="list-style-type: none"> <li>Datuk Dr Ting</li> <li>Hin Wai Mun</li> <li>Ting Meng Pheng</li> <li>Dato' Tan Sui Hou</li> </ul>
	PPI	1 commodity Murabahah term financing-i facility - To finance PPI's working capital	366	500	<ul style="list-style-type: none"> <li>Datuk Dr Ting</li> <li>Hin Wai Mun</li> </ul>
Toyota Financial Services Singapore Pte Ltd	Konnection	1 hire purchase facility - For hire purchase of motor vehicle	(1)389	420	<ul style="list-style-type: none"> <li>Chong Tuoo Choi</li> </ul>
United Overseas Bank (Malaysia) Bhd	Kum Fatt	2 trade facilities - To finance the purchase of construction materials and payment of subcontractors' fees - For issuance of performance bonds to parties acceptable to the bank - To guarantee payments to parties acceptable to the bank	5,960	6,351	<ul style="list-style-type: none"> <li>Datuk Dr Ting</li> <li>Hin Wai Mun</li> <li>Ting Meng Pheng</li> </ul>
		1 term loan - To finance the keyman insurance premium			
	PPI	1 trade facility - To finance the purchase of raw materials	1,711	2,315	<ul style="list-style-type: none"> <li>Datuk Dr Ting</li> <li>Hin Wai Mun</li> </ul>
		1 overdraft facility - To finance PPI's working capital			
		1 term loan - To finance the keyman insurance premium			

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Financiers	Borrowers	Type of facilities	Outstanding	Facility	Guarantor(s)
			balance as at LPD	limit	
			RM'000	RM'000	
United Overseas Bank Limited	Konnection	2 hire purchase facilities - To finance the purchase of motor vehicles	(1)389	471	• Chong Tuoo Choi
	Konnection	1 overdraft facility - To finance Konnection's working capital	-	1,693	• Datuk Dr Ting • Chong Tuoo Choi
			<b>30,464</b>	<b>48,552</b>	

**Note:**

- (1) Based on the closing rate of SGD1.00 = RM3.3851 as at LPD as extracted from BNM's website.

In conjunction with our Listing, we have applied to the Financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, our Promoters and non-executive directors of Kum Fatt will continue to guarantee and the personal guarantees will remain intact as security for the banking facilities extended to our Group.

As at LPD, we have received conditional approvals from the Financiers to discharge the above guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financial institutions subject to the fulfilment of, amongst others, the following:

- (a) upon successful listing or Bursa Securities approval on the Listing of our Company on the ACE Market; and
- (b) receipt of the corporate guarantee by our Company.

Hong Leong Finance Limited and DBS Bank Limited had verbally indicated to us that they are unable to provide our Group with the requested consent. As such, we are in the midst of redeeming the facilities via internally generated funds. Accordingly, the personal guarantees will be discharged upon redemption of the same.

**(c) Financial assistance provided for the benefit of a related party**

As at LPD, there is no financial assistance provided by us for the benefit of any related party.

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**10. RELATED PARTY TRANSACTIONS (Cont'd)**

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**10.2.3 Transactions entered into with M&A Securities**

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 7 March 2022 between our Company and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor, Underwriter and Placement Agent for our Listing; and
- (b) Underwriting Agreement dated [•] entered into between our Company and M&A Securities for the underwriting of 71,006,000 Issue Shares.

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**11. CONFLICT OF INTEREST****11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS**

As at LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in other businesses and corporations which are carrying on a similar trade as our Group.

Save as disclosed below, none of our Directors and substantial shareholders have interest in the business of our customers and/or suppliers as at LPD:

<b>Company</b>	<b>Principal activities</b>	<b>Nature of interest</b>
Speedlink Communications Sdn Bhd	Provision of fibre optic transmission network services	<ul style="list-style-type: none"> <li>Datuk Dr Ting is our Managing Director, Promoter and substantial shareholder</li> <li>Ting Meng Pheng is sister of Datuk Dr Ting. Ting Meng Pheng is our substantial shareholder and also a non-executive director of Kum Fatt</li> <li>Datuk Dr Ting and Ting Meng Pheng are the directors and shareholders of Speedlink Communications Sdn Bhd</li> <li>Ting Meng Pheng is also the Chief Financial Officer of Speedlink Communications Sdn Bhd</li> </ul>

**Note:**

(1) Speedlink Communications Sdn Bhd is a company incorporated under the laws of Malaysia on 28 January 2015 and is principally involved in the provision of fibre optic transmission network services. As at LPD, the directors and shareholders of Speedlink Communication Sdn Bhd are as follows:

<b>Name</b>	<b>Designation/ Nationality</b>	<b>No. of shares</b>	<b>%</b>
Datuk Dr Ting	Director and shareholder/ Malaysian	400,000	40.0
Ting Meng Pheng	Director and shareholder/ Malaysian	300,000	30.0
Zulkifli Bin Sakrani	Director and shareholder/ Malaysian	300,000	30.0

Speedlink Communications Sdn Bhd is principally involved in the provision of fibre optic transmission network services, which is distinct from our Group's principal activities of delivering underground utilities engineering solutions as well as manufacturing and trading of HDPE pipes. In the conduct of our Group's business activities, we participate in an underground utilities engineering project as a main contractor for the supply and installation of new underground infrastructure for Speedlink Communications Sdn Bhd. Nevertheless, our Group is not dependent on Speedlink Communications Sdn Bhd for its business operations due to the following reasons:

(a) revenue from Speedlink Communications Sdn Bhd accounted for only 0.1% of our Group's total revenue in FYE 2021 and FYE 2023; and



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**11. CONFLICT OF INTEREST (Cont'd)**

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- (b) as at LPD, the unbilled order book from Speedlink Communications Sdn Bhd of RM5.8 million represents only 2.6% of our Group's total unbilled order book of RM220.8 million.

As the undertaking of the project, as well as all transactions between our Group and Speedlink Communications Sdn Bhd in relation thereto are deemed related party transactions, our Group has established and is required to follow the procedures adopted by our Board in order to ensure that these transactions are undertaken on an arm's length basis and on normal commercial terms which are not more favourable to our Group than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders.

Datuk Dr Ting is not actively involved in the daily operations of Speedlink Communications Sdn Bhd and does not have any managerial or executive position in Speedlink Communications Sdn Bhd as this company has its own independent and standalone management team led by its Chief Executive Officer, Zulkifli Bin Sakrani to undertake its day-to-day management and operations. Datuk Dr Ting's involvement in Speedlink Communications Sdn Bhd is limited to attending meetings of the board of directors on which he serves and accordingly discharges his principal areas of responsibilities as a non-executive director of Speedlink Communications Sdn Bhd. Further, Ting Meng Pheng is a director of Kum Fatt of which her involvement is non-executive in nature and she does not participate in the day-to-day operations and decision making for Kum Fatt. Premised on the foregoing, our Board has no concern regarding the conflict of interest on the involvement of Datuk Dr Ting and Ting Meng Pheng in Speedlink Communications Sdn Bhd.

Datuk Dr Ting and Ting Meng Pheng had on 25 August 2023 entered into a conditional share sale agreement to dispose their entire equity interests in Speedlink Communications Sdn Bhd to a non-related party. The said disposal has been completed on 4 September 2023. Simultaneously, both Datuk Dr Ting and Ting Meng Pheng had on 4 September 2023 ceased and resigned as directors and Chief Financial Officer of Speedlink Communications Sdn Bhd respectively. With the completion of the said disposal and their resignations, they will no longer have any involvement in Speedlink Communications Sdn Bhd and hence this will not give rise to any further conflict of interest situation.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nominating Committee will then:

- (a) immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;
- (b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:
- (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
  - (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

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**11. CONFLICT OF INTEREST (Cont'd)**

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In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

**11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS**

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Underwriter and Placement Agent for our Listing;
- (b) Olivia Lim & Co has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing;
- (c) BDO PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (d) Providence has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

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**12. FINANCIAL INFORMATION****12.1 HISTORICAL FINANCIAL INFORMATION**

Our Company was incorporated in Malaysia under the Act as a private limited company on 21 July 2022. Our Company was incorporated as a special purpose vehicle to facilitate the Listing. The historical financial information of our Group for FYE 2021 to 2023 is therefore presented based on the audited combined financial statements of our Group.

Our audited combined financial statements for FYE 2021 to 2023 were prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

**12.1.1 Historical combined statements of profit or loss and other comprehensive income**

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income for FYE 2021 to 2023. It should be read in conjunction with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	51,706	74,886	88,662
Cost of sales	(37,131)	(49,833)	(62,053)
<b>GP</b>	<b>14,575</b>	<b>25,053</b>	<b>26,609</b>
Other operating income	1,706	1,859	1,119
Net (loss)/ gain on impairment of receivables and contract assets	(51)	51	1,064
Administrative expenses	(5,640)	(6,609)	(9,659)
Selling and distribution expenses	(309)	(298)	(379)
Other operating expenses	(233)	(539)	(197)
Finance costs	(620)	(952)	(1,383)
<b>PBT</b>	<b>9,428</b>	<b>18,565</b>	<b>17,174</b>
Tax expense	(2,061)	(3,998)	(3,057)
<b>PAT</b>	<b>7,367</b>	<b>14,567</b>	<b>14,117</b>
<b>Other comprehensive income, net of tax</b>			
<u>Item that may be reclassified subsequently to profit or loss</u>			
Foreign exchange translation, net of tax	58	102	1,062
<b>Total comprehensive income</b>	<b>7,425</b>	<b>14,669</b>	<b>15,179</b>
EBIT <sup>(1)</sup>	10,033	19,452	18,499
EBITDA <sup>(1)</sup>	12,684	21,846	21,176
GP margin (%) <sup>(2)</sup>	28.2	33.5	30.0
PBT margin (%) <sup>(3)</sup>	18.2	24.8	19.4
PAT margin (%) <sup>(3)</sup>	14.2	19.5	15.9
Effective tax rate (%) <sup>(4)</sup>	21.9	21.5	17.8
Basic EPS (sen) <sup>(5)</sup>	1.5	3.0	2.9
Diluted EPS (sen) <sup>(6)</sup>	1.2	2.4	2.3

**12. FINANCIAL INFORMATION (Cont'd)****Notes:**

- (1) EBIT and EBITDA are calculated as follows:

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
PAT	7,367	14,567	14,117
Less:			
Interest income	(15)	(65)	(58)
Add:			
Finance costs	620	952	1,383
Tax expense	2,061	3,998	3,057
<b>EBIT</b>	<b>10,033</b>	<b>19,452</b>	<b>18,499</b>
Add:			
Depreciation and amortisation	2,651	2,394	2,677
<b>EBITDA</b>	<b>12,684</b>	<b>21,846</b>	<b>21,176</b>

- (2) GP margin is calculated based on GP divided by revenue.
- (3) PBT and PAT margin is calculated based on PBT and PAT divided by revenue, respectively.
- (4) Effective tax rate is calculated based on tax expenses divided by PBT.
- (5) Basic EPS is calculated based on PAT divided by our share capital of 483,390,000 Shares before our IPO.
- (6) Diluted EPS is calculated based on PAT divided by our enlarged share capital of 608,292,000 Shares after our IPO.

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**12. FINANCIAL INFORMATION (Cont'd)****12.1.2 Historical combined statements of financial position**

The following table sets out the combined statements of financial position of our Group as at 28 February 2021, 28 February 2022 and 28 February 2023. It should be read in conjunction with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

	<b>Audited</b>		
	<b>28 February</b>	<b>28 February</b>	<b>28 February</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11,567	8,611	10,901
Right-of-use assets	3,892	7,786	11,068
Investment properties	5,682	-	-
<b>Total non-current assets</b>	<b>21,141</b>	<b>16,397</b>	<b>21,969</b>
<b>Current assets</b>			
Inventories	1,573	2,577	2,430
Contract assets	11,200	16,457	24,140
Trade and other receivables	15,559	20,418	21,980
Cash and bank balances	7,194	9,588	15,273
<b>Total current assets</b>	<b>35,526</b>	<b>49,040</b>	<b>63,823</b>
Assets held for sale	918	6,161	-
	<b>36,444</b>	<b>55,201</b>	<b>63,823</b>
<b>TOTAL ASSETS</b>	<b>57,585</b>	<b>71,598</b>	<b>85,792</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the combining entities</b>			
Invested equity*	2,353	2,508	3,908
Reserves	23,960	33,257	44,598
<b>TOTAL EQUITY</b>	<b>26,313</b>	<b>35,765</b>	<b>48,506</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	798	1,135	1,365
Deferred income	-	-	171
Lease liabilities	3,098	4,888	6,344
Borrowings	7,950	4,126	4,188
<b>Total non-current liabilities</b>	<b>11,846</b>	<b>10,149</b>	<b>12,068</b>
<b>Current liabilities</b>			
Trade and other payables	10,782	6,765	8,232
Deferred income	-	-	16
Contract liabilities	-	-	155
Lease liabilities	779	1,915	2,589
Borrowings	6,397	11,053	12,810
Current tax liabilities	1,468	2,234	1,416
<b>Total current liabilities</b>	<b>19,426</b>	<b>21,967</b>	<b>25,218</b>
Borrowings associated with assets held for sale	-	3,717	-
<b>Total liabilities</b>	<b>31,272</b>	<b>35,833</b>	<b>37,286</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>57,585</b>	<b>71,598</b>	<b>85,792</b>

**Note:**

\* Number of ordinary shares on combined basis.

**12. FINANCIAL INFORMATION (Cont'd)****12.1.3 Historical combined statements of cash flows**

The following table sets out the combined statements of cash flows of our Group for FYE 2021 to 2023. It should be read in conjunction with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>			
Profit before tax	9,428	18,565	17,174
Adjustments for:			
Amortisation of deferred income	-	-	(6)
Assets written off	178	-	-
Depreciation of property, plant and equipment	1,481	920	850
Depreciation of right-of-use assets	928	1,232	1,833
Depreciation of investment properties	242	242	-
Gain on lease termination	(1)	(35)	-
Net loss/(gain) on impairment of receivables and contract assets	51	(51)	(1,064)
Interest expenses	620	952	1,383
Interest income	(15)	(65)	(58)
Loss/(gain) on disposal of right-of-use assets	39	(64)	-
(Gain)/loss on disposal of property, plant and equipment	(17)	242	71
Gain on disposal of assets held for sale	-	(481)	(339)
Property, plant and equipment written off	-	289	123
Bad debt written off/(back)	-	20	(5)
Unrealised loss on foreign exchange	4	-	-
Operating profit before changes in working capital	12,938	21,766	19,962
Changes in working capital:			
Inventories	(20)	(1,004)	147
Contract assets/contract liabilities	(5,915)	(5,246)	(7,178)
Trade and other receivables	(1,641)	(4,783)	11
Trade and other payables	4,554	(2,096)	2,930
Cash generated from operations	9,916	8,637	15,872
Tax paid	(737)	(3,206)	(3,792)
Tax refunded	117	304	-
<b>Net cash from operating activities</b>	<b>9,296</b>	<b>5,735</b>	<b>12,080</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(3,821)	(4,117)	(2,533)
Additions of right-of-use assets	(189)	(562)	(619)
Placement of pledged deposits with licensed banks	(500)	(500)	(2,430)
Proceeds from disposal of property, plant and equipment	82	1,989	760
Proceeds from disposal of right-of-use assets	432	260	-
Proceeds from disposal of assets held for sale	-	1,400	6,500
(Advance to)/repayments from a related party	(5)	5	-
Interest received	15	65	58
<b>Net cash (used in)/from investing activities</b>	<b>(3,986)</b>	<b>(1,460)</b>	<b>1,736</b>

**12. FINANCIAL INFORMATION (Cont'd)**

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from financing activities</b>			
Dividend paid	(3,906)	(5,371)	(3,839)
Interest paid for borrowings	(524)	(676)	(1,002)
Net drawdown/(repayment) of borrowings	8,287	4,506	(3,528)
Proceeds from issuance of ordinary shares	50	155	1,400
Repayments to:			
- Director	(870)	(730)	(1,630)
- Related parties	(65)	(229)	(121)
Advances from related parties	19	93	125
Net repayment of lease liabilities	(1,013)	(181)	(2,671)
<b>Net cash from/(used in) financing activities</b>	<b>1,978</b>	<b>(2,433)</b>	<b>(11,266)</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,288</b>	<b>1,842</b>	<b>2,550</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>12</b>	<b>52</b>	<b>510</b>
<b>Cash and cash equivalents at the beginning of financial year</b>	<b>(606)</b>	<b>6,694</b>	<b>8,588</b>
<b>Cash and cash equivalents at the end of financial year</b>	<b>6,694</b>	<b>8,588</b>	<b>11,648</b>

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**12. FINANCIAL INFORMATION (Cont'd)**

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**12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

The following discussion and segmental analysis of our audited combined financial statements for FYE 2021 to 2023 should be read in conjunction with the Accountants' Report included in Section 13.

**12.2.1 Overview of our operations****(a) Principal activities**

Our core business activities are as follows:

- (i) provision of underground utilities engineering solutions; and
- (ii) manufacturing and trading of HDPE pipes.

Please refer to Section 7 for our Group's detailed business overview.

**(b) Revenue**

Our revenue for FYE 2021 to 2023 was derived from Malaysia and Singapore based on our services provided.

Our Group generally enters into contracts with our customers on a project-by-project basis for provision of underground utilities engineering solutions. While our sales of HDPE pipes are based on purchase orders from our customers. Our Group's revenue recognition criteria are as follow:

- (i) Provision of underground utilities engineering solutions

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that our Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of our Group does not create an asset with an alternative use to our Group and we have an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the input method, which is based on the total actual construction cost incurred to date as compared to the total budgeted costs for the respective construction projects.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

- (ii) Manufacturing and trading of HDPE pipes

Revenue from sales of goods is recognised at a point in time when the goods has been transferred to the customer and coincides with the delivery of goods and acceptance by customers.



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**12. FINANCIAL INFORMATION (Cont'd)**

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**(c) Cost of sales**

The cost of sales comprises purchase of raw materials, construction materials, subcontractors' fee and overhead. Raw materials include purchase of HDPE resin and masterbatches for the manufacturing of HDPE pipes. Construction materials include the purchase of pipes, cables and accessories for our underground utilities engineering solutions. Subcontractors' fee comprise amount paid for contractual workers' salaries and third-party subcontractors which we engaged to carry out selected portions of our works. Overhead include maintenance (comprising regular maintenance and service of machineries and motor vehicles), rental of machineries, site expenses, insurance, transport charges, depreciation and staff costs.

**(d) Other operating income**

Other operating income mainly includes gain on disposal of fixed assets, insurance compensation received, lease of machinery, interest income, rental income and government subsidies.

**(e) Administrative expenses**

Administrative expenses mainly comprise overheads incurred to maintain our operations such as staff costs, depreciation, directors' remuneration, expenses for investment properties, professional fees, maintenance, rental of premises and marketing expenses.

**(f) Selling and distribution expenses**

Selling and distribution expenses comprise of sales commission paid to our marketing employees and unrelated third party salesperson based on the sales secured by the said employee or salesperson, staff costs and transportation costs.

**(g) Other operating expenses**

Other operating expenses relate to expenses incurred which are not directly related to our operations such as fixed assets written off including renovations, plant and machinery, furniture and fittings as well as office equipment, loss on disposal of fixed assets as well as realised and unrealised loss on foreign exchange.

**(h) Finance costs**

Finance costs comprise interest expense on our borrowings and lease liabilities.

**(i) Recent developments**

Save for the Acquisitions, there were no other significant events subsequent to our audited combined financial statements for FYE 2023.

**(j) Exceptional and extraordinary items and audit qualifications**

There were no exceptional or extraordinary items for FYE 2021 to 2023. In addition, our audited combined financial statements for FYE 2021 to 2023 were not subject to any audit qualifications.

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## **12. FINANCIAL INFORMATION (Cont'd)**

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### **12.2.2 Significant factors affecting our revenue**

Please refer to Section 9 for the details of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenue and profit include but not limited to the following:

**(a) Our Group's revenue is project-based and our Group's historical financial performance may not be indicative of our future financial performance**

In our industry, it is common for projects to be awarded based on competitive bidding, and as such, we have to bid competitively for every contract that we wish to secure.

Accordingly, the scale and number of projects and the amount of revenue that we are able to derive therefrom are affected by a series of factors including but not limited to changes in our customers' businesses, economic downturn and availability of funds/ budgetary considerations on the part of project owners. Consequentially, our revenue may vary significantly from period to period, and it may be difficult to forecast our financial performance.

Please refer to Section 9.1.1 for further details.

**(b) Our Group is dependent on major customers**

Our Group's top 3 customers for FYE 2021 to 2023 were Komasi Engineering, Wee Guan Group and Sutera Utama. Collectively, Komasi Engineering, Wee Guan Group and Sutera Utama contributed to 84.0%, 92.1% and 77.8% of our Group's revenue for FYE 2021 to 2023 respectively.

Based on our historical relationship established with the major customers, the Exclusive Engineering Service Provider Agreements, and our unbilled order book as at LPD amounting to RM220.8 million, which expected to be realised over the next 3 financial years, we expect that the abovementioned major customers will continue to contribute significantly to our Group's revenue in the future. As at LPD, the order book attributable to the abovementioned major customers is RM208.6 million, representing 94.5% of our Group's unbilled order book. We will continue to serve our other customers and strive to pursue business development activities to expand our customer base and reduce dependency on the abovementioned major customers through our future plans and strategies. Please refer to Section 7.18 for further details on our Group's business strategies and prospects.

Please refer to Section 9.1.2 for further details.

**(c) Our contracts may be subject to early termination**

In the event we experience any early termination of our contracts, the loss of revenue and/ or costs incurred arising from such termination may have an adverse impact on the financial condition and prospects of our Group. If our Group is at fault, we may also be susceptible to the risks of legal claims, liabilities and compensation to our customers. This could have a negative impact on our financial condition and reputation.

Please refer to Section 9.1.11 for further details.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.3 Review of our results of operations****(a) Revenue****Analysis of revenue by business segment**

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 <sup>(1)</sup>	7,645	14.8	6,290	8.4	8,942	10.1
<b>Total</b>	<b>51,706</b>	<b>100.0</b>	<b>74,886</b>	<b>100.0</b>	<b>88,662</b>	<b>100.0</b>

**Note:**

(1) Being the sales of HDPE pipes to external parties.

**Analysis of revenue by geographical market**

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
<b>Total</b>	<b>51,706</b>	<b>100.0</b>	<b>74,886</b>	<b>100.0</b>	<b>88,662</b>	<b>100.0</b>

**Comparison between FYE 2021 and FYE 2022**

- (i) Our Group's total revenue increased by RM23.2 million or 44.9% to RM74.9 million in FYE 2022 (FYE 2021: RM51.7 million). This was mainly due to revenue from underground utilities engineering solutions which increased by RM24.5 million or 55.6% to RM68.6 million in FYE 2022 (FYE 2021: RM44.1 million), mainly attributed to the following contracts:
- Commencement of project in relation to the supply and installation of 66kV power cables, auxiliary cables and accessories at multiple locations across Singapore ("**Project NDC 265**"), where RM4.8 million was recognised during FYE 2022;
  - On-going works in relation to the LOA for laying of 33kV cables and connection works for Unit Pembangunan Aset Zon Johor, Distribution Network, specifically for works under the PPU Wangsa Idaman to PPU Senai Hi-Tech areas, where RM4.5 million was recognised during FYE 2022, representing an increase from the RM3.2 million recognised in FYE 2021;

**12. FINANCIAL INFORMATION (Cont'd)**

- (c) Commencement of project in relation to the installation of 33kV power cables and cable interlink from PPU Seri Austin to PPU Pelangi Indah (laying of 33kV cables and connection works for Unit Pembangunan Aset Zon Johor, Distribution Network) where RM3.7 million was recognised during FYE 2022;
  - (d) Commencement of project in relation to the installation of 11kV cable at PPU Mobile Sungai Raya, Muar Johor (laying of 11kV cables using HDD method for Zone J2 Unit Pembangunan Aset Johor) where RM3.1 million was recognised during FYE 2022;
  - (e) Commencement of project in relation to the installation of 11kV power cables at Bandar Tasik Senangin, Seremban (laying of 11kV cables using HDD method for Selatan Bulk 2019 in Johor, Negeri Sembilan and Melaka) where RM2.0 million was recognised during FYE 2022;
  - (f) Commencement of project in relation to the installation of 33kV power cables at PPU Lukut to PPU Petron (laying of 33kV cables and connection works for Unit Pembangunan Aset Negeri Sembilan, Distribution Network) where RM1.9 million was recognised during FYE 2022;
  - (g) Commencement of project in relation to the installation of 33kV power cables from PPU Seelong to PPU Senai Hi-Tech (laying of 33kV cables using HDD method for Pembangunan Aset Zon Johor) where RM1.9 million was recognised during FYE 2022; and
  - (h) Commencement of project in relation to the installation of 33kV power cables from PPU Salak Tinggi to PPU Mesahill (laying of 33kV cables and connection works for Unit Pembangunan Aset Negeri Sembilan, Distribution Network) where RM1.7 million was recognised during FYE 2022.
- (ii) Due to operational restrictions during the COVID-19 pandemic, our Group experienced delay in project delivery schedules in FYE 2021 which resulted in delayed recognition of revenue of RM2.5 million in FYE 2021. Our Group's revenue growth was 33.6% in FYE 2022 after excluding the impact of the delayed recognition of revenue in FYE 2021.
  - (iii) The increase in our Group's revenue was partially offset by lower revenue from the sales of HDPE pipes, which decreased by RM1.3 million or 17.1% to RM6.3 million in FYE 2022 (FYE 2021: RM7.6 million). Most of the new contracts awarded by our Group to the subcontractors in FYE 2022 were for installation services, which meant that our Group had directly supplied HDPE pipes to the subcontractors for installation in those projects as opposed to outright sales of the HDPE pipes to the subcontractors, which resulted in decrease in sale of HDPE pipes to subcontractors.
  - (iv) Revenue from Malaysia increased by RM14.1 million or 32.6% to RM57.3 million in FYE 2022 (FYE 2021: RM43.2 million). A significant portion of this increase can be attributed to the aforementioned 7 contracts in Malaysia, which collectively contributed RM18.8 million. Meanwhile, revenue from Singapore increased by RM9.1 million or 107.1% to RM17.6 million in FYE 2022 (FYE 2021: RM8.5 million). Such increase can be attributed to Project NDC 265 whereby our Group recognised total revenue of RM4.8 million from the underground utilities engineering solutions and revenue of RM1.1 million from sales of HDPE pipes during FYE 2022.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2022 and FYE 2023**

Our Group's total revenue increased by RM13.8 million or 18.4% to RM88.7 million in FYE 2023 (FYE 2022: RM74.9 million). This was mainly due to the following:

- (i) Revenue from underground utilities engineering solutions which increased by RM11.1 million or 16.2% to RM79.7 million in FYE 2023 (FYE 2022: RM68.6 million), mainly attributed to the following contracts:
  - (a) On-going works in relation to Project NDC 265, where RM9.6 million was recognised during FYE 2023, an increase from RM4.8 million in FYE 2022;
  - (b) On-going works in relation to the installation of 33kV power cables from PPU Seelong to PMU Senai Hi-Tech (laying of 33kV cables and connection works for Unit Pembangunan Aset Zon Johor, Distribution Network) where RM4.9 million was recognised during FYE 2023, an increase from RM1.4 million in FYE 2022;
  - (c) Commencement of project in relation to the installation of 33kV power cables from PPU Perling to SSU DPTN (laying of 33kV cables and connection works for Unit Pembangunan Aset Zon Johor, Distribution Network) where RM4.6 million was recognised during FYE 2023; and
  - (d) Commencement of project in relation to the installation of 33kV power cables at Majlis Bandaraya Johor Bahru (project development PPU (mobile) Tiara for Package 3 and 33kV cables laying and connection works at route of Majlis Bandaraya Johor Bahru) where RM4.0 million was recognised during FYE 2023.
- (ii) Revenue from sales of HDPE pipes which increased by RM2.6 million, or 41.3% to RM8.9 million in FYE 2023 (FYE 2022: RM6.3 million). Such increase was mainly driven by additional sales of RM1.5 million recorded during FYE 2023 as compared to FYE 2022, as our Group's Malaysian customers had purchased the HDPE pipes from our Group for their own projects.

**(b) Cost of sales, GP and GP margin****Analysis of cost of sales by components**

Component	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Subcontractors' fee	20,742	55.9	<sup>(1)</sup> 27,023	54.2	31,262	50.4
Construction materials <sup>(2)</sup>	6,346	17.1	<sup>(1)</sup> 11,294	22.7	13,652	22.0
Raw materials	5,170	13.9	4,109	8.2	6,323	10.2
Overhead	4,873	13.1	7,407	14.9	10,816	17.4
<b>Total</b>	<b>37,131</b>	<b>100.0</b>	<b>49,833</b>	<b>100.0</b>	<b>62,053</b>	<b>100.0</b>

**Note:**

- (1) We gradually reduce the scope of our subcontractors from installation and supply of HDPE pipes to solely installation of HDPE pipes as Kum Fatt purchases HDPE pipes internally from PPI for its underground utilities engineering projects.
- (2) Includes cost of production incurred by PPI for HDPE pipes purchased by Kum Fatt.

