

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF CBH ENGINEERING HOLDING BERHAD (“CBH” OR “COMPANY”) DATED 20 DECEMBER 2024 (“ELECTRONIC PROSPECTUS”)

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

Website

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

Availability and Location of Paper/Printed Prospectus

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

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

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, Mercury Securities and CBH take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 20 December 2024 and will close at 5.00 p.m. on 2 January 2025. In the event there is any change to the timetable, the Company will make an announcement on the Website and advertise the notice of the change in widely circulated daily English and Bahasa Malaysia newspaper within Malaysia.

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

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

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

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

P R O S P E C T U S

THIS PROSPECTUS IS DATED 20 DECEMBER 2024



CBH ENGINEERING HOLDING BERHAD

(Registration No. 202301050313 (1544227-V))
(Incorporated in Malaysia under the Companies Act, 2016)

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED SHARE CAPITAL OF CBH ENGINEERING HOLDING BERHAD ("CBH" OR "COMPANY") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

(I) PUBLIC ISSUED OF 298,000,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:

- 94,045,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 28,415,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF CBH AND ITS SUBSIDIARIES;
- 47,022,500 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY OF MALAYSIA ("MITI"); AND
- 128,517,500 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

(II) OFFER FOR SALE OF 188,089,700 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MITI,

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

Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent



MERCURY SECURITIES SDN BHD

(Registration No. 198401000672 (113193-W))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Bursa Securities has approved the admission of our Company to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issue share capital on the ACE Market of Bursa Securities. This Prospectus has been registered by Bursa Securities. The approval for the admission of our Company to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities, and the registration of this Prospectus should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed, or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment. Bursa Securities is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 183.

THE ACE MARKET OF BURSA SECURITIES 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 OF BURSA SECURITIES. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET OF BURSA SECURITIES. 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.

CBH ENGINEERING HOLDING BERHAD



P R O S P E C T U S



CBH ENGINEERING HOLDING BERHAD

(Registration No. 202301050313 (1544227-V))
(Incorporated in Malaysia under the Companies Act, 2016)



Head Office :

12, 12A, 12B, 14, 14A & 14B,
Jalan Anggerik Vanilla AD 31/AD
Kota Kemuning, 40460 Shah Alam
Selangor Darul Ehsan



Telephone :

+603-5122 9011 /
+603-5122 8055



Email :

tender@cbh.com.my

www.cbh.com.my

All defined terms used in this Prospectus are defined under "Definitions" commencing from page vii to xv of this Prospectus.

RESPONSIBILITY STATEMENTS

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

Mercury Securities Sdn Bhd, being our Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

Approval has been obtained from Bursa Securities for the listing of and quotation for the securities being offered. Our admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company, or our Shares.

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

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

OTHER STATEMENTS

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

Our Shares are offered to the public on the premise of 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.

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

This Prospectus is prepared and published solely in connection with our IPO under the laws of Malaysia. Our Shares are offered in Malaysia solely based on the contents of this Prospectus. Our Company, Directors, Promoters, Selling Shareholder, Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoters, Selling Shareholder, Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent or any of their respective directors, or any other persons involved in our IPO. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation.

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 your application for our IPO would result in the contravention of any law of such countries or jurisdictions.

Neither us nor our Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent 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.

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 this 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 to. We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at 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 may be subjected to the risks of problems occurring during the 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 or Participating Securities Firms. These risks cannot be borne by the Internet Participating Financial Institutions or Participating Securities Firms.

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

In the event of any discrepancy arising between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus which are identical to the copy of this 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:

- (i) we and our Principal 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;

- (ii) we and our Principal 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 Principal Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (iii) any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other materials.

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

- (i) the Internet Participating Financial Institutions or Participating Securities Firms 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 or Participating Securities Firms which may be viewed via web browser or other relevant software;
- (ii) the Internet Participating Institutions or Participating Securities Firms 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 or Participating Securities Firms and thereafter communicated or disseminated in any manner to you or other parties; and
- (iii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions or Participating Securities Firms shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, 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 or Participating Securities Firms, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

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

Events	Tentative Time / Dates
Issuance of this Prospectus / Opening of Application	10.00 a.m./20 December 2024
Closing of Application	5.00 p.m./2 January 2025
Balloting of the Applications	6 January 2025
Allotment of IPO Shares to successful applicants	14 January 2025
Listing on the ACE Market	16 January 2025

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

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “CBH” and “our Company” in this Prospectus are to CBH Engineering Holding Berhad. Unless otherwise stated, references to “Group” in this Prospectus are to our Company and our subsidiaries taken as a whole; and references to words such as “we”, “us”, “our” and “ourselves” are to our Company, and, save where the context otherwise requires, our Group or our subsidiaries. Unless the context otherwise requires, references to “Management” are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

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

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 2 decimal places (for percentages) or RM and 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 “Definitions” and “Glossary of Technical Terms” sections of this Prospectus. Words denoting the singular only shall include the 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 natural persons, firms, companies, body corporates and corporations.

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

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

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 our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from our Management. In particular, certain information in this Prospectus is extracted or derived from the IMR Report prepared by the IMR for inclusion in this Prospectus. We have appointed Providence Strategic Partners Sdn Bhd to provide an independent market and industry review. In compiling its data for the review, Providence Strategic Partners Sdn Bhd had relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry.

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 or are exposed to. However, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

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

The information on our website, or any website directly or indirectly linked to our websites does not form part of this Prospectus. If there is any discrepancy between the contents of such website relating to our Company and this Prospectus, the information contained in this Prospectus shall prevail.

All information stated herein is as at the LPD unless otherwise specified.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, future plans and prospects, and objectives of our Group for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies, and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's 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 terminologies including words such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

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

- (i) demand for our products/services, trends and competitive position;
- (ii) our business strategies, future plans and potential growth opportunities;
- (iii) our future earnings, cash flows and liquidity;
- (iv) our ability to pay future dividends; and
- (v) the regulatory environment and the effects of future regulation.

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:

- (i) the general economic, business, social, political and investment environment in Malaysia and globally;
- (ii) government policy, legislation or regulation;
- (iii) interest rates, tax rates and exchange rates;
- (iv) the competitive environment in the industry in which we operate;
- (v) availability and fluctuations in prices of raw materials;
- (vi) fixed and contingent obligations and commitments; and
- (vii) any other factors beyond our control.

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 on "Risk Factors" and Section 12.2 on "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made based on information available to us as at the LPD.

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 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 CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus) and Rules 3.12D of the Listing Requirements.

DEFINITIONS

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

COMPANIES WITHIN OUR GROUP:

“CBH” or “Company”	:	CBH Engineering Holding Berhad (Registration No. 202301050313 (1544227-V))
“CBH Group” or “Group”	:	Collectively, CBH and its subsidiaries
“CBH Engineering”	:	CBH Engineering Sdn Bhd (Registration No. 199001011151 (202721-V))
“CBH M&E”	:	CBH M&E Engineering Sdn Bhd (Registration No. 201301044723 (1074546-H))
“CBH Maintenance”	:	CBH Maintenance Sdn Bhd (Registration No. 201301008968 (1038810-M))
“CBH Projects Engineering”	:	CBH Projects Engineering Sdn Bhd (Registration No. 201401015188 (1091275-D)) (<i>in members’ voluntary winding up</i>)

GENERAL:

“ACE Market”	:	The ACE Market of Bursa Securities
“Acquisition of CBH Engineering”	:	Acquisition by CBH of the entire equity interest of CBH Engineering from Quay Holdings for a purchase consideration of RM46,545,975.16 which was wholly satisfied by the issuance of 1,289,362,193 new Shares at an issue price of RM0.0361 per Share, which was completed on 23 October 2024
“Acquisition of CBH M&E”	:	Acquisition by CBH of the entire equity interest of CBH M&E from Quay Holdings and Soon Fong Piew for a purchase consideration of RM1,200,469.40 which was wholly satisfied by the issuance of 33,254,000 new Shares at an issue price of RM0.0361 per Share, which was completed on 23 October 2024
“Acquisition of CBH Maintenance”	:	Acquisition by CBH of the entire equity interest of CBH Maintenance from Quay Holdings and Cheah Lean Chuan for a purchase consideration of RM9,396,108.00 which was wholly satisfied by the issuance of 260,280,000 new Shares at an issue price of RM0.0361 per Share, which was completed on 23 October 2024
“Acquisitions”	:	Collectively, the Acquisition of CBH Engineering, the Acquisition of CBH M&E and the Acquisition of CBH Maintenance
“Act”	:	Companies Act 2016 as amended from time to time and any re-enactment thereof
“ADA(s)”	:	Authorised Depository Agent
“AGM”	:	Annual General Meeting
“Application(s)”	:	Application for IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application

DEFINITIONS (Cont'd)

“Application Form(s)”	:	Printed application form for the application of our IPO Shares accompanying this Prospectus
“ATM(s)”	:	Automated teller machine
“Authorised Financial Institution”	:	Authorised Financial Institution participating in the Internet Share Application, with respect to payments for our IPO Shares
“Board”	:	Board of Directors of our Company
“Bursa Depository” or “Depository”	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“CAGR”	:	Compound annual growth rate
“CBH Engineering SSA”	:	Conditional share sale agreement dated 24 May 2024 entered into between CBH and Quay Holdings for the Acquisition of CBH Engineering
“CBH M&E SSA”	:	Conditional share sale agreement dated 24 May 2024 entered into between CBH and Quay Holdings and Soon Fong Piew for the Acquisition of CBH M&E
“CBH Maintenance SSA”	:	Conditional share sale agreement dated 24 May 2024 entered into between CBH and Quay Holdings and Cheah Lean Chuan for the Acquisition of CBH Maintenance
“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”	:	Securities Industry (Central Depositories) Act 1991, as amended from time to time and any re-enactment thereof
“CF”	:	Certificate of Fitness for Occupation
“CIDB”	:	Construction Industry Development Board of Malaysia
“Closing Date”	:	Date adopted in this Prospectus as the last date for acceptance and receipt of the Application
“CMSA”	:	Capital Markets and Services Act 2007 as amended from time to time and any re-enactment thereof
“Constitution”	:	Constitution of our Company as amended from time to time
“COVID-19”	:	Coronavirus disease 2019, an infectious disease which was a global pandemic
“Depositor”	:	A holder of CDS Account
“Depository Rules”	:	Rules of Bursa Depository and any appendices thereto as they may be amended from time to time

DEFINITIONS (Cont'd)