**12. FINANCIAL INFORMATION (Cont'd)****Analysis of cost of sales by business segment**

<b>Business segment</b>	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Underground utilities engineering solutions	31,237	84.1	45,052	90.4	54,863	88.4
Manufacturing and trading of HDPE pipes	5,894	15.9	4,781	9.6	7,190	11.6
<b>Total</b>	<b>37,131</b>	<b>100.0</b>	<b>49,833</b>	<b>100.0</b>	<b>62,053</b>	<b>100.0</b>

**Analysis of cost of sales by geographical market**

<b>Country</b>	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Malaysia	33,339	89.8	44,097	88.5	51,530	83.0
Singapore	3,792	10.2	5,736	11.5	10,523	17.0
<b>Total</b>	<b>37,131</b>	<b>100.0</b>	<b>49,833</b>	<b>100.0</b>	<b>62,053</b>	<b>100.0</b>

**Comparison between FYE 2021 and FYE 2022**

Our Group's total cost of sales increased by RM12.7 million or 34.2% to RM49.8 million in FYE 2022 (FYE 2021: RM37.1 million). This was mainly attributed to the higher cost of sales recognised from the underground utilities engineering solutions which increased RM13.8 million or 44.2% to RM45.0 million in FYE 2022 (FYE 2021: RM31.2 million).

In terms of component, the overall increase was mainly attributable to the following cost items:

- (i) Increase in subcontractors' fee of RM6.3 million or 30.4% to RM27.0 million in FYE 2022 (FYE 2021: RM20.7 million), was mainly due to commencement of numerous newly secured projects in FYE 2022. Our Group delegated these projects to subcontractors to handle the growing demands of the newly secured projects to carry out the works in order to achieve the targeted level of construction activities. The percentage of subcontractors' fees over the total cost of sales decreased from 55.9% in FYE 2021 to 54.2% in FYE 2022;
- (ii) Increase in purchase of construction materials of RM5.0 million or 79.4% to RM11.3 million in FYE 2022 (FYE 2021: RM6.3 million). Purchase of construction materials accounted for 17.1% and 22.7% of the total cost of sales in FYE 2021 and FYE 2022 respectively.

The increase in purchase of construction materials mainly attributed to the commencement of the following contracts in FYE 2022:

- (a) Installation of 33kV power cables and cable interlink from PPU Seri Austin to PPU Pelangi Indah;
- (b) Installation of 11kV cable at PPU Mobile Sungai Raya, Muar Johor;

**12. FINANCIAL INFORMATION (Cont'd)**

- (c) Installation of 11kV power cables at Bandar Tasik Senangin, Seremban;
- (d) Installation of 33kV power cables at PPU Lukut to PPU Petron; and
- (e) Installation of 33kV power cables from PPU Setia Indah to PPU Pelangi Indah.

The increase in purchase of construction materials corresponds to the reduction in sale of HDPE pipes to subcontractors as Kum Fatt purchase HDPE pipes internally from PPI for its underground utilities engineering projects in FYE 2022; and

- (iii) Increase in overhead expenses of RM2.5 million or 51.0% to RM7.4 million in FYE 2022 (FYE 2021: RM4.9 million). Overhead expense accounted for 13.1% and 14.9% of the total cost of sales in FYE 2021 and FYE 2022 respectively which is relatively consistent. The commencement of Project NDC 265 during FYE 2022 led to our Group incurring additional expenses, including incentives, allowances, and overtime payments to site workers in Singapore. As a result, there was an increase in staff costs for Singapore operations by RM1.1 million, contributing to the overall rise in overhead expenses during the period.

In terms of geographical market, the cost of sales to Malaysian customers increased by RM10.8 million or 32.4% to RM44.1 million in FYE 2022 (FYE 2021: RM33.3 million). The cost of sales to Singaporean customers increased by RM1.9 million or 50.0% to RM5.7 million in FYE 2022 (FYE 2021: RM3.8 million). These increases in cost of sales reflect the growth and expansion of our business in both Malaysia and Singapore.

**Comparison between FYE 2022 and FYE 2023**

Our Group's total cost of sales increased by RM12.3 million or 24.7% to RM62.1 million in FYE 2023 (FYE 2022: RM49.8 million). This was mainly attributed to higher cost of sales recognised from the underground utilities engineering solutions segment which increased by RM9.9 million or 22.0% to RM54.9 million in FYE 2023 (FYE 2022: RM45.0 million).

In terms of components, the overall increase was mainly attributable to the following cost items:

- (i) Increase in subcontractors' fee of RM4.3 million or 15.9% to RM31.3 million in FYE 2023 (FYE 2022: RM27.0 million). Subcontractors' fee accounted for 54.2% and 50.4% of the total cost of sales in FYE 2022 and FYE 2023 respectively;
- (ii) Increase in purchase of construction materials of RM2.4 million or 21.2% to RM13.7 million in FYE 2023 (FYE 2022: RM11.3 million). Purchase of construction materials accounted for 22.7% and 22.0% of the total cost of sales in FYE 2022 and FYE 2023 respectively;
- (iii) Increase in purchase of raw materials of RM2.2 million or 53.7% to RM6.3 million in FYE 2023 (FYE 2022: RM4.1 million). Purchase of raw materials accounted for 8.2% and 10.2% of the total cost of sales in FYE 2022 and FYE 2023 respectively; and
- (iv) Increase in overhead expenses of RM3.4 million or 45.9% to RM10.8 million in FYE 2023 (FYE 2022: RM7.4 million). Overhead expense accounted for 14.9% and 17.4% of the total cost of sales in FYE 2022 and FYE 2023 respectively.

**12. FINANCIAL INFORMATION (Cont'd)**

The increase in overall cost of sales is in line with the increased level of construction activities and scale of projects undertaken by our Group. The increase in subcontractors' fee was in line with the increase in revenue from underground utilities engineering solutions segment. Revenue from underground utilities engineering solutions segment increased 16.2% while the subcontractors' fees increased 15.9%. The increase in price of HDPE resin led to an increase in costs for purchasing construction and raw materials during FYE 2023. In FYE 2023, our Singapore operation witnessed an expansion in our HDD team, with the number of workers in HDD team increasing from 16 in FYE 2022 to 22 in FYE 2023. We have also created additional 3 teams of general workers with each team comprising of 8 to 10 workers, in order to expand the scope of our underground utilities engineering projects to include full-scale services which includes, amongst others, project planning, site survey, underground utility tracing, procurement, supply as well as testing and commissioning. This resulted in the increase in staff costs for our Singapore operations by RM1.9 million which led to an increase in overhead expenses.

In terms of geographical market, cost of sales to Malaysian customers increased by RM7.5 million or 17.0% to RM51.6 million in FYE 2023 (FYE 2022: RM44.1 million). The cost of sales to Singaporean customers increased by RM4.8 million or 84.2% to RM10.5 million in FYE 2023 (FYE 2022: RM5.7 million). Such increase was in line with our continued growth and expansion in both Malaysia and Singapore.

**Analysis of GP and GP margin by business segment**

Business segment	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%
Underground utilities engineering solutions	12,824	29.1	23,544	34.3	24,857	31.2
Manufacturing and trading of HDPE pipes	1,751	22.9	1,509	24.0	1,752	19.6
<b>Total GP</b>	<b>14,575</b>	<b>28.2</b>	<b>25,053</b>	<b>33.5</b>	<b>26,609</b>	<b>30.0</b>

**Analysis of GP and GP margin by geographical market**

Country	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%
Malaysia	9,910	22.9	13,181	23.0	14,244	21.7
Singapore	4,665	55.2	11,872	67.4	12,365	54.0
<b>Total GP</b>	<b>14,575</b>	<b>28.2</b>	<b>25,053</b>	<b>33.5</b>	<b>26,609</b>	<b>30.0</b>



**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2021 and FYE 2022**

Our Group's GP increased by RM10.5 million or 71.9% to RM25.1 million in FYE 2022 (FYE 2021: RM14.6 million), while the overall GP margin increased from 28.2% in FYE 2021 to 33.5% in FYE 2022.

Such increase in GP margin in FYE 2022 was mainly driven by the underground utilities engineering solutions, whereby our GP margin increased from 29.1% in FYE 2021 to 34.3% in FYE 2022. Our Group managed to maintain a low overhead costs (in proportion to the contract value of Project NDC 265) in the completion of Project NDC 265, which contributed significantly to GP, as our overhead costs primarily consist of fixed costs, which encompass depreciation of plant and machinery and staff costs. As a result, our Group's GP in Singapore increased by RM7.2 million or 153.2% to RM11.9 million in FYE 2022 (FYE 2021: RM4.7 million). Meanwhile, our Group's GP in Malaysia increased by RM3.3 million or 33.3% to RM13.2 million in FYE 2022 (FYE 2021: RM9.9 million).

**Comparison between FYE 2022 and FYE 2023**

Our Group's GP increased by RM1.5 million or 6.0% to RM26.6 million in FYE 2023 (FYE 2022: RM25.1 million), while our Group's overall GP margin decreased from 33.5% in FYE 2022 to 30.0% in FYE 2023.

The underground utilities engineering solutions recorded an increase in GP of RM1.3 million or 5.5% to RM24.9 million in FYE 2023 (FYE 2022: RM23.6 million). In addition, the sales of HDPE pipes recorded an increase in GP of RM0.2 million or 13.3% to RM1.7 million in FYE 2023 (FYE 2022: RM1.5 million). Such increases were in line with our Group's overall revenue growth.

However, our Group's decrease in GP margin in FYE 2023 was mainly due to decrease in GP margin for Singapore by 13.4% from 67.4% in FYE 2022 to 54.0% in FYE 2023. This was mainly due to our Group's decision to hire additional 39 site workers in Singapore in preparation for provision of a full-scale service as a subcontractor, which resulted in higher labour costs. For Singapore, our Group currently provides labour and HDD machinery for the installation services to our customers whilst the HDPE pipes for installation are supplied by the customers of the projects. In addition to the aforementioned services, our Group is currently in the preparation for the provision of full-scale services to our customers where this includes, amongst others, project planning, site survey, underground utility tracing, procurement, supply as well as testing and commissioning, of which our Group will require site workers for the provision of full-scale services. As at LPD, our Group has yet to identify/secure any project which involves provision of full-scale services.

On the other hand, our Group's GP margin for sales of HDPE pipes recorded a decrease of 4.4% from 24.0% in FYE 2022 to 19.6% in FYE 2023. This was primarily due to an increase in the price of HDPE resin throughout the year. Such increase was in line with the increase in global market price of HDPE resin. The average cost of HDPE resin was RM5.3 per kg in FYE 2022 (FYE 2023: RM5.6 per kg).

**12. FINANCIAL INFORMATION (Cont'd)****(c) Other operating income**

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Gain on disposal of assets held for sale	-	-	481	25.9	339	30.3
Gain on disposal of property, plant and equipment	17	1.0	-	-	-	-
Gain on disposal of right-of-use assets <sup>(1)</sup>	-	-	64	3.4	-	-
Gain on lease termination	1	0.1	35	1.9	-	-
Government subsidies <sup>(2)</sup>	527	30.9	362	19.5	201	17.9
Insurance compensation	-	-	58	3.1	-	-
Interest income	15	0.9	65	3.5	58	5.2
Lease of machinery	459	26.9	146	7.9	-	-
Rental of VR HDD and direct control simulator (for training purposes) <sup>(3)</sup>	-	-	55	2.9	37	3.3
Realised gain on foreign exchange	2	0.1	37	2.0	142	12.7
Rental income from motor vehicles	99	5.8	78	4.2	-	-
Rental income from properties	524	30.7	465	25.0	300	26.8
Others <sup>(4)</sup>	62	3.6	13	0.7	42	3.8
<b>Total</b>	<b>1,706</b>	<b>100.0</b>	<b>1,859</b>	<b>100.0</b>	<b>1,119</b>	<b>100.0</b>

**Notes:**

- (1) Relates to gain on disposal of motor vehicles which were acquired under hire purchase.
- (2) Mainly relate to the following subsidy, levy rebate and hiring incentive from the Government and government of Singapore:
- (i) wage subsidies programmes introduced by both governments as part of their COVID-19 economic stimulus package. Our Group received the said subsidies from April 2020 to September 2021;
  - (ii) foreign worker levy rebate from the government of Singapore in respect of a financial assistance programme for construction sector for retaining the employees during the COVID-19 pandemic. Our Group received the said levy rebate from April 2020 to July 2022; and
  - (iii) Job Growth Incentive programme introduced by the government of Singapore, which aims to support employers to expand local hiring. Our Group received the said subsidy from September 2021 to March 2023.
- (3) Relates to rental of VR HDD and simulator received from Iconix Skills Academy Sdn Bhd and Wee Guan Construction Pte Ltd for training purpose. These were one-off transactions.
- (4) Others include income from transport income and sales of scrap.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**Comparison between FYE 2021 and FYE 2022**

Our Group's other operating income increased by RM0.2 million or 11.8% to RM1.9 million in FYE 2022 (FYE 2021: RM1.7 million) was mainly due to the gain on disposal of assets held for sale of RM0.5 million in FYE 2022. Our Group disposed of the investment property located in Petaling Jaya in October 2021. Please refer to Section 6.5(a) for further details of the said disposal.

Despite the increase in gain on disposal of assets held for sale, this was offset by the decrease of RM0.3 million in leasing machinery. During FYE 2022, our Group entered into a service agreement with a subcontractor, namely Ecobore Sdn Bhd, where we provided machinery to the subcontractor in return for reduced subcontractor fees which resulted in the decrease of income from lease of machinery. To the best of our management's knowledge, an exchange of services to reduced fees, as with any kind of exchange of goods and services, is common industry practice.

**Comparison between FYE 2022 and FYE 2023**

Our Group's other operating income decreased by RM0.8 million or 42.1% to RM1.1 million in FYE 2023 (FYE 2022: RM1.9 million) mainly attributable to:

- (i) Absence of gain on disposal of right-of-use assets in FYE 2023;
- (ii) Absence of rental income from motor vehicles and lease of machinery in FYE 2023;
- (iii) Absence of compensation received in FYE 2023 from insurance claims in relation to a pipes damage incident which occurred in FYE 2022;
- (iv) Decrease in government subsidies of RM0.2 million in FYE 2023 mainly due to absence of wage subsidies from the Government and government of Singapore as well as lower foreign worker levy rebate received from the government of Singapore; and
- (v) Decrease in rental income from properties of RM0.2 million in FYE 2023 as our Group disposed the properties located in Bandar Baru Permas Jaya and Taman Molek, Johor in December 2022.

The decrease in other income was partially offset by an increase in realised gain on foreign exchange of RM0.1 million in FYE 2023. This was due to the strengthening of the SGD throughout the period.

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**12. FINANCIAL INFORMATION (Cont'd)****(d) Administrative expenses**

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Bank charges	72	1.3	58	0.9	89	0.9
Depreciation <sup>(1)</sup>	1,839	32.6	1,486	22.5	1,657	17.1
Directors' remuneration	1,231	21.8	1,610	24.4	2,151	22.3
Expenses for investment properties <sup>(2)</sup>	172	3.0	73	1.1	39	0.4
Insurance <sup>(3)</sup>	69	1.2	99	1.5	104	1.1
Maintenance <sup>(4)</sup>	149	2.6	269	4.1	259	2.7
Marketing expenses <sup>(5)</sup>	139	2.5	123	1.9	234	2.4
Petrol, toll and parking	20	0.4	34	0.5	37	0.4
Printing and stationery	40	0.7	54	0.8	81	0.8
Professional fee <sup>(6)</sup>	131	2.3	353	5.3	454	4.7
Rental of premises	212	3.8	166	2.5	160	1.7
Staff costs <sup>(7)</sup>	1,216	21.6	1,844	27.9	3,614	37.4
Stamp duty	31	0.5	32	0.5	87	0.9
Travelling expenses	7	0.1	15	0.2	105	1.1
Utilities	110	2.0	112	1.7	121	1.3
Other <sup>(8)</sup>	202	3.6	281	4.2	467	4.8
<b>Total</b>	<b>5,640</b>	<b>100.0</b>	<b>6,609</b>	<b>100.0</b>	<b>9,659</b>	<b>100.0</b>

**Notes:**

- (1) Depreciation includes depreciation of property, plant and equipment, investment properties and right-of-use assets.
- (2) Expenses for investment properties namely properties at Permas Jaya and Taman Molek at Johor Bahru, include insurance, utilities, quit rent and assessment and etc.
- (3) Insurance premium for motor vehicles, properties and key management.
- (4) Maintenance is in relation to the upkeep of computers, motor vehicles, premises and office equipment.
- (5) Marketing expenses include expenses for advertisements, entertainment and sponsorship.
- (6) Professional fees incurred for audit, tax, legal, consultation and secretarial.
- (7) Staff costs includes salaries, bonuses, allowances, overtime costs, statutory contributions, medical expenses and staff welfare.
- (8) Others include mainly expenses incurred for quit rent and assessment (non-investment properties), service tax, subscription fee, freight charges, agent fee, donation, cleaning fee and etc.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**Comparison between FYE 2021 and FYE 2022**

Our Group's administrative expenses increased by RM1.0 million or 17.9% to RM6.6 million in FYE 2022 (FYE 2021: RM5.6 million) mainly attributable to:

- (i) The increase in staff costs of RM0.6 million was mainly due to salary increments and recruitment of 10 new staffs for our office in FYE 2022 (additional 9 staffs for Malaysia operation and 1 staff for Singapore operation) and lower staff costs and staff related expenses in FYE 2021 due to temporary closure of office during the implementation of the MCO;
- (ii) The increase in director's remuneration of RM0.4 million in consideration of our business growth. The increase was mainly due to salary increment for Datuk Dr Ting and Hin Wai Mun as well as appointment of new director, Chong Tuoo Choi, in December 2021; and
- (iii) The increase in professional fee of RM0.2 million was mainly due to higher audit fee, agent fee for disposal of property and permit submission fee related to the renovation of offices and factory.

The above increase was offset by decrease in depreciation expenses of RM0.3 million. This was caused by the disposal of assets held for sale, property, plant and equipment as well as right-of-use assets.

**Comparison between FYE 2022 and FYE 2023**

Our Group's administrative expenses increased by RM3.1 million or 47.0% to RM9.7 million in FYE 2023 (FYE 2022: RM6.6 million) mainly attributable to:

- (i) Increase in staff costs of RM1.8 million mainly due to salary increments and recruitment of 17 new staffs (additional 14 staffs for Malaysia operations and 3 staffs for Singapore operations);
- (ii) Increase in directors' remuneration of RM0.5 million in consideration of our Group's business growth;
- (iii) Increase in other expenses of RM0.2 million mainly due to agent fees and work permit fees incurred for newly recruited foreign workers for Singapore operations and service tax incurred for key management insurance; and
- (iv) Increase in depreciation of RM0.2 million mainly due to the depreciation on renovations for new office, warehouse and dormitory as well as new motor vehicles purchased during FYE 2023.

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**12. FINANCIAL INFORMATION (Cont'd)****(e) Net loss/(gain) on impairment of receivables and contract assets**

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>Impairment losses:</b>						
Trade receivables						
- Impairment loss	87	170.6	791	1,551.0	-	-
- Reversal of impairment loss	(36)	(70.6)	(832)	(1,631.4)	(819)	77.0
Contract assets						
- Reversal of impairment loss	-	-	(10)	(19.6)	(245)	23.0
<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>(51)</b>	<b>100.0</b>	<b>(1,064)</b>	<b>100.0</b>

**Comparison between FYE 2021 and FYE 2022**

In FYE 2022, there was an impairment loss on trade receivables of RM0.8 million based on the expected credit loss computation under MFRS 9. The amount of expected credit loss was assessed at each reporting period to reflect changes in credit risk since the initial recognition of trade receivables.

Due to strong collection in FYE 2022, we were able to reverse our impairment loss on financial assets, amounting to RM0.9 million. This has resulted in a net reversal of impairment loss of RM0.05 million.

**Comparison between FYE 2022 and FYE 2023**

In FYE 2023, we reversed the impairment on trade receivables and contract assets of RM1.1 million as the amount impaired were subsequently collected.

**(f) Selling and distribution expenses**

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Sales commission	41	13.3	27	9.1	25	6.6
Staff costs	23	7.4	42	14.1	40	10.6
Transportation costs	245	79.3	229	76.8	314	82.8
<b>Total</b>	<b>309</b>	<b>100.0</b>	<b>298</b>	<b>100.0</b>	<b>379</b>	<b>100.0</b>

**Comparison between FYE 2021 and FYE 2022**

Selling and distribution expenses decreased by RM0.01 million or 3.6% mainly attributable to the decrease in transportation costs of RM0.02 million. In FYE 2022, most of our projects were located in Johor Bahru, resulting in lower transportation costs.

**Comparison between FYE 2022 and FYE 2023**

Selling and distribution expenses increased by RM0.1 million or 33.3% mainly attributable to the increase in transportation costs of RM0.1 million. It was in line with the growth in revenue from manufacturing and trading of HDPE pipes segment.

**12. FINANCIAL INFORMATION (Cont'd)****(g) Other operating expenses**

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Assets written off <sup>(1)</sup>	178	76.4	-	-	-	-
Loss on disposal of property, plant and equipment	-	-	242	44.9	71	36.0
Loss on disposal of right-of-use assets	39	16.7	-	-	-	-
Loss on foreign exchange						
- Realised	12	5.2	8	1.5	3	1.5
- Unrealised	4	1.7	-	-	-	-
Property, plant and equipment written off	-	-	289	53.6	123	62.5
<b>Total</b>	<b>233</b>	<b>100.0</b>	<b>539</b>	<b>100.0</b>	<b>197</b>	<b>100.0</b>

**Note:**

- (1) Relates to renovations for investment properties located in Bandar Baru Permas Jaya, Johor. The renovation cost was written off due to change of the tenant's usage on the investment properties from coffee shop to convenience stores.

**Comparison between FYE 2021 and FYE 2022**

Other operating expenses increased by RM0.3 million or 150.0% to RM0.5 million in FYE 2022 (FYE 2021: RM0.2 million) mainly attributable to:

- (i) The increase in property, plant and equipment written off of approximately RM0.3 million. This was because our group terminated our tenancy agreement at Senawang Factory, resulting in the write-off of renovation cost previously incurred; and
- (ii) Increase in loss on disposal of property, plant and equipment i.e. auger boring machine of RM0.2 million (previously acquired from Ecobore Sdn Bhd in FYE 2021 in conjunction with Datuk Dr Ting's departure from the company) which is no longer in use for our operations.

**Comparison between FYE 2022 and FYE 2023**

Other operating expenses decreased by RM0.3 million or 60.0% to RM0.2 million in FYE 2023 (FYE 2022: RM0.5 million) mainly attributable to the decrease in loss on disposal of property, plant and equipment of RM0.2 million and property, plant and equipment written off of RM0.1 million.

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**12. FINANCIAL INFORMATION (Cont'd)****(h) Finance costs**

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Bank overdrafts	56	9.0	19	2.0	44	3.2
Lease liabilities	96	15.5	276	29.0	381	27.5
Guarantee fee <sup>(1)</sup>	36	5.8	56	5.9	76	5.5
Trade financing	202	32.6	299	31.4	588	42.5
Term loans	230	37.1	302	31.7	294	21.3
<b>Total</b>	<b>620</b>	<b>100.0</b>	<b>952</b>	<b>100.0</b>	<b>1,383</b>	<b>100.0</b>

**Note:**

- (1) Being the guarantee fee paid to Syarikat Jaminan Pembiayaan Perniagaan Berhad and Credit Guarantee Corporation Malaysia Berhad for our banking facilities. The said guarantees are both under the Working Capital Guarantee Scheme introduced by the Government, which is established to assist small and medium-sized enterprises to gain access to working capital financing.

**Comparison between FYE 2021 and FYE 2022**

Our Group's finance costs increased by RM0.3 million or 50.0% to RM0.9 million in FYE 2022 (FYE 2021: RM0.6 million). The increase was mainly attributable to the increase in interest on lease liabilities, term loans and trade financing. During FYE 2022, our Group obtained the following banking facilities:

- (i) Term loan of RM1.0 million for working capital; and
- (ii) Hire purchase facilities of RM5.1 million for purchase of new motor vehicles as well as plant and machinery for underground utilities engineering solutions segment and manufacturing and trading of HDPE pipes segment.

**Comparison between FYE 2022 and FYE 2023**

Our Group's finance costs increased by RM0.5 million or 55.6% to RM1.4 million in FYE 2023 (FYE 2022: RM0.9 million). The increase was mainly attributable to the increase in interest on lease liabilities and trade financing. During FYE 2023, our Group obtained the following banking facilities:

- (i) Trade financing of RM5.1 million from several banks for purchase of raw materials, construction materials and payment of subcontractors' fees; and
- (ii) Hire purchase facilities of RM2.5 million for purchase of new motor vehicles, QC testing equipment as well as plant and machinery for underground utilities engineering solutions segment and manufacturing and trading of HDPE pipes segment.



**12. FINANCIAL INFORMATION (Cont'd)****(i) PBT and PAT margin**

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
PBT (RM'000)	9,428	18,565	17,174
PBT margin (%)	18.2	24.8	19.4
PAT (RM'000)	7,367	14,567	14,117
PAT margin (%)	14.2	19.5	15.9

**Comparison between FYE 2021 and FYE 2022**

We recorded an increase in PBT of RM9.1 million or 96.8% to RM18.5 million in FYE 2022 (FYE 2021: RM9.4 million). Such increase was mainly due to higher revenue generated in FYE 2022 which resulted to increase in GP of RM10.5 million. However, this was partially offset by the increase in administrative expenses and finance costs of RM1.0 million and RM0.3 million respectively.

Our PBT margin increased from 18.2% in FYE 2021 to 24.8% in FYE 2022, mainly attributed to the increase in GP margin from 28.2% in FYE 2021 to 33.5% in FYE 2022, as explained in Section 12.2.3(b) above.

Correspondingly, our PAT margin increased from 14.2% in FYE 2021 to 19.5% in FYE 2022, while our PAT increased by RM7.2 million or 97.3% to RM14.6 million in FYE 2022 (FYE 2021: RM7.4 million).

**Comparison between FYE 2022 and FYE 2023**

Our Group's PBT decreased by RM1.4 million or 7.6% to RM17.1 million in FYE 2023 (FYE 2022: RM18.5 million). Although the GP generated from our business increased by RM1.5 million in FYE 2023, the higher administrative expenses and finance costs of RM3.1 million and RM0.5 million respectively had contributed to the decline in PBT.

Our PBT margin decreased from 24.8% in FYE 2022 to 19.4% in FYE 2023. This was attributed to the decrease in GP margin of 3.5% as well as higher administrative expenses and finance costs in FYE 2023 as explained above.

Correspondingly, our Group's PAT margin decreased from 19.5% in FYE 2022 to 15.9% in FYE 2023, while our PAT decreased by RM0.5 million or 3.4% to RM14.1 million in FYE 2023 (FYE 2022: RM14.6 million).

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**12. FINANCIAL INFORMATION (Cont'd)****(j) Tax expense**

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
Tax expense (RM'000)	2,061	3,998	3,057
Statutory tax rate (%)			
- Malaysia	(1) 17.0 / 24.0	(2) 17.0 / 24.0	(2) 17.0 / 24.0
- Singapore	17.0	17.0	17.0
Effective tax rate (%)	21.9	21.5	17.8

**Notes:**

- (1) Kum Fatt and PPI qualified for the preferential tax rate of 17.0% on the first chargeable income of RM0.6 million for FYE 2021 as their share capital was below RM2.5 million and annual sales was less than RM50.0 million. For chargeable income in excess of RM0.6 million, the statutory income tax rate of 24.0%, is still applicable.
- (2) PPI qualified for the preferential tax rate of 17.0% on the first chargeable income of RM0.6 million for FYE 2022 and FYE 2023 as its share capital was below RM2.5 million and annual sales was less than RM50.0 million. For chargeable income in excess of RM0.6 million, the statutory income tax rate of 24.0%, is still applicable.

We are subject to income tax at the applicable statutory tax rates in Malaysia and Singapore, where we have foreign subsidiary. We assume responsibility for withholding tax on payments to our service providers who are not residents in the relevant country where the services are rendered. There are no significant restrictions on the remittance of profits, dividend and the return of capital by Konnection to UUE. Please refer to Section 15.4 for further details on the repatriation of capital and remittance of profits.

The effective tax rate for FYE 2021 to 2023 were 21.9%, 21.5% and 17.8% respectively. The effective tax rate for FYE 2021 and FYE 2022 were consistently remained at 21%.

However, the effective tax rate decreased from 21.5% in FYE 2022 to 17.8% in FYE 2023 mainly due to:

- (i) The reversal of impairment loss on trade receivables and contract assets, amounting to RM1.1 million during FYE 2023, which was not subject to tax; and
- (ii) Overprovision of income tax and deferred tax of RM0.2 million and RM0.1 million respectively in previous financial year.

Our effective tax rate for FYE 2021 to 2023 was in the range of Malaysia and Singapore statutory tax rate of 24.0% and 17.0% respectively.

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**12. FINANCIAL INFORMATION (Cont'd)****12.2.4 Review of cash flows****12.2.4.1 Cash flows summary**

The table below sets out the summary of our combined statements of cash flows for FYE 2021 to FYE 2023 and should be read in conjunction with the Accountants' Report as set out in Section 13:

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net cash from operating activities	9,296	5,735	12,080
Net cash (used in)/from investing activities	(3,986)	(1,460)	1,736
Net cash from/(used in) financing activities	1,978	(2,433)	(11,266)
<b>Net increase in cash and cash equivalents</b>	<b>7,288</b>	<b>1,842</b>	<b>2,550</b>
Effect of exchange rate fluctuations on cash and cash equivalents	12	52	510
Cash and cash equivalents at the beginning of financial year	(606)	6,694	8,588
<b>Cash and cash equivalents at the end of financial year</b>	<b>6,694</b>	<b>8,588</b>	<b>11,648</b>

**FYE 2021****Net cash for operating activities**

In FYE 2021, our Group generated operating profit before working capital changes of RM12.9 million. Net cash flow from operating activities was RM9.3 million after taking into account the following working capital changes:

- (a) Increase in contract assets by RM5.9 million mainly due to unbilled progress payments from on-going projects namely HDD work to PPU Ajinomoto and installation of 33kV power cables and cable interlink from PPU SDTV to Sendayan during FYE 2021; and
- (b) Increase in trade and other receivables by RM1.6 million in line with business growth and issuance of billings to customers.