“Director(s)”	:	Director(s) of our Company
“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
“Electronic Share Application”	:	Application for IPO Shares through a Participating Financial Institution’s ATM(s)
“Eligible Persons”	:	Collectively, our Directors, employees of our Group and persons who have contributed to the success of our Group and who are eligible to participate in our IPO
“EOT”	:	Extension of time
“EPF”	:	Employees Provident Fund
“EPS”	:	Earnings per share
“ESG”	:	Environmental, Social and Governance
“Financial Years Under Review”	:	Collectively, FYE 2021, FYE 2022 and FYE 2023
“FPE”	:	8-month financial period ended 31 August
“FYE(s)”	:	Financial year(s) ended or ending 31 December, 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 (Registration No. 201701024744 (1238910-A))
“IMR Report”	:	Independent Market Research Report titled “Outlook of the Mechanical and Electrical Engineering Industry in Malaysia” dated 4 December 2024 prepared by the IMR
“Internet Participating Financial Institution(s)” or “Participating Securities Firm(s)”	:	Participating financial institution(s) or participating securities firm(s) for Internet Share Application as listed in Section 16.6 of this Prospectus
“Internet Share Application”	:	Application for IPO Shares through an online share application service provided by Internet Participating Financial Institution or Participating Securities Firm
“IPO”	:	Our initial public offering of the IPO Shares in conjunction with the Listing comprising the Public Issue and Offer for Sale
“IPO Price”	:	RM0.28 per IPO Share, where applicable

DEFINITIONS (*Cont'd*)

“IPO Share(s)”	:	Collectively, the Issue Share(s) and Offer Share(s)
“ISO”	:	International Organisation for Standardisation
“Issue Shares”	:	298,000,000 new Shares to be issued by our Company pursuant to the Public Issue
“Issuing House” or “Share Registrar”	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No.197101000970 (11324-H))
“Listing”	:	Listing of and quotation for our entire enlarged share capital of RM140,582,572.56 comprising 1,880,896,393 Shares on the ACE Market of Bursa Securities
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“LPD”	:	25 November 2024, being the latest practicable date for ascertaining certain information contained in this Prospectus
“Malaysian Public”	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
“Market Day(s)”	:	Any day on which Bursa Securities is open for trading of securities, which 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
“MCO”	:	The nationwide movement control order imposed by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19 pandemic. The MCO began on 18 March 2020 and unless otherwise specified, includes all its subsequent phases namely, the conditional MCO, recovery MCO, enhanced MCO and full lockdown MCO, as may be imposed, extended and/or varied from time to time
“Mercury Securities” or “Principal Adviser” or “Sponsor” or “Sole Underwriter” or “Sole Placement Agent”	:	Mercury Securities Sdn Bhd (Registration No. 198401000672 113193-W))
“MFRS”	:	Malaysian Financial Reporting Standards
“MITI”	:	Ministry of Investment, Trade and Industry of Malaysia
“NA”	:	Net assets
“Offer for Sale”	:	Offer for sale by the Selling Shareholder of 188,089,700 Offer Shares at the IPO Price, representing 10.00% of our enlarged issued Shares by way of private placement to selected Bumiputera investors approved by the MITI.
“Offer Share(s)”	:	The existing Shares to be offered by the Selling Shareholder pursuant to the Offer for Sale

DEFINITIONS (Cont'd)

“Official List”	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
“Participating Financial Institution(s)”	:	Participating financial institution(s) for Electronic Share Application
“Participating Securities Firm(s)”	:	Participating securities firm(s) for Internet Share Application
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PE Multiple”	:	Price-to-earnings multiple
“Pink Application Form”	:	Application form for the application of the IPO Shares by the Eligible Persons accompanying this Prospectus
“Pink Form Allocations”	:	Allocation of 28,415,000 Issue Shares to our Eligible Persons pursuant to our IPO
“Promoter(s)”	:	Ir. Cheah Boon Hwa and Quay Holdings
“Prospectus”	:	This prospectus dated 20 December 2024 in relation to our Listing
“Public Issue”	:	The public issue of 298,000,000 Issue Shares at the IPO Price, representing 15.84% of our entire enlarged issued Shares in the following manner: <ul style="list-style-type: none"> (i) 94,045,000 Issue Shares made available for application by the Malaysian Public; (ii) 28,415,000 Issue Shares made available for application by the Eligible Persons; (iii) 47,022,500 Issue Shares made available by way of private placement to selected Bumiputera investors approved by the MITI; and (iv) 128,517,500 Issue Shares made available by way of private placement to selected investors
“QA”	:	Quality assurance
“QC”	:	Quality control
“Quay Holdings”	:	Quay Holdings Sdn Bhd (formerly known as CBH Equities Sdn Bhd) (Registration No. 201401015185 (1091272-K))
“ROC”	:	Registrar of Companies
“SAC”	:	Shariah Advisory Council of the SC
“SC”	:	Securities Commission Malaysia
“SEDA”	:	Sustainable Energy Development Authority of Malaysia
“Selling Shareholder”	:	Quay Holdings, being the selling shareholder for the Offer for Sale

DEFINITIONS (Cont'd)

“Share(s)” or “CBH Shares”	:	Ordinary share(s) in our Company
“SICDA” or “Depository Act”	:	Securities Industry (Central Depositories) Act 1991
“SIRIM”	:	SIRIM QAS International Sdn Bhd (Registration No. 199601037981 (410334-X))
“SOCISO”	:	Social Security Organisation (also known as Pertubuhan Keselamatan Sosial (“ PERKESO ”))
“SOP”	:	Standard operating procedure
“Specified Shareholder(s)”	:	Quay Holdings, Ir Cheah Boon Hwa, Cheah Boon Huat, Cheah Boon Kiat, Cheah Boon Hoe, Cheah Chai Siew, Cheah Min Heng and Jason Cheah Jun Sern
“sq ft”	:	Square feet
“sq m”	:	Square meter
“Tenaga Nasional”	:	Tenaga Nasional Berhad (Registration No.: 199001009294 (200866-W))
“Underwriting Agreement”	:	Underwriting agreement dated 25 November 2024 entered into between our Company and the Sole Underwriter pursuant to our IPO

CURRENCIES:

“AUD”	:	Australian Dollar
“RM” or “sen”	:	Ringgit Malaysia and sen, respectively
“RMB”	:	Renminbi, the lawful currency of the People’s Republic of China
“USD”	:	United States Dollar

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DEFINITIONS *(Cont'd)*

CUSTOMERS AND SUPPLIERS OF OUR GROUP:

The following are details of our customer(s) and supplier(s) whose names have been redacted for confidentiality throughout this Prospectus:

“Customer A” : Customer A is a private limited company incorporated in Malaysia. Customer A is involved in the provision of infrastructure, civil and building construction services in Malaysia.

We had sought consent from Customer A for disclosure of its identity in this Prospectus, but the consent was not received by the Company.

“Customer B” : Customer B is a private limited company incorporated in Malaysia that is a wholly-owned subsidiary of an international construction company incorporated in Hong Kong. The ultimate holding company of Customer B is a global construction group in Germany that is listed on the Frankfurt Stock Exchange. Customer B is involved in the provision of engineering, commercial and residential building construction services in Malaysia.

We had sought consent from Customer B for disclosure of its identity in this Prospectus, but the consent was rejected.

“Customer C” : Customer C is a proprietary limited company incorporated in Australia. Customer C is involved in the development and operations of data centres across Asia-Pacific and Japan.

We had sought consent from Customer C for disclosure of its identity in this Prospectus, but the consent was rejected.

“Customer D” : Customer D is a private limited company incorporated in Malaysia. The ultimate holding company of Customer D is a private limited investment holding company in Singapore that is involved in properties, logistics, hospitality, food and agribusiness, maritime, digital infrastructure and other businesses in Malaysia, Singapore, Hong Kong and the Philippines. Customer D is involved in the development, ownership and operations of critical data centres in Malaysia.

We had sought consent from Customer D for disclosure of its identity in this Prospectus, but the consent was rejected.

“Customer E Group” : Comprising 2 private limited companies incorporated in Malaysia which are related to each other. The ultimate holding company of these 2 companies is a carrier-neutral hyperscale data center solution provider in Asia Pacific that is listed on the Nasdaq Stock Market. These 2 companies under Customer E Group are involved in the operations of data centres in Malaysia.

We had sought consent from Customer E Group for disclosure of its identity in this Prospectus, but the consent was rejected.

“Customer F” : Customer F is a private limited company incorporated in Malaysia. Company F is involved in investment holding, property investment and management.

We had sought consent from Customer F for disclosure of its identity in this Prospectus, but the consent was not received by the Company.

DEFINITIONS (Cont'd)

“Customer G” : Customer G is a private limited company incorporated in Malaysia. Customer G is a wholly owned subsidiary of a company listed on the Main Market of Bursa Securities that is involved in construction, property development, manufacturing of lighting products and kitchen cabinetry. Customer G is involved in provision of building construction and property development series.

We had sought consent from Customer G for disclosure of its identity in this Prospectus, but the consent was rejected.

“Customer H” : Customer H is a private limited company incorporated in Malaysia. Customer H is involved in the provision of infrastructure and building construction services in Malaysia.

We had sought consent from Customer H for disclosure of its identity in this Prospectus, but the consent was rejected.

“Customer I” : Customer I is a private limited company incorporated in Malaysia. Customer I is involved in the provision of civil engineering and building construction services in Malaysia.

We had sought consent from Customer I for disclosure of its identity in this Prospectus, but the consent was not received by the Company.

“Customer J” : Customer J is a private limited company incorporated in Malaysia. Customer J is involved in the provision of civil works, civil engineering design and consulting services for hydropower, dredging and reclamation works in Malaysia.

We had sought consent from Customer J for disclosure of its identity in this Prospectus, but the consent was not received by the Company.

“Customer K” : Customer K is a private limited company incorporated in Malaysia that is a wholly-owned subsidiary of a logistics and transportation company incorporated in Hong Kong. The ultimate holding company of Customer K is a state-owned enterprise in China that is involved in port, logistics, industry and trade, investment, construction, finance and energy. Customer K is involved in the provision of project management services in relation to port construction and operations as well as maintenance of power substation and water treatment plant in the Malaysia-China Kuantan Industrial Park.

We had sought consent from Customer K for disclosure of its identity in this Prospectus, but the consent was not received by the Company.

“Customer L” : Customer L is a private limited company incorporated in Malaysia. Customer L is involved in the provision of civil engineering and building construction services in Malaysia.

We had sought consent from Customer L for disclosure of its identity in this Prospectus, but the consent was not received.

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DEFINITIONS (Cont'd)

“Customer M” : Customer M is a private limited company incorporated in Malaysia that is a wholly-owned subsidiary of a Chinese company. Customer M is involved in the manufacturing and processing of aluminium ingots, aluminium alloy, plain carbon steel, ferrous and non-ferrous metal trade, as well as imports and exports of related outputs.

We had sought consent from Customer M for disclosure of its identity in this Prospectus, but the consent was not received by the Company.

“Customer N” : Customer N is a private limited company incorporated in Malaysia. Customer N is involved in interior design which specialises in providing bespoke design solutions for various areas such as commercial and residential spaces, wet work, construction, interior renovation and refurbishment.

We had sought consent from Customer N for disclosure of its identity in this Prospectus, but the consent was not received by the Company.