The cash outflow was offset by the increase in trade and other payables of RM4.6 million due to higher progress billings by subcontractors for installation services and supply of materials. These billings were issued in accordance with work required, mainly attributed to the following contracts:

- (a) Installation and supply of HDPE pipes from PPU KPME to PPU Sendayan;
- (b) Installation and supply of HDPE pipes from PPU Sendayan to PPU Ara Sendayan; and
- (c) Installation and supply of HDPE pipes from PMU Enstek to SSU Ajinomoto.

**Net cash for investing activities**

In FYE 2021, our Group recorded net cash outflow for investing activities of RM4.0 million mainly due to:

- (a) Purchase of property, plant and equipment amounted to RM3.8 million primarily comprising plant and machinery (RM2.6 million) which include mainly 1 unit of auger boring machine, 1 unit of HDD machine and 4 units of transmitter, 9 units of motor vehicles (RM0.5 million) and renovation for office (RM0.4 million); and
- (b) Increase in deposits pledged with licensed bank of RM0.5 million for new facilities secured.

**12. FINANCIAL INFORMATION (Cont'd)****Net cash for financing activities**

In FYE 2021, our Group recorded net cash inflow for financing activities of RM2.0 million arising from net drawdown of a total of RM8.3 million from term loans and trade financing, which were mainly used for working capital and purchase of raw materials, construction materials and payment of subcontractors' fees.

The cash inflow was offset by the following payments:

- (a) A total of RM1.0 million net repayment of lease liabilities mainly for hire purchase of machinery and equipment, motor vehicles and rental obligations;
- (b) Repayments to directors namely Datuk Dr Ting and Ting Meng Pheng of RM0.9 million for advances from directors for working capital purpose. The said advances from directors were interest-free; and
- (c) Dividend payments of RM3.9 million.

**FYE 2022****Net cash for operating activities**

In FYE 2022, our Group generated operating profit before working capital changes of RM21.8 million. Net cash flow from operating activities was RM5.7 million after taking into account the following working capital changes:

- (a) Increase in trade and other receivables by RM4.8 million due to increase in trade receivable arising from higher progress billing to customers due to increase in works completed towards the end of financial year;
- (b) Increase in contract assets by RM5.2 million mainly in relation to projects from installation of 33kV power cables and cable interlink from PPU Seri Austin to PPU Pelangi Indah and installation of 33kV power cables from PPU Wangsa Idaman to PPU Senai Hi-Tech for which works have been performed but not yet billed as at the end of financial year;
- (c) Increase in inventories by RM1.0 million due to higher purchase of raw materials and construction materials in tandem with our Group's business growth and anticipation of future increase in the price of HDPE resin;
- (d) Decrease in trade and other payables by RM2.1 million due to lesser scope of work by subcontractors in FYE 2022. During this period, most of our Group's subcontractors were primarily engaged in installation services, which resulted in a lower outstanding amount compared to FYE 2021; and
- (e) Net payment of tax expense of RM2.9 million.

**Net cash for investing activities**

In FYE 2022, our Group recorded net cash outflow for investing activities of RM1.5 million mainly due to:

- (a) Purchase of property, plant and equipment amounted to RM4.1 million primarily comprising plant and machinery (RM2.0 million) mainly comprising 3 units of HDD machines, 2 units of winch, 1 unit of air compressor, 1 unit of laser printing machine and 2 units of detectors, capital work-in-progress mainly comprising 1 unit of pipe extrusion machines (RM0.6 million), renovations for own factory and rented offices (RM0.4 million), furniture and fittings (RM0.3 million), office equipment (RM0.3 million)

**12. FINANCIAL INFORMATION (Cont'd)**

- and motor vehicles (RM0.2 million); and
- (b) Increase in deposits pledged with licensed bank of RM0.5 million for new facilities secured.

The cash outflow was however offset by the proceeds from disposal of property, plant and equipment of RM2.0 million, right-of-use assets of RM0.3 million and assets held for sale of RM1.4 million.

**Net cash for financing activities**

In FYE 2022, our Group recorded net cash outflow for financing activities of RM2.4 million mainly being dividends paid of RM5.4 million, as well as the repayment to directors namely Datuk Dr Ting and Ting Meng Pheng amounting to RM0.7 million for the advances from directors for working capital purpose. The said advances from directors were interest-free. Such cash outflow was partially offset by net drawdown of term loan for working capital and trade financing for purchase of raw materials, construction materials and payment of subcontractors' fees, amounting to RM4.5 million.

**FYE 2023****Net cash for operating activities**

In FYE 2023, our Group generated operating profit before working capital changes of RM20.0 million. Net cash flow from operating activities was RM12.1 million after taking into account the following working capital changes:

- (a) Increase in contract assets by RM7.2 million mainly in relation to projects from installation of 33kV power cables at Seremban and HDD works for TNB supply from PPU Pasir Putih to PPU Vance Bioenergy Sdn Bhd for which works have been performed but not yet billed as at the end of financial year;
- (b) Increase in trade and other payables by RM2.9 million mainly due to more progress claims from subcontractors for services undertaken which are pending payment verification by our Group; and
- (c) Payment of tax expense of RM3.8 million.

**Net cash for investing activities**

In FYE 2023, our Group recorded net cash inflow for investing activities of RM1.7 million mainly due to proceeds from disposal of assets held for sale amounting to RM6.5 million.

The cash inflow was offset by the following:

- (a) Purchase of property, plant and equipment of RM2.5 million mainly comprising plant and machinery (comprising 2 units of HDD machines, 1 unit of solar system, 1 unit of utility mapping device, 12 units of rock reamers, 3 units of transmitter and 1 unit of air compressor of RM1.1 million), renovations for own factory and rented office (RM0.9 million) and furniture and fittings (RM0.3 million); and
- (b) Increase in deposits pledged with licensed banks of RM2.4 million with RM2.0 million for existing facilities and RM0.4 million for new facilities secured.

**Net cash for financing activities**

In FYE 2023, our Group recorded net cash outflow for financing activities of RM11.3 million mainly due to dividend payment of RM3.8 million, repayment to director of RM1.6 million, repayment of bank borrowings of RM3.5 million and repayment of lease liabilities of RM2.7 million. The proceeds from new issue of shares in PPI amounting to RM1.4 million partially offsetted the cash outflow for financing activities.

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## **12. FINANCIAL INFORMATION (Cont'd)**

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### **12.3 LIQUIDITY AND CAPITAL RESOURCES**

#### **12.3.1 Working capital**

Our business is financed by a combination of credit extended by trade payables, internal and external sources of funds. Our internal sources of funds are shareholders' equity and cash generated from operations while our external sources of funds comprise lease liabilities, term loans, bank overdrafts and trade financing. The principal usage of these funds are for working capital purposes and purchases of plant and machinery, properties and motor vehicles.

We monitor our working capital to ensure that our financial obligations can be met when due, by, inter alia:

- (a) Ensuring healthy bank balances and cash for payment of our short-term working capital needs;
- (b) Monitoring our trade receivables and the aging monthly, and following up closely to ensure timely collection (we have dedicated finance department to work closely with our project team, to assess and prepare the works to be submitted to our customers in our progress claims);
- (c) Monitoring our trade payables and the aging monthly, to ensure that payments to our suppliers and subcontractors are made on a planned basis; and
- (d) Monitoring our borrowing repayments.

Based on our audited combined statements of financial position as at 28 February 2023, our cash and bank balances amounted to RM11.8 million (excluding restricted cash and pledged fixed deposits with financial institutions), and total borrowings and lease liabilities were RM23.4 million (excluding lease liabilities arising from lease of premises). As at 28 February 2023, our gearing ratio was 0.5 times and current ratio was 2.5 times.

Our Board is confident, after taking into consideration the following and above statement as well as the potential dividend distribution of up to RM3.0 million, that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus:

- (a) Cash and bank balances as at LPD of approximately RM12.6 million (excluding restricted cash and pledged fixed deposits with financial institutions);
- (b) Our banking facilities as at LPD up to a total limit of RM57.6 million, of which RM30.5 million has been utilised;
- (c) Our additional billing from ongoing and newly completed contracts issued from 28 February 2023 up to LPD of RM29.7 million; and
- (d) The proceeds expected to be raised from our Public Issue.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. Our finance and accounting team work closely with our project team for the collection of outstanding balances on a monthly basis.

## 12. FINANCIAL INFORMATION (Cont'd)

### 12.4 BORROWINGS AND INDEBTEDNESS

We utilise banking facilities such as bankers' acceptance, invoice financing, import financing and promissory note to finance purchases of raw materials, construction materials and payment for subcontractor fees while term loans are used to finance the acquisition of factory building, plant and machinery, key management insurance and working capital. Bank overdrafts are used to finance working capital. Lease liabilities are used to finance the purchase of plant and machinery, QC testing equipment and motor vehicles.

Our total outstanding borrowings and lease liabilities as at 28 February 2023 stood at RM23.4 million (excluding lease liabilities arising from lease of premises), details of which are set out below:

	Purpose	Number of borrowing/facility/indebtedness	Tenure of facility	Security	Effective interest rate	As at 28 February 2023	
					%	RM'000	SGD'000
<b>Current Malaysia</b>	Bankers' acceptance	4	120 days	(a) Fixed deposits with licensed financial institutions;  (b) Joint and several guarantee of the Directors <sup>(3)</sup> ; and  (c) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad <sup>(6)</sup>	4.6 to 5.9	3,708	-
	Invoice financing	2	120 days	(a) Fixed deposits with licensed financial institutions;  (b) Joint and several guarantee of the Directors <sup>(3)</sup> ; and  (c) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad <sup>(6)</sup>	5.6 to 7.2	1,732	-

**12. FINANCIAL INFORMATION (Cont'd)**

	<b>Purpose</b>	<b>Number of borrowing/facility/indebtedness</b>	<b>Tenure of facility</b>	<b>Security</b>	<b>Effective interest rate</b>	<b>As at 28 February 2023</b>	
					<b>%</b>	<b>RM'000</b>	<b>SGD'000</b>
Import financing	Finance the purchase of raw materials, construction materials and payment of subcontractors' fees	2	120 days	(a) Fixed deposits with licensed financial institutions; (b) Joint and several guarantee of the Directors <sup>(3)</sup> ; and (c) Guarantee from Government of Malaysia under Working Capital Guarantee Scheme <sup>(6)</sup>	4.5 to 5.7	3,970	-
Promissory note	Finance the purchase of construction materials and payment of subcontractors' fees	1	120 days	(a) Fixed deposits with licensed financial institutions; and (b) Joint and several guarantee of the Directors <sup>(3)</sup>	7.9	1,317	-
Bank overdrafts	Working capital	1	-	(a) Joint and several guarantee of the Directors <sup>(3)</sup> ; and (b) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad <sup>(6)</sup>	7.0	195	-
Term loans	Finance the purchase of factory building <sup>(5)</sup> , plant and machinery, key management insurance and working capital	8	3 to 15 years	(a) Legal charge over a freehold land and building; (b) Joint and several guarantee of the Directors <sup>(3)</sup> ; and	3.5 to 5.0	917	-



**12. FINANCIAL INFORMATION (Cont'd)**

		Purpose	Number of borrowing/ facility/ indebtedness	Tenure of facility	Security	Effective interest rate %	As at 28 February 2023	
							RM'000	SGD'000
					(c) Guarantee from Credit Guarantee Corporation Malaysia Berhad and Syarikat Jaminan Pembiayaan Perniagaan Berhad <sup>(6)</sup>			
	Lease liabilities	Finance the purchase of plant and machinery, QC testing equipment and motor vehicles	24	3 to 5 years	(a) Plant and machinery, QC testing equipment and motor vehicles; and  (b) Lease liabilities are secured by joint and several guarantee of the Directors <sup>(3)</sup>	3.9 to 7.0	1,179	-
Singapore	Term loans	Working capital	2	3 to 5 years	Joint and several guarantee of the Directors <sup>(3)</sup>	2.5	<sup>(4)</sup> 970	292
	Lease liabilities	Finance the purchase of plant and machinery and motor vehicles	17	3 to 7 years	(a) Plant and machinery and motor vehicles; and  (b) Lease liabilities are secured by joint and several guarantee of the Directors <sup>(3)</sup>	3.4 to 7.6	<sup>(4)</sup> 915	275
<b>Total current borrowings</b>							<b>14,903</b>	<b>567</b>

**12. FINANCIAL INFORMATION (Cont'd)**

		<b>Purpose</b>	<b>Number of borrowing/ facility/ indebtedness</b>	<b>Tenure of facility</b>	<b>Security</b>	<b>Effective interest rate %</b>	<b>As at 28 February 2023</b>	
							<b>RM'000</b>	<b>SGD'000</b>
<b>Non-current</b>								
Malaysia	Term loans	Finance the purchase of factory building <sup>(5)</sup> , plant and machinery, key management insurance and working capital	8	3 to 15 years	(a) Legal charge over a freehold land and building;  (b) Joint and several guarantee of the Directors <sup>(3)</sup> ; and  (c) Guarantee from Credit Guarantee Corporation Malaysia Berhad and Syarikat Jaminan Pembiayaan Perniagaan Berhad <sup>(6)</sup>	3.5 to 5.0	3,428	-
	Lease liabilities	Finance the purchase of plant and machinery, QC testing equipment and motor vehicles	24	3 to 5 years	(a) Plant and machinery, QC testing equipment and motor vehicles; and  (b) Lease liabilities are secured by joint and several guarantee of the Directors <sup>(3)</sup>	3.9 to 7.0	2,444	-

**12. FINANCIAL INFORMATION (Cont'd)**

		<b>Purpose</b>	<b>Number of borrowing/facility/indebtedness</b>	<b>Tenure of facility</b>	<b>Security</b>	<b>Effective interest rate</b>	<b>As at 28 February 2023</b>	
						<b>%</b>	<b>RM'000</b>	<b>SGD'000</b>
Singapore	Term loans	Working capital	2	3 to 5 years	Joint and several guarantee of the Directors <sup>(3)</sup>	2.5	<sup>(4)</sup> 761	229
	Lease liabilities	Finance the purchase of plant and machinery and motor vehicles	17	3 to 7 years	(a) Plant and machinery and motor vehicles; and  (b) Lease liabilities are secured by joint and several guarantee of the Directors <sup>(3)</sup>	3.4 to 7.6	<sup>(4)</sup> 1,845	554
<b>Total non-current borrowings</b>							<b>8,478</b>	<b>783</b>
<b>Total borrowings</b>							<b>23,381</b>	<b>1,350</b>

**Gearing (times)**After the Acquisitions but before Public Issue and utilisation of proceeds<sup>(1)</sup>After Public Issue and utilisation of proceeds<sup>(2)</sup>**0.5****[•]****Notes:**

- (1) Computed based on our pro forma total equity of RM48.5 million in the pro forma combined statements of financial position after the Acquisitions but before Public Issue and utilisation of proceeds.
- (2) Computed based on our pro forma total equity of RM[•] million in the pro forma combined statements of financial position after Public Issue and utilisation of proceeds.
- (3) Personal guarantee by directors will be converted to corporate guarantee by UUE upon successful listing. Please refer to Section 10.2.2(b) for further details.

## 12. FINANCIAL INFORMATION (Cont'd)

- (4) Being the RM equivalent of these borrowings, which are denominated in SGD as the case may be.
- (5) Relates to the purchase of our factory building located at Ulu Tiram, Johor. Please refer to Section 6.9.1 for further details on the factory building.
- (6) Relates to the Working Capital Guarantee Scheme introduced by the Government to assist small and medium-sized enterprises to gain access to working capital financing.

The maturity profile of our total outstanding borrowings as at 28 February 2023 is as follows:

	<b>RM'000</b>
Within 1 year	14,903
1 to 5 years	7,464
More than 5 years	1,014
<b>Total</b>	<b>23,381</b>

Separately, we have also recognised the following lease liabilities:

	Purpose	Tenure	As at 28 February 2023		
			RM'000	SGD'000	
Malaysia	Lease liabilities payable within 1 year	Rental for offices, training centre, warehouse and dormitory <sup>(2)</sup>	10 years	195	-
Singapore	Lease liabilities payable within 1 year	Rental for office and workers' accommodations <sup>(3)</sup>	2 years	(1)301	90
Malaysia	Lease liabilities payable more than 1 year	Rental for offices, training centre, warehouse and dormitory <sup>(2)</sup>	10 years	1,968	-
Singapore	Lease liabilities payable more than 1 year	Rental for office and workers' accommodations <sup>(3)</sup>	2 years	(1)86	26
		<b>Total</b>		<b>2,550</b>	<b>116</b>

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**12. FINANCIAL INFORMATION (Cont'd)**

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**Notes:**

- (1) Being the RM equivalent of these lease liabilities, which are denominated in SGD as the case may be.
- (2) Being the rented offices, training centre, warehouse and dormitory located at:
- (i) 55, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor;
  - (ii) 57, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor;
  - (iii) 69, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor;
  - (iv) 3, Jalan Istimewa 4, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor; and
  - (v) 1, Jalan Istimewa 4, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor.
- (3) Being the rented office and workers' accommodations located at:
- (i) 8B Admiralty Street #07-07 Singapore 757440;
  - (ii) Block 682A Woodlands Drive 62 #06-87 Singapore 731682;
  - (iii) Block 123 Teck Whye Lane #08-852 Singapore 680123; and
  - (iv) Block 630 Senja Road #19-218, Singapore 670630.

**12. FINANCIAL INFORMATION (Cont'd)**

We also rely on bank guarantees for performance bonds issued to our customer for project where we are the main contractor. Such bank guarantees are renewed annually from the start of the project up to completion including defect liability period. Our total bank guarantees as at 28 February 2023 stood at RM0.5 million, details as set out below. All our bank guarantees are secured, interest-bearing and denominated in RM:

	<u>Purpose</u>	<u>Security</u>	<u>Tenure</u>	<u>Bank charges</u> <u>% per month</u>	<u>As at 28 February</u> <u>2023</u> <u>RM'000</u>
Bank guarantee	As performance bond in favour of our customer approved by the bank in relation to the contract	(i) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad; (ii) Personal guarantee by Directors; and (iii) Fixed deposit with licensed financial institution	1 year	0.125%, subject to a minimum sum of RM100	500

The liabilities in respect of the bank guarantees will only crystallise and become payable following a call by our customers. During FYE 2021 to 2023, we did not experience any call on the bonds issued to our customers.

As at LPD, we do not have any borrowings which are non-interest bearing.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout FYE 2021 to 2023 and up to LPD.

As at LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan, which can materially affect our financial position and results or business operations or the investments by holders of our securities. During FYE 2021 to 2023, we did not experience any clawback or reduction in the facilities limit granted to us by our lenders.

In conjunction with our Listing, we have applied to the financiers to release and/or discharge all the personal guarantees extended by our Promoters and substantial shareholders, Datuk Dr Ting, Hin Wai Mun and Chong Tuoo Choi, substantial shareholder and/or non-executive director of Kum Fatt, Ting Meng Pheng and Dato' Tan Sui Hou to our financiers in respect of our banking facilities. We have obtained conditional release and/or discharge of the said personal guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. The release and/or discharge is subject to, amongst others, the successful completion of our Listing. Until such release and/or discharge are obtained from the respective financiers, our Promoters and substantial shareholders, Datuk Dr Ting, Hin Wai Mun and Chong Tuoo Choi, substantial shareholder and/or non-executive director of Kum Fatt, Ting Meng Pheng and Dato' Tan Sui Hou will continue to guarantee the banking facilities extended to our Group.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

Save as disclosed in Section 12.4, we do not have or utilise any other financial instruments or have any other treasury policies. All our banking facilities are used for our business such as working capital, purchase of raw materials, construction materials, payment for subcontractor fees and purchase of property, plant and equipment. As at 28 February 2023, save for our lease liabilities and certain term loans which are based on fixed rates, all our other facilities with licensed financial institutions are based on base lending rate/cost of fund plus or minus a rate which varies depending on the type of facility. As at 28 February 2023, the outstanding fixed rate term loans amounted to RM3.7 million.

**12.6 MATERIAL CAPITAL COMMITMENTS**

Save for the purchase of machinery and equipment as disclosed in Section 4.9.1(a) which are approved but not contracted for, our Group does not have any material capital commitment as at LPD.

**12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES****12.7.1 Material litigation**

As at LPD, we are not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which may have or have had in the 12 months immediately preceding the date of this Prospectus a material effect on our financial position or profitability, and there are also no proceedings pending or threatened, or any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

**12.7.2 Contingent liabilities**

As at LPD, save for the bank guarantees as disclosed in Section 12.4, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable, may have a material effect on our Group's business, financial results and financial position.

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**12. FINANCIAL INFORMATION (Cont'd)****12.8 KEY FINANCIAL RATIOS**

The key financial ratios of our Group for FYE 2021 to 2023 are as follows:

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
Trade receivables turnover (days) <sup>(1)</sup>	97	81	77
Trade payables turnover (days) <sup>(2)</sup>	35	34	30
Inventory turnover (days) <sup>(3)</sup>	51	49	49
Current ratio (times) <sup>(4)</sup>	1.8	2.2	2.5
Gearing ratio (times) <sup>(5)</sup>	0.6	0.6	0.5

**Notes:**

- (1) Computed based on average trade receivables as at financial year-end over revenue for the respective financial years, multiplied by 365 days for each financial year.
- (2) Computed based on average trade payables as at financial year-end over cost of sales for the respective financial years, multiplied by 365 days for each financial year.
- (3) Computed based on average inventories as at financial year-end over total purchases for the respective financial years, multiplied by 365 days for each financial year.
- (4) Computed based on current assets over current liabilities as at the end of the respective financial years.
- (5) Computed based on total interest-bearing borrowings and lease liabilities (excluding lease liabilities arising from lease of premises) over total equity as at the end of the respective financial years.

**12.8.1 Trade receivables turnover**

Our average trade receivables turnover days for FYE 2021 to 2023 are set out as follows:

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening trade receivables	13,036	14,486	18,937
Closing trade receivables	14,486	18,937	18,567
Average trade receivables	13,761	16,712	18,752
Revenue	51,706	74,886	88,662
Trade receivables turnover (days)	97	81	77

The normal trade credit terms granted by our Group to the customers ranges from 30 to 150 days from the date of invoice. Our Group has in place a credit procedure to monitor and minimise the exposure of default. Other credit terms are assessed and approved on a case-by-case basis. Our Group's credit terms to customers are assessed and approved on individual customer basis taking into consideration various factors such as relationship with customers, customers' payment history, credit worthiness, quantum of amount owing as well as the reason for the customers' inability to pay within the normal credit period. Our Group uses ageing analysis to monitor the credit quality of our trade receivables.



**12. FINANCIAL INFORMATION (Cont'd)**

The trade receivables turnover days for FYE 2021 to 2023 are within our Group's credit terms period granted by our Group to the customers. Despite of the growth in our revenue throughout FYE 2021 to 2023, our Group has closely monitored the collections from the customers on a monthly basis. Our Group's trade receivables turnover days have gradually improved year-on-year from 97 days to 81 days to 77 days in FYE 2021, FYE 2022 and FYE 2023 respectively.

Although our average balances for trade receivables have increased by RM2.9 million from FYE 2021 to FYE 2022, the turnover days unaffected. This can be attributed to the increase in our Group's revenue, which amounted to RM23.2 million in FYE 2022. Therefore, our Group's trade receivables turnover days has improved from 97 days to 81 days in FYE 2021 and 2022 respectively.

In FYE 2023, our Group's trade receivables turnover days further improved to 77 days due to better collection of receivables during the year including reversal of impairment loss on trade receivables amounting to RM0.8 million.

The ageing analysis of our trade receivables as at 28 February 2023 is as follows:

	Trade receivables as at 28 February 2023		Collection from 1 March 2023 up to LPD	Balance as at LPD
	RM'000	Percentage of trade receivables (a)/total of (a)	RM'000	RM'000
	(a)	(a)	(b)	(c) = (a)-(b)
Neither past due nor impaired	(1)9,531	68.6	9,103	428
Past due but not impaired:				
- less than 30 days	1,446	10.4	1,293	153
- 31 to 60 days	2,311	16.7	2,283	28
- 61 to 90 days	174	1.3	174	-
- over 90 days	422	3.0	364	58
	4,353	31.4	4,114	239
<b>Total</b>	<b>13,884</b>	<b>100.0</b>	<b>13,217</b>	<b>667</b>

**Note:**

(1) Excluding retention sum amounting to approximately RM4.7 million as the amount is only due within 12 months from the completion date.

As at LPD, RM13.2 million or 95.0% of our total trade receivables as at 28 February 2023 has been collected. As at LPD, the remaining RM0.7 million or 5.0% of our total trade receivables as at 28 February 2023 is still outstanding.

Trade receivables past due but not impaired amounting to RM0.2 million is mainly from a customer, namely TZS Cable Technologies Sdn Bhd. We have continued to receive partial payments from those customers and we are confident that the amount due are collectible.

Our Group has not encountered any major disputes with our trade debtors and majority of their receivables as at 28 February 2023 were within the normal credit period. Hence, our Board is of the opinion that the remaining outstanding trade receivables are recoverable and will monitor closely the recoverability of the said receivables on a regular basis, and when required, provide for impairment of these receivables.

**12. FINANCIAL INFORMATION (Cont'd)****12.8.2 Trade payables turnover**

Our average trade payables turnover days for FYE 2021 to 2023 is stated as below:

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening trade payables	1,461	5,694	3,579
Closing trade payables	5,694	3,579	6,518
Average trade payables	3,578	4,637	5,049
Cost of sales	37,131	49,833	62,053
Trade payables turnover (days)	35	34	30

The normal trade credit terms granted to our Group by the suppliers ranges from 30 to 90 days depending on the suppliers and subcontractors as well as the type of supplies or services procured. To maintain good relationship with our suppliers and subcontractors, our Group generally pays the suppliers and subcontractors as their amounts fall due.

Our Group's trade payables turnover days for FYE 2021 to 2022 were fairly consistent at 35 days and 34 days respectively, which were within the credit terms granted by the suppliers and subcontractors.

In FYE 2023, our Group's trade payables turnover days decreased to 30 days. In line with faster collection of trade receivables, our Group had similarly also paid the trade payables faster.

The ageing analysis of our trade payables as at 28 February 2023 is as follows:

	<b>Trade payables as at 28 February 2023</b>		<b>Settlement from 1 March 2023 to LPD</b>	<b>Balance as at LPD</b>
	<b>RM'000</b>	<b>Percentage of trade payables (a)/total of (a)</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>(a)</b>	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a)-(b)</b>
Within credit period	4,776 <sup>(1)</sup>	94.9	4,378	398
Exceeding credit period:				
- 1 to 30 days	254	5.1	240	14
	254	5.1	240	14
	<b>5,030</b>	<b>100.0</b>	<b>4,618</b>	<b>412</b>

**Note:**

<sup>(1)</sup> Excluding retention sum amounting to approximately RM1.5 million as the amount is only due within 12 months from the completion date.

As at LPD, we have settled the outstanding trade payables of RM4.6 million, representing 92.0% of our trade payables as at 28 February 2023.

As at LPD, we do not have any material disputes in respect of our trade payables and no material legal proceedings to demand for payment have been initiated by our suppliers against us.

**12. FINANCIAL INFORMATION (Cont'd)****12.8.3 Inventory turnover**

Our inventories comprise raw materials and construction materials. Our average inventory turnover days for FYE 2021 to 2023 is stated as below:

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening inventories	1,552	1,573	2,577
Closing inventories	1,573	2,577	2,430
Average inventories	1,563	2,075	2,504
Total purchases	11,102	15,510	18,696
Inventories turnover (days)	51	49	49

It is our Group's general practice to maintain adequate level of materials to reduce the risk of disruption to ensure timely delivery of our projects.

Our Group's inventory turnover days were 51 days for FYE 2021 and reduced to 49 days for both FYE 2022 and 2023. The higher inventory turnover days for FYE 2021 was mainly due to COVID-19, where our Group's projects were temporarily disrupted by the implementation of MCO in Malaysia and Circuit Breaker in Singapore. Coupled with the extension of the Group's weekly operations (Line 1's operations) this caused higher inventory turnover days.

**12.8.4 Current ratio**

Our current ratio throughout FYE 2021 to 2023 is as follows:

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current assets	35,526	49,040	63,823
Current liabilities	19,426	21,967	25,218
<b>Net current assets</b>	<b>16,100</b>	<b>27,073</b>	<b>38,605</b>
Current ratio (times)	1.8	2.2	2.5

Our Group's current ratio ranges from 1.8 times to 2.5 times for FYE 2021 to 2023. This indicates that our Group is capable of meeting short-term obligations as our current assets such as inventory and trade receivables are readily converted to cash, and together with our cash in bank, are enough to meet the current liabilities.

Our Group's current ratio increased from 1.8 times in FYE 2021 to 2.2 times in FYE 2022 due to the increase in contract assets and trade receivables in line with business growth. The increase in current ratio for FYE 2023 was mainly due to increase in contract assets and cash and bank balances in line with business growth.