“Supplier A” : Supplier A is a private limited company incorporated in Malaysia that is a wholly-owned subsidiary of a multinational technology company involved in industrial automation, distributed energy resources, rail transport and health technology that is incorporated in Germany and listed on the Frankfurt Stock Exchange. Supplier A is involved in the provision of engineering and technical related services in Malaysia.

We had sought consent from Supplier A for disclosure of its identity in this Prospectus, but the consent was rejected.

“Supplier B” : Supplier B is a private limited company incorporated in Malaysia. Supplier B is involved in the construction of engineering projects as well as manufacturing of pumps, compressors, taps and valves in Malaysia.

We had sought consent from Supplier B for disclosure of its identity in this Prospectus, but the consent was rejected.

“Supplier C” : Supplier C is a private limited company incorporated in Malaysia that is a wholly-owned company of a Swedish-Swiss multinational corporation that is involved in electrification and automation technology and listed on the SIX Swiss Exchange in Switzerland, the Nasdaq Nordic Exchange in Sweden and the OTC Markets Group's pink sheets in the United States of America. Supplier C is a heavy electrical engineering contractors for industrial and utilities systems including control system, electrical and mechanical system with associated software in Malaysia.

We had sought consent from Supplier C for disclosure of its identity in this Prospectus, but the consent was not received by the Company.

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GLOSSARY OF TECHNICAL TERMS

Technical terms used throughout this Prospectus shall have the same meaning as set out below unless the term is defined otherwise or the context requires otherwise:

“AC”	: Alternating current. An electrical current that periodically changes direction, alternating between positive and negative polarities, within a circuit. AC is commonly used in electrical power transmission, distribution and utilisation systems due to its ability to travel long distances efficiently
“ACMV”	: Air conditioning and mechanical ventilation. A system designed to control and maintain the required temperature, humidity and air quality in a building
“AMP”	: Ampere. A unit of measurement for the flow of electric current through a conductor
“Ampacity”	: Ampere capacity. The maximum current (measured in amperes, or amps) that a conductor can safely carry
“Automated fire alarm system”	: A system that is able to detect the earliest signs of a fire and alert building occupants without human intervention
“Automatic fire sprinkler system”	: A type of automatic fire extinguishing system that prevents fire growth and spread by releasing water through a series of sprinkler heads connected to a water distribution piping system
“Battery”	: A single-use or rechargeable device that stores DC
“Busway system”	: A series of conductors or busbars contained in a prefabricated, enclosed metal housing that carries electrical current from a power source to various loads or devices in a building or facility
“Capacitor”	: A device that stores electrical energy by accumulating electric charges on two closely spaced surfaces that are insulated from each other
“Capacitor banks”	: A system consisting of several capacitors connected in series or parallel to form an energy storage system
“Certificate of making good defects”	: A certificate is issued to the contractor by the architect who is appointed by the customer at the expiry of the defect liability period when all the defects notified have been rectified. However, it shall not prejudice any other rights regarding latent defects or other breaches of the contract
“Certificate of practical Completion”	: A certificate issued by the architect on behalf of the customer when the contractor has completed his contractual obligations and has handed over the works to the customer
“Chargeman”	: A competent person certified by the Energy Commission Malaysia responsible for supervising and overseeing electrical installations, maintenance, and operations within a designated area or project site
“Circuit breaker”	: An electrical switch that automatically shuts off (or trips) and stops the flow of electricity if it detects overcurrent

GLOSSARY OF TECHNICAL TERMS (Cont'd)

“Conduit”	: An electrical conduit used to protect and route electrical wiring in a building or structure
“Current”	: The flow of electricity in a conductor measured in amperes
“Damper”	: A small valve or plate that regulates the airflow inside a building’s ACMV system by opening or closing to varying degrees in order to control the flow of air through different rooms or zones within the structure
“Defect liability period”	: A warranty period where a contractor is required to repair or make good defects at their own cost and expenses for defects in the work performed
“DC”	: Direct current. An electrical current that flows consistently in one direction within a circuit, without periodically changing polarity
“Distribution boards”	: A device that is designed to distribute electricity from the main power line and distributes it throughout a building
“Ductwork”	: A system of ducts (metal or synthetic tubes) used to transport air from ACMV equipment throughout a building
“Electrical system”	: A connection of machinery, equipment and/or devices that requires electricity to perform work
“Electrical wiring”	: An electrical installation of cabling and associated devices such as switches, distribution boards, sockets and light fittings in a structure
“Electricity”	: A power source to, among others, operate electrical machines, equipment and devices. In the context of this Prospectus, it is used synonymously with “power”, unless indicated otherwise
“EHV”	: Extra high voltage. A voltage of more than 230kV
“ELV”	: Extra low voltage. Voltage with AC voltage of less than 50 volts or DC voltage of less than 120 volts
“Fault(s)”	: A problem in an electrical system that can cause disruption or failure in the normal flow of electricity, due to among others, equipment failure, damage to wires or cables or a short circuit
“Fire extinguishing system”	: A specialised system designed to extinguish fires in various environments and applications
“Fire hose reel system”	: A high-pressure hose that carries water or other fire retardant (such as foam) to a fire to extinguish it
“Fire hydrant system”	: A system of pipes that allows water to flow from a water main with the control of a valve in order to put out a fire
“Fire specialist systems”	: A specialised fire protection and safety system to safeguard buildings, facilities, and assets against fire hazards encompassing fire detection, suppression, extinguishing and evacuation systems
“Fire suppression system”	: A specialised system designed to detect, control and suppress fires in buildings or enclosed spaces

GLOSSARY OF TECHNICAL TERMS (Cont'd)

“Fireman intercommunication system”	: A specialised communication system that provides communication between a central command centre, known as the master console or fire command centre, and remote handset stations located throughout a building or premises
“Foam system”	: A foam fire suppression system that combines both water and a foaming agent for large scale fire extinguishment
“Fuse”	: A safety device that operates to provide protection against the overflow of current in an electrical circuit
“HV”	: High voltage. A voltage of more than 50kV but less or equal to 230kV
“Junction box”	: An electrical enclosure that houses one or more wiring connections and protects the connections from environmental conditions and accidental contact
“Kilovolt” or “kV”	: Equivalent to 1000 volts
“Louvres”	: An architectural or mechanical feature that includes a set of blades, either fixed or operable, that have been designed to allow the passage of air while keeping out unwanted elements such as water, debris, and dirt
“LV”	: Low voltage. A voltage of more than 50 volts but less than or equal to 1kV
“M&E”	: Mechanical and electrical
“M&E systems”	: Comprises HV, MV, LV and ELV electrical systems as well as ACMV systems, fire protection systems, plumbing and sanitary systems as well as renewable energy systems
“MV”	: Medium voltage. A voltage of more than 1kV but less than or equal to 50 kV.
“Motor control centre panels”	: A type of power distribution panel that is used to provide power and control mechanical loads from a central location
“National Grid”	: The power transmission network in Peninsular Malaysia. In the context of this Prospectus, it is used synonymously with “power grid”, unless indicated otherwise
“Power distribution system”	: A network of electrical systems, equipment and components used to distribute and control the flow of electricity from the main power sources to the various electrical load within a building or facility
“Power factor”	: A measure of the efficiency of an electrical machine, equipment, device or system, defined as the ratio of the real power (measured in watts) to the apparent power (measured in volt-amperes)
“Process control panels”	: A centralised unit for monitoring and controlling the operation of machinery, equipment, and processes involved in production or manufacturing processes
“PV”	: Photovoltaic, refers to the conversion of light into electricity using semiconducting materials

GLOSSARY OF TECHNICAL TERMS (Cont'd)

“Relay”	: A switch that opens and closes circuits electromechanically or electronically
“Solar PV”	: An electric power system designed with one or more solar panels combined with an inverter or controller and other electrical and mechanical hardware to generate power by means of photovoltaics using solar cells
“Spatial layout”	: The arrangement or organisation of physical objects, structures, or activities in a given space
“Substation”	: A facility mainly used to transform voltages from high to low, or vice versa that is part of an electricity generation, transmission and distribution system
“Switchboards”	: An electrical device comprising several electrical panels that distribute electricity from an electrical source to another device or location. It is made up of several electric panels
“Switchgear”	: A centralised collection of circuit protection devices such as circuit breakers, fuses and switches that function to protect, control and isolate electrical equipment
“Transformers”	: A device that functions to change the voltage of electricity flowing in the circuit. Step-up transformers are used to increase the voltage of electricity, while step-down transformers are used to reduce the voltage of electricity in AC circuits
“Trays”	: Mechanical support systems that provide a rigid structural system for electrical cables, enclosed conduits, and insulated conductors used for electric power distribution, control, signal instrumentation, and communication
“Trunking systems”	: Cables that protect underground cables and wires from dust and water as well as provide a more aesthetically pleasing or 'neat' look
“UPS”	: Uninterruptible Power Supply. A type of electrical power backup system that provides emergency power to critical equipment in the event of a power outage or voltage fluctuations
“Volt” or “V”	: A unit of measure of electrical potential difference
“Wet riser system”	: A supply system intended to distribute water to multiple levels or compartments of a building
“Wireman”	: A competent person certified by the Energy Commission Malaysia responsible for specialising in the installation, maintenance and repair of electrical wiring systems, components, and equipment

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Gender)	Designation	Residential address	Nationality
Lim Bee Hua (F)	Independent Non-Executive Chairwoman	71, Jalan Flora 1A/1, Bandar Rimbayu, 42500 Tlk Panglima Garang, Selangor	Malaysian
Ir. Cheah Boon Hwa (M)	Managing Director	No. 15, Jalan Anggerik Eria 31/105A, Kota Kemuning, 40460 Shah Alam, Selangor	Malaysian
Cheah Boon Huat (M)	Non-Independent Executive Director	No. 17, Jalan Anggerik Eria 31/105A, Kota Kemuning, 40460 Shah Alam, Selangor	Malaysian
Cheah Min Heng (M)	Non-Independent Executive Director	No. 30, Jalan Kemuning Permai 33/43, Kemuning Utama, 40400 Shah Alam, Selangor	Malaysian
Chin Sin Peng (F)	Independent Non-Executive Director	No.1, Jalan U13/53C, Eco Ardence, 40170 Shah Alam, Selangor	Malaysian
Saw Bee Yee (F)	Independent Non-Executive Director	No. 28, Jalan Sungai Merbau 32/94, Kemuning Greenville, 40460 Shah Alam, Selangor	Malaysian
Tan Suat Hoon (F)	Independent Non-Executive Director	2-O, Lorong Delima 17, Island Glades, 11700 Gelugor, Pulau Pinang	Malaysian

Notes:*M refers to male**F refers to female***AUDIT COMMITTEE**

Name	Designation	Directorship
Chin Sin Peng	Chairperson	Independent Non-Executive Director
Saw Bee Yee	Member	Independent Non-Executive Director
Tan Suat Hoon	Member	Independent Non-Executive Director

SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Lim Bee Hua	Chairperson	Independent Non-Executive Chairwoman
Tan Suat Hoon	Member	Independent Non-Executive Director
Saw Bee Yee	Member	Independent Non-Executive Director
Chin Sin Peng	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

REMUNERATION COMMITTEE

Name	Designation	Directorship
Saw Bee Yee	Chairperson	Independent Non-Executive Director
Tan Suat Hoon	Member	Independent Non-Executive Director
Chin Sin Peng	Member	Independent Non-Executive Director

NOMINATING COMMITTEE

Name	Designation	Directorship
Tan Suat Hoon	Chairperson	Independent Non-Executive Director
Saw Bee Yee	Member	Independent Non-Executive Director
Chin Sin Peng	Member	Independent Non-Executive Director

REGISTERED OFFICE : No. D-09-02, Level 9
 EXSIM Tower, Millerz Square @ Old Klang Road
 Megan Legasi, No. 357, Jalan Kelang Lama
 58000 Kuala Lumpur
 Wilayah Persekutuan

Telephone number. (603) 7971 8080

HEAD OFFICE : 12, 12A, 12B, 14, 14A & 14B
 Jalan Anggerik Vanilla AD 31/AD
 Kota Kemuning
 40460 Shah Alam
 Selangor

Telephone number: (603) 5122 9011 / (603) 5122 8055

Email address: tender@cbh.com.my

Website: www.cbh.com.my

COMPANY SECRETARIES : **Teo Soon Mei**
 MAICSA 7018590
 SSM Practicing Certificate No. 201908000235
*(Chartered Secretary and Chartered Governance Professional,
 Fellow of the Malaysian Institute of Chartered Secretaries and
 Administrator and Master of Corporate Governance)*

Lim Jia Huey
 MAICSA 7073258
 SSM Practicing Certificate No. 201908000929
*(Chartered Secretary and Chartered Governance Professional,
 Associate of the Malaysian Institute of Chartered Secretaries and
 Administrator)*

No. D-09-02, Level 9
 EXSIM Tower, Millerz Square @ Old Klang Road
 Megan Legasi, No. 357, Jalan Kelang Lama
 58000 Kuala Lumpur
 Wilayah Persekutuan

Telephone number. (603) 7971 8080

1. CORPORATE DIRECTORY (Cont'd)

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND SOLE PLACEMENT AGENT : **Mercury Securities Sdn Bhd**
(Registration No. 198401000672 (113193-W))

L-7-2, No.2, Jalan Solaris
Solaris Mont Kiara
50480 Kuala Lumpur
Wilayah Persekutuan

Telephone number: (603) 6203 7227

SOLICITORS FOR OUR IPO : **Messrs. Ben & Partners**

7-2, Level 2, Block D2
Dataran Prima
Jalan PJU 1/39
47301 Petaling Jaya
Selangor

Telephone number: (603) 7805 2922

SHARE REGISTRAR AND ISSUING HOUSE : **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
Wilayah Persekutuan

Telephone number: (603) 2783 9299

EXTERNAL AND ACCOUNTANTS : **TGS TW PLT**
(Registration No. 202106000004)
(LLP0026851-LCA) & AF002345

Unit E-16-2B, Level 16
Icon Tower (East)
No.1, Jalan 1/68F
Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan

Telephone number: (603) 9771 4326

Partner-in-charge: Kuan Jun Xian
Approval number: 3758/06/2025 J
(Chartered Accountant of the Malaysian Institute of Accountants
(MIA Membership No. 46418) and Fellow Member of the
Association of Chartered Certified Accountants)

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1. CORPORATE DIRECTORY (Cont'd)

INDEPENDENT MARKET RESEARCHER : **Providence Strategic Partners Sdn Bhd**
(Registration No. 201701024744 (1238910-A))

67-1, Block D, The Suites, Jaya One
72A, 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 of Bursa Securities

SHARIAH STATUS : Approved by the SAC

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 4 October 2024, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital comprising 1,880,896,393 Shares on the ACE Market.

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

No.	Details of conditions imposed	Status of compliance
(a)	Submission of the following information with respect to the moratorium on the shareholdings of the specified shareholders to Bursa Depository: (i) Name of shareholders' (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares;	Complied
(b)	Confirmation that approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied
(c)	The Bumiputera equity requirements for public listed companies as approved/ exempted by the SC including any conditions imposed thereon;	Complied
(d)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied
(e)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of CBH on the first day of listing;	To be complied
(f)	In relation to the public offering to be undertaken by CBH, to announce at least 2 market days prior to the listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/ allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of placees who become substantial shareholders of CBH arising from the public offering, if any; and	To be complied
(g)	CBH/ Mercury Securities to furnish Bursa Securities with a written confirmation on its compliance with the terms and conditions of Bursa Securities' approval upon the admission of CBH to the Official List of the ACE Market.	To be complied

2. APPROVALS AND CONDITIONS (Cont'd)

2.1.2 SC

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 16 October 2024, approved our application for the resultant equity structure of our Company under the Bumiputera equity requirement for public listed companies pursuant to our Listing.

The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	CBH to allocate Shares equivalent to 12.50% of its enlarged number of issued Shares to Bumiputera investors to be approved by MITI in conjunction with the Listing; and	To be complied
(b)	CBH to make available at least 50.00% of the Shares offered to the Malaysian Public via balloting to Bumiputera public investors.	To be complied

2.1.3 MITI

The MITI had, vide its letter dated 19 August 2024, stated that it has taken note and has no objection to our Listing.

2.1.4 SAC

The SAC had on 6 August 2024, classified our Shares as Shariah-compliant securities based on our audited combined financial statements for the FYE 2023.

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2. APPROVALS AND CONDITIONS (Cont'd)

2.2 MORATORIUM ON OUR SHARES

In compliance 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 Shareholder for a period of 6 months from the date of our admission to the Official List ("**First 6 Months Moratorium**");
- (b) upon the expiry of the First 6 Months Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.00% of the total number of issued Shares remain under moratorium, for another period of 6 months ("**Second 6 Months Moratorium**"); and
- (c) thereafter, 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.

The moratorium shall be imposed on the Specified Shareholders according to the following:

Specified Shareholders	Year 1				Year 2		Year 3	
	Shares under moratorium for the				Shares under moratorium		Shares under moratorium	
	First 6 Months Moratorium		Second 6 Months Moratorium					
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Quay Holdings	1,368,491,093	72.76	846,403,380	45.00	564,268,920	30.00	282,134,460	15.00
Ir. Cheah Boon Hwa	-	-	-	-	-	-	-	-
Cheah Boon Huat	-	-	-	-	-	-	-	-
Cheah Boon Kiat	-	-	-	-	-	-	-	-
Cheah Boon Hoe	-	-	-	-	-	-	-	-
Cheah Chai Siew	-	-	-	-	-	-	-	-
Cheah Min Heng	-	-	-	-	-	-	-	-
Jason Cheah Jun Sern	-	-	-	-	-	-	-	-
Total	1,368,491,093	72.76	846,403,380	45.00	564,268,920	30.00	282,134,460	15.00

Note:

(1) Based on our enlarged issued Shares of 1,880,896,393 after our IPO.

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

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by our Specified Shareholders to ensure that our Share Registrar does not register any sale, transfer or assignment that contravenes such restrictions.

In accordance with Rule 3.19(2) of the Listing Requirements, where our Specified Shareholder or vendor is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation shareholders must give undertakings to Bursa Securities that they will not sell, transfer or assign their securities in the unlisted corporation for the requisite moratorium period.

In compliance with Rule 3.19(2) of the Listing Requirements, the shareholders of Quay Holdings, namely Ir. Cheah Boon Hwa, Cheah Boon Huat, Cheah Boon Kiat, Cheah Boon Hoe, Cheah Chai Siew, Cheah Min Heng and Jason Cheah Jun Sern, who are the ultimate shareholders of our Company, have undertaken not to sell, transfer or assign their shareholdings in Quay Holdings during the abovementioned moratorium period.

3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS OF OUR IPO

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

	Public Issue		Offer for Sale		Total	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Malaysian Public (via balloting)	94,045,000	5.00	-	-	94,045,000	5.00
Eligible Persons	28,415,000	1.51	-	-	28,415,000	1.51
Private placement to selected investors	128,517,500	6.83	-	-	128,517,500	6.83
Private placement to selected Bumiputera investors approved by MITI	47,022,500	2.50	188,089,700	10.00	235,112,200	12.50
Total	298,000,000	15.84	188,089,700	10.00	486,089,700	25.84

Note:

(1) Based on our enlarged issued Shares of 1,880,896,393 after our IPO.

Enlarged number of issued Shares upon Listing	1,880,896,393
IPO Price per Share	RM0.28
Market capitalisation upon Listing	RM526,650,990

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

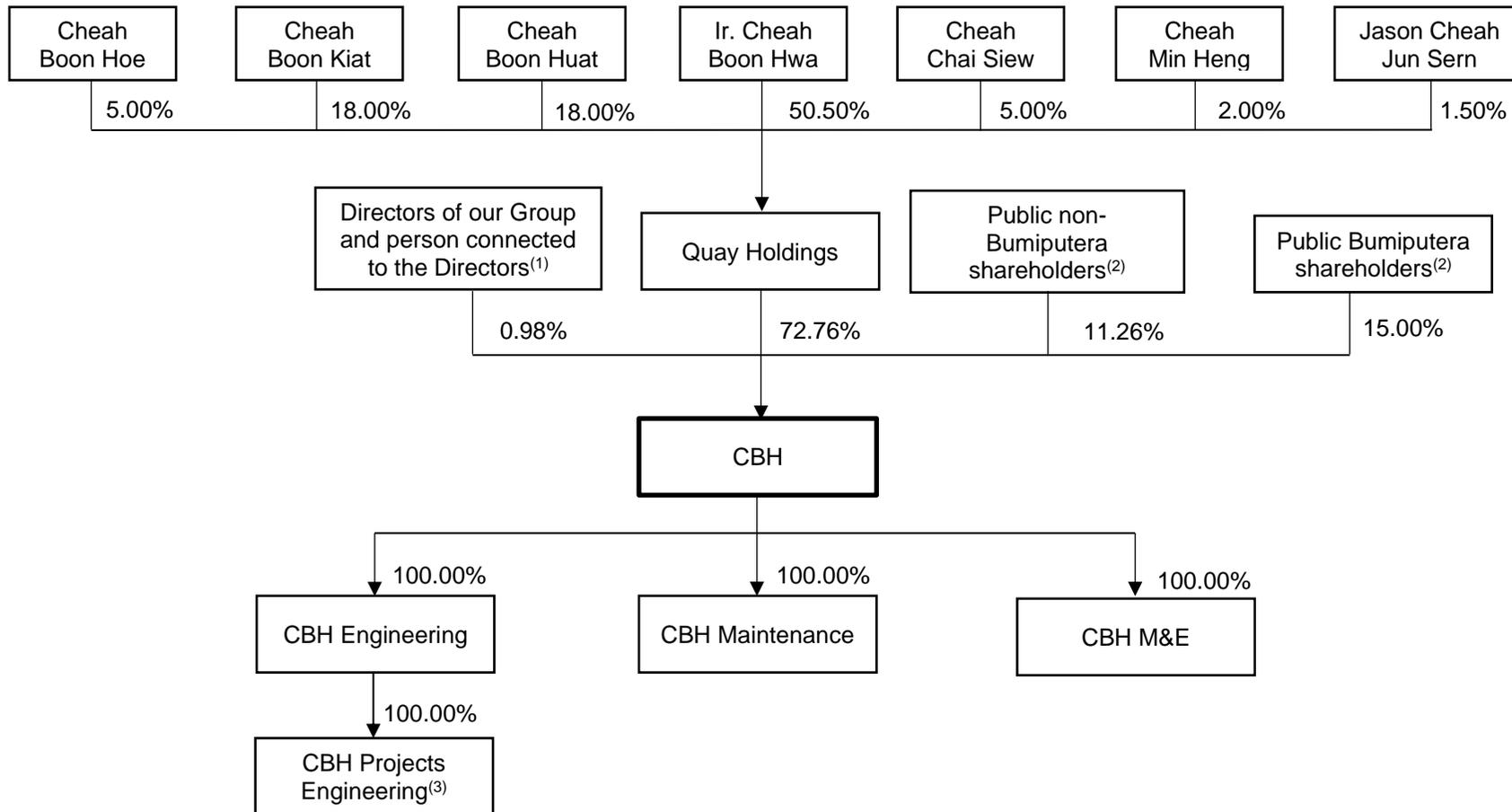
In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Specified Shareholders. Further details of the moratorium is set out in Section 2.2 of this Prospectus.