**12. FINANCIAL INFORMATION (Cont'd)****12.8.5 Gearing ratio**

Our gearing ratio throughout FYE 2021 to 2023 is as follows:

	<b>Audited</b>		
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total borrowings <sup>(1)</sup>	16,069	20,740	23,381
Total equity	26,313	35,765	48,506
Gearing ratio (times)	0.6	0.6	0.5

**Note:**

- <sup>(1)</sup> Computed based on total interest-bearing borrowings and lease liabilities (excluding lease liabilities arising from lease of premises) over total equity as at the end of the respective financial years.

Our Group's gearing ratio remained stable at 0.6 times for FYE 2021 and FYE 2022. Gearing ratio decreased slightly to 0.5 times in FYE 2023, mainly due to increase in total equity as a result of profits generated in FYE 2023.

**12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES**

Save for policies in relation to COVID-19, there were no government, economic, fiscal or monetary policies or factors which had materially affected our operations during FYE 2021 to 2023.

There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.

**12.10 IMPACT OF INFLATION**

During FYE 2021 to 2023, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we were unable to pass on the higher costs to our customers through an increase in selling prices.

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**12. FINANCIAL INFORMATION (Cont'd)****12.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR OPERATIONS****(a) Impact of foreign exchange rates**

Our proportion of sales denominated in local and foreign currencies are as follows:

	<b>Audited</b>					
	<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Sales denominated in:						
RM	43,249	83.6	57,278	76.5	65,774	74.2
SGD	8,457	16.4	17,608	23.5	22,888	25.8
<b>Total sales</b>	<b>51,706</b>	<b>100.0</b>	<b>74,886</b>	<b>100.0</b>	<b>88,662</b>	<b>100.0</b>

We are exposed to transactional currency exposure as 16.4%, 23.5% and 25.8% of our total revenue were denominated in foreign currencies for FYE 2021, 2022 and 2023 respectively.

Any significant change in foreign exchange rates may affect our financial performance.

Our Group's gain or loss from foreign exchange fluctuations for FYE 2021 to 2023 are as follows:

	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gain on foreign exchange	2	37	142
Loss on foreign exchange	(16)	(8)	(3)
<b>Net (loss)/gain</b>	<b>(14)</b>	<b>29</b>	<b>139</b>

Based on the table above, our Group has not been materially impacted by the foreign exchange fluctuations.

Impact of foreign exchange rates to our Group as at 28 February 2023 is as follows:

	<b>RM'000 equivalent of balances denominated in SGD</b>
<b>Financial assets</b>	
Trade and other receivables, net of prepayments	7,217
Cash and bank balances	8,597
<b>Financial liabilities</b>	
Trade and other payables	839
Borrowings	1,731
Lease liabilities	3,147

Based on the table above:

- (i) Our foreign currency cash and bank balances represent 56.2% of our total cash and bank balances of RM15.3 million as at 28 February 2023;
- (ii) Our foreign currency trade and other receivables represent 32.7% of our total trade and other receivables of RM22.0 million as at 28 February 2023;

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**12. FINANCIAL INFORMATION (Cont'd)**

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- (iii) Our foreign currency trade and other payables represent 9.8% of our total trade and other payables of RM8.2 million as at 28 February 2023;
- (iv) Our foreign currency borrowings represent 10.0% of our total borrowings of RM17.0 million as at 28 February 2023; and
- (v) Our foreign currency lease liabilities represent 34.8% of our total lease liabilities of RM8.9 million as at 28 February 2023.

A sensitivity analysis performed on our Group's foreign currency financial assets and liabilities as at 28 February 2023 indicates that our PAT for FYE 2023 would increase or decrease by approximately RM0.4 million, as a result of a 5% strengthening or weakening of RM against SGD.

**(b) Impact of interest rates**

Our exposure to changes in interest rate risk relates primarily to our bank borrowings.

A sensitivity analysis performed on our Group based on the outstanding floating rate of our bank borrowings as at 28 February 2023 indicates that our PAT for FYE 2023 would decrease or increase by approximately RM0.1 million, as a result of increase or decrease in interest rates by 100 basis points on these borrowings.

Our financial results for FYE 2021 to 2023 were not materially affected by fluctuations in interest rates.

**(c) Impact of commodity prices**

Our direct materials mainly consist of raw materials and construction materials such as HDPE resin, masterbatches, HDPE pipes, cables and accessories. These materials are widely available in Malaysia and from a large base of suppliers.

Our financial performance was not materially affected by fluctuations in commodity prices for FYE 2021 to 2023. Our strategy to provide sufficient buffer in our budgeted project cost which allows better planning for potential cost overruns that may arise due to increase price of raw materials. The buffers in our budgeted project cost had been sufficient to contain price fluctuations wherever possible, to minimise the impact on financial performance.

**12.12 SIGNIFICANT CHANGES**

There are no significant changes which may have a material effect on the financial position and results of our Group subsequent to FYE 2023 and up to LPD.

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**12. FINANCIAL INFORMATION (Cont'd)****12.13 ORDER BOOK**

Our Group generates revenue based on LOAs issued to us (if applicable) followed by subsequent contracts executed or purchase orders awarded. Our Group's unbilled order book as at LPD is as follows:

<u>Geographical market</u>	<u>As at LPD</u>
	<u>RM'000</u>
Malaysia	209,658
Singapore	11,180
	<u><b>220,838</b></u>

Our Group's unbilled order book as at LPD is expected to be realised over the next 3 financial years. As at LPD, our Group has participated in requests for quotations for various projects in both Malaysia and Singapore. These projects, if awarded to our Group, will further increase our order book.

**12.14 DIRECTORS' STATEMENT ON OUR GROUP'S FINANCIAL PERFORMANCE**

Our Board is of the opinion that:

- (a) Our Group's revenue will remain sustainable with an upward growth trend, in line with positive outlook of the electricity supply industry as set out in the IMR Report in Section 8;
- (b) Our liquidity will improve subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our future plans business strategies as stated in Section 7.18; and
- (c) Our capital resources will strengthen, considering the proceeds to be raised from the Public Issue as well as internally generated funds. We may consider debt funding for our business expansion should the need arise.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

**12.15 TREND INFORMATION**

Based on our track record for FYE 2021 to 2023, the following trends may continue to affect our business:

- (a) During FYE 2021 to 2023, an average 89.4% of our revenue was derived from underground utilities engineering solutions. We expect these services to continue contributing significantly to our revenue of our Group in the future;
- (b) During FYE 2021 to 2023, the main components of our cost of sales were subcontractors' fees and construction materials which constituted average of 74.0% of total cost of sale. We expect this trend to continue; and
- (c) Our Group achieved a GP margin of 28.2%, 33.5% and 30.0% for FYE 2021 to 2023, respectively. We hope to maintain our GP margin within the same range in the future. This would depend on, amongst others, our continued ability to manage our costs efficiently and our geographical revenue segmentation in the future as we derive higher GP margin from revenue generated in Singapore.

**12. FINANCIAL INFORMATION (Cont'd)**

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and will not be affected by any of the following:

- (a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations, as well as liquidity and capital resources other than those discussed in Sections 7.11, 12.2.2, 12.2.3, 12.9, 12.10 and 12.11;
- (b) Material commitments for capital expenditure save as disclosed in Section 12.6;
- (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 as discussed in Sections 7.11, 12.2.2, 12.2.3, 12.9, 12.10 and 12.11;
- (d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 7.11, 12.2.2, 12.2.3, 12.9, 12.10 and 12.11; and
- (e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 7.11, 12.2.2, 12.2.3, 12.9, 12.10 and 12.11.

Based on the above, our Board is optimistic about the future prospects of our Group given the long term positive outlook of the electricity supply industry in Malaysia and Singapore as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.17 and our Group's intention to implement the business strategies as set out in Section 7.18.

**12.16 DIVIDEND POLICY**

Our Group presently does not have any formal dividend payout under its dividend policy. The declaration of dividends and other distributions are subject to the discretion of our Board. It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require its financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.



**12. FINANCIAL INFORMATION (Cont'd)**

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

	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>1 March 2023 up to LPD</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Dividend(s) 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. Our Group intends to declare and pay a dividend of up to RM3.0 million prior to the Listing which will be funded via internally generated profit.

Any dividend declared will be at the discretion of our Board and any final dividends declared will be subject to approval of our shareholders at our AGM.

You should take note that this dividend policy merely describes our current intention and shall not constitute legally binding statements in respect of our future dividends that are subject to our Board's discretion.

When recommending the actual dividends for approval by shareholders or when declaring any interim dividends, our Board will consider, amongst others:

- (a) our anticipated future operating conditions as well as future expansion, capital expenditures and investment plans;
- (b) our operating cash flow requirements and financing commitments;
- (c) our expected and actual financial performance including return on equity and retained earnings;
- (d) any restrictive covenants contained in our current and future financing arrangements;
- (e) the availability of adequate reserves and cash flows; and
- (f) any material impact of tax laws and regulatory requirements.

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## 12. FINANCIAL INFORMATION (Cont'd)

### 12.17 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness:

- (a) Based on latest unaudited combined financial information of our Group as at 31 July 2023; and
- (b) After adjusting for the effects of Acquisitions, the Public Issue and utilisation of proceeds.

	<u>Unaudited</u>	<u>I</u>	<u>II</u>	<u>III</u>
	<b>As at 31 July 2023</b>	<b>After Acquisitions</b>	<b>After I and Public Issue</b>	<b>After II and utilisation of proceeds</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Capitalisation</b>				
Share capital	3,908	48,339	[•]	[•]
<b>Total capitalisation</b>	<b>3,908</b>	<b>48,339</b>	<b>[•]</b>	<b>[•]</b>
<b>Indebtedness</b>				
<b>Current</b>				
<i>Secured and guaranteed</i>				
Term loans	933	933	933	933
Trade financing	17,711	17,711	17,711	17,711
Bank overdrafts	2,945	2,945	2,945	2,945
Lease liabilities owing to financial institutions	1,675	1,675	1,675	1,675
<i>Unsecured and unguaranteed</i>				
Lease liabilities owing to non-financial institutions	487	487	487	487
<b>Non-current</b>				
<i>Secured and guaranteed</i>				
Term loans	3,043	3,043	3,043	3,043
Lease liabilities owing to financial institutions	3,627	3,627	3,627	3,627
<i>Unsecured and unguaranteed</i>				
Lease liabilities owing to non-financial institutions	1,917	1,917	1,917	1,917
<b>Total indebtedness</b>	<b>32,338</b>	<b>32,338</b>	<b>32,338</b>	<b>32,338</b>
<b>Total capitalisation and indebtedness</b>	<b>36,246</b>	<b>80,677</b>	<b>[•]</b>	<b>[•]</b>
Debt-to-capital ratio (times)	8.3	0.7	[•]	[•]

### 13. ACCOUNTANTS' REPORT



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The Board of Directors  
UUE Holdings Berhad  
No. 55 & 57, Jalan Teratai 7  
Taman Johor Jaya  
81100 Johor Bahru  
Johor Darul Takzim  
Malaysia.

Date: 24 August 2023

Our ref: BDO/JS/TTXW/oew

Dear Sirs,

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of UUE Holdings Berhad ("UUE" or "the Company")

#### Opinion

We have audited the combined financial statements of UUE Holdings Berhad and its combining entities (collectively known as the "Group"), which comprise the combined statements of financial position as at 28 February 2021, 28 February 2022 and 28 February 2023 of the Group, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 28 February 2021, 28 February 2022 and 28 February 2023, and notes to the combined financial statements, including a summary of significant accounting policies as set out in this report.

The historical combined financial statements have been prepared for inclusion in the prospectus of the Company (the "Prospectus") 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 (the "Listing"). This report is given for the purpose of complying with the ACE Market listing requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad and the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 28 February 2021, 28 February 2022 and 28 February 2023 and of their financial performance and their cash flows for each of the financial years ended 28 February 2021, 28 February 2022 and 28 February 2023 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

#### 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 Combined Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**13. ACCOUNTANTS' REPORT (Cont'd)**

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**Basis for Opinion (continued)**

*Independence and Other Ethical Responsibilities*

We are independent of the Group 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.

**Directors' Responsibility for the Combined Financial Statements**

The Directors of the Company ("Directors") are responsible for the preparation of the combined financial statements of the Group that gives a true and fair view in accordance with MFRS and IFRS. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

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

**Reporting Accountants' Responsibility for the Audit of the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group 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 is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

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

- (a) Identify and assess the risks of material misstatement of the combined financial statements of the Group, 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.
- (b) 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 internal control of the Group.

**13. ACCOUNTANTS' REPORT (Cont'd)**



**Reporting Accountants' Responsibility for the Audit of the Combined Financial Statements (continued)**

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represents the underlying transactions and events in a manner that achieve fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group 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.

**Other Matters**

This report has been prepared solely to comply with Appendix 3B, Part A of the Listing Requirements and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.

**BDO PLT**  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

**Sia Yeak Hong**  
03413/02/2025 J  
Chartered Accountant

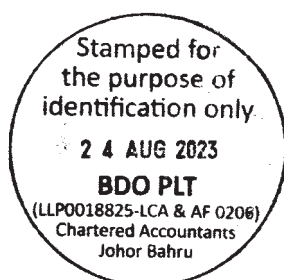
**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**HISTORICAL FINANCIAL INFORMATION  
COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP**

	Note	2021 RM	2022 RM	2023 RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9	11,567,031	8,611,543	10,900,498
Right-of-use assets	10	3,892,230	7,785,872	11,068,198
Investment properties	11	5,681,430	-	-
		21,140,691	16,397,415	21,968,696
<b>Current assets</b>				
Inventories	12	1,572,542	2,576,756	2,429,713
Contract assets	13	11,200,413	16,456,973	24,139,614
Trade and other receivables	14	15,558,894	20,417,838	21,980,082
Cash and bank balances	15	7,194,011	9,587,980	15,273,652
		35,525,860	49,039,547	63,823,061
Assets held for sale	16	918,485	6,160,706	-
<b>TOTAL ASSETS</b>		<u>57,585,036</u>	<u>71,597,668</u>	<u>85,791,757</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the combining entities</b>				
Invested equity*	17	2,353,380	2,508,035	3,908,037
Reserves	18	23,959,979	33,257,473	44,597,596
<b>TOTAL EQUITY</b>		26,313,359	35,765,508	48,505,633
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	19	797,683	1,135,083	1,364,884
Deferred income	20	-	-	171,159
Lease liabilities	10	3,097,693	4,887,598	6,343,621
Borrowings	21	7,950,301	4,125,875	4,188,445
		11,845,677	10,148,556	12,068,109
<b>Current liabilities</b>				
Trade and other payables	22	10,782,102	6,765,291	8,231,636
Deferred income	20	-	-	16,095
Contract liabilities	13	-	-	155,474
Lease liabilities	10	779,012	1,914,510	2,589,369
Borrowings	21	6,396,761	11,052,601	12,809,494
Current tax liabilities		1,468,125	2,234,240	1,415,947
		19,426,000	21,966,642	25,218,015
Borrowings associated with assets held for sale	21	-	3,716,962	-
<b>TOTAL LIABILITIES</b>		<u>31,271,677</u>	<u>35,832,160</u>	<u>37,286,124</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>57,585,036</u>	<u>71,597,668</u>	<u>85,791,757</u>

\* Number of ordinary shares on combined basis

**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**HISTORICAL FINANCIAL INFORMATION  
COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
OF THE GROUP**

	Note	2021 RM	2022 RM	2023 RM
Revenue	23	51,706,136	74,886,234	88,662,165
Cost of sales		(37,130,804)	(49,833,162)	(62,053,492)
Gross profit		14,575,332	25,053,072	26,608,673
Other operating income		1,705,858	1,858,968	1,118,999
Net (loss)/gain on impairment of receivables and contract assets	25	(50,902)	50,828	1,064,310
Administrative expenses		(5,639,839)	(6,609,566)	(9,659,222)
Selling and distribution expenses		(308,662)	(297,781)	(378,959)
Other operating expenses		(233,919)	(538,978)	(196,474)
Finance costs	24	(619,778)	(951,810)	(1,382,809)
Profit before tax	25	9,428,090	18,564,733	17,174,518
Tax expense	26	(2,061,054)	(3,997,542)	(3,057,152)
Profit for the financial year		7,367,036	14,567,191	14,117,366
<b>Other comprehensive income, net of tax</b>				
<b>Item that may be reclassified subsequently to profit or loss</b>				
Foreign exchange translation, net of tax		57,953	101,678	1,061,847
<b>Total comprehensive income</b>		<b>7,424,989</b>	<b>14,668,869</b>	<b>15,179,213</b>
Earnings per share attributable to owners of the combining entities				
Basic and diluted (RM)	28	3.85	7.46	4.69



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**HISTORICAL FINANCIAL INFORMATION  
COMBINED STATEMENTS OF CHANGES IN EQUITY OF THE GROUP**

	Note	Invested equity RM	Retained earnings RM	Foreign exchange translation reserve RM	Total equity RM
Balance as at 1 March 2020		2,303,380	20,440,027	1,123	22,744,530
Profit for the financial year		-	7,367,036	-	7,367,036
Other comprehensive income, net of tax		-	-	57,953	57,953
Total comprehensive income		-	7,367,036	57,953	7,424,989
<b>Transactions with owners</b>					
Issuance of ordinary shares	17	50,000	-	-	50,000
Dividends	29	-	(3,906,160)	-	(3,906,160)
Balance as at 28 February 2021/1 March 2021		2,353,380	23,900,903	59,076	26,313,359
Profit for the financial year		-	14,567,191	-	14,567,191
Other comprehensive income, net of tax		-	-	101,678	101,678
Total comprehensive income		-	14,567,191	101,678	14,668,869
<b>Transactions with owners</b>					
Issuance of ordinary shares	17	154,655	-	-	154,655
Dividends	29	-	(5,371,375)	-	(5,371,375)
Balance as at 28 February 2022/1 March 2022		2,508,035	33,096,719	160,754	35,765,508
Profit for the financial year		-	14,117,366	-	14,117,366
Other comprehensive income, net of tax		-	-	1,061,847	1,061,847
Total comprehensive income		-	14,117,366	1,061,847	15,179,213
<b>Transactions with owners</b>					
Issuance of ordinary shares	17	1,400,002	-	-	1,400,002
Dividends	29	-	(3,839,090)	-	(3,839,090)
Balance as at 28 February 2023		3,908,037	43,374,995	1,222,601	48,505,633



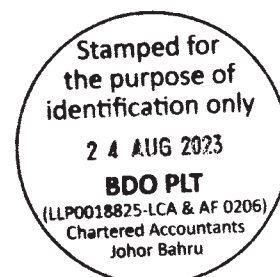


**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

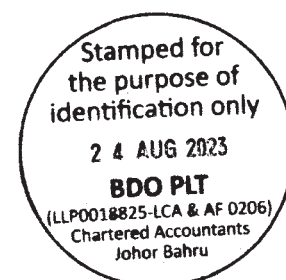
**HISTORICAL FINANCIAL INFORMATION  
COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP**

	Note	2021 RM	2022 RM	2023 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		9,428,090	18,564,733	17,174,518
Adjustments for:				
Amortisation of deferred income	20	-	-	(5,889)
Assets written off	11	177,770	-	-
Depreciation of:				
- property, plant and equipment	9	1,480,877	919,912	850,382
- right-of-use assets	10	928,510	1,232,217	1,832,402
- investment properties	11	242,122	242,120	-
Gain on lease termination	10(b)	(703)	(35,039)	-
Net loss/(gain) on impairment of receivables and contract assets	25	50,902	(50,828)	(1,064,310)
Interest expenses	24	619,778	951,810	1,382,809
Interest income	25	(15,407)	(64,531)	(57,661)
(Gain)/Loss on disposal of:				
- property, plant and equipment	25	(17,297)	242,425	71,528
- right-of-use assets		38,907	(64,663)	-
- assets held for sale		-	(481,515)	(339,294)
Property, plant and equipment written off	9	-	289,293	123,092
Bad debt written off/(back)	25	-	19,977	(5,000)
Unrealised loss on foreign exchange	25	4,332	-	-
Operating profit before changes in working capital		12,937,881	21,765,911	19,962,577
Changes in working capital:				
Contract assets/Contract liabilities		(5,915,214)	(5,245,827)	(7,178,216)
Inventories		(20,158)	(1,004,214)	147,043
Trade and other receivables		(1,641,345)	(4,782,596)	10,463
Trade and other payables		4,554,660	(2,096,061)	2,929,752
Cash generated from operations		9,915,824	8,637,213	15,871,619
Tax paid		(737,142)	(3,206,529)	(3,791,655)
Tax refunded		116,892	304,522	-
Net cash from operating activities		9,295,574	5,735,206	12,079,964



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**HISTORICAL FINANCIAL INFORMATION  
COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP (continued)**

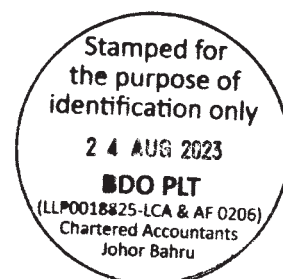
	Note	2021 RM	2022 RM	2023 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases/Additions of:				
- property, plant and equipment	9(a)	(3,821,362)	(4,117,191)	(2,533,125)
- right-of-use assets	10(d)	(189,116)	(561,972)	(618,625)
Placement of pledged deposits with licensed banks		(500,000)	(500,000)	(2,430,000)
Proceeds from disposal of:				
- property, plant and equipment		82,500	1,988,776	760,500
- right-of-use assets		432,000	260,000	-
- assets held for sale		-	1,400,000	6,500,000
(Advance to)/Repayment from a related party		(5,439)	5,439	-
Interest received		15,407	64,531	57,661
Net cash (used in)/from investing activities		(3,986,010)	(1,460,417)	1,736,411
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	29	(3,906,160)	(5,371,375)	(3,839,090)
Interest paid for borrowings		(523,407)	(675,574)	(1,001,513)
Net drawdown/(repayment) of borrowings		8,286,535	4,505,740	(3,527,851)
Proceeds from issuance of ordinary shares		50,000	154,655	1,400,002
Repayments to:				
- Director		(869,491)	(729,902)	(1,630,502)
- related parties		(65,000)	(228,698)	(120,866)
Advances from related parties		18,700	93,000	125,144
Net repayment of lease liabilities		(1,012,695)	(181,103)	(2,671,235)
Net cash from/(used in) financing activities		1,978,482	(2,433,257)	(11,265,911)
Net increase in cash and cash equivalents		7,288,046	1,841,532	2,550,464
Effect of exchange rate fluctuations on cash and cash equivalents		12,058	52,437	509,872
Cash and cash equivalents at beginning of financial year		(606,093)	6,694,011	8,587,980
Cash and cash equivalents at end of financial year	15	6,694,011	8,587,980	11,648,316



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**HISTORICAL FINANCIAL INFORMATION  
COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP (continued)****RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Lease liabilities (Note 10) RM	[-----Borrowings-----] (Note 21)	
		Term loans RM	Trade financing RM
At 1 March 2020	3,449,589	4,647,184	1,414,208
Cash flows:			
- Drawdown	-	4,858,190	18,092,661
- Principal repayment	-	(151,171)	(14,513,145)
- Lease payment	(916,324)	-	-
- Interest paid	(96,371)	(229,789)	(201,959)
Non-cash flows:			
- Addition of lease liabilities	1,361,045	-	-
- Lease termination	(19,791)	-	-
- Unwinding of interest	96,371	229,789	201,959
- Translation differences	2,186	(865)	-
At 28 February 2021/1 March 2021	3,876,705	9,353,338	4,993,724
Cash flows:			
- Drawdown	1,743,199	1,000,000	38,600,059
- Principal repayment	-	(1,076,802)	(34,017,517)
- Lease payment	(1,648,066)	-	-
- Interest paid	(276,236)	(302,356)	(298,657)
Non-cash flows:			
- Addition of lease liabilities	4,175,240	-	-
- Lease termination	(1,345,953)	-	-
- Unwinding of interest	276,236	302,356	298,657
- Translation differences	983	42,636	-
At 28 February 2022/1 March 2022	6,802,108	9,319,172	9,576,266
Cash flows:			
- Drawdown	-	666,600	46,084,819
- Principal repayment	-	(5,344,952)	(44,934,318)
- Leases payment	(2,289,939)	-	-
- Interest paid	(381,296)	(293,585)	(587,529)
Non-cash flows:			
- Additions of property, plant and equipment	-	1,275,715	-
- Additions of lease liabilities	4,233,192	-	-
- Unwinding of interest	381,296	293,585	587,529
- Translation differences	187,629	159,301	-
At 28 February 2023	8,932,990	6,075,836	10,726,767

\* Borrowings excluded bank overdraft.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**UUE HOLDINGS BERHAD [202201026669] (1472366-A)**

(Incorporated in Malaysia)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

The Company was incorporated in Malaysia under the Companies Act 2016 on 21 July 2022 as a private limited liability company under the name of UUE Holdings Sdn. Bhd. ("UUE" or the "Company"). Subsequently on 21 August 2023, the Company was converted to a public limited company.

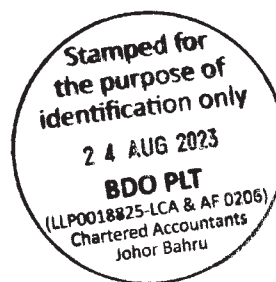
The registered office of the Company is located at Suite 5.11 & 5.12, 5th Floor, Menara TJB No. 9, Jalan Syed Mohd. Mufti 80000 Johor Bahru, Johor, Malaysia.

The principal place of business of the Group is located at No. 55 & 57, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim.

The Company was incorporated for the purpose of undertaking, among others, a restructuring and acquisition exercise that would result in the Company becoming the holding company of Kum Fatt Engineering Sdn. Bhd. ("KFE"), Premier Plastic Industry Sdn. Bhd. ("PPI") and Konnection Engineering Pte. Ltd. ("KEPL") (collectively referred to as the "other combining entities"). Since the acquisitions of other combining entities by the Company would be completed after the latest financial year required to be reported in accordance with paragraph 10.04 of Chapter 10, Part II Division 1 : Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia, for the purpose of this Accountants' Report, the Company has prepared the combined financial statements instead of consolidated financial statements. Note 2 to the combined financial statements explains further the basis of preparation of the combined financial statements.

The principal activity of the Company is investment holding. The principal activities of the other combining entities are as disclosed in Note 7 to the combined financial statements.

These combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**2. BASIS OF PREPARATION**

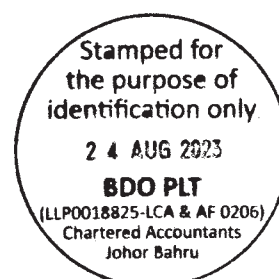
The Accountants' Report comprises the combined financial statements of the Company and the other combining entities (collectively referred to as the "Group") for the FYEs 28 February 2021, 28 February 2022 and 28 February 2023. The combined financial statements of the Group consist of the audited financial statements of the other combining entities and are prepared solely for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of UUE on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing").

The combined financial statements of the Group are prepared using the audited financial statements of the other combining entities for the relevant financial years and their statutory auditors are as follows:

<b>Company</b>	<b>Relevant Financial Years/Period</b>	<b>Auditors</b>
UUE Holdings Berhad	FPE 21 July 2022 (date of incorporation) to 28 February 2023	BDO PLT
Kum Fatt Engineering Sdn. Bhd.	FYE 28 February 2021 FYE 28 February 2022 FYE 28 February 2023	BDO PLT BDO PLT BDO PLT
Premier Plastic Industry Sdn. Bhd.	FYE 31 December 2020* FPE 1 January 2021 to 28 February 2022* FYE 28 February 2023	Danny Loo & Co PLT BDO PLT BDO PLT
Konnection Engineering Pte. Ltd.	FYE 31 December 2020* @ FPE 1 January 2021 to 28 February 2022* FYE 28 February 2023	N/A UHY Lee Seng Chan & Co UHY Lee Seng Chan & Co

\* The financial statements of other combining entities for the financial years ended 28 February 2021 and 28 February 2022 were re-prepared by management and re-audited by BDO PLT for the purpose of inclusion into the combined financial statements of the Group.

@ The financial statements of Konnection Engineering Pte. Ltd. for the financial year ended 28 February 2021 were not required to be audited in its country of incorporation.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**2. BASIS OF PREPARATION (continued)**

The audited financial statements of the other combining entities for the relevant financial years reported above were not subject to any qualification or modification.

The combined financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), Guidance Note on combined financial statements issued by the Malaysian Institute of Accountants and on the assumption that the Group has been operating as a single economic entity throughout the financial years presented in these combined financial statements.

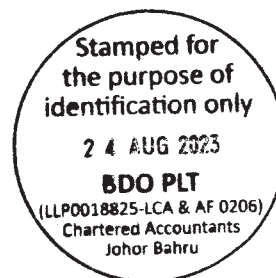
The combined financial statements consist of the financial statements of combining entities as disclosed in Note 7 to the combined financial statements, which were under common control throughout the reporting periods. The common control of the combining entities has been established by virtue of Datuk Dr. Ting Kok Hwa, being the promoter, substantial shareholder and Executive Director of the combining entities.

The combined financial statements of the Group for the relevant period are prepared under historical cost convention except as otherwise stated in the combined financial statements.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the financial years.

The financial information as presented in the combined financial statements may not correspond with the consolidated financial statements of the Group as the relevant acquisitions to legally constitute the Group have been incorporated for the respective financial years and period. Consequently, such financial information in the combined financial statements does not purport to predict the financial positions, results of operations and cash flows of the Group for the financial years.