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3. PROSPECTUS SUMMARY (Cont'd)

3.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia on 18 December 2023 under the Act as a private limited company under the name of CBH Engineering Holding Sdn Bhd. Subsequently, our Company was converted to a public limited company on 27 May 2024 and assumed our present name as CBH Engineering Holding Berhad. Our Company is an investment holding company. Our Group structure after our IPO is as follows:



3. PROSPECTUS SUMMARY (Cont'd)

Notes:

- (1) Assuming each of them fully subscribes for their respective Pink Form Allocation.
- (2) Collectively, the public shareholding spread is 26.26% after our IPO which consists of public non-Bumiputera shareholders (11.26%) and public Bumiputera shareholders (15.00%) excluding the Promoters and directors of our Group and persons connected to the Promoters and Directors.
- (3) CBH Projects Engineering will be wound up by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Act which was approved and resolved at the extraordinary general meeting of CBH Projects Engineering which was held on 20 December 2023. As at the LPD, CBH Projects Engineering is still in members' voluntary winding-up.

Through our subsidiaries, we are principally an electrical engineering service provider and we specialise in electricity supply distribution systems, where we undertake the design, supply, installation, testing, commissioning and maintenance of HV, MV, LV and ELV electrical systems.

We also undertake mechanical engineering works for building systems, where this relates to the design, supply, installation, testing, commissioning and maintenance of building systems such as ACMV systems, fire protection systems, plumbing and sanitary systems as well as renewable energy systems.

For the majority of our projects, our services may cover more than one M&E system. In design and build projects, our internal Electrical Design team will develop design drawings based on the requirements of our customers, which will be endorsed by our appointed M&E consultants, and we also supply and build these systems in accordance with the design drawings. In other projects, we supply and install the contracted M&E systems based on the design drawings provided by the customers or their appointed consultant. We may also be required to undertake civil and structural engineering works as part of our design and build projects.

Our customers comprise mainly project owners and main contractors. Our principal market is Malaysia.

Our business model is as follows:

Principal business activities	M&E engineering services		
Business segment	Electrical engineering services for power distribution systems and mechanical engineering services for building systems		
Range of M&E services	<table border="0"> <tr> <td> Electrical engineering services comprising: <ul style="list-style-type: none"> • Electricity supply distribution works at substations • Electricity supply distribution works at end-user premises • LV electrical engineering works </td> <td> Mechanical engineering services comprising: <ul style="list-style-type: none"> • ACMV systems • Fire protection systems • Plumbing and sanitary systems • Renewable energy system </td> </tr> </table>	Electrical engineering services comprising: <ul style="list-style-type: none"> • Electricity supply distribution works at substations • Electricity supply distribution works at end-user premises • LV electrical engineering works 	Mechanical engineering services comprising: <ul style="list-style-type: none"> • ACMV systems • Fire protection systems • Plumbing and sanitary systems • Renewable energy system
Electrical engineering services comprising: <ul style="list-style-type: none"> • Electricity supply distribution works at substations • Electricity supply distribution works at end-user premises • LV electrical engineering works 	Mechanical engineering services comprising: <ul style="list-style-type: none"> • ACMV systems • Fire protection systems • Plumbing and sanitary systems • Renewable energy system 		
Type of buildings	<ul style="list-style-type: none"> • Substation • Industrial • Commercial • Residential 		
Principal market	Malaysia		

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

3. PROSPECTUS SUMMARY (Cont'd)

The breakdown of our Group's revenue by business activities is as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
M&E systems										
• Engaged as main contractor	48,385	71.60	10,432	5.78	140,681	67.65	46,131	58.58	141,194	79.22
• Engaged as sub-contractor	18,592	27.52	168,560	93.59	66,132	31.80	31,722	40.28	36,639	20.56
Subtotal	66,977	99.12	178,992	99.37	206,813	99.45	77,853	98.86	177,833	99.78
M&E Maintenance	598	0.88	1,128	0.63	1,141	0.55	899	1.14	392	0.22
Total	67,575	100.00	180,120	100.00	207,954	100.00	78,752	100.00	178,225	100.00

3.3 COMPETITIVE STRENGTHS

A summary of our competitive strengths is set out as follows:

(a) Our range of electrical engineering services has enabled us to establish our presence in the M&E engineering industry in Malaysia

We have been in the M&E engineering industry in Malaysia for 34 years, undertaking the provision of M&E engineering services primarily focusing on electrical engineering works. Over the years, we have expanded our scale of operations and our services to include mechanical engineering works as well as civil and structural works to complement our electrical engineering works. Our Group holds a number of licenses, registrations, permits and approvals which enable us to carry on our businesses. Throughout the years, we have built a reputation as a quality and reliable contractor with a portfolio of completed and ongoing projects across Peninsular Malaysia, as evidenced by the growth in our Group's revenue.

(b) We have a track record of undertaking M&E engineering projects in Peninsular Malaysia

Since 1990, we have secured and completed several M&E engineering projects of varying scale and contract values for various types of properties. This has enabled us to establish a track record in delivering M&E engineering works and build a portfolio of diverse engineering projects.

(c) We have contracts to sustain us in the near term

Our order book is contract based. As at the LPD, we have 12 subsisting contracts with a total unbilled order book of RM203.69 million.

(d) We have an experienced management team

Our Directors and key senior management team have strong industry and functional expertise as a result of years of experience in their respective fields. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. As a result, there is a transfer of skills and knowledge to employees at all levels in our organisational structure. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand.

Further details of our competitive strengths are set out in Section 7.5 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.4 IMPACT OF COVID-19 ON OUR GROUP

Due to the outbreak of COVID-19, the Government imposed various forms of MCO. The imposition of this lockdown impacted most of the economic sectors and, especially those operating in non-essential services, and led to work stoppages in construction activities.

As such, our business operations were temporarily halted from 18 March 2020 to 3 May 2020. Our Group resumed activities on 4 May 2020 in accordance with the specific guidelines and the applicable standard operating procedures, including workforce capacity restrictions.

Malaysia transitioned to the endemic phase on 1 May 2022. Since then, we have resumed our operations with no operating restrictions.

Save for the interruptions to our business operations arising from the COVID-19 pandemic, we did not experience any other interruptions to our operations which had a significant effect on our business and operations during the past 12 months preceding the LPD. Further details of the impact of COVID-19 on our Group are set out in Section 7.4 of this Prospectus.

3.5 BUSINESS STRATEGIES AND FUTURE PLANS

A summary of our business strategies and future plans is set out below:

(a) We intend to strengthen our internal workforce through the recruitment of qualified employees

Our capacity to undertake M&E engineering projects, to a large extent, depends on the number of direct skilled professionals and workers we are able to recruit. Otherwise, we may have to rely on our subcontractors to perform certain works.

We plan to expand our projects team by recruiting additional personnel to support the growth of our existing business operations and the expected growth in our business. We also intend to recruit suitably qualified accounts executives and human resource and administration executives to support our growing business operations.

(b) We intend to strengthen our financial resources to undertake M&E engineering projects

The number and size of M&E engineering contracts that we can undertake at any point in time depend largely on the availability of our working capital. If we are to expand our business and secure more and larger contracts, we must increase our available financial resources to satisfy the working capital required to undertake our contracts. Further, as part of our future plans, we intend to increase our market share by tendering for more projects with larger contract sums.

Further details on our business strategies and future plans are set out in Section 7.19 of this Prospectus.

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3. PROSPECTUS SUMMARY (Cont'd)

3.6 RISK FACTORS

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

(a) Our projects are non-recurring in nature and there is no guarantee that we will be able to secure new projects

We derived the majority of our revenue from projects which were non-recurring in nature, and most of our projects were awarded on a project-by-project and potentially one-off basis. It is therefore critical that we are able to continuously and consistently secure new projects of similar value and volume.

(b) Failure to complete our projects in a reliable and timely basis could materially affect our reputation and financial performance

The contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract. There is no assurance that there will not be any delay in our existing and future projects resulting in claims for liquidated damages, which in turn will have an adverse impact on our reputation, business, financial condition and results of operations.

(c) We secure M&E engineering projects from main contractors

Our projects are secured on an invited tender basis. We are invited by main contractors to provide M&E engineering quotes for the new projects that they are tendering for. Our ability to secure M&E engineering contracts depends on such main contractors inviting us on a frequent and regular basis to provide M&E engineering quotes to them. These main contractors may not invite us to tender and quote for a project if they find that we do not have relevant CIDB gradings or Energy Commission Malaysia license or adequate track record to carry on the scope and responsibilities required for a particular project or sufficient manpower or financial resources to perform a project.

(d) We are dependent on registrations and licenses

We are required to obtain and hold valid certificates of registration issued by the CIDB and Energy Commission Malaysia in order for us to operate our business. If we are unable to maintain or renew our certificates of registration with the CIDB and Energy Commission Malaysia, we will be restricted or prohibited from providing M&E engineering services, thereby adversely affecting our business and financial position.

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3. PROSPECTUS SUMMARY (Cont'd)**3.7 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

Our Directors and key senior management are as follows:

Name	Designation
<u>Directors</u>	
Lim Bee Hua	Independent Non-Executive Chairwoman
Ir. Cheah Boon Hwa	Managing Director
Cheah Boon Huat	Non-Independent Executive Director
Cheah Min Heng	Non-Independent Executive Director
Chin Sin Peng	Independent Non-Executive Director
Saw Bee Yee	Independent Non-Executive Director
Tan Suat Hoon	Independent Non-Executive Director
<u>Key Senior Management</u>	
Tang Wai Hoong	Chief Financial Officer
Ir. Ling Yang Ming	Project and Engineering Director
Soon Fong Piew	Contract Director

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3. PROSPECTUS SUMMARY (Cont'd)

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

Name	Country of Incorporation / Nationality	After the Acquisitions but before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Promoters and substantial shareholders									
Quay Holdings	Malaysia	1,556,580,793 ⁽³⁾	98.34	-	-	1,368,491,093	72.76	-	-
Ir. Cheah Boon Hwa	Malaysian	-	-	1,556,580,793 ⁽⁴⁾	98.34	-	-	1,368,491,093 ⁽⁴⁾	72.76
Substantial shareholders									
Cheah Boon Huat	Malaysian	-	-	1,556,580,793 ⁽⁴⁾	98.34	-	-	1,368,491,093 ⁽⁴⁾	72.76
Cheah Boon Kiat	Malaysian	-	-	1,556,580,793 ⁽⁴⁾	98.34	-	-	1,368,491,093 ⁽⁴⁾	72.76
Cheah Boon Hoe	Malaysian	-	-	1,556,580,793 ⁽⁴⁾	98.34	-	-	1,368,491,093 ⁽⁴⁾	72.76
Cheah Chai Siew	Malaysian	-	-	1,556,580,793 ⁽⁴⁾	98.34	-	-	1,368,491,093 ⁽⁴⁾	72.76

Notes:

- (1) Based on the total number of 1,582,896,393 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged total number of 1,880,896,393 Shares after our IPO.
- (3) Including 100 Shares each held by Ir. Cheah Boon Hwa and Cheah Boon Huat transferred to Quay Holdings before our IPO.
- (4) Deemed interested by virtue of their direct shareholdings in Quay Holdings pursuant to Section 8 of the Act.

Further details of our Promoters, substantial shareholders, Directors and key senior management are set out in Section 5 of this Prospectus.

[The rest of this page is intentionally left blank]

3. PROSPECTUS SUMMARY (Cont'd)

3.8 UTILISATION OF PROCEEDS

The estimated gross proceeds arising from our Public Issue of approximately RM83.44 million shall accrue entirely to us and will be utilised in the following manner:

Details of use of proceeds	Estimated timeframe for utilisation from the date of Listing	RM'000	% ⁽¹⁾
(a) Business expansion			
(i) Procurement of equipment and components for future projects	Within 3 years	38,504	46.15
(ii) Payment to subcontractors for future projects	Within 1.5 years	18,480	22.15
(iii) Bank guarantees for future projects	Within 3 years	17,300	20.73
(iv) Recruitment of engineers and other personnel	Within 2 years	3,456	4.14
(b) Estimated listing expenses	Within 1 month	5,700	6.83
	Total	83,440	100.00

Note:

(1) Based on the estimated gross proceeds from our Public Issue.

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

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

3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

3.9.1 Historical financial information

The following table sets out the financial highlights of our historical combined statements of profit or loss and other comprehensive income of our Group for the Financial Years Under Review and FPE 2024:

	Audited			Unaudited	Audited
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2023 RM'000	FPE 2024 RM'000
Revenue	67,575	180,120	207,954	78,752	178,225
GP	12,135	41,494	67,312	21,164	53,344
PBT	5,234	27,734	45,960	15,966	40,252
PAT	3,581	20,045	33,048	12,219	30,657
GP margin (%) ⁽¹⁾	17.96	23.04	32.37	26.87	29.93
PBT margin (%) ⁽²⁾	7.75	15.40	22.10	20.27	22.58
PAT margin (%) ⁽³⁾	5.30	11.13	15.89	15.52	17.20

Notes:

(1) GP margin is computed based on the GP over revenue of our Group.

3. PROSPECTUS SUMMARY (Cont'd)

(2) *PBT margin is computed based on the PBT over revenue of our Group.*

(3) *PAT margin is computed based on the PAT over revenue of our Group.*

There were no exceptional or extraordinary items during the Financial Years Under Review and FPE 2024. Our audited financial statements for the Financial Years Under Review and FPE 2024 were not subject to any audit qualifications.

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

3.10 DIVIDEND POLICY

Our Group presently does not have a fixed dividend policy. As we are an investment holding company, our ability to declare and pay dividends or make other distributions to our shareholders depends upon the dividends we receive from our subsidiaries, present and future. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business.

The dividends declared and/or paid by our Group during the Financial Years Under Review, FPE 2024 and up to the LPD are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024	1 September 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared in respect of	800	2,000	40,500	-	-
Dividends paid	2,100	2,000	12,115	21,000	-
Dividends paid in specie	-	-	6,885	500	-

Our Group has no intention to declare any dividends prior to our Listing. Further details our dividend policy are set out in Section 12.13 of this Prospectus.

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION

Application for our IPO Shares will open at 10.00 a.m. on 20 December 2024 and will remain open until 5.00 p.m. on 2 January 2025. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Tentative Time / Dates
Issuance of this Prospectus / Opening of Application	10.00 a.m./20 December 2024
Closing of Application	5.00 p.m./2 January 2025
Balloting of the Applications	6 January 2025
Allotment of IPO Shares to successful applicants	14 January 2025
Listing on the ACE Market	16 January 2025

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

4.3 PARTICULARS OF OUR IPO

4.3.1 Public Issue

A total of 298,000,000 Issue Shares, representing approximately 15.84% of our enlarged issued Shares of 1,880,896,393 are offered at our IPO Price, subject to the terms and conditions of this Prospectus. Our Issue Shares shall be allocated in the following manner:

(a) Malaysian Public

94,045,000 Issue Shares, representing 5.00% of our enlarged issued Shares of 1,880,896,393, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (i) 47,022,500 Issue Shares, representing 2.50% of our enlarged issued Shares of 1,880,896,393 will be made available to the Malaysian Public; and
- (ii) 47,022,500 Issue Shares representing 2.50% of our enlarged issued Shares of 1,880,896,393 will be made available to Bumiputera public investors.

(b) Eligible Persons

28,415,000 Issue Shares, representing 1.51% of our enlarged issued Shares of 1,880,896,393, will be reserved for application by our Eligible Persons under the Pink Form Allocations as follows:

Eligible Persons	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Our eligible Directors ⁽¹⁾	4	800,000
Our Group's eligible employees ⁽²⁾	89	12,986,000
Persons who have contributed to the success of our Group ⁽³⁾	77	14,629,000
Total	170	28,415,000

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

- (1) *The criteria for allocation to our eligible Directors (as approved by our Board) are based on, amongst others, their respective roles, responsibilities, and anticipated contributions to our Group. Details of the allocation to our eligible Directors are as follows:*

Name of Directors	Designation	No. of Issue Shares allocated
<i>Lim Bee Hua</i>	<i>Independent Non-Executive Chairwoman</i>	<i>200,000</i>
<i>Saw Bee Yee</i>	<i>Independent Non-Executive Director</i>	<i>200,000</i>
<i>Chin Sin Peng</i>	<i>Independent Non-Executive Director</i>	<i>200,000</i>
<i>Tan Suat Hoon</i>	<i>Independent Non-Executive Director</i>	<i>200,000</i>
Total		800,000

- (2) *The criteria for allocation to our eligible employees (as approved by our Board) are based on, amongst others, the following factors:*
- (a) *the employee must be at least 18 years of age;*
 - (b) *the employee must have his/her employment confirmed in writing;*
 - (c) *the employees' seniority, position, length of service and level of contribution to our Group; and*
 - (d) *other factors deemed relevant by our Board.*

Details of the allocation to our eligible key senior management who are included as eligible employees are as follows:

Name of key senior management	Designation	No. of Issue Shares allocated
<i>Tang Wai Hoong</i>	<i>Chief Financial Officer</i>	<i>2,000,000</i>
<i>Ir. Ling Yang Ming</i>	<i>Project and Engineering Director</i>	<i>2,000,000</i>
<i>Soon Fong Piew</i>	<i>Contract Director</i>	<i>400,000</i>
Total		4,400,000

- (3) *The number of Issue Shares under the Pink Form Allocations to be allotted to those persons who have contributed to the success of our Group (as approved by our Board) are based on, amongst others, the nature and terms of their business relationship with us, the length of their business relationship with us and the level of contribution and support to the success of our Group. The persons who have contributed to the success of our Group includes our customers and suppliers.*

As at the LPD, save as disclosed above, none of our substantial shareholders, Directors or key senior management have indicated to us on their intention to subscribe for our IPO Shares. Also, there is no other person who has indicated their intention to subscribe for more than 5.00% of our IPO Shares.

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4. DETAILS OF OUR IPO (Cont'd)

(c) Private placement to selected Bumiputera investors approved by MITI and selected investors

175,540,000 Issue Shares, representing 9.33% of our enlarged issued Shares of 1,880,896,393, have been reserved for application by way of private placement in the following manner:

- (i) 47,022,500 Issue Shares, representing 2.50% of our enlarged issued Shares of 1,880,896,393, made available for selected Bumiputera investors approved by MITI; and
- (ii) 128,517,500 Issue Shares, representing 6.83% of our enlarged issued Shares of 1,880,896,393, made available for selected investors.

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4. DETAILS OF OUR IPO (Cont'd)

4.3.2 Offer for Sale

A total of 188,089,700 Offer Shares, representing 10.00% of our enlarged issued Shares, are offered by our Selling Shareholder by way of private placement to selected Bumiputera investors approved by MITI at our IPO Price.

The Offer Shares to be offered by our Selling Shareholder and its shareholdings in our Company before and after our IPO are set out below:

Name / Address	Nature of relationship	As at the LPD		Offer Shares offered			After our IPO	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	% ⁽²⁾	No. of Shares	% ⁽²⁾
Quay Holdings / No. D-09-02, Level 9, EXSIM Tower, Millerz Square @ Old Klang Road, Megan Legasi, No. 357, Jalan Kelang Lama, 58000 Kuala Lumpur Wilayah Persekutuan	Our Promoter and substantial shareholder	1,556,580,793 ⁽³⁾	98.34	188,089,700	11.88	10.00	1,368,491,093	72.76

Notes:

- (1) Based on our issued Shares of 1,582,896,393 after the Acquisitions but before our IPO.
- (2) Based on our enlarged issued Shares of 1,880,896,393 after our IPO.
- (3) Including 100 Shares each held by Ir. Cheah Boon Hwa and Cheah Boon Huat transferred to Quay Holdings before our IPO.