The preparation of these combined financial statements in conformity with MFRS and IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in the combined financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****3.1 Common control business combinations****3.1.1 Basis of consolidation**

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its combined entities. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting of similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

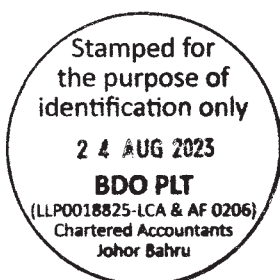
Intragroup balances, transactions, income and expenses are eliminated in the consolidated financial statements.

The financial statements of the combined entities are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of combined entities are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests, if any, represent equity in combined entities that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to common controlling shareholder of the combining entities. Profit or loss and each component of other comprehensive income are attributed to the common controlling shareholders of the combining entities and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Combined entities are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the common controlling shareholders' interest in a combining entity that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the combining entity. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the common controlling shareholders of the combining entities.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.1 Common control business combinations (continued)****3.1.1 Basis of consolidation (continued)**

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

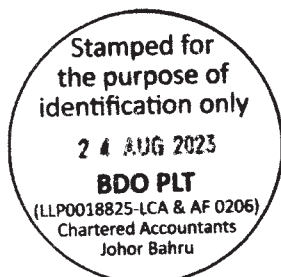
Amounts previously recognised in other comprehensive income in relation to the combined entities are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former combined entities at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**3.1.2 Business combinations**

Business combinations other than those involving entities under common control, are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) right-of-use assets and lease liabilities for leases are recognised and measured in accordance with MFRS 16 *Leases*;
- (c) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (d) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current assets held for sale and Discontinued Operations* are measured in accordance with that Standard.





**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.1 Common control business combinations (continued)****3.1.2 Business combinations (continued)**

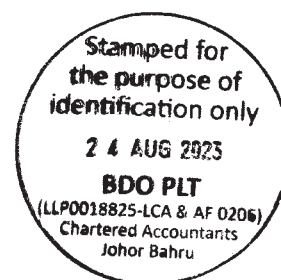
Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. The Group accounts for changes in fair value of contingent consideration that are not measurement period adjustments as follows:

- (a) Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity.
- (b) Other contingent consideration that:
  - (i) is within the scope of MFRS 9 Financial Instruments shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9 *Financial Instruments* for the relevant period.
  - (ii) is not within the scope of MFRS 9 *Financial Instruments* shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRS. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.1 Common control business combinations (continued)****3.1.2 Business combinations (continued)**

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method of accounting. The assets and liabilities of the entities are reflected at their carrying amounts reported in the consolidated financial statements of the Group. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as merger reserve. The statements of profit or loss and other comprehensive income reflects the results of the entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

Entities under common control are entities, which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the consolidated financial statements from the day that control commences until the date that control ceases.

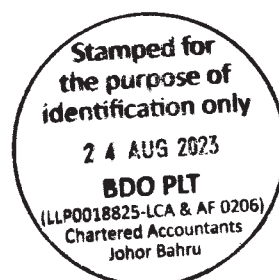
**3.2 Property, plant and equipment and depreciation**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.



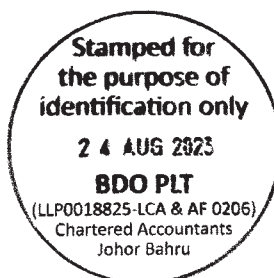
**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Property, plant and equipment and depreciation (continued)**

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2%
Computers	10%
Equipment	10%
Electrical installation	10% - 20%
Furniture and fittings	10%
Motor vehicles	20%
Laboratory equipment	10%
Office equipment	10%
Plant and machinery	8.33% - 20%
Renovations	10%
Signboard	10%



Freehold land has unlimited useful life and is not depreciated.

Capital work-in-progress represents plant and machinery under installation and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.5 to the combined financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and rate of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

**3.3 Leases****The Group as lessee**

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

- (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.3 Leases (continued)****The Group as lessee (continued)**

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Right-of-use asset**

The right-of-use asset is initially recorded at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

Buildings (rented)	2 - 10 years
Heavy movable machines	5 - 12 years
Laboratory equipment	10 years
Motor vehicles	5 years
Plant and machinery	12 years



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.3 Leases (continued)**

**The Group as lessee (continued)**

**Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

**The Group as lessor**

As a lessor, Group determines at lease inception whether each lease is a finance lease or an operating lease. To clarify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

**3.4 Investment properties**

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including transaction costs, less any accumulated depreciation and any accumulated impairment losses.

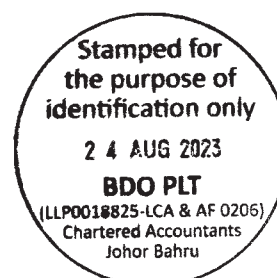
Subsequent costs are included in the carrying amount of the investment properties or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment properties are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the investment properties are acquired, if applicable.

After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates for the investment properties are as follows:

Buildings	2%
Renovations	10%

Freehold land has unlimited useful life and is not depreciated.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.4 Investment properties (continued)**

At the end of each reporting period, the carrying amount of an item of the investment properties is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.5 to the combined financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and rate of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

**3.5 Impairment of non-financial assets**

The carrying amounts of assets, except for financial assets, inventories, contract assets and assets held for sale, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

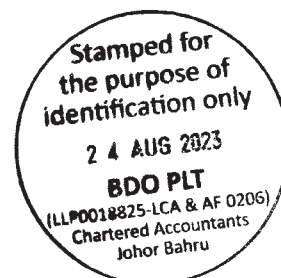
The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately, if any.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.6 Inventories**

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. Cost of raw materials comprises all cost of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods includes the cost of raw materials, direct labour, other direct costs and a proportion of production overheads based on normal operating capacity of the production facilities.

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.

**3.7 Financial instruments****(a) Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument.

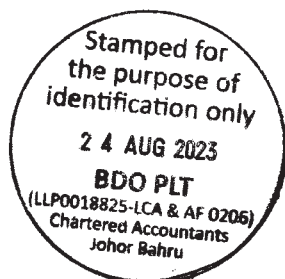
When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

**(i) Financial assets measured at amortised cost**

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.7 Financial instruments (continued)****(a) Financial assets (continued)**

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below: (continued)

**(ii) Financial assets measured at fair value**

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI") if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments, which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. Any gains or losses arising from the changes in fair value are recognised in profit or loss.

The Group does not have any financial assets measured at FVTOCI and FVTPL as at the end of the reporting period.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss for equity instruments measured at FVTPL. As for equity instruments measured at FVTOCI, any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.





**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.7 Financial instruments (continued)****(a) Financial assets (continued)**

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of one (1) year and are used by the Group in the management of its short term commitments. For the purpose of the combined statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

**(b) Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and met the definition of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

**(i) Financial liabilities measured at FVTPL**

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivatives liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for the Group's own credit risk increase or decrease which is recognised in other comprehensive income. Net gain or losses on derivatives include exchange differences.

**(ii) Other financial liabilities**

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.7 Financial instruments (continued)****(b) Financial liabilities (continued)**

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(c) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is re-measured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the asset distributed and the carrying amount of the liability in profit or loss.

**3.8 Impairment of financial assets**

The Group applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables and contract assets.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

The Group considers credit loss experience and observable data such as current changes and futures forecasts in economic conditions of the Group's industry to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

Impairment for trade receivables and contract assets are in accordance to MFRS 9.

**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.8 Impairment of financial assets (continued)**

In measuring the expected credit losses on trade receivables and contract assets, the probability of non-payment by the trade receivables and contract customers is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables and contract assets. For trade receivables and contract assets, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable and contract asset would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

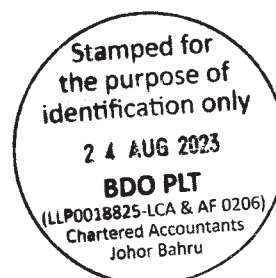
Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Credit impaired refers to any individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

The probability of non-payment other receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

**3.9 Borrowing costs**

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.10 Income taxes**

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

**(a) Current tax**

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits, and real property gains taxes payable on disposal of properties, if any.

**(b) Deferred tax**

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

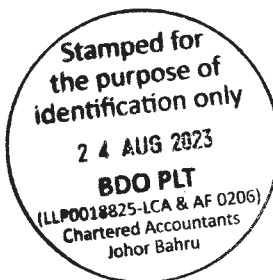
A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.11 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

**3.12 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the combined financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

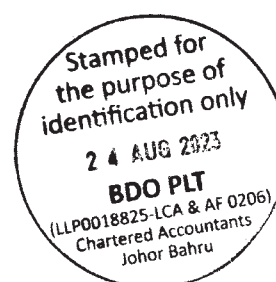
**3.13 Contract assets/(liabilities)**

Contract asset is the right to consideration for goods or services transferred to the customers.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

**3.14 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all the attached conclusion will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as deduction in calculating the carrying amount of the asset. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.15 Employee benefits****(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

**(b) Defined contribution plans**

The Company and its combining entities incorporated in Malaysia make contributions to a statutory provident fund and foreign entity makes contribution to its country's statutory pension scheme. The contributions are recognised as liabilities after deducting any contributions already paid and as expenses in the period in which the employees render their services.

**3.16 Foreign currencies****(a) Functional and presentation currency**

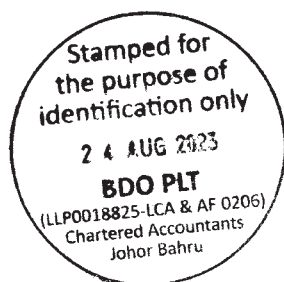
Items included in the combined financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

**(b) Foreign currency translations and balances**

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

**(c) Foreign operation**

Financial statements of foreign operation are translated at the end of the reporting period exchange rates to its assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.17 Revenue recognition**

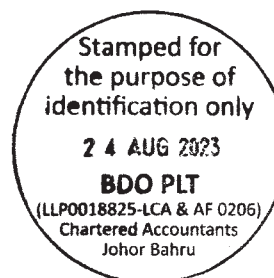
Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out below:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the performance of the Group:

- (i) Does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or
- (ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.17 Revenue recognition (continued)**

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

**(i) Construction contracts**

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the input method, which is based on the total actual construction cost incurred to date as compared to the total budgeted costs for the respective construction projects.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

**(ii) Sale of goods**

Revenue from sale of goods is recognised at a point in time when the goods has been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

Revenue not contracted with customers

**(i) Interest income**

Interest income is recognised as it accrues, using the effective interest method.

**(ii) Rental income**

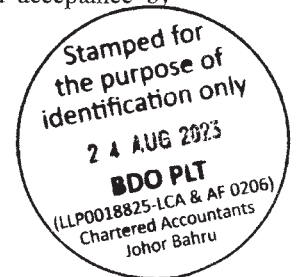
Rental income is recognised on a straight line basis over the lease term of an ongoing lease.

**3.18 Operating segments**

Operating segments are defined as components of the Group that:

- (a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision maker of the Group particularly in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.





**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.18 Operating segments (continued)**

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
  - (i) The combined reported profit of all operating segments that did not report a loss; and
  - (ii) The combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the combined financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial period in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

**3.19 Earnings per share**

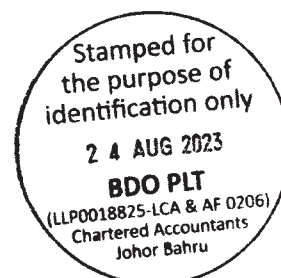
- (a) Basic earnings per ordinary share for the financial year is calculated by dividing the net profit for the financial year attributable to common controlling shareholders by the weighted average number of ordinary shares outstanding during the financial year.
- (b) Diluted earnings per ordinary share for the financial year is calculated by dividing the net profit for the financial year attributable to common controlling shareholders by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

**3.20 Fair value measurements**

The fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement method adopted assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.20 Fair value measurements (continued)**

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

**3.21 Assets held for sale**

Assets are classified as held for sale if their carrying amounts would be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets shall be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. The probability of shareholders' approval is considered as part of the assessment of whether the sale is highly probable.

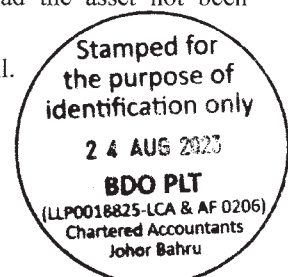
The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

Immediately before the initial classification as held for sale, the carrying amounts of the assets are measured in accordance with applicable MFRSs. On initial classification as held for sale, assets (other than investment properties, deferred tax assets, employee benefits assets, and financial assets carried at fair value) are measured at the lower of its carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

Assets held for sale are classified as current assets in the statements of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the assets classified as held for sale is presented separately.

If the Group has classified assets as held for sale but subsequently, the criteria for classification is no longer met, the Group ceases to classify the assets as held for sale. The Group measures an asset that ceases to be classified as held for sale at the lower of:

- (a) Its carrying amount before the asset was classified as held for sale, adjusted for any depreciation and amortisation that would have been recognised had the asset not been classified as held for sale; and
- (b) Its recoverable amount at the date of the subsequent decision not to sell.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
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**4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs****4.1 New MFRSs adopted during the financial year**

The Group adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial years ended 28 February 2023:

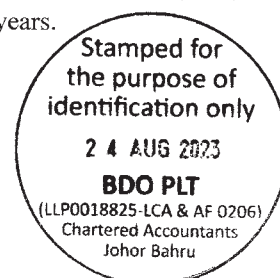
<b>Title</b>	<b>Effective Date</b>
<i>Annual Improvements to MFRS Standards 2018-2020</i>	1 January 2022
<i>Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)</i>	1 January 2022
<i>Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)</i>	1 January 2022
<i>Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)</i>	1 January 2022

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group.

**4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023**

<b>Title</b>	<b>Effective Date</b>
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contract)</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)</i>	1 January 2023
<i>International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)</i>	Refer paragraph 98M of MFRS 112
<i>Lease liability in a sale and leaseback (Amendments to MFRS 16 Leases)</i>	1 January 2024
<i>Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)</i>	1 January 2024
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**5. FINANCIAL INFORMATION AND LIMITATIONS**

The financial information in this Report is based on the respective audited results of the other combining entities with applicable appropriate adjustments and reclassifications made for the purpose of this Report.

**6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

**6.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of each reporting period.

**6.2 Critical judgements made in applying accounting policies**

There are no significant judgements made by the management in the process of applying the accounting policies of the Group that have a significant effect on the amounts recognised in the combined financial statements.

**6.3 Key sources of estimation uncertainty**

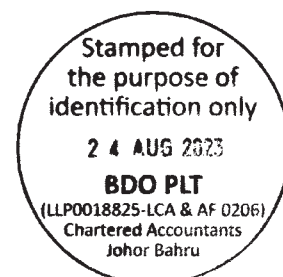
The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Revenue recognition for construction contracts

Revenue recognition for construction contracts requires management to exercise significant judgement in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocation and costs in applying the input method to recognise revenue over time.

Recoverability of trade receivables and contract assets

Recoverability of trade receivables and contract assets requires management to exercise significant judgements in determining the probability of default by trade receivables and contract customers and appropriate forward looking information.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUJE Holdings Berhad (202201026669 (1472366-A))  
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**7. COMBINING ENTITIES**

Details of the combining entities are as follows:

Name of combining entities	Effective interest in equity held 2021	2022	2023	Date of incorporation	Country of incorporation	Principal activities
Kum Fatt Engineering Sdn. Bhd.	100%	100%	100%	6 February 2009	Malaysia	Provision of underground utilities engineering services and solutions
Premier Plastic Industry Sdn. Bhd.	100%	100%	100%	30 March 2017	Malaysia	Manufacturing and trading in plastic pipe
Konnection Engineering Pte. Ltd.	100%	100%	100%	16 January 2009	Singapore	Provision of underground utilities engineering services and solutions



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**8. OPERATING SEGMENTS**

The Group has arrived at two (2) reportable segments that are organised and managed separately based on information reported internally to the Management and the Board of Directors. The reportable segments are summarised as follows:

Underground utilities engineering      Provision of underground utilities engineering solutions.

Manufacturing and trading              Manufacturing and trading of HDPE pipes.

The accounting policies of operating segments are the same as those described in this report. The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the financial years ended 28 February 2021, 28 February 2022 and 28 February 2023.

Segment assets exclude tax assets. Segment liabilities exclude current tax liabilities and deferred tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.



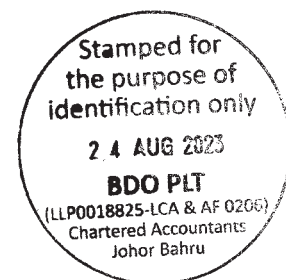
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**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**8. OPERATING SEGMENTS (continued)**

2021	Underground utilities engineering RM	Manufacturing and trading RM	Total RM
<b>Revenue</b>			
Total revenue	44,061,280	12,237,414	56,298,694
Inter-segment revenue	-	(4,592,558)	(4,592,558)
<b>Revenue from external customers</b>	<b>44,061,280</b>	<b>7,644,856</b>	<b>51,706,136</b>
Interest income	12,522	2,885	15,407
Finance costs	(606,041)	(13,737)	(619,778)
Depreciation			
- Property, plant and equipment	(1,395,136)	(85,741)	(1,480,877)
- Right-of-use assets	(849,819)	(78,691)	(928,510)
- Investment properties	(242,122)	-	(242,122)
<b>Segment profit before income tax</b>	<b>7,995,482</b>	<b>1,432,608</b>	<b>9,428,090</b>
Tax expense	(1,539,864)	(521,190)	(2,061,054)
<b>Other segment information:</b>			
Assets written off	(177,770)	-	(177,770)
Gain on lease termination	(703)	-	(703)
Net loss on impairment of receivables and contract assets	(50,902)	-	(50,902)
<b>Segment assets</b>	<b>52,566,917</b>	<b>5,018,119</b>	<b>57,585,036</b>
Additions to property, plant and equipment	4,646,356	233,006	4,879,362
Additions to right-of-use assets	1,550,161	-	1,550,161
<b>Segment liabilities</b>	<b>26,515,338</b>	<b>2,490,531</b>	<b>29,005,869</b>



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**8. OPERATING SEGMENTS (continued)**

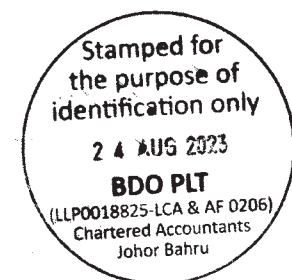
2022	Underground utilities engineering RM	Manufacturing and trading RM	Total RM
<b>Revenue</b>			
Total revenue	68,596,212	14,679,180	83,275,392
Inter-segment revenue	-	(8,389,158)	(8,389,158)
<b>Revenue from external customers</b>	<b>68,596,212</b>	<b>6,290,022</b>	<b>74,886,234</b>
Interest income	63,271	1,260	64,531
Finance costs	(867,651)	(84,159)	(951,810)
<b>Depreciation</b>			
- Property, plant and equipment	(826,911)	(93,001)	(919,912)
- Right-of-use assets	(1,150,654)	(81,563)	(1,232,217)
- Investment properties	(242,120)	-	(242,120)
<b>Segment profit before income tax</b>	<b>17,722,626</b>	<b>842,107</b>	<b>18,564,733</b>
Tax expense	(3,702,706)	(294,836)	(3,997,542)
<b>Other segment information:</b>			
Gain on lease termination	35,039	-	35,039
Net gain on impairment of receivables and contract assets	50,828	-	50,828
Property, plant and equipment written off	(289,293)	-	(289,293)
Bad debt written off	(19,977)	-	(19,977)
<b>Segment assets</b>	<b>65,215,159</b>	<b>6,382,509</b>	<b>71,597,668</b>
Additions to property, plant and equipment	3,050,513	1,066,678	4,117,191
Additions to right-of-use assets	3,679,212	-	3,679,212
<b>Segment liabilities</b>	<b>26,908,997</b>	<b>5,553,840</b>	<b>32,462,837</b>





**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**8. OPERATING SEGMENTS (continued)**

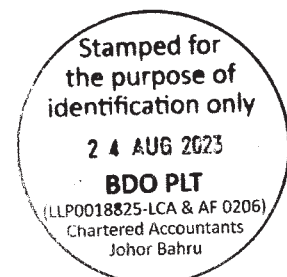
2023	Underground utilities engineering RM	Manufacturing and trading RM	Total RM
<b>Revenue</b>			
Total revenue	79,719,922	20,231,457	99,951,379
Inter-segment revenue	-	(11,289,214)	(11,289,214)
<b>Revenue from external customers</b>	<b>79,719,922</b>	<b>8,942,243</b>	<b>88,662,165</b>
Interest income	48,439	9,222	57,661
Finance costs	(1,165,913)	(216,896)	(1,382,809)
Amortisation of deferred income	5,889	-	5,889
Depreciation			
- Property, plant and equipment	(706,520)	(143,862)	(850,382)
- Right-of-use assets	(1,735,040)	(97,362)	(1,832,402)
<b>Segment profit before income tax</b>	<b>16,664,264</b>	<b>510,254</b>	<b>17,174,518</b>
Tax expense	(2,727,539)	(329,613)	(3,057,152)
<b>Other segment information:</b>			
Bad debt written back	5,000	-	5,000
Net gain on impairment of receivables and contract assets	1,064,310	-	1,064,310
Property, plant and equipment written off	(109,970)	(13,122)	(123,092)
<b>Segment assets</b>	<b>75,959,790</b>	<b>9,831,967</b>	<b>85,791,757</b>
Additions to property, plant and equipment	3,317,458	608,762	3,926,220
Additions to right-of-use assets	4,607,597	244,220	4,851,817
<b>Segment liabilities</b>	<b>28,998,068</b>	<b>5,507,225</b>	<b>34,505,293</b>



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**8. OPERATING SEGMENTS (continued)**

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

<b>Revenue</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>
Total revenue for reportable segment	56,298,694	83,275,392	99,951,379
Elimination of inter-segment revenue	<u>(4,592,558)</u>	<u>(8,389,158)</u>	<u>(11,289,214)</u>
Revenue of the Group per combined statement of profit or loss and other comprehensive income	<u>51,706,136</u>	<u>74,886,234</u>	<u>88,662,165</u>
<b>Profit for the financial year</b>			
Total profit for reportable segment	9,428,090	18,564,733	17,174,518
Less: Tax expense	<u>(2,061,054)</u>	<u>(3,997,542)</u>	<u>(3,057,152)</u>
Profit for the financial year	<u>7,367,036</u>	<u>14,567,191</u>	<u>14,117,366</u>
<b>Assets</b>			
<b>Total assets per combined statements of financial position</b>	<u>57,585,036</u>	<u>71,597,668</u>	<u>85,791,757</u>
<b>Liabilities</b>			
Total liabilities for reportable segments	29,005,869	32,462,837	34,505,293
Deferred tax liabilities	797,683	1,135,083	1,364,884
Current tax liabilities	<u>1,468,125</u>	<u>2,234,240</u>	<u>1,415,947</u>
<b>Total liabilities per combined statements of financial position</b>	<u>31,271,677</u>	<u>35,832,160</u>	<u>37,286,124</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**8. OPERATING SEGMENTS (continued)****Geographical information**

The business activities of the Group are predominantly located in Malaysia and Singapore.

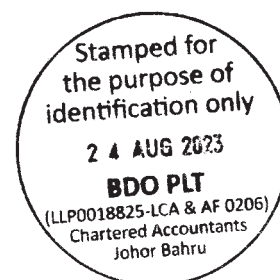
In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of its customers.

	2021 RM	2022 RM	2023 RM
<b>Revenue from external customers</b>			
Malaysia	43,249,390	57,278,340	65,774,583
Singapore	8,456,746	17,607,894	22,887,582
	<u>51,706,136</u>	<u>74,886,234</u>	<u>88,662,165</u>
<b>Locations of the assets</b>			
Malaysia			
- Non-current asset	17,840,935	11,732,246	14,742,160
- Current asset	27,196,347	41,161,073	45,935,397
	45,037,282	52,893,319	60,677,557
Singapore			
- Non-current asset	3,299,756	4,665,169	7,226,536
- Current asset	9,247,998	14,039,180	17,887,664
	<u>12,547,754</u>	<u>18,704,349</u>	<u>25,114,200</u>
	<u>57,585,036</u>	<u>71,597,668</u>	<u>85,791,757</u>

**Major customers**

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group:

	2021 RM	2022 RM	2023 RM
Customer A	25,264,045	42,803,319	39,721,444
Customer B	10,884,777	10,753,225	12,310,777
Customer C group of companies	7,238,257	15,362,337	16,920,520
	<u>43,387,079</u>	<u>68,918,881</u>	<u>68,952,741</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUUE Holdings Berhad (202201026669 (1472366-A))

Accountants' Report

**9. PROPERTY, PLANT AND EQUIPMENT**

2021	Balance as at 1.3.2020 RM	Additions RM	Disposals RM	Reclassification from right-of-use assets (Note 10) RM	Reclassification to assets held for sale (Note 16) RM	Depreciation charge for the financial year RM	Translation differences RM	Balance as at 28.2.2021 RM
<b>Carrying amount</b>								
Freehold land	2,358,669	-	-	-	(656,061)	-	-	1,702,608
Buildings	1,949,086	-	-	-	(262,424)	(100,900)	-	1,585,762
Computers	77,097	48,053	-	-	-	(12,467)	24	112,707
Equipment	808,413	-	-	-	-	(97,896)	-	710,517
Electrical installation	61,500	13,861	-	-	-	(8,631)	-	66,730
Furniture and fittings	323,289	4,400	-	-	-	(42,601)	-	285,088
Motor vehicles	452,889	1,645,967	(65,201)	117,708	-	(432,273)	1,374	1,720,464
Laboratory equipment	1,675	62,100	-	-	-	(7,122)	-	56,653
Office equipment	71,783	7,410	-	-	-	(24,257)	7	54,943
Plant and machinery	1,910,511	2,571,104	(2)	727,787	-	(672,771)	10,168	4,546,797
Renovations	278,991	381,926	-	-	-	(81,656)	-	579,261
Signboard	1,263	1,485	-	-	-	(303)	-	2,445
Capital work-in-progress	-	143,056	-	-	-	-	-	143,056
	8,295,166	4,879,362	(65,203)	845,495	(918,485)	(1,480,877)	11,573	11,567,031

<----- As at 28.2.2021 ----->

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	1,702,608	-	1,702,608
Buildings	1,972,587	(386,825)	1,585,762
Computers	144,059	(31,352)	112,707
Equipment	978,953	(268,436)	710,517
Electrical installation	77,730	(11,000)	66,730
Furniture and fittings	396,701	(111,613)	285,088
Motor vehicles	3,673,116	(1,952,652)	1,720,464
Laboratory equipment	63,950	(7,297)	56,653
Office equipment	108,903	(53,960)	54,943
Plant and machinery	9,388,728	(4,841,931)	4,546,797
Renovations	691,916	(112,655)	579,261
Signboard	2,893	(448)	2,445
Capital work-in-progress	143,056	-	143,056
	19,345,200	(7,778,169)	11,567,031



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))

Accountants' Report

**9. PROPERTY, PLANT AND EQUIPMENT (continued)**

	Balance as at 1.3.2021 RM	Additions RM	Disposals RM	Written off RM	Reclassi- fication RM	Reclassification from right-of-use assets (Note 10) RM	Reclassification to assets held for sale (Note 16) RM	Depreciation charge for the financial year RM	Translation differences RM	Balance as at 28.2.2022 RM
<b>2022</b>										
<b>Carrying amount</b>										
Freehold land	1,702,608	-	-	-	-	-	-	-	-	1,702,608
Buildings	1,585,762	-	(470,652)	-	-	-	(15,612)	-	-	1,099,498
Computers	112,707	54,207	(3,200)	(2,686)	-	-	(18,539)	455	-	142,944
Equipment	710,517	6,600	(41,215)	-	-	-	(93,730)	-	-	97,825
Electrical installation	66,730	29,567	-	-	36,008	-	(21,426)	-	-	110,879
Furniture and fittings	285,088	341,666	(2,700)	-	-	-	(74,726)	-	-	325,074
Motor vehicles	1,720,464	191,200	(446,309)	-	-	(1,006,526)	(126,547)	2,222	-	334,504
Laboratory equipment	56,653	51,900	-	-	-	-	(6,867)	-	-	101,686
Office equipment	54,943	264,907	(12,415)	(14,829)	-	-	(31,491)	-	-	248,320
Plant and machinery	4,546,797	2,006,368	(1,254,710)	(24,802)	196,627	(1,359,116)	(496,012)	37,611	-	3,652,763
Renovations	579,261	408,764	-	(246,976)	-	-	(34,669)	-	-	706,380
Signboard	2,445	-	-	-	-	-	(293)	-	-	2,152
Capital work-in-progress	143,056	762,012	-	-	(232,635)	(585,523)	-	-	-	86,910
	11,567,031	4,117,191	(2,231,201)	(289,293)	-	(2,951,165)	(919,912)	40,288	-	8,611,543

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	1,702,608	-	1,702,608
Buildings	1,301,166	(201,668)	1,099,498
Computers	188,739	(45,795)	142,944
Equipment	150,705	(52,880)	97,825
Electrical installation	143,305	(32,426)	110,879
Furniture and fittings	373,746	(48,672)	325,074
Motor vehicles	2,030,561	(1,696,057)	334,504
Laboratory equipment	115,850	(14,164)	101,686
Office equipment	313,865	(65,545)	248,320
Plant and machinery	8,544,581	(4,891,818)	3,652,763
Renovations	788,340	(81,960)	706,380
Signboard	2,893	(741)	2,152
Capital work-in-progress	86,910	-	86,910
	15,743,269	(7,131,726)	8,611,543



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**9. PROPERTY, PLANT AND EQUIPMENT (continued)**