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4. DETAILS OF OUR IPO (Cont'd)

In summary, subject to the clawback and reallocation provisions set out in Section 4.3.3 of this Prospectus, our IPO Shares will be allocated in the following manner:

	Public Issue		Offer for Sale		Total	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Malaysian Public (via balloting)	94,045,000	5.00	-	-	94,045,000	5.00
Eligible Persons	28,415,000	1.51	-	-	28,415,000	1.51
Private placement to selected investors	128,517,500	6.83	-	-	128,517,500	6.83
Private placement to selected Bumiputera investors approved by MITI	47,022,500	2.50	188,089,700	10.00	235,112,200	12.50
Total	298,000,000	15.84	188,089,700	10.00	486,089,700	25.84

Note:

(1) Based on our enlarged issued Shares of 1,880,896,393 after our IPO.

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4. DETAILS OF OUR IPO (Cont'd)

4.3.3 Clawback and Reallocation

Our IPO shall be subject to the following clawback and reallocation provisions:

- (a) if our IPO Shares allocated to Bumiputera investors approved by the MITI ("**MITI Tranche**") are not fully taken up by such Bumiputera investors, our IPO Shares will be clawed back from the remaining MITI Tranche and allocated firstly to the Malaysian institutional investors. Subsequently, if there are still IPO Shares not taken up, the said unsubscribed IPO Shares shall then be offered to Bumiputera public investors via balloting.

If after the above reallocation, the MITI Tranche is still not fully taken up, the remaining MITI Tranche will be made available for application by the Malaysian Public (in the event of an oversubscription) or to selected investors via private placement;

- (b) subject to item (a) above, if there is an under-subscription in the private placement to selected investors and there is an over-subscription in the allocation to the Malaysian Public, our IPO Shares not taken up may be clawed back from the private placement to selected investors and reallocated to the Malaysian Public via balloting;
- (c) if there is an under-subscription in the allocation to Malaysian Public via balloting and there is an oversubscription in the private placement to selected investors, our Issue Shares not taken up may be clawed back from the allocation to Malaysian Public and reallocated to selected investors via private placement. However, if there is an under-subscription in the allocation to Malaysian Public via balloting but no over-subscription in the private placement to selected investors, such remaining Issue Shares will be underwritten by the Sole Underwriter;
- (d) any Issue Share not taken up by the respective Eligible Persons based on their pre-determined allocations shall be made available for application by the other Eligible Persons who have applied for excess Issue Shares in addition to their pre-determined allocation ("**Excess Pink Form Shares**"). Such Excess Pink Form Shares will be allocated to these other Eligible Persons on a fair and equitable basis in the following priority:
- (i) firstly, allocation on a pro-rata basis to the Eligible Persons who have applied for the Excess Pink Form Shares based on the number of Excess Pink Form Shares applied for; and
- (ii) secondly, to minimise odd lots.

Any further Issue Shares which are not subscribed for under the Pink Form Allocations will be made available for application by the Malaysian Public. Any of our Issue Shares under the Pink Form Allocations which are not subscribed for by the Malaysian Public will be made available to selected investors via private placement. Any further Issue Shares not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by the Sole Underwriter.

The clawback and reallocation provisions will not apply in the event that there is an over-subscription in all of the allocations of our IPO Shares at the closing date of our IPO.

The allocation of our IPO Shares shall be in a fair and equitable manner and shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares.

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

4. DETAILS OF OUR IPO (Cont'd)

4.3.4 Minimum Subscription

There is no minimum level of subscription in terms of the proceeds to be raised by us for our IPO.

However, in order to comply with the public spread requirements of Bursa Securities, we are required to have at least 25.00% of our enlarged issued Shares to be held by a minimum of 200 public shareholders holding not less than 100 Shares each. This is the minimum subscription level in terms of the number of Shares.

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 refunded within 14 days after we become liable to do so, the provision of sub-Section 243(2) of the CMSA shall apply accordingly.

4.4 BASIS OF ARRIVING AT OUR IPO PRICE

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

- (a) the PE Multiple of approximately 15.91 times based on our EPS of 1.76 sen for the FYE 2023, calculated based on our PAT for the FYE 2023 of approximately RM33.05 million after taking into account of our enlarged issued Shares of 1,880,896,393 upon our Listing.

Based on our annualised PAT for the FPE 2024 of approximately RM45.99 million and our enlarged issued Shares of 1,880,896,393 upon our Listing, the annualised PE Multiple is approximately 11.43 times;

- (b) our pro forma combined NA per Share of RM0.09, calculated based on our pro forma combined NA after our IPO and utilisation of IPO proceeds as at 31 August 2024 of approximately RM83.44 million and our enlarged issued Shares of 1,880,896,393 upon our Listing;
- (c) our Group's historical financial track record for the Financial Years Under Review and FPE 2024 summarised as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Revenue	67,575	180,120	207,954	178,225
GP	12,135	41,494	67,312	53,344
PAT	3,581	20,045	33,048	30,657

- (d) our Group's competitive strengths as set out in Section 7.5 of this Prospectus; and
- (e) our Group's business strategies and future plans as set out in Section 7.19 of this Prospectus.

You should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares being traded. 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 of this Prospectus before deciding to invest in our Shares.

4. DETAILS OF OUR IPO (Cont'd)

4.5 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

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

Details	No. of Shares	RM
Share capital		
As at the LPD	1,582,896,393	57,142,572.56
To be issued pursuant to our Public Issue	298,000,000	83,440,000.00
Enlarged share capital upon our Listing	1,880,896,393	140,582,572.56

As at the date of this Prospectus, we have only 1 class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing 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 will rank equally in all respects with our existing 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 applicable Rules of Bursa Depository.

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 of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

Each of our shareholders shall be entitled to vote at any of our general meetings in person, or by proxy or by attorney or by other duly authorised representative. Every shareholder presents in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each Share held.

4.6 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (a) to provide an opportunity for the Malaysian Public, our eligible Directors and employees as well as persons who have contributed to the success of our Group to participate in our equity;
- (b) to enable our Group to raise funds for the purposes specified in Section 4.9 of this Prospectus;
- (c) 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; and
- (d) to gain recognition through our listing status which will enhance our Group's reputation in the marketing of our products and to retain and attract new, skilled employees in the industry.

4. DETAILS OF OUR IPO (Cont'd)**4.7 TOTAL MARKET CAPITALISATION UPON LISTING**

Based on our IPO Price and our enlarged number of issued Shares of 1,880,896,393 upon Listing, our total market capitalisation is estimated to be RM526,650,990.

4.8 DILUTION

Dilution is the amount by which our IPO Price exceeds our pro forma combined NA per Share immediately after our IPO.

The following table illustrates such dilution on a per Share basis:

	Details	RM
IPO Price	(A)	0.28
Pro forma combined NA per Share as at 31 August 2024 after Acquisitions but before our IPO	(B)	0.06
Pro forma combined NA per Share as at 31 August 2024 after Acquisitions, IPO and utilisation of proceeds	(C)	0.09
Increase in pro forma combined NA per Share to our existing shareholders	(C) – (B)	0.03
Dilution in the pro forma combined NA per Share to our new public investors	(A) – (C)	0.19
Dilution in the pro forma combined NA per Share to our new public investors as a percentage of our IPO Price	$[(A) - (C)]/(A)$	67.86%

Further details of our pro forma combined NA per Share as at 31 August 2024 is set out in Section 14 of this Prospectus.

Save as disclosed below and the Pink Form Allocations to our eligible Directors and key senior management, there has been no acquisition or subscription of any of our Shares by our Promoters, Directors, substantial shareholders, key senior management or persons connected to 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 the date of this Prospectus:

	No. of Shares held after the Acquisitions and before our IPO	Total consideration (RM)	Average effective cost per Share (RM)
Promoter and substantial shareholder			
Quay Holdings	1,556,580,793	56,192,579.40	0.0361
Key senior management			
Soon Fong Piew	13,301,600	480,187.76	0.0361

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4. DETAILS OF OUR IPO (Cont'd)

4.9 UTILISATION OF PROCEEDS

4.9.1 IPO

The estimated gross proceeds arising from our Public Issue of approximately RM83.44 million shall accrue entirely to us and will be utilised in the following manner:

Details of use of proceeds	Estimated timeframe for utilisation from the date of Listing	RM'000	% ⁽¹⁾
(a) Business expansion:			
(i) Procurement of equipment and components for future projects	Within 3 years	38,504	46.15
(ii) Payment to subcontractors for future projects	Within 1.5 years	18,480	22.15
(iii) Bank guarantees for future projects	Within 3 years	17,300	20.73
(iv) Recruitment of engineers and other personnel	Within 2 years	3,456	4.14
(b) Estimated listing expenses	Within 1 month	5,700	6.83
	Total	83,440⁽²⁾	100.00

Notes:

(1) Based on the estimated gross proceeds from our Public Issue.

(2) Our Company will not receive any proceeds from the Offer for Sale.

(a) Business Expansion

As at the LPD, we have 12 existing contracts with a total unbilled order book of RM203.69 million, comprising M&E engineering works. As part of our future plans, we intend to increase our market presence by tendering for projects with higher contract value. As at the LPD, we have submitted 22 tenders with a total tender sum of RM559.71 million, which are still pending evaluation from the potential contract awarders.

(i) Procurement of equipment and components for future projects

In order to expand our M&E engineering business, we have earmarked RM38.50 million, representing 46.15% of the proceeds raised from our Public Issue for the purchase of equipment and components for our future projects. The proceeds allocated for such purchases represent approximately 48.57% of the total purchases (excluding subcontractors' costs) for FYE 2023. The typical equipment and components required for our M&E engineering projects, which we source from local suppliers, include amongst others, power cables, transformers, generator sets, switchgears and HV equipment. The detailed breakdown of the equipment and components cannot be determined at this juncture as it will depend on the projects that we secure and at prevailing market prices.

We intend to procure the above-mentioned equipment and components from our internal approved list of suppliers. As at the LPD, we have 178 approved suppliers of materials. For information purposes, the purchase of such equipment and components will be incurred as our cost of sales as they are intended for installation at the project sites of our customers, and eventually owned by our customers after the end of the contract period.

4. DETAILS OF OUR IPO (Cont'd)

As at the LPD, we have not entered into any binding agreements with any of our suppliers. In the event where the actual payment to our suppliers for the above purchases is higher than the allocated amount, the shortfall amount will be funded via our internally generated funds and/or bank borrowings.

(ii) Payment to subcontractors for future projects

Our Group intends to allocate RM18.48 million, representing 22.15% of the proceeds raised from our Public Issue for payment to subcontractors for future projects. The proceeds allocated for the payment to subcontractors for the future projects represents approximately 38.42% of the subcontractors' costs for FYE 2023. These subcontractors will undertake specific aspects of our M&E engineering projects, including amongst others, civil, structural and architectural works, as well as M&E systems installation, testing and commissioning activities under our project management and supervision.

The earmarked amount will be utilised to support potential projects secured by our Group in the future. In the event of any shortfall, the deficit will be funded via our internally generated funds.