2023	Balance as at 1.3.2022 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Depreciation charge for the financial year RM	Translation differences RM	Balance as at 28.2.2023 RM
<b>Carrying amount</b>								
Freehold land	1,702,608	-	-	-	-	-	-	1,702,608
Buildings	1,099,498	-	-	-	-	(10,410)	-	1,089,088
Computers	142,944	233,473	-	(1,065)	-	(36,630)	4,309	343,031
Equipment	97,825	-	(95,313)	-	-	(2,512)	-	-
Electrical installation	110,879	-	-	-	-	(21,233)	-	89,646
Furniture and fittings	325,074	256,847	(18,837)	(15,134)	-	(48,861)	501	499,590
Motor vehicles	334,504	1,500	(57,713)	(1)	-	(33,998)	-	244,292
Laboratory equipment	101,686	4,035	-	-	-	(12,390)	-	93,331
Office equipment	248,320	97,999	-	(4,592)	-	(35,592)	3,650	309,785
Plant and machinery	3,652,763	2,417,876	(660,165)	(101,667)	86,910	(512,514)	159,777	5,042,980
Renovations	706,380	904,546	-	-	-	(135,998)	-	1,474,928
Signboard	2,152	-	-	(633)	-	(244)	-	1,275
Capital work-in-progress	86,910	9,944	-	-	(86,910)	-	-	9,944
	8,611,543	3,926,220	(832,028)	(123,092)	-	(850,382)	168,237	10,900,498

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	1,702,608	-	1,702,608
Buildings	1,301,166	(212,078)	1,089,088
Computers	425,524	(82,493)	343,031
Electrical installation	143,305	(53,659)	89,646
Furniture and fittings	586,323	(86,733)	499,590
Motor vehicles	1,390,501	(1,146,209)	244,292
Laboratory equipment	119,885	(26,554)	93,331
Office equipment	410,092	(100,307)	309,785
Plant and machinery	8,334,767	(3,291,787)	5,042,980
Renovations	1,692,886	(217,958)	1,474,928
Signboard	1,903	(628)	1,275
Capital work-in-progress	9,944	-	9,944
	16,118,904	(5,218,406)	10,900,498



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

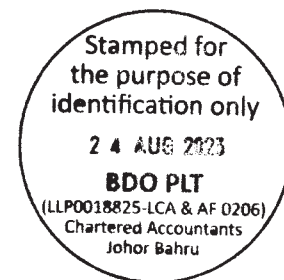
**9. PROPERTY, PLANT AND EQUIPMENT (continued)**

- (a) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2021 RM	2022 RM	2023 RM
Purchase of property, plant and equipment	4,879,362	4,117,191	3,926,220
Financed by term loans	-	-	(1,275,715)
Amount owing to a vendor (Note 22)	<u>(1,058,000)</u>	<u>-</u>	<u>(117,380)</u>
Cash payments on purchase of property, plant and equipment	<u>3,821,362</u>	<u>4,117,191</u>	<u>2,533,125</u>

- (b) Certain freehold land and buildings of the Group have been charged to financial institution for banking facilities granted to the Group as disclosed in Note 21 to the combined financial statements with carrying amounts as follows:

	2021 RM	2022 RM	2023 RM
Freehold land	1,702,608	1,702,608	1,702,608
Buildings	1,115,110	1,099,498	1,089,088
Renovation	<u>-</u>	<u>156,114</u>	<u>407,758</u>
Carrying amount	<u>2,817,718</u>	<u>2,958,220</u>	<u>3,199,454</u>



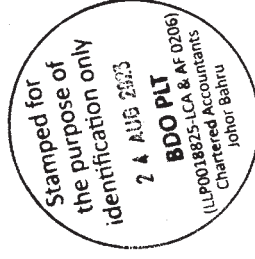
**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

The Group as lessee

(I) Right-of-use assets



	Balance as at 1.3.2020 RM	Additions RM	Disposals RM	Lease termination RM	Depreciation RM	Reclassification to property, plant and equipment (Note 9) RM	Translation differences RM	Balance as at 28.2.2021 RM
<b>Carrying amount</b>								
Buildings	1,878,022	627,922	-	(19,088)	(358,340)	-	2,194	2,130,710
Heavy movable machines	232,000	400,000	-	-	(91,333)	-	-	540,667
Motor vehicles	989,740	270,639	(470,907)	-	(257,088)	(117,708)	-	414,676
Plant and machinery	1,504,113	251,600	-	-	(221,749)	(727,787)	-	806,177
	4,603,875	1,550,161	(470,907)	(19,088)	(928,510)	(845,495)	2,194	3,892,230

	Balance as at 1.3.2021 RM	Additions RM	Disposals RM	Lease termination RM	Depreciation RM	Reclassification from property, plant and equipment (Note 9) RM	Translation differences RM	Balance as at 28.2.2022 RM
<b>Carrying amount</b>								
Buildings	2,130,710	847,219	-	(1,310,914)	(448,279)	-	1,036	1,219,772
Heavy movable machines	540,667	386,933	-	-	(123,578)	-	-	804,022
Motor vehicles	414,676	1,650,060	(195,337)	-	(355,238)	1,006,526	697	2,521,384
Plant and machinery	806,177	795,000	-	-	(305,122)	1,944,639	-	3,240,694
	3,892,230	3,679,212	(195,337)	(1,310,914)	(1,232,217)	2,951,165	1,733	7,785,872



**13. ACCOUNTANTS' REPORT (Cont'd)**

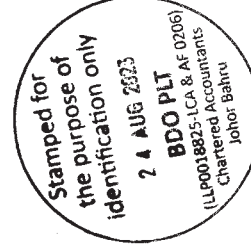
UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

The Group as lessee (continued)

(I) Right-of-use assets (continued)

	Balance as at 1.3.2022 RM	Additions RM	Depreciation RM	Translation differences RM	Balance as at 28.2.2023 RM
<b>Carrying amount</b>					
Buildings	1,219,772	1,706,055	(451,903)	30,440	2,504,364
Heavy movable machines	804,022	-	(123,578)	-	680,444
Laboratory equipment	-	125,720	(6,286)	-	119,434
Motor vehicles	2,521,384	2,901,542	(932,312)	142,308	4,632,922
Plant and machinery	3,240,694	118,500	(318,323)	90,163	3,131,034
	<b>7,785,872</b>	<b>4,851,817</b>	<b>(1,832,402)</b>	<b>262,911</b>	<b>11,068,198</b>

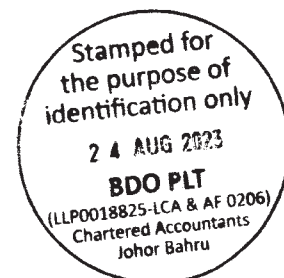


**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)****The Group as lessee (continued)****(II) Lease liabilities**

	2021 RM	2022 RM	2023 RM
Balance at beginning of year	3,449,589	3,876,705	6,802,108
Additions	1,361,045	5,918,439	4,233,192
Termination	(19,791)	(1,345,953)	-
Payment of lease liabilities	(916,324)	(1,648,066)	(2,289,939)
Payment of lease interests	(96,371)	(276,236)	(381,296)
Interest expense	96,371	276,236	381,296
Translation differences	2,186	983	187,629
	<u>3,876,705</u>	<u>6,802,108</u>	<u>8,932,990</u>
Represented by:			
Current liability	779,012	1,914,510	2,589,369
Non-current liability	<u>3,097,693</u>	<u>4,887,598</u>	<u>6,343,621</u>
	<u>3,876,705</u>	<u>6,802,108</u>	<u>8,932,990</u>
Lease liabilities owing to:			
Financial institutions	1,516,655	5,111,633	6,383,192
Non-financial institutions	<u>2,360,050</u>	<u>1,690,475</u>	<u>2,549,798</u>
	<u>3,876,705</u>	<u>6,802,108</u>	<u>8,932,990</u>

- (a) The Group entered into certain leases of premises during the financial year with lease term of 12 months or less. The Group applies the "short-term lease" exemption for these leases.
- (b) The following are the amounts recognised in profit or loss:

	2021 RM	2022 RM	2023 RM
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	928,510	1,232,217	1,832,402
Interest expense on lease liabilities (included in finance costs)	96,371	276,236	381,296
Expense relating to short-term leases (included in administrative expenses)	212,390	181,856	194,725
Gain on lease termination (included in other operating income)	<u>(703)</u>	<u>(35,039)</u>	<u>-</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

**The Group as lessee (continued)**

- (c) The Group lease contract that includes extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

There are no undiscounted potential future rental payments that are not included in the lease term as at the end of each reporting period.

- (d) During the financial year, the Group made the following cash payments on right-of-use assets:

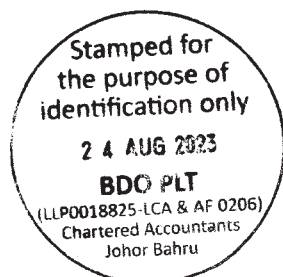
	2021 RM	2022 RM	2023 RM
Additions of right-of-use assets	1,550,161	3,679,212	4,851,817
Financed by lease arrangements	(733,123)	(2,270,021)	(2,527,137)
Recognition of right-of-use assets for rented buildings	<u>(627,922)</u>	<u>(847,219)</u>	<u>(1,706,055)</u>
Cash payments on right-of-use assets	<u>189,116</u>	<u>561,972</u>	<u>618,625</u>

- (e) Weighted average incremental borrowing rate of the lease liabilities of the Group as at the end of the reporting period is 5.00% (2022: 5.05%) (2021: 5.65%) per annum.

**11. INVESTMENT PROPERTIES**

2021	Balance as at 1.3.2020 RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 28.2.2021 RM
<b>Carrying amount</b>				
Freehold land	1,467,260	-	-	1,467,260
Buildings	3,096,289	-	(67,854)	3,028,435
Renovations	1,537,773	(177,770)	(174,268)	1,185,735
	<u>6,101,322</u>	<u>(177,770)</u>	<u>(242,122)</u>	<u>5,681,430</u>

	[ ----- As at 28.2.2021 ----- ]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	1,467,260	-	1,467,260
Buildings	3,392,626	(364,191)	3,028,435
Renovations	1,742,671	(556,936)	1,185,735
	<u>6,602,557</u>	<u>(921,127)</u>	<u>5,681,430</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**11. INVESTMENT PROPERTIES (continued)**

	Balance as at 1.3.2021 RM	Depreciation charge for the financial year RM	Reclassification to assets held for sale (Note 16) RM	Balance as at 28.2.2022 RM
<b>2022</b>				
<b>Carrying amount</b>				
Freehold land	1,467,260	-	(1,467,260)	-
Buildings	3,028,435	(67,853)	(2,960,582)	-
Renovations	1,185,735	(174,267)	(1,011,468)	-
	<u>5,681,430</u>	<u>(242,120)</u>	<u>(5,439,310)</u>	<u>-</u>

(a) The following are recognised in profit or loss:

	2021 RM	2022 RM	2023 RM
<b>Lease income</b>	399,151	385,184	-
<b>Direct operating expenses:</b>			
- income generating investment properties	<u>14,292</u>	<u>33,657</u>	<u>-</u>

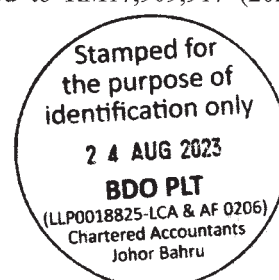
(b) The fair value of the investment properties of approximately RM5,700,000 in financial year 2021 at Level 3 was recommended by the Directors as at the end of reporting period based on comparison method that make reference to recent market value of a similar property in the vicinity on a price per square feet basis. Any changes in the price per square feet will result in a reasonable change in the fair value of the investment property.

(c) Investment properties have been charged to a financial institution for credit facilities granted to the Group as disclosed in Note 21 to the combined financial statements at the end of the financial year 28 February 2021 and 28 February 2022.

**12. INVENTORIES**

	2021 RM	2022 RM	2023 RM
<b>At cost</b>			
Construction materials	13,430	419,187	773,637
Raw materials	950,350	317,679	726,128
Finished goods	<u>608,762</u>	<u>1,839,890</u>	<u>929,948</u>
	<u>1,572,542</u>	<u>2,576,756</u>	<u>2,429,713</u>

(a) Inventories of the Group recognised as cost of sales amounted to RM17,909,917 (2022: RM15,737,043) (2021: RM11,081,640).



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**13. CONTRACT ASSETS/(LIABILITIES)**

	2021 RM	2022 RM	2023 RM
At beginning of financial year	5,285,227	11,200,413	16,456,973
Revenue recognised during the financial year	44,061,280	68,596,212	79,719,922
Progress billings	(38,146,066)	(63,340,634)	(72,296,128)
Translation difference	(28)	982	103,373
At end of financial year	<u>11,200,413</u>	<u>16,456,973</u>	<u>23,984,140</u>
Represented by:			
Contract assets	11,200,413	16,456,973	24,139,614
Contract liabilities	-	-	(155,474)
	<u>11,200,413</u>	<u>16,456,973</u>	<u>23,984,140</u>

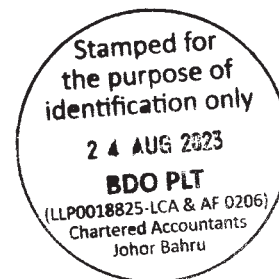
- (a) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	2021 RM	2022 RM	2023 RM
Within one year	<u>18,908,450</u>	<u>20,675,366</u>	<u>52,249,706</u>

- (b) Contract assets that are impaired at the end of the reporting period and the reconciliation of movements in allowance for impairment accounts is as follows:

	2021 RM	2022 RM	2023 RM
At beginning of financial year	709,736	709,736	699,985
Reversal	-	(9,751)	(245,579)
At end of financial year	<u>709,736</u>	<u>699,985</u>	<u>454,406</u>

- (c) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. Typically, the amount will be billed within 30 to 180 days (2022: 30 to 180 days) (2021: 30 to 180 days).

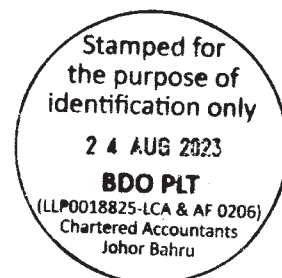


**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**14. TRADE AND OTHER RECEIVABLES**

	2021 RM	2022 RM	2023 RM
<b>Trade receivables</b>			
Third parties	13,521,210	16,119,342	14,434,091
Retention sums	2,116,691	4,104,840	4,752,793
Amounts owing by related parties	374,226	151,298	-
	16,012,127	20,375,480	19,186,884
Less: Impairment losses	(1,525,888)	(1,438,861)	(620,130)
Total trade receivables	14,486,239	18,936,619	18,566,754
<b>Other receivables</b>			
Third parties	168,446	426,360	1,484,616
Amount owing by a related party	5,439	-	-
Deposits	378,106	474,366	528,632
	551,991	900,726	2,013,248
Prepayments	520,664	580,493	1,400,080
	15,558,894	20,417,838	21,980,082

- (a) Trade receivables are non-interest bearing and the normal trade credit term granted by the Group is 30 to 150 days (2022: 30 to 150 days) (2021: 30 days) from the date of invoice. They are recognised at its original invoice amounts, which represent its fair value on initial recognition.
- (b) Non-trade amount owing by a related party is unsecured and interest-free.
- (c) The currency exposure profile of trade and other receivables, excluding prepayments is as follows:

	2021 RM	2022 RM	2023 RM
Ringgit Malaysia	9,946,546	12,029,600	13,363,070
Singapore Dollar	5,091,684	7,807,745	7,216,932
	15,038,230	19,837,345	20,580,002

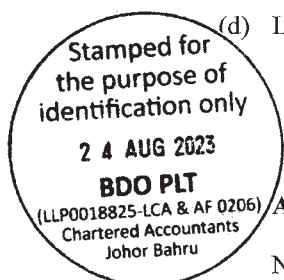


**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**14. TRADE AND OTHER RECEIVABLES (continued)**

(d) Lifetime expected credit losses for trade receivables of the Group are as follows:

	Gross carrying amount RM	Lifetime ECL allowance RM	Carrying amount RM
<b>As at 28 February 2021</b>			
Not past due	7,785,364	-	7,785,364
Past due:			
1 to 30 days	2,442,220	-	2,442,220
31 to 60 days	1,561,042	-	1,561,042
61 to 90 days	968,591	-	968,591
More than 90 days	1,729,022	-	1,729,022
	6,700,875	-	6,700,875
Individual assessment	1,525,888	(1,525,888)	-
	<u>16,012,127</u>	<u>(1,525,888)</u>	<u>14,486,239</u>
<b>As at 28 February 2022</b>			
Not past due	16,075,456	-	16,075,456
Past due:			
1 to 30 days	1,507,231	-	1,507,231
31 to 60 days	229,973	-	229,973
61 to 90 days	93,150	-	93,150
More than 90 days	1,821,653	(790,844)	1,030,809
	3,652,007	(790,844)	2,861,163
Individual assessment	648,017	(648,017)	-
	<u>20,375,480</u>	<u>(1,438,861)</u>	<u>18,936,619</u>
<b>As at 28 February 2023</b>			
Not past due	14,214,070	-	14,214,070
Past due:			
1 to 30 days	1,446,439	-	1,446,439
31 to 60 days	2,310,940	-	2,310,940
61 to 90 days	173,750	-	173,750
More than 90 days	421,555	-	421,555
	4,352,684	-	4,352,684
Individual assessment	620,130	(620,130)	-
	<u>19,186,884</u>	<u>(620,130)</u>	<u>18,566,754</u>

None of the trade receivables of the Group that are past due but not impaired have been renegotiated during the financial year. These receivables are not secured by any collateral.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**14. TRADE AND OTHER RECEIVABLES (continued)**

- (e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses. Loss rates are based on actual credit loss experience over past years.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. Nevertheless, the Directors believe that these factors are immaterial for the purpose of impairment calculation for the year.

It requires management to exercise judgement in determining the probability of default by trade receivables and appropriate forward looking information.

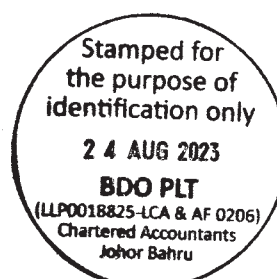
- (f) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays and past due information. No expected credit loss is recognised arising from other receivables as it is negligible.

- (g) Trade receivables inclusive retention sums that are past due and impaired at the end of the reporting period and the reconciliation of movements in allowance for impairment loss accounts is as follows:

	2021 RM	2022 RM	2023 RM
At beginning of financial year	1,474,986	1,525,888	1,438,861
Charge	87,449	790,844	-
Reversal	(36,547)	(831,921)	(818,731)
Written off	-	(45,950)	-
At end of financial year	<u>1,525,888</u>	<u>1,438,861</u>	<u>620,130</u>

- (h) Information on financial risks of trade and other receivables is disclosed in Note 32 to the combined financial statements.





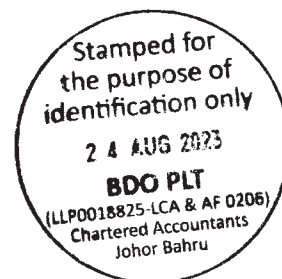
**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**15. CASH AND BANK BALANCES**

	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	6,694,011	8,587,980	11,843,652
Deposits with licensed banks	500,000	1,000,000	3,430,000
As reported in the combined statements of financial position	7,194,011	9,587,980	15,273,652
Less: Deposits pledged	(500,000)	(1,000,000)	(3,430,000)
Less: Bank overdrafts (Note 21)	-	-	(195,336)
As per combined statements of cash flows	<u>6,694,011</u>	<u>8,587,980</u>	<u>11,648,316</u>

- (a) Deposits pledged to licensed banks of the Group have maturity period of one (1) year.
- (b) As at the end of reporting period, the deposits pledged with licensed banks of the Group have been charged to financial institution as security for credit facilities granted to the Group as disclosed in Note 21 to the combined financial statements.
- (c) The currency exposure profile of cash and bank balances are as follows:

	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	2,949,443	4,112,456	6,676,352
Singapore Dollar	4,244,568	5,475,524	8,597,300
	<u>7,194,011</u>	<u>9,587,980</u>	<u>15,273,652</u>

- (d) No expected credit losses are recognised arising from the deposits with financial institutions because the probability of default by these financial institutions are negligible.
- (e) Information on financial risks of cash and bank balances is disclosed in Note 32 to the combined financial statements.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**16. ASSETS HELD FOR SALE**

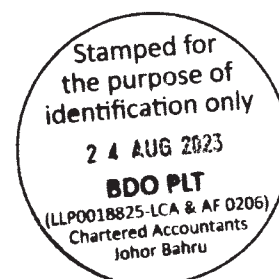
	2021 RM	2022 RM	2023 RM
Balance as at beginning of financial year	-	918,485	6,160,706
Disposals	-	(918,485)	(6,160,706)
Reclassification from property, plant and equipment (Note 9)	918,485	721,396	-
Reclassification from investment properties (Note 11)	-	5,439,310	-
Balance as at end of financial year	<u>918,485</u>	<u>6,160,706</u>	<u>-</u>

The carrying amount of assets held for sale is the same as its carrying amount before it was being reclassified to current assets.

	2021 RM	2022 RM	2023 RM
Cost	984,092	7,769,703	-
Accumulated depreciation	<u>(65,607)</u>	<u>(1,608,997)</u>	<u>-</u>
Carrying amount	<u>918,485</u>	<u>6,160,706</u>	<u>-</u>

- (a) During the financial year ended 28 February 2021, certain land and buildings of the Group were reclassified as assets held for sale following the commitment of the Group to dispose. The disposal was completed during the financial year 28 February 2022 for a total consideration of RM1,400,000.
- (b) During the financial year ended 28 February 2022, certain investment properties and movable assets were reclassified as assets held for sale following the commitment of the Group to dispose to a related party, namely Bestari Selatan Sdn. Bhd.. The disposal was completed during the financial year 28 February 2023 for a total consideration of RM6,500,000.

These assets held for sale have been charged to a financial institution for credit facilities granted to the Group and its outstanding balances as disclosed in Note 21 to the combined financial statements.



**13. ACCOUNTANTS' REPORT (Cont'd)**

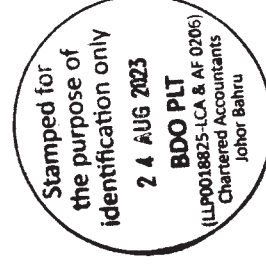
UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**17. INVESTED EQUITY**

For the purpose of these combined financial statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of the other combining entities, namely Kum Fatt Engineering Sdn. Bhd., Premier Plastic Industry Sdn. Bhd. and Konnection Engineering Pte. Ltd..

	2021		2022		2023	
	Number of shares	RM	Number of shares	RM	Number of shares	RM
Issued and fully paid-up with no par value						
Balance as at beginning of financial year	1,900,000	2,303,380	1,950,000	2,353,380	2,000,000	2,508,035
Issuance of ordinary shares	50,000	50,000	50,000	154,655	1,400,002	1,400,002
Balance as at end of financial year	1,950,000	2,353,380	2,000,000	2,508,035	3,400,002	3,908,037

(a) The common controlling shareholders of the combining entities are entitled to receive dividends as and when declared by the combining entities and are entitled to one (1) vote per ordinary share at meetings of the combining entities. All ordinary shares rank pari passu with regard to the residual assets of the Group.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**18. RESERVES**

	2021 RM	2022 RM	2023 RM
Non-distributable:			
Foreign exchange translation reserve	59,076	160,754	1,222,601
Distributable:			
Retained earnings	<u>23,900,903</u>	<u>33,096,719</u>	<u>43,374,995</u>
	<u><u>23,959,979</u></u>	<u><u>33,257,473</u></u>	<u><u>44,597,596</u></u>

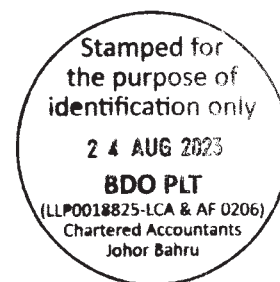
## (a) Foreign exchange translation reserve

Foreign exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the combined financial statements of foreign operation whose functional currency is different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

**19. DEFERRED TAX LIABILITIES**

## (a) The deferred tax liabilities are made up of the following:

	2021 RM	2022 RM	2023 RM
As at beginning of financial year	499,296	797,683	1,135,083
Recognised in profit or loss (Note 26)	297,485	332,947	192,387
Translation difference	<u>902</u>	<u>4,453</u>	<u>37,414</u>
As at end of financial year	<u><u>797,683</u></u>	<u><u>1,135,083</u></u>	<u><u>1,364,884</u></u>
After appropriate offsetting:			
Deferred tax liabilities, net	962,327	1,274,407	1,399,477
Deferred tax asset, net	<u>(164,644)</u>	<u>(139,324)</u>	<u>(34,593)</u>
	<u><u>797,683</u></u>	<u><u>1,135,083</u></u>	<u><u>1,364,884</u></u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**19. DEFERRED TAX LIABILITIES (continued)**

(b) The components and movements of deferred tax liabilities/(assets) during the financial year are as follow:

	Property, plant and equipment RM	Other temporary differences RM	Total RM
At 1 March 2020	663,940	(164,644)	499,296
Recognised in profit or loss	297,485	-	297,485
Translation difference	902	-	902
At 28 February 2021/1 March 2021	962,327	(164,644)	797,683
Recognised in profit or loss	307,627	25,320	332,947
Translation difference	4,453	-	4,453
At 28 February 2022/1 March 2022	1,274,407	(139,324)	1,135,083
Recognised in profit or loss	87,656	104,731	192,387
Translation difference	37,414	-	37,414
At 28 February 2023	1,399,477	(34,593)	1,364,884

**20. DEFERRED INCOME**

	2021 RM	2022 RM	2023 RM
<b>Government grant</b>			
<b>At cost</b>			
At beginning of year	-	-	-
Addition during the year	-	-	193,143
At end of year	-	-	193,143
<b>Accumulated depreciation</b>			
At beginning of year	-	-	-
Amortisation charge	-	-	(5,889)
At end of year	-	-	(5,889)
<b>Carrying amounts</b>	-	-	187,254
<b>Deferred income is disclosed under:</b>			
Non-current liabilities	-	-	171,159
Current liabilities	-	-	16,095
	-	-	187,254

Deferred income represents a government grant receivable to part finance capital expenditure.

The government grant is amortised over the useful life of the assets.

**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**21. BORROWINGS**

	2021 RM	2022 RM	2023 RM
<b>Current liabilities</b>			
Bank overdrafts	-	-	195,336
Trade financing	4,993,724	9,576,266	10,726,767
Term loans	1,403,037	1,476,335	1,887,391
	6,396,761	11,052,601	12,809,494
Term loans associated with assets held for sale (Note 16)	-	3,716,962	-
	<u>6,396,761</u>	<u>14,769,563</u>	<u>12,809,494</u>
<b>Non-current liabilities</b>			
Term loans	<u>7,950,301</u>	<u>4,125,875</u>	<u>4,188,445</u>
<b>Total borrowings</b>			
Trade financing	4,993,724	9,576,266	10,726,767
Term loans	9,353,338	9,319,172	6,075,836
	14,347,062	18,895,438	16,802,603
Bank overdrafts (Note 15)	-	-	195,336
	<u>14,347,062</u>	<u>18,895,438</u>	<u>16,997,939</u>

- (a) Term loans are secured by:
- (i) Joint and several guarantees by certain Directors;
  - (ii) Legal charges over certain freehold land and buildings of the Group as disclosed in Note 9, Note 11 and Note 16 to the combined financial statements;
  - (iii) Legal charges over personal property owned by a Director of the Group which has been discharged during financial year ended 28 February 2023; and
  - (iv) Guarantee from Credit Guarantee Corporation Malaysia Berhad ("CGC") under Bank Negara Malaysia's Fund for Small and Medium Enterprise or guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP").



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**21. BORROWINGS (continued)**

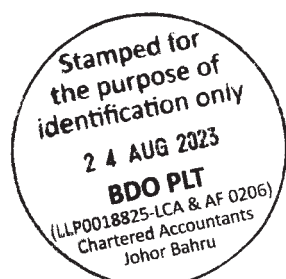
- (b) Trade financing includes bankers' acceptance, invoice financing, import financing and promissory note. Trade financing and overdrafts facilities are secured by:
- Joint and several guarantees by certain Directors;
  - Deposits pledged with licensed banks of the Group as disclosed in Note 15 to the combined financial statements; and
  - Legal charges over personal property owned by a Director of the Group which has been discharged during financial year ended 28 February 2023.
  - Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP").
- (c) The currency exposure profile of borrowings are as follows:

	2021 RM	2022 RM	2023 RM
Ringgit Malaysia	11,047,406	16,408,209	15,266,491
Singapore Dollar	3,299,656	2,487,229	1,731,448
	<u>14,347,062</u>	<u>18,895,438</u>	<u>16,997,939</u>

- (d) Information on financial risks of borrowings and the remaining maturity is disclosed in Note 32 to the combined financial statements.

**22. TRADE AND OTHER PAYABLES**

	2021 RM	2022 RM	2023 RM
<b>Trade payables</b>			
Third parties	4,266,895	2,357,867	5,030,603
Retention sums	993,592	1,221,160	1,487,645
Amounts owing to a related party	433,315	-	-
	5,693,802	3,579,027	6,518,248
<b>Other payables</b>			
Third parties			
- Others	602,110	740,902	365,948
- Amount owing to a vendor	1,058,000	-	117,380
Amounts owing to related parties	135,698	-	4,278
Amount owing to a Director	2,360,404	1,630,502	-
Deposits	134,656	80,000	-
Accruals	797,432	734,860	1,225,782
	5,088,300	3,186,264	1,713,388
	<u>10,782,102</u>	<u>6,765,291</u>	<u>8,231,636</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**22. TRADE AND OTHER PAYABLES (continued)**

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 to 90 days (2022: 30 to 90 days) (2021: 30 to 90 days).
- (b) Non-trade amounts owing to related parties and Director are unsecured and interest-free and payable upon demand.
- (c) Amount owing to a vendor represent costs for the acquisition of property, plant and equipment as disclosed in Note 9(a) to the combined financial statements.
- (d) The currency exposure profile of trade and other payables are as follows:

	2021 RM	2022 RM	2023 RM
Ringgit Malaysia	10,545,173	6,336,571	7,392,632
Singapore Dollar	<u>236,929</u>	<u>428,720</u>	<u>839,004</u>
	<u>10,782,102</u>	<u>6,765,291</u>	<u>8,231,636</u>

- (e) Information on financial risks of trade and other payables is disclosed in Note 32 to the combined financial statements.

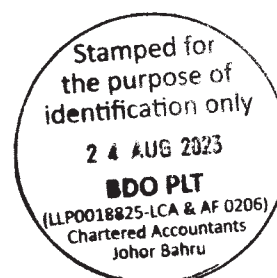
**23. REVENUE**

	2021 RM	2022 RM	2023 RM
<b>Revenue from contracts with customers</b>			
<b>Recognised over time:</b>			
Construction contracts	37,305,624	54,206,718	60,679,153
<b>Recognised point in time:</b>			
Construction contracts	6,755,656	14,389,494	19,040,769
Sale of goods	<u>7,644,856</u>	<u>6,290,022</u>	<u>8,942,243</u>
	<u>51,706,136</u>	<u>74,886,234</u>	<u>88,662,165</u>

**Disaggregation of revenue from contracts with customers**

Revenue from contracts with customers is disaggregated by primary geographical market, and major products or service lines as disclosed in Note 8 to the combined financial statements.

There is no significant financing component in the revenue arising from sale of products and services rendered as the sales or services are made on the normal credit terms.





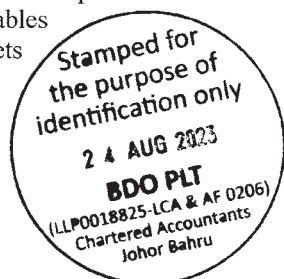
**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**24. FINANCE COSTS**

	2021 RM	2022 RM	2023 RM
Interest expense on:			
- bank overdrafts	55,528	19,060	44,020
- trade financing	201,959	298,657	587,529
- lease liabilities	96,371	276,236	381,296
- term loans	229,789	302,356	293,585
- others	36,131	55,501	76,379
	<u>619,778</u>	<u>951,810</u>	<u>1,382,809</u>

**25. PROFIT BEFORE TAX**

Other than those disclosed elsewhere in the combined financial statements, the following amounts have been included in arriving at profit before tax:

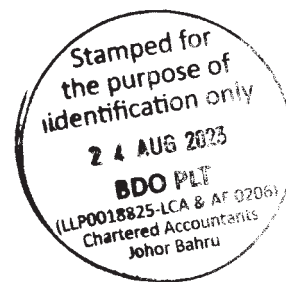
	2021 RM	2022 RM	2023 RM
After charging:			
Assets written off	177,770	-	-
Auditors' remuneration	35,000	74,384	108,261
Bad debt written off	-	19,977	-
Property, plant and equipment written off	-	289,293	123,092
Loss on disposal of:			
- property, plant and equipment	-	242,425	71,528
- right-of-use assets	38,907	-	-
Net realised loss on foreign exchange	11,200	-	-
Net unrealised loss on foreign exchange	4,332	-	-
And crediting:			
Bad debt written back	-	-	5,000
Governments' subsidies - Covid 19 related and others	526,421	361,589	200,419
Gain on disposal of:			
- property, plant and equipment	17,297	-	-
- right-of-use assets	-	64,663	-
- assets held for sale	-	481,515	339,294
Interest income	15,407	64,531	57,661
Lease income from:			
- investment properties	399,151	385,184	-
- assets held for sale	-	-	300,248
- other assets	682,793	304,398	-
Net realised gain on foreign exchange	-	29,322	140,421
Net (loss)/gain on impairment of:			
- trade receivables	(50,902)	41,077	818,731
- contract assets	-	9,751	245,579
	<u>(50,902)</u>	<u>50,828</u>	<u>1,064,310</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**26. TAX EXPENSE**

	2021 RM	2022 RM	2023 RM
Current tax expense			
- Malaysia income tax	1,598,486	2,197,201	1,918,916
- Foreign income tax	165,083	1,425,839	1,166,951
	<u>1,763,569</u>	<u>3,623,040</u>	<u>3,085,867</u>
Over provision in prior years			
- Malaysia income tax	-	(445)	(179,198)
- Foreign income tax	-	-	(49,213)
	<u>-</u>	<u>(445)</u>	<u>(228,411)</u>
	1,763,569	3,622,595	2,857,456
Deferred tax (Note 19)			
- Current year	297,485	391,011	296,570
- Over provision in prior years	-	(58,064)	(104,183)
	<u>297,485</u>	<u>332,947</u>	<u>192,387</u>
Real Property Gain Tax	-	42,000	7,309
	<u>2,061,054</u>	<u>3,997,542</u>	<u>3,057,152</u>

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) (2021: 24%) of the estimated taxable profit for the fiscal year.
- (b) Tax expense for other taxation authority are calculated at the rates prevailing in the respective jurisdictions.



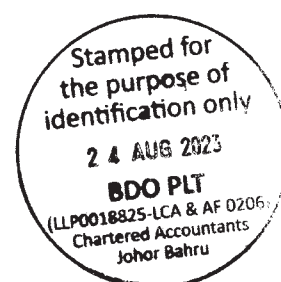
**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**26. TAX EXPENSE (continued)**

(c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group are as follows:

	2021 RM	2022 RM	2023 RM
Profit before tax	9,428,090	18,564,733	17,174,518
Tax expense at applicable tax rate of 24%	2,262,742	4,455,536	4,121,884
Tax effects in respect of:			
Different tax rate in foreign entity	(247,519)	(602,431)	(507,310)
Non-allowable expenses	204,422	314,800	204,448
Non-taxable income	(21,395)	(15,957)	(255,434)
Tax incentive	-	-	(83,088)
Reduction in statutory tax rates on chargeable income	(137,196)	(137,897)	(98,063)
	2,061,054	4,014,051	3,382,437
Real Property Gain Tax	-	42,000	7,309
Over provision in prior years			
- income tax	-	(445)	(228,411)
- deferred tax	-	(58,064)	(104,183)
	2,061,054	3,997,542	3,057,152

(d) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Tax effect RM	After tax RM
<b>2023</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange translations	1,061,847	-	1,061,847
<b>2022</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange translations	101,678	-	101,678
<b>2021</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange translations	57,953	-	57,953



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**27. EMPLOYEE BENEFITS**

	2021 RM	2022 RM	2023 RM
Salaries and allowances	4,008,737	6,694,415	10,463,952
Defined contribution plans	305,100	498,942	807,542
Social security contribution	18,833	34,837	54,831
Other benefits	49,290	208,375	101,047
	<u>4,381,960</u>	<u>7,436,569</u>	<u>11,427,372</u>

Included in the employee benefits of the Group are Directors' remuneration of RM2,151,267 (2022: RM1,609,599) (2021: RM1,231,046).

**28. EARNINGS PER SHARE**

## (a) Basic earnings per ordinary share

	2021 RM	2022 RM	2023 RM
Profit attributable to common controlling shareholders of the combining entities	<u>7,367,036</u>	<u>14,567,191</u>	<u>14,117,366</u>
Weighted average number of ordinary shares outstanding	<u>1,915,068</u>	<u>1,951,781</u>	<u>3,012,603</u>
Basic earnings per ordinary share (RM)	<u>3.85</u>	<u>7.46</u>	<u>4.69</u>

## (b) Diluted earnings per ordinary share

The diluted earnings per ordinary share equal the basic earnings per ordinary share as there were no outstanding dilutive ordinary shares at the end of each reporting periods.

**29. DIVIDENDS**

**In respect of financial year ended 28 February 2021:**  
First and second single tier interim dividend

Amount of  
dividend  
RM

3,906,160

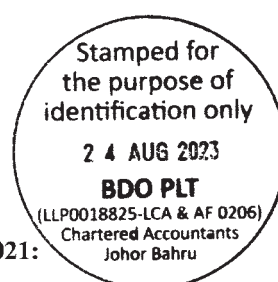
**In respect of financial year ended 28 February 2022:**  
First single tier interim dividend

5,371,375

**In respect of financial year ended 28 February 2023:**  
First single tier interim dividend

3,839,090

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 28 February 2023.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**30. COMMITMENTS**

## (a) Capital commitments

Capital expenditure in respect of purchase of property, plant and equipment:

	2021 RM	2022 RM	2023 RM
Contracted but not provided for	<u>496,475</u>	<u>363,700</u>	<u>547,000</u>

## (b) Contingent liability

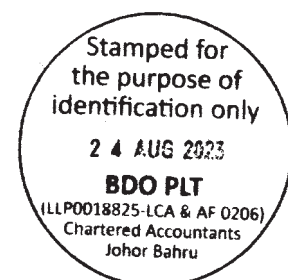
	2021 RM	2022 RM	2023 RM
Guarantee given to third party in respect of contracts	<u>-</u>	<u>-</u>	<u>500,000</u>

**31. FINANCIAL INSTRUMENTS**

## (a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder's value. The overall strategy of the Group remains unchanged from that in FYEs 28 February 2021, 28 February 2022 and 28 February 2023.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payout to shareholders. No changes were made in the objectives, policies or processes during the FYEs 28 February 2021, 28 February 2022 and 28 February 2023.



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**31. FINANCIAL INSTRUMENTS (continued)**

## (a) Capital management (continued)

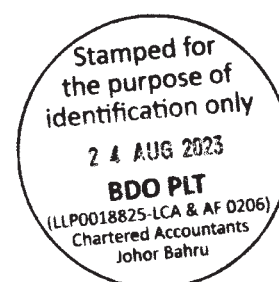
The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, lease liabilities, trade and other payables less cash and bank balances. Capital represents equity attributable to the common controlling shareholder of the Group.

	2021 RM	2022 RM	2023 RM
Total borrowings	14,347,062	18,895,438	16,997,939
Total lease liabilities	3,876,705	6,802,108	8,932,990
Trade and other payables	10,782,102	6,765,291	8,231,636
	<u>29,005,869</u>	<u>32,462,837</u>	<u>34,162,565</u>
Less: Cash and bank balances	<u>(7,194,011)</u>	<u>(9,587,980)</u>	<u>(15,273,652)</u>
Net debt	21,811,858	22,874,857	18,888,913
Equity attributable to common controlling shareholders of the combining entities	<u>26,313,359</u>	<u>35,765,508</u>	<u>48,505,633</u>
Capital and net debt	<u>48,125,217</u>	<u>58,640,365</u>	<u>67,394,546</u>
Debt ratio	<u>45%</u>	<u>39%</u>	<u>28%</u>

The Group is not subject to any externally imposed capital requirements.

## (b) Categories of financial instruments

	2021 RM	2022 RM	2023 RM
<b>Financial assets</b>			
<b>Amortised cost</b>			
Trade and other receivables, net of prepayments	15,038,230	19,837,345	20,464,343
Cash and bank balances	7,194,011	9,587,980	15,273,652
	<u>22,232,241</u>	<u>29,425,325</u>	<u>35,737,995</u>
<b>Financial liabilities</b>			
<b>Amortised cost</b>			
Borrowings	14,347,062	18,895,438	16,997,939
Trade and other payables	10,782,102	6,765,291	8,231,636
	<u>25,129,164</u>	<u>25,660,729</u>	<u>25,229,575</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**31. FINANCIAL INSTRUMENTS (continued)**

## (c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities such as trade and other receivables, trade and other payables and interest-bearing borrowings, are reasonable approximation of fair values, due to their short-term nature or that they are borrowings that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the borrowing is reasonable approximation of fair value due to the insignificant impact of discounting.

## (d) Fair value hierarchy

As at the end of each reporting period, the Group has no financial instruments that are measured subsequent to initial recognition at fair value hence fair value hierarchy is not presented.

**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The financial risk management objectives of the Group are to optimise value creation for its shareholder whilst minimising the potential adverse impact arising from credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk.

The financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the financial risk management policies of the Group. The exposure of the Group to financial risks and the management of the related exposures are as follows:

## (a) Credit risk

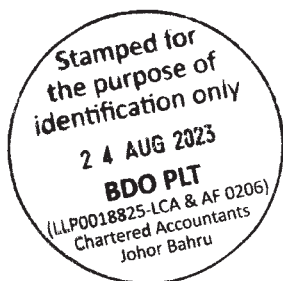
Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade and other receivables and contracts assets. The Group's trading terms with its customers are mainly on credit. The credit period are disclosed in Notes 13 and 14 to the combined financial statements respectively. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control officer to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Credit risk concentration profile

The Group determine concentration of credit risk by identifying and monitoring any significant long outstanding balance owing by any major customer or counter party on an on-going basis.

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers (2022: three (3) customers) (2021: two (2) customers) which constituted approximately 55% (2022: 80%) (2021: 64%) of its gross trade receivables at the end of each reporting period.



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

## (b) Liquidity and cash flow risk

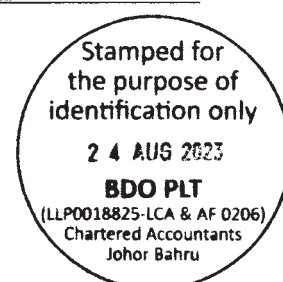
Liquidity risk arises from the Group's management of working capital. It is the risk that the Group would encounter difficulty in meeting its financial obligations when due.

The Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The maximum exposure in relation to guarantee extended to third party amounted to RM500,000 (2022: Nil) (2021: Nil).

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group at the end of each reporting period based on contractual undiscounted repayment obligations.

	<b>On demand or within one year RM</b>	<b>One to five years RM</b>	<b>Over five years RM</b>	<b>Total RM</b>
<b>As at 28 February 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables	10,782,102	-	-	10,782,102
Term loans	1,679,484	5,703,581	3,625,231	11,008,296
Trade financing	4,993,724	-	-	4,993,724
Lease liabilities	1,100,471	2,665,250	818,100	4,583,821
Total undiscounted financial liabilities	18,555,781	8,368,831	4,443,331	31,367,943
<b>As at 28 February 2022</b>				
<b>Financial liabilities</b>				
Trade and other payables	6,765,291	-	-	6,765,291
Term loans	5,510,161	4,065,941	353,018	9,929,120
Trade financing	9,576,266	-	-	9,576,266
Lease liabilities	2,212,032	5,274,166	96,000	7,582,198
Total undiscounted financial liabilities	24,063,750	9,340,107	449,018	33,852,875
<b>As at 28 February 2023</b>				
<b>Financial liabilities</b>				
Trade and other payables	8,231,636	-	-	8,231,636
Term loans	2,079,832	3,750,279	795,437	6,625,548
Bank overdraft	195,336	-	-	195,336
Trade financing	10,726,767	-	-	10,726,767
Lease liabilities	2,979,570	5,611,077	1,204,650	9,795,297
Total undiscounted financial liabilities	24,213,141	9,361,356	2,000,087	35,574,584





**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

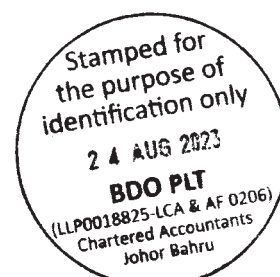
## (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments would fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relates primarily to the interest-earning deposits placed with a licensed bank and interest-bearing borrowings. The Group does not use derivative financial instruments to hedge its risk.

The following table sets out the carrying amount, the weighted average effective interest rates as at the end of the reporting year and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within one year RM	One to five years RM	More than 5 years RM	Total RM
<b>As at 28 February 2021</b>						
<b>Fixed rates</b>						
Deposits with a licensed bank	15	1.65	500,000	-	-	500,000
Term loans	21	2.81	(1,066,521)	(3,617,307)	(84,020)	(4,767,848)
<b>Floating rates</b>						
Trade financing	21	4.53	(4,993,724)	-	-	(4,993,724)
Term loans	21	4.14	(336,516)	(1,290,369)	(2,958,605)	(4,585,490)
<b>As at 28 February 2022</b>						
<b>Fixed rates</b>						
Deposits with a licensed bank	15	1.65	1,000,000	-	-	1,000,000
Term loans	21	2.86	(1,168,116)	(2,700,565)	-	(3,868,681)
<b>Floating rates</b>						
Trade financing	21	4.54	(9,576,266)	-	-	(9,576,266)
Term loans	21	4.29	(4,025,181)	(1,103,693)	(321,617)	(5,450,491)
<b>As at 28 February 2023</b>						
<b>Fixed rates</b>						
Deposits with licensed banks	15	2.27	3,430,000	-	-	3,430,000
Term loans	21	3.06	(1,537,623)	(2,043,948)	(163,748)	(3,745,319)
<b>Floating rates</b>						
Bank overdrafts	21	7.00	(195,336)	-	-	(195,336)
Trade financing	21	5.67	(10,726,767)	-	-	(10,726,767)
Term loans	21	4.21	(349,768)	(1,400,215)	(580,534)	(2,330,517)



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

## (c) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of reporting period changed by one hundred (100) basis points with all other variables held constant:

	2021 RM	2022 RM	2023 RM
<b>Profit after tax</b>			
- Increase by 1%	(72,800)	(114,200)	(100,700)
- Decrease by 1%	72,800	114,200	100,700

The Group's exposure to the interest rate risk is due to the outstanding borrowing during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

## (d) Foreign currency risk

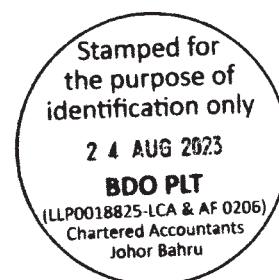
Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments would fluctuate because of changes in foreign exchange rates.

The Group has assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group is also exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the respective functional currencies of the entities within the Group.

The following table demonstrates the sensitivity analysis of the profit after tax of the Group to a reasonably possible change in the Singapore Dollar ("SGD") exchange rate against the functional currency of the Group, with all other variables held constant:

	2021 RM	2022 RM	2023 RM
<b>Profit after tax</b>			
SGD/RM			
- Strengthen by 5%	213,700	316,900	383,700
- Weaken by 5%	(213,700)	(316,900)	(383,700)



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

**33. RELATED PARTY DISCLOSURES**

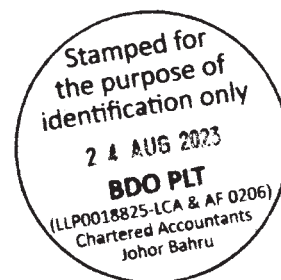
(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Group has controlling related party relationship with its holding company and the direct and indirect combined entities of the holding company.

Identified related parties of the Group as at 28 February 2023 include:

- (i) Companies in which certain directors have financial interests:
  - 1. Speedlink Communications Sdn. Bhd.
  - 2. Bestari Selatan Sdn. Bhd.
- (ii) Key management personnel who are defined as those persons having authority and responsibility of planning, directing and controlling activities of the Group either directly or indirectly. The key management personnel includes all the directors of the Group and certain members of the senior management of the Group.

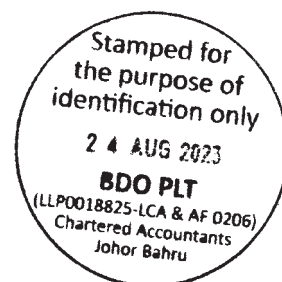


**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**33. RELATED PARTY DISCLOSURES (continued)**

## (b) Significant related party transactions and balances

In addition to the transactions and balances detailed elsewhere in the combined financial statements, the Group had the following transactions with related parties during the financial year:

	2021 RM	2022 RM	2023 RM
<b>Directors:</b>			
- Disposal of asset	-	-	(39,100)
- Purchase of assets	-	143,050	182,000
- Rental expenses	16,200	5,000	-
<b>Related parties identified as at 28 February 2023:</b>			
<b>Speedlink Communications Sdn. Bhd.</b>			
- Contract revenue	(50,030)	-	(113,323)
<b>Bestari Selatan Sdn. Bhd.</b>			
- Rental expenses	15,000	93,000	154,350
- Proceeds from disposal of assets	-	-	(6,500,000)
<b>Related parties:</b>			
<b>Apex Biocare Sdn. Bhd.</b>			
- Rental income	(27,750)	(35,400)	(17,500)
- Purchase of hamper	7,882	16,244	600
- Purchase of healthcare products	5,600	19,050	7,913
- Utility charges	18,525	15,142	8,946
<b>TSE Jaya Sdn. Bhd.</b>			
Contract revenue	(85,668)	-	-
Sales of goods	(178,968)	(71,208)	-
Sub-contractor charges	1,132,308	907,863	-
<b>Ecobore Sdn. Bhd.</b>			
Rental income	(10,500)	-	-
Sub-contractor and material charges	249,149	-	-
Transport income	(13,100)	-	-
Proceeds from disposal of assets	(50,000)	-	-



**13. ACCOUNTANTS' REPORT (Cont'd)**UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report**33. RELATED PARTY DISCLOSURES (continued)**

## (b) Significant related party transactions and balances (continued)

	2021 RM	2022 RM	2023 RM
<b>Related parties (continued):</b>			
<b>The Brand Tailor Sdn. Bhd.</b>			
- Rental income	(22,750)	-	-
<b>Jingkong Sdn. Bhd.</b>			
- Purchase of assets	<u>55,000</u>	<u>-</u>	<u>-</u>

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

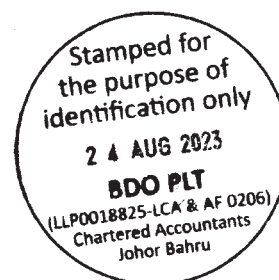
Information regarding outstanding balances arising from related party transactions as at 28 February 2021, 28 February 2022 and 28 February 2023 are disclosed in Notes 14 and 22 to the combined financial statements respectively.

## (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Director and other members of key management during the financial years was as follows:

	2021 RM	2022 RM	2023 RM
Salaries and allowances	1,090,227	1,459,965	1,951,481
Defined contribution plans	138,562	146,863	196,663
Social security contribution	<u>2,257</u>	<u>2,771</u>	<u>3,123</u>
	1,231,046	1,609,599	2,151,267
Estimated monetary value of benefit-in-kind	<u>46,532</u>	<u>78,396</u>	<u>315,000</u>
	<u>1,277,578</u>	<u>1,687,995</u>	<u>2,466,267</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

UUE Holdings Berhad (202201026669 (1472366-A))  
Accountants' Report

UUE HOLDINGS BERHAD [202201026669] (1472366-A)

(Incorporated in Malaysia)

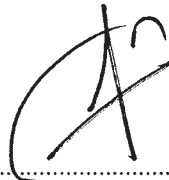
STATEMENT BY DIRECTORS

We, Datuk Dr. Ting Kok Hwa and Hin Wai Mun, two of the Directors of UUE Holdings Berhad, state that, in the opinion of the Directors, the combined financial statements set out on pages 4 to 75 are drawn up so as to give a true and fair view of the financial position of the Group as at 28 February 2021, 28 February 2022 and 28 February 2023 and of the financial performance and cash flows of the Group for the financial years ended 28 February 2021, 28 February 2022 and 28 February 2023 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 24 August 2023.



.....  
Datuk Dr. Ting Kok Hwa  
Director



.....  
Hin Wai Mun  
Director



## 14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION



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Johor Darul Ta'zim  
Malaysia

The Board of Directors  
UUE Holdings Berhad  
No. 55 & 57, Jalan Teratai 7  
Taman Johor Jaya  
81100 Johor Bahru  
Johor Darul Takzim  
Malaysia.

Date: 24 August 2023

Our Ref: BDO/JS/TTXW/oew

Dear Sirs,

### UUE Holdings Berhad (“UUE” or the “Company”) and its combining entities (“Group”) Report on the Compilation of Pro Forma Statements of Financial Position Included in the Prospectus

We have completed our assurance engagement to report on the compilation of the pro forma statements of financial position of the Group as at 28 February 2023 (“Pro Forma Statements of Financial Position”). The Pro Forma Statements of Financial Position together with the accompanying notes thereon, for which we have stamped for purpose of identification, have been compiled by the Board of Directors of the Company (“Board of Directors”) for inclusion in the prospectus of the Company (“the Prospectus”) in connection with the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad (“Listing”).

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Statements of Financial Position are described in the Notes thereon to the Pro Forma Statements of Financial Position and are in accordance with the Prospectus Guidelines issued by Securities Commission Malaysia (“Prospectus Guidelines”).

The Pro Forma Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the events or transactions as set out in the Notes to the Pro Forma Statements of Financial Position on the financial position of the Group as at 28 February 2023 had the Listing been affected as at 28 February 2023. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the Group’s audited combined statements of financial position as at 28 February 2023.

### Directors’ Responsibility for the Pro Forma Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**



**Our Independence and Quality Control**

We are independent of the Group 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.

The firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance and Related Services Engagements* and accordingly requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibility**

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in Notes to the Pro Forma Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the 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 Board of Directors has compiled, in all material respects, the Pro Forma Statements of Financial Position on the basis set out in Notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes 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 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 Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinion were addressed by us at the dates of their issue.

The purpose for inclusion of the Pro Forma Statements of Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of 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 events or transactions at that date would have been as presented.



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**



**Reporting Accountants' Responsibility (continued)**

A reasonable assurance engagement to report on whether the Pro Forma 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 in the compilation of the Pro Forma 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 Statements of Financial Position reflect the proper application of those adjustments to the unadjusted statements of financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma 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 Statements of Financial Position of the Group have been compiled, in all material respects, on the basis set out in the Notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

**Other Matters**

This report has been prepared solely for the purpose stated above, in connection with the Listing. As such, this Report should not be used for any other purpose without our prior written consent. 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 report contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'BDO PLT'.

**BDO PLT**  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Sia Yeak Hong'.

**Sia Yeak Hong**  
03413/02/2025 J  
Chartered Accountant

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

*UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position*

**1. INTRODUCTION AND BASIS OF PREPARATION**

**1.1 Introduction**

The Pro Forma Statements of Financial Position of UUE Holdings Berhad ("Company") and its combining entities (collectively referred to as the "Group") as at 28 February 2023 ("Pro Forma SOFP") together with the notes thereon, for which the Directors of the Company are solely responsible, has been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

**1.2 Basis of preparation**

The Pro Forma SOFP have been prepared based on the audited combined statements of financial position of the Group as at 28 February 2023, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of financial statements and accounting policies of the Group.

The Pro Forma SOFP have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 2 on the audited combined statements of financial position of the Group as at 28 February 2023 had the transactions been effected on 28 February 2023, and should be read in conjunction with the notes thereon. Due to its nature, the Pro Forma SOFP is not necessarily indicative of the financial position of the Group that would have been attained had the effects of the transactions as set out in Note 2 actually occurred at the respective dates. Further, such information does not purport to predict the future financial position of the Group.

The audited combined statements of financial position of the Group for the financial year ended 28 February 2023 used in the preparation of the Pro Forma SOFP was not subject to any audit qualification.

**2. LISTING SCHEME**

The Acquisition of Kum Fatt Engineering Sdn. Bhd., Konnection Engineering Pte. Ltd. and Premier Plastic Industry Sdn. Bhd. (as defined in Note 2.1), Initial Public Offering ("IPO") and Share Split as disclosed in Notes 2.1, 2.2, 2.3 and 2.4 respectively are included in the Pro Forma SOFP to show the effects of the transactions on the audited statements of financial position of the Group as at 28 February 2023 had the transactions been effected on 28 February 2023 in accordance with the Prospectus Guidelines.



## 14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position

### 2. LISTING SCHEME (continued)

#### 2.1 Acquisitions

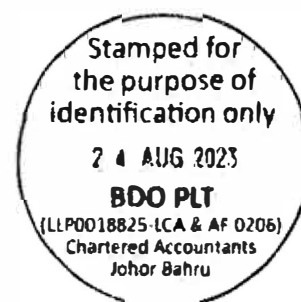
To facilitate the listing of and quotation for the entire enlarged issued share capital of UUE on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing"), the Company had undertaken the following transactions:

- (a) The acquisition by the Company of the entire issued share capital in Kum Fatt Engineering Sdn. Bhd. ("KFE") comprising 750,000 ordinary shares for a purchase consideration of RM24,224,990 which was satisfied via the issuance of 242,249,900 new shares at an issue price of RM0.10 per share.
- (b) The acquisition by the Company of the entire issued share capital in Konnection Engineering Pte.Ltd. ("KE") comprising 250,000 ordinary shares for a purchase consideration of RM18,174,000 which was satisfied via the issuance of 181,740,000 new shares at an issue price of RM0.10 per share.
- (c) The acquisition by the Company of the entire issued share capital in Premier Plastic Industry Sdn. Bhd. ("PPI") comprising 2,400,000 ordinary shares for a purchase consideration of RM5,940,000 which was satisfied via the issuance of 59,400,000 new shares at an issue price of RM0.10 per share.

#### 2.2 Listing exercise

In conjunction with the Listing, the Company will undertake an IPO comprising of a public issue of 124,902,000 new Shares in the Company ("Public Issue") and offer for sale of existing 37,463,000 Shares in the Company at an issue/offer price of RM [•] per Share.

Upon completion of the Proposed Listing, the enlarged issued share capital of RM[•] comprising 608,292,000 ordinary shares in the Company will be listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad.



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position**2. LISTING SCHEME (continued)****2.3 Utilisation of proceeds**

The proceeds from the Public issue of RM[•] are expected to be utilised as follows:

Details of utilisation	Estimated timeframe for utilisation upon Listing	RM'000	Percentage of gross proceeds %
(i) Purchase of machinery and Equipment*	Within 24 months	[•]	[•]
(ii) General working capital*	Within 12 months	[•]	[•]
(iii) Estimated listing expenses^	Within 1 month	[•]	[•]
<b>Total</b>		[•]	[•]

\* These utilisation of proceeds are not adjusted in the Pro Forma III to the Pro Forma Statements of Financial Position as at 28 February 2023, as the Group has yet to enter into any agreement or issue any purchase order in relation to the proceeds earmarked for purchase of machinery and equipment as well as general working capital.

^ The estimated listing expenses totaling RM[•] to be borne by the Company comprise amongst others, underwriting fees, placement fees, brokerage fees, professional fees and miscellaneous expenses. A total of RM[•] of the estimated listing expenses is assumed to be directly attributable to the IPO and as such, will be debited against the share capital of the Company and the remaining expenses of RM[•] are assumed to be attributable to the Listing and as such, will be expensed off to the statement of profit or loss and other comprehensive income.

The utilisation of proceeds will have the following impact on the Pro Forma Statements of Financial Position as at 28 February 2023:

	Effects on Total Assets RM	Decrease Effects on Total Equity RM
Cash and bank balances	[•]	[•]
Trade and other receivables	[•]	[•]
Share capital	[•]	[•]
Reserves	[•]	[•]
	[•]	[•]

**2.4 Share split**

During the financial year ended 28 February 2023, the Company issued and paid up share capital of RM2 comprising of 2 ordinary shares issued at subscription price of RM1 each when it was incorporated on 21 July 2022.

Subsequent to the financial year ended 28 February 2023, the Company undertook a subdivision of 1 existing ordinary share ("Share Split") in UUE Holdings Sdn. Bhd. into 10 ordinary shares in UUE Holdings Sdn. Bhd. on 16 May 2023. On 17 May 2023, the Company increase its capital by RM8 comprise of issued 80 new ordinary shares at issuance price of RM0.10.

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the purpose of  
identification only

24 AUG 2023

**BDO PLT**

(LLP0018825-LCA & AF 0206)  
Chartered Accountants  
Johor Bahru

Cash and bank balances  
Trade and other receivables  
Share capital  
Reserves

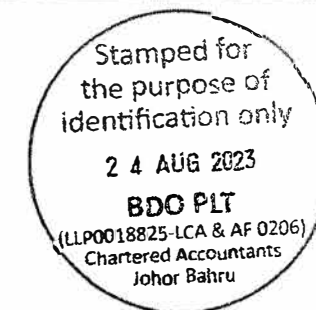
**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

*UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position*

**3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023**

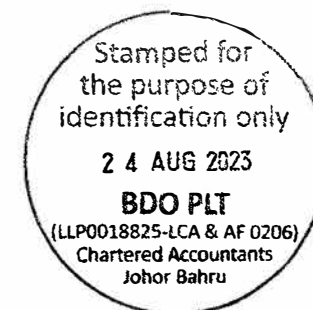
The Pro Forma SOFP of the Group as at 28 February 2023 have been prepared for illustrative purposes only to show the effects on the audited combined statements of financial position of the Group as at 28 February 2023 based on the assumptions that transactions set out in Note 2 had been effected on 28 February 2023, and should be read in conjunction with notes accompanying to the Pro Forma SOFP.

	Note	As at 28 February 2023 RM	Adjustments for Acquisitions and Share Split RM	Pro Forma I After the Acquisitions and Share Split RM	Adjustments for Listing Exercise RM	Pro Forma II After Pro Forma I and Listing Exercise RM	Adjustment s for Utilisation of Proceeds RM	Pro Forma III After Pro Forma I and Pro Forma II and Utilisation of Proceeds RM
<b>ASSETS</b>								
<b>Non-current assets</b>								
Property, plant and equipment		-	10,900,498	10,900,498	-	10,900,498	[•]	[•]
Right-of-use assets		-	11,068,198	11,068,198	-	11,068,198	-	11,068,198
		-	21,968,696	21,968,696	-	21,968,696	[•]	[•]
<b>Current assets</b>								
Inventories		-	2,429,713	2,429,713	-	2,429,713	[•]	[•]
Contract assets		-	24,139,614	24,139,614	-	24,139,614	-	24,139,614
Trade and other receivables	3.2.1	-	21,980,082	21,980,082	-	21,980,082	[•]	[•]
Cash and bank balances	3.2.2	2	15,273,658	15,273,660	[•]	[•]	[•]	[•]
		2	63,823,067	63,823,069	[•]	[•]	[•]	[•]
<b>TOTAL ASSETS</b>		2	85,791,763	85,791,765	[•]	[•]	[•]	[•]



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position**3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023 (continued)**

	Note	As at 28 February 2023 RM	Adjustments for Acquisitions and Share Split RM	Pro Forma I After the Acquisitions and Share Split RM	Adjustments for Listing Exercise RM	Pro Forma II After Pro Forma I and Listing Exercise RM	Adjustments for Utilisation of Proceeds RM	Pro Forma III After Pro Forma I and Pro Forma II and Utilisation of Proceeds RM
<b>EQUITY AND LIABILITIES</b>								
<b>Equity attributable to owners of the combining entities</b>								
Share capital	3.2.3	2	48,338,998	48,339,000	[•]	[•]	[•]	[•]
Reserves	3.2.3	(1,529)	168,170	166,641	-	166,641	[•]	[•]
<b>TOTAL EQUITY</b>		(1,527)	48,507,168	48,505,641	[•]	[•]	[•]	[•]
<b>Non-current liabilities</b>								
Deferred tax liabilities		-	1,364,884	1,364,884	-	1,364,884	-	1,364,884
Deferred income		-	171,159	171,159	-	171,159	-	171,159
Lease liabilities		-	6,343,621	6,343,621	-	6,343,621	-	6,343,621
Borrowings		-	4,188,445	4,188,445	-	4,188,445	-	4,188,445
		-	12,068,109	12,068,109	-	12,068,109	-	12,068,109

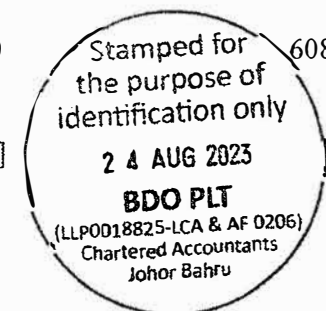


**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position

**3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023 (continued)**

	Note	As at 28 February 2023 RM	Adjustments for Acquisitions and Share Split RM	Pro Forma I After the Acquisitions and Share Split RM	Adjustments for Listing Exercise RM	Pro Forma II After Pro Forma I and Listing Exercise RM	Adjustments for Utilisation of Proceeds RM	Pro Forma III After Pro Forma I and Pro Forma II and Utilisation of Proceeds RM
<b>EQUITY AND LIABILITIES</b>								
<b>(continued)</b>								
<b>Current liabilities</b>								
Trade and other payables		1,529	8,230,107	8,231,636	-	8,231,636	-	8,231,636
Deferred income		-	16,095	16,095	-	16,095	-	16,095
Contract liabilities		-	155,474	155,474	-	155,474	-	155,474
Lease liabilities		-	2,589,369	2,589,369	-	2,589,369	-	2,589,369
Borrowings		-	12,809,494	12,809,494	-	12,809,494	-	12,809,494
Current tax liabilities		-	1,415,947	1,415,947	-	1,415,947	-	1,415,947
		<u>1,529</u>	<u>25,216,486</u>	<u>25,218,015</u>	<u>-</u>	<u>25,218,015</u>	<u>-</u>	<u>25,218,015</u>
<b>TOTAL LIABILITIES</b>		<u>1,529</u>	<u>37,284,595</u>	<u>37,286,124</u>	<u>-</u>	<u>37,286,124</u>	<u>-</u>	<u>37,286,124</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2</u>	<u>85,791,763</u>	<u>85,791,765</u>	<u>[•]</u>	<u>[•]</u>	<u>[•]</u>	<u>[•]</u>
Net assets (RM)		(1,527)		48,505,641		[•]		[•]
Number of ordinary shares assumed in issue		2		483,390,000		608,292,000		608,292,000
Net assets attributable to equity holders per ordinary share		(764)		0.10		[•]		[•]



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

*UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position*

**3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023  
(continued)**

**3.1 Pro Forma adjustments to the Pro Forma Statements of Financial Position**

**3.1.1 Pro Forma I**

Pro Forma I incorporated the effects of acquisitions and share split as set out in Note 2.1 and Note 2.4 respectively.

**3.1.2 Pro Forma II**

Pro Forma II incorporates the effects of Pro Forma I, the listing exercise as set out in Note 2.2.

**3.1.3 Pro Forma III**

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds as set out in Note 2.3.

**3.2 Notes to the Pro Forma Statements of Financial Position**

**3.2.1 Trade and other receivables**

	RM
As at 28 February 2023	-
Adjustments for acquisitions and share split	<u>21,980,082</u>
<b>Pro Forma I/Pro Forma II</b>	21,980,082
Adjustments for utilisation of proceeds	<u>[•]</u>
<b>Pro Forma III</b>	<u>[•]</u>

**3.2.2 Cash and bank balances**

	RM
As at 28 February 2023	2
Adjustments for acquisitions and share split	<u>15,273,658</u>
<b>Pro Forma I</b>	15,273,660
Adjustments for listing exercise	<u>[•]</u>
<b>Pro Forma II</b>	[•]
Adjustments for utilisation of proceeds	<u>[•]</u>
<b>Pro Forma III</b>	<u>[•]</u>



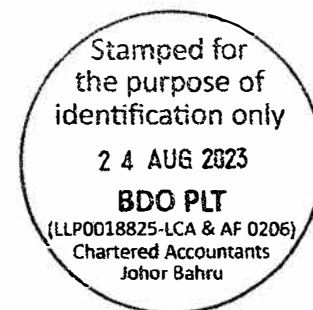


**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

*UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position*

**3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023 (continued)****3.2 Notes to the Pro Forma Statements of Financial Position (continued)****3.2.3 Share capital and reserves**

	Share capital RM	Foreign currency translation reserve RM	Merger Reserve RM	<i>Distributable (Accumulated losses)/ Retained earnings</i> RM	Equity attributable to owners of the combining entities RM
<b>Balance as at 28 February 2023</b>	2	-	-	(1,529)	(1,527)
Adjustments for acquisitions and share split	48,338,998	1,222,601	(44,430,955)	43,376,524	48,507,168
<b>Pro Forma I</b>	48,339,000	1,222,601	(44,430,955)	43,374,995	48,505,641
Proceeds from the public issue	[•]	-	-	-	[•]
<b>Pro Forma II</b>	[•]	1,222,601	(44,430,955)	43,374,995	[•]
Estimated listing expenses attributable to IPO	[•]	-	-	-	[•]
Estimated other listing expenses	-	-	-	[•]	[•]
	[•]	-	-	[•]	[•]
<b>Pro Forma III</b>	[•]	1,222,601	(44,430,955)	[•]	[•]



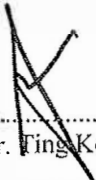
**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

*UUE Holdings Berhad (202201026669(1472366-A))  
Pro Forma Statements of Financial Position*


**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors of UUE Holdings Berhad in accordance with a resolution dated 24 August 2023

Signed on behalf of the Board of Directors.

  
.....  
Datuk Dr. Fing Kok Hwa  
Director

Johor Bahru

  
.....  
Hin Wai Mun  
Director



## 15. STATUTORY AND OTHER INFORMATION

### 15.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) Save for the Pink Form Allocations as disclosed in Section 4.3.2,
- (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiary; and
- (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the new Shares issued for the Acquisitions and to be issued for the Public Issue as disclosed in Sections 6.2 and 4.3.1 respectively, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, our Company does not have any outstanding convertible debt securities.

### 15.2 SHARE CAPITAL OF OUR SUBSIDIARIES

Details of our share capital are set out in Section 6.1. Details of the share capital of our subsidiaries are set out below.

#### 15.2.1 Kum Fatt

Kum Fatt's issued share capital as at LPD is RM750,000 comprising 750,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration / Type of issue</b>	<b>Cumulative share capital RM</b>
6 February 2009	2	RM2/ Cash	2
10 April 2009	99,998	RM99,998/ Cash	100,000
7 July 2009	400,000	RM400,000/ Cash	500,000
14 December 2017	200,000	RM200,000/ Cash	700,000
11 November 2020	50,000	RM50,000/ Otherwise than cash	750,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Kum Fatt. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)****15.2.2 Konnection**

Konnection's issued share capital as at LPD is SGD250,000 comprising 250,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration / Type of issue</b>	<b>Cumulative share capital SGD</b>
16 January 2009	1	SGD1/ Cash	1
9 March 2009	49,999	SGD49,999/ Cash	50,000
30 June 2015	150,000	SGD150,000/ Cash	200,000
17 February 2022	50,000	SGD50,000/ Cash	250,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Konnection. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15.2.3 PPI**

PPI's issued share capital as at LPD is RM2,400,000 comprising 2,400,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration / Type of issue</b>	<b>Cumulative share capital RM</b>
30 March 2017	2	RM2/ Cash	2
23 November 2018	98	RM98/ Cash	100
20 February 2019	999,990	RM999,990/ Cash	1,000,000
10 June 2022	1,400,000	RM1,400,000/ Otherwise than cash	2,400,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in PPI. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15.3 CONSTITUTION**

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

**15.3.1 Changes in share capital and variation of class rights**

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

**Clause 7 – Classes of shares**

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 or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**Clause 9 – Issue of shares**

The shares in the Company shall only be issued by the Directors with the prior approval of the Company in general meeting where necessary under the provisions of the Act and the Listing Requirements. Subject as aforesaid and always to the provisions of this Constitution, the Listing Requirements and the Act, the Directors may allot or otherwise dispose of the shares in the Company to such persons on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Directors think fit and with full power to give to any person the right to call for the allotment of any shares for such time and for such consideration as the Directors may see fit, provided always:

- (a) except in the case of an issue of shares on a pro-rata basis to all Members, every issue of shares to employees, Directors, Major Shareholders or person connected with any Director or Major Shareholder of the Company shall be approved by the Members in general meeting and no Director, Major Shareholder shall participate in such issue of share unless:
  - (i) the Members in general meetings have approved the specific allotment to be made to such Director, Major Shareholder or person connected with such Director or Major Shareholder; and
  - (ii) in the case of a Director, such Director holds office in the Company in an executive capacity provided always that a Director not holding office in an executive capacity may so participate in any issue of shares pursuant to a public issue or public offer or special issue, such participation to be approved by the relevant authorities;
- (b) no Director shall participate in an Employee Share Scheme unless Members in general meeting have approved the specific allotment to be made to such Director.

**Clause 14 – Issuance of preference shares**

The Company shall have power with the sanction of an ordinary resolution of the Company to issue preference shares carrying a right to redemption or liable to be redeemed at the option of the Company or to issue preference shares ranking equally with or in priority to preference shares already issued. The Directors may subject to the Act, redeem such shares on such terms and in such manner as they may think fit provided always that the rights attaching to shares of a class other than ordinary shares shall be expressed.

**Clause 15**

The rights attaching to shares of a class other than ordinary shares be expressed in the Resolution creating the same.

**Clause 16**

The right conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking equally therewith but in no respect in priority thereto.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**Clause 18 – Preference shares**

The repayment of preference capital other than redeemable preference, or any other alteration of preference shareholders rights, may only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

**Clause 19 – Modification of rights of different classes of shares**

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 the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of the class. To every such separate General Meeting the provisions in this Constitution relating to the General Meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall, with such adaptations as are necessary, apply.

**15.3.2 Borrowing and voting powers of the Directors**

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

**Clause 120 – Directors contract with other companies**

No Director shall be disqualified by his office from holding any office or place of profit under the Company or under any company in which the Company shall be a shareholder or otherwise interested in conjunction with his office of Director (except that of auditor) or from contracting with the Company either as vendor, purchaser, or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director be liable to account to the Company for any profit arising from any such office or place of profit or realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established provided always that Sections 221, 222 and 228 and all other relevant provisions of the Act and this Constitution are complied with. A Director who is in any way, whether directly or indirectly, interested in a contract entered into or proposed to be entered into by the company, unless the interest is one that need not be disclosed under Section 221 of the Act, shall be counted only to make the quorum at the meeting of the Directors but shall not participate in any discussion while the contract or proposed contract is being considered during the meeting and shall not vote on the contract or proposed contract.

**Clause 121 – Director may act himself or by his firm in professional capacity**

Subject to the provisions of the Act, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)****Clause 122 – Disclosure of interest**

A general notice given to the Board by a Director to the effect that the Director is an officer or member of a specified corporation or a member of a specified firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that corporation or firm shall be deemed to be a sufficient declaration of interest in relation to any contract made if the notice specifies the nature and extent of the Director's interest in the specified corporation or firm and the interest is not different in nature or greater in extent than the nature and extent so specified in the general notice at the time any contract is so made. Such notice shall be of no effect unless the notice is given at a meeting of the Directors or the Director takes reasonable steps to ensure that the notice is brought up and read at the next meeting of the Directors after it is given.

**Clause 126 – Business of Company to be managed by Directors**

The business of the Company shall be managed by, or under the direction of the Directors who may pay all such expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company as they think fit, and may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercised and done by the Company, and as are not by law or by this Constitution required to be exercised or done by the Company in general meeting, but the exercise of all such powers shall be subject to and in accordance with the provisions of any law and of this Constitution and shall also be subject to and in accordance with any regulations or provisions made by the Company in general meeting, provided that no regulation so passed shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

**Clause 127 – Power to appoint attorneys**

The Directors may from time to time by power of attorney under Seal or such other manner authorised by the Act, appoint any corporation, firm or person or body of persons whether nominated directly or indirectly by the Directors, to be the attorney or 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 powers 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 sub-delegate all or any of the powers, authorities and discretion vested in him.

**Clause 128 – Disposal of undertaking or property**

Subject to the provisions of the Act, the Directors shall not acquire an undertaking or property of a substantial value or dispose of the whole or substantially the whole of the undertaking of the Company unless approval of the Members at a general meeting has been obtained.

**Clause 142 – Chairman has casting vote**

Subject to the provisions of this Constitution, question arising at any meeting shall be decided by a majority of votes of the Directors present, each Director having one (1) vote. In case of an equality of votes, the chairman shall have a second or casting vote provided always that the chairman of a meeting at which only two (2) Directors are present or at which only two (2) Directors are competent to vote on the questions at issue shall not have a second or casting vote.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)****Clause 149 – Resolution in writing binding**

A resolution in writing signed or approved by a majority of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. All such resolutions shall be described as "Directors' Circular Resolutions" and may consist of several documents in like form each signed by one or more Directors or their alternates and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the minutes book of board proceedings. A Directors' Circular Resolution shall be inoperative if it shall purport to authorise or to do any act which a meeting of Directors has decided shall not be authorised or done, until confirmed by a meeting of the Directors. The expressions of "in writing" or "signed" include approval by legible confirmed transmission by facsimile or other forms of electronic communications.

**Clause 152 – Power to borrow**

The Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of moneys as they think proper. The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

**Clause 153 – Conditions on which money may be borrowed**

The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

**Clause 154 – Exchange for shares**

The Company may in general meeting grant a right for the holders of bonds, debentures, debenture stock or securities to exchange the same for the shares in the Company authorised to be issued.

**Clause 155 – Nature of security**

Subject as aforesaid, the Directors may secure or provide for the payment of any moneys to be borrowed or raised by mortgage of or charge upon all or any part of the undertaking or property of the Company, both present and future, and any capital remaining unpaid upon shares of the Company, whether called up or not or by any other security, and the Directors may confer upon any mortgagees or persons in whom any debentures, debenture stock or security is vested, such rights and powers as they think necessary or expedient; and they may vest any property of the Company in trustees for the purpose of securing any money so borrowed or so raised, and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management, or the realisation thereof, of the making, receiving or enforcing of calls upon the Members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated.



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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**Clause 156 – Security for payments due**

The Directors may give security for the payment of any moneys payable by the Company in like manner as for the payment of money borrowed or raised, but in such case the amount shall be reckoned as part of the money borrowed.

**Clause 157 – Securities may be assignable free from equities**

Debentures, debenture stock or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

**Clause 158 – Securities may be issued with special privileges**

Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

**Clause 159 – Register of charges to be kept**

The Directors shall cause proper register to be kept in accordance with the provisions of the Act of all charges specifically affecting the property of the Company and all floating charges on the undertaking or any property of the Company and shall duly comply with the requirements of the Act in regard to the registration of charges therein specified and otherwise.

**Clause 160 – Power of Directors to indemnify out of Company asset**

If the Directors or any of them, or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

**15.3.3 Remuneration of Directors**

The provisions in our Constitution dealing with remuneration of Directors are as follows:

**Clause 117 – Remuneration**

The fees of the non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover, and such fee shall be divided amongst the non-executive Directors as they shall determine or failing agreement, equally. The salaries payable to executive Directors, may however, include such percentage of profits as the Directors may determine but shall not in any circumstances include a commission on or percentage of turnover. The Director shall (including alternate directors) also be paid such travelling, hotel or other expenses as may reasonably be incurred by them in the execution of their duties including such expenses incurred in connection with their attendance at meetings of Directors. If by arrangement with the other Directors any Director shall perform or render any duties or services outside his ordinary duties as a Director or shall make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or shall give special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration in a lump sum in addition to his ordinary remuneration. The fees of Directors, and any benefits payable to Directors shall be approved by Members annually at a general meeting.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**Clause 124 – Remuneration of Managing Director**

The remuneration of a Managing Director, a Deputy Managing Director and an Executive Director given due to his office as executive or management position, if any, shall 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 shall not be a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement. The remuneration of a Director(s) appointed to an executive position under Clause 123 shall be determined by the Board and can either be in addition to or in lieu of his/their fee as a Director.

**15.3.4 Transfer of Shares**

The provisions in our Constitution dealing with transfer of Shares are as follows:

**Clause 40 – Transfer of securities**

- (a) Subject to the restriction of this Constitution, the Central Depositories Act and the Rules, Securities that are not Deposited Securities shall be transferable by a duly executed and stamped instrument of transfer lodged at the Office accompanied by the certificate of the shares to be transferred (if any) and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. All instruments of transfer which shall be registered shall be retained by the Company.
- (b) The transfer of Deposited Securities shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 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 the Deposited Securities.

**Clause 41 – Transfer to be executed by both parties**

Subject to the provisions of the Act, the Central Depositories Act and the Rules, the instrument of transfer of any share which is not a Deposited Security lodged with the Company shall be executed by or on behalf of both the transferor and the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof. The instrument of transfer shall in any one instance relate to one class of shares.

**Clause 42 – Depository's discretion to refuse transfer of Deposited Security**

In the case of Deposited Security, the Depository may refuse to effect any transfer of Deposited Security that does not comply with the Central Depositories Act and Rules or where the reason for the transfer does not fall within any of the approved reasons provided in the Rules.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**Clause 43 – Directors’ discretion to refuse or delay the registration of transfer of share not Deposited Security**

- (a) The Directors may in their absolute discretion refuse or delay to register any transfer of shares that is not a Deposited Security where the registration of the transfer would result in contravention of or failure to observe the provisions of any laws in Malaysia; or the transfer is in respect of a partly paid shares of which a call has been made and is unpaid or which the Company has a lien.
- (b) A Directors’ resolution shall be passed within thirty (30) days from the receipt of the instrument of transfer to refuse or delay the registration of transfer of a share that is not a Deposited Security and such notice of the resolution including the reasons thereof shall be sent to the transferor and the transferee within seven (7) days of the resolution being passed.
- (c) The Company shall refuse to register more than three (3) persons as joint holders of a share unless they are executors or trustees of a deceased shareholder.

**Clause 46 – No transfer to infants etc**

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

**Clause 47 – Record of Depositors by Central Depository considered final**

A Record of Depositors requested by the Company as at any specified date and/or for any specified purpose when made available to the Company may be treated as the final Record of Depositors as at the specified date and/or for the specified purpose. If there shall be more than one Record of Depositors made available to the Company as at the specified date and/or for the specified purpose then the later or last of the Record of Depositors prepared by the Central Depository shall be the final Record of Depositors as at the specified date and/or for the specified purpose.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)****15.4 POLICIES ON FOREIGN INVESTMENTS, TAXATION AND FOREIGN EXCHANGE CONTROLS**

The relevant policies on foreign investments, taxation and foreign exchange controls in Singapore in relation to the distribution of dividends, repatriation of capital and remittance of profits by or to our Group are set out below.

**(a) Exchange controls**

Subject to Konnection adhering to the applicable provisions of the Companies Act 1967 of Singapore ("**Singapore Companies Act**"), there are no significant restrictions on the remittance of profits, dividend and the return of capital by Konnection to non-resident holders of Konnection's shares. Under the laws of Singapore, Konnection may repatriate capital and/or remit profits to UUE by way of:

- (i) share buy-backs;
- (ii) capital reduction;
- (iii) distribution of assets on a winding-up; and
- (iv) declaration of dividends.

**(b) Dividend distribution**

Subject to the Singapore Companies Act, the constitution of Konnection and the payment of applicable taxes under the laws of Singapore:

- (i) dividends may be paid only out of profits available for distribution. The constitution of Konnection provides for the declaration of dividends by ordinary resolution in a general meeting, but any dividend declared must not exceed the amount recommended by the directors of Konnection. There are no restrictions on payment of dividends to its shareholders provided there is no breach of any rule for internal monitoring for countering money laundering and terrorism; and
- (ii) the constitution of Konnection also provides that the directors of Konnection may from time to time pay to UUE such interim dividends as appear to the directors to be justified by the profits of Konnection.

**(c) Withholding tax**

Dividends received in respect of the ordinary shares of Konnection by either Singapore tax resident or non-Singapore tax resident taxpayers are not subject to Singapore withholding tax, even if paid to non-Singapore resident shareholders.

Singapore has adopted the "One-Tier" Corporate Tax System ("**One-Tier System**"). Under this One-Tier System, the tax payable in respect of taxable corporate profits is the final tax and Konnection can pay tax exempt (1-tier) dividends which are tax exempt in the hands of its shareholders, regardless of the tax residence status or the legal form of its shareholders.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**15.5 GENERAL INFORMATION**

- (a) Save for the dividends paid to our shareholders in FYE 2021 to 2023 and up to LPD, and remuneration paid as disclosed in Sections 5.1.5 and 5.2.4 respectively, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.
- (b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

**15.6 CONSENTS**

- (a) The written consents of our Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma combined financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**15.7 DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Constitution;
- (b) Audited financial statements of UUE for the financial period from 21 July 2022 (date of incorporation) to 28 February 2023;
- (c) Audited financial statements of Kum Fatt, Konnection and PPI for FYE 2021 to 2023;
- (d) Accountants' Report as set out in Section 13;
- (e) Reporting Accountants' report relating to our pro forma combined financial information as set out in Section 14;
- (f) IMR Report as set out in Section 8;
- (g) Material contracts as set out in Section 6.5; and
- (h) Letters of consent as set out in Section 15.5.

**15.8 RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Selling Shareholders 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 there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities 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 our IPO.

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## 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 PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE 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 APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., [dd/mm/yyyy]

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., [dd/mm/yyyy]

In the event of any changes to the date or time for closing, 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 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>Types of Application and category of investors</u>	<u>Application Method</u>
Applications by Eligible Persons	Pink Application Form only
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

#### 16.2.2 Placement

<u>Types of Application</u>	<u>Application Method</u>
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions

## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Selected investors and Bumiputera Investors approved by MITI 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 Application.**

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 Application by Malaysian Public**

You can only apply for our IPO Shares if you fulfill all of the following:

- (a) You must be one of the following:
  - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
  - (ii) 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
  - (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
  - (i) White Application Form; or
  - (ii) Electronic Share Application; or
  - (iii) Internet Share Application.



## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **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 IPO shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

### **16.4 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 RM[•] for each IPO Share.

Payment must be made out in favour of "**TIH SHARE ISSUE ACCOUNT NO. [•]**" 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:

- (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) **DELIVER BY HAND AND DEPOSIT** 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 5.00 p.m. on [•] or by such other time and date specified in any change to the date or time for closing.

We, together with the 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 Form to the Issuing House.

### **16.5 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, CIMB Bank 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.

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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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 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 THE ISSUING HOUSE**

The Issuing House, on the authority of our Board reserves the right to:

- (a) reject Applications which:
  - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (ii) are illegible, incomplete or inaccurate; or
  - (iii) are accompanied by an improperly drawn up or improper form of remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) 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 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 the 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.

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## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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### **16.8 OVER/UNDER SUBSCRIPTION**

In the event of over-subscription, the 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 Issue 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 the issuing house to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website at <https://tjih.online> within 1 market day after the balloting date.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.3 of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter 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**

- (a) 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.
- (b) 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.
- (c) 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 the Issuing House as per items (a) and (b) above (as the case may be).

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (d) The 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 (b) above (as the case may be).

**16.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (a) The 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 Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5<sup>th</sup> Market Day from the balloting date.
- (c) 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 the 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 Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

**16.10 SUCCESSFUL APPLICANTS**

If you are successful in your application:

- (a) Our IPO Shares allotted to you will be credited into your CDS Account.
- (b) 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.
- (c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO 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.
- (d) 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.

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**16.11 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
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 IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tjih.online>, **one 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 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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