(iii) Bank guarantees for future projects

We are required to provide performance bonds for certain M&E engineering projects. Typically, these performance bonds required by our customers or project owners, range from 5.00% to 10.00% of the total project value. These performance bonds are generally issued in the form of bank guarantees by financial institutions to our customers or project owners to serve as an assurance or security for us to fulfil our roles and obligation set out in the contracts satisfactorily.

Apart from performance bonds, our projects typically involve the issuance of Letter of Credits ("LCs") as required by our suppliers. These LCs provide additional comfort to our suppliers, ensuring that payment will be made to our suppliers upon the release of goods and/or services, guaranteeing compliance with the specific requirements set out in the LCs.

To facilitate the issuance of performance bonds in favour of our customers, as well as LCs required by our suppliers, we must maintain a marginal deposit through fixed deposits pledged with financial institutions until the project is completed for the performance bond or conditions are fulfilled for the LC. Typically, the marginal deposits for performance bonds and LCs constitute approximately 20.00% of the performance bond value and the invoice value. Consequently, this leads to tying up of a portion of our Group's working capital during the project durations, thereby affecting our liquidity.

As at the LPD, our Group has been granted for banking facilities amounting to a total of RM109.01 million from financial institutions, including RM104.00 million banking facilities for the purposes of, amongst others, performance bonds, LCs, trust receipts and banker's acceptance. As at the LPD, we have utilised RM39.07 million for performance bonds, RM2.25 million for LCs and RM0.10 million for banker's acceptance.

These performance bonds, totalling RM39.07 million, were obtained for our 3 ongoing projects with an aggregated contract value of RM261.83 million. In connection with this, we have pledged RM7.48 million of marginal deposits, equivalent to 19.15% of the total value of performance bonds with financial institutions.

4. DETAILS OF OUR IPO (Cont'd)

Hence, our Group intends to allocate a total of RM17.30 million or 20.73% of the total proceeds raised from our Public Issue to be utilised for marginal deposits. The proceeds allocated for marginal deposits represent approximately 14.32% of the total banking facilities granted to our Group for the above-mentioned purposes. These marginal deposits will be pledged with financial institutions to secure bank guarantees (i.e. performance bonds and/or LCs) for our future projects. This is in line with the expansion of our M&E engineering business as we intend to pursue a larger-scale M&E engineering projects moving forward. Such allocation is expected to free up our internally generated funds, which would otherwise be used to meet the contractual obligations in relation to the placement of marginal deposits with financial institutions and thereby, improve the liquidity of our Group.

The detailed breakdown of the allocation of marginal deposits to be pledged with the financial institutions is set out in the table below:

Type of bank guarantees	Estimated marginal deposits (RM'000)
Performance bonds	9,550
LCs	7,750
Total	17,300

The amount of marginal deposits to be maintained by us with the financial institutions for the issuance of performance bonds and LCs is expected to increase in line with the growth of our M&E engineering business and the value of the contracts awarded to us. In the event the actual proceeds utilised for marginal deposit on bank guarantees for our future projects is lower than the earmarked amount, the excess will be used for the procurement of equipment and components for M&E engineering works. Any excess amount required for the marginal deposits on bank guarantees for our future projects will be funded from our internally generated funds.

(iv) Recruitment of engineers and other personnel

Our Group intends to allocate RM3.46 million, representing 4.14% of the proceeds raised from our Public Issue to expand our workforce by hiring additional engineers and other personnel. This initiative aims to strengthen our internal capabilities and support the growth of our business operations.

The formation of a project team upon the award of a contract typically comprises, amongst others, project managers, project engineers, design engineers, site coordinators, site supervisors, health and safety officers, chageman and wireman. As at the LPD, our project department comprises 73 personnel. Our Group plans to expand our project team by recruiting an additional 11 engineers, comprising 6 project managers and 5 site supervisors. By recruiting engineers with relevant experience and skill sets, we aim to increase our capacity to undertake larger-scale M&E engineering projects in line with our business expansion plan, while ensuring the quality of our deliverables meets the expectations and requirements of our customers.

As at the LPD, our Group has 5 personnel in accounts department and 10 personnel in human resource and administrative department. Our Group intends to hire additional 1 account executive and 1 human resource and administrative executive to support the growth of our business operations, given our increased capacities and capabilities to take on larger scale of M&E engineering projects arising from the additional engineers to be recruited.

4. DETAILS OF OUR IPO (Cont'd)

The details of the recruitment of engineers and other personnel are summarised in the table below:

Position	Role	No. of headcount	Estimated cost⁽¹⁾ (RM'000)
(a) Engineers:			
(i) Project Manager	Coordinate and oversee the entire lifecycle of projects from commencement to timely completion of projects	6	2,088
(ii) Site Supervisor	Monitor and supervise projects throughout the project duration to ensure smooth execution of projects	5	1,080
(b) Other personnel:			
(i) Account Executive	Responsible for financial record keeping, financial reporting, tax compliance and cost control of our Company	1	144
(ii) Human Resource and Administrative Executive	Responsible for recruitment and staffing, training new hires as well as payroll management and maintaining employee records	1	144
Total		13	3,456

Note:

- (1) *The estimated cost for the recruitment of additional engineers and other personnel primarily encompasses salaries, employer's contribution to EPF, SOCSO and employment insurance system, medical expenses, staff benefits, training and development expenses as well as other related expenses for a period of 2 years.*

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4. DETAILS OF OUR IPO (Cont'd)

(b) Estimated listing expenses

Our Group intends to allocate RM5.70 million, representing 6.83% of the proceeds from our Public Issue to meet the estimated expenses for our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Description	RM'000
Professional fees ⁽¹⁾	2,900
Underwriting and placement fees	2,200
Printing and advertising fees	400
Miscellaneous expenses and contingencies ⁽²⁾	130
Fees payable to authorities	70
Total	5,700

Notes:

- (1) *Includes professional and advisory fee for, amongst others, Principal Adviser, Due Diligence Solicitors, Auditors and Reporting Accountants, IMR, Internal Control Consultant, Share Registrar and Issuing House.*
- (2) *Other incidental or related expenses in connection with our IPO, which include translators, media related expenses and IPO event expenses.*

If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for payment to subcontractors for future projects. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for payment to subcontractors for future projects.

While pending utilisation of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in interest-bearing accounts with licensed financial institutions or short-term money market instruments.

4.10 UNDERWRITING, COMMISSION, PLACEMENT AND BROKERAGE FEE

4.10.1 Underwriting commission

Our Sole Underwriter will underwrite 122,460,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations ("**Underwritten Shares**"). The balance of 175,540,000 Issue Shares reserved for private placement to selected investors and selected Bumiputera investors approved by MITI and 188,089,700 Offer Shares reserved for private placement to selected Bumiputera investors approved by MITI shall be placed out by our Sole Placement Agent and will not be underwritten.

We are obliged to pay our Sole Underwriter an underwriting commission of 2.50% of the total value of the Underwritten Shares at our IPO Price.

4.10.2 Placement fee

Our Sole Placement Agent will place out a total of 363,629,700 IPO Shares, comprising 175,540,000 Issue Shares to selected investors and Bumiputera investors approved by MITI and 188,089,700 Offer Shares to selected Bumiputera investors approved by MITI.

We are obliged to pay our Sole Placement Agent a placement fee of up to 2.50% of the value of those Issue Shares to be placed out to selected investors and selected Bumiputera investors approved by MITI by our Sole Placement Agent at our IPO Price.

4. DETAILS OF OUR IPO (Cont'd)

The Selling Shareholder will bear the placement fee of up to 2.50% of the value of those Offer Shares to be placed out to selected Bumiputera investors approved by MITI by our Sole Placement Agent.

4.10.3 Brokerage fee

Brokerage fee is payable in respect of our IPO Shares at the rate of 1.00% 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 Malaysia Investment Banking Association in Malaysia or Issuing House.

Mercury Securities, being our Sole Placement Agent is entitled to charge brokerage commission to successful applicants for our IPO Shares made available to selected investors and Bumiputera investors approved by MITI by way of private placement. For the avoidance of doubt, such brokerage commission under the abovementioned successful applications will not be payable by us.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with Mercury Securities, to underwrite 122,460,000 Issue Shares.

Subject to clawback and reallocation terms in Section 4.3.3 of this Prospectus, any remaining Issue Shares that are not subscribed for will be subscribed by our Sole Underwriter based on the terms of the Underwriting Agreement.

The following are the salient terms contained in the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement:

4.11.1 Obligations of our Sole Underwriter

The obligations of our Sole Underwriter to underwrite the Underwritten Shares⁽¹⁾ under the Underwriting Agreement is conditional on the performance by our Company of our obligations under the Underwriting Agreement as at the date of the Underwriting Agreement, Issue Date⁽²⁾ and Closing Date⁽³⁾, as the case may be and conditional on the following:

Notes:

- (1) 122,460,000 IPO Shares made available for application by the Malaysian Public and the Eligible Persons to be underwritten by our Sole Underwriter in the manner and upon the terms and conditions as set out in the Underwriting Agreement.
 - (2) The date of issue of the Prospectus being a date not later than 1 month after the date of the Underwriting Agreement or such later date as our Company and our Sole Underwriter may mutually agree in writing.
 - (3) The last date for acceptance, application for and payment of the subscription moneys in respect of the application for the IPO Shares in accordance with the Prospectus, White Application Form and Pink Application Form (collectively, "**Issue Documents**"), which shall not be more than 2 months from the date of the Underwriting Agreement and subject to extension as provided under the Underwriting Agreement.
- (a) our Sole Underwriter receiving certificate in the form or substantially in the form contained in of the Underwriting Agreement, one dated the date of registration of the Prospectus and the other dated the Closing Date, both of which are to be signed by a Director (on behalf of the Board) stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as set out in the Underwriting Agreement and being provided with the reports or confirmation and

4. DETAILS OF OUR IPO (Cont'd)

being satisfied at the date of registration of the Prospectus and the Closing Date respectively that, among others:

- (i) there is no occurrence of any material change or any development likely to result in a prospective material adverse effect and/or change, whether individually or in the aggregate, and whether or not arising in the ordinary course of business, on any of the following ("**Material Adverse Effect**"):
 - (a) the condition (financial, operational or otherwise), contractual commitments, general affairs, Board, key senior management, business, assets, liquidity, liabilities, prospects, earnings, shareholders' equity, business undertakings, properties or results of operations of our Company and/or our Group;
 - (b) the ability of our Company to perform in any respect its obligations under or with respect to, or to consummate the transactions contemplated by the Prospectus or the Underwriting Agreement;
 - (c) the ability of our Company and/or our Group to conduct its businesses and to own or lease its assets and properties as described in the Prospectus; or
 - (d) our IPO including but not limited to the success of our IPO or the distribution or the sale of the IPO Shares pursuant to our IPO,

on our Group taken as a whole from that subsequent to the date of the Underwriting Agreement up to the Issue Date and the date of Listing ("**Trading Date**") (as the case may be);

- (ii) there is no occurrence of any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings by our Company as set out in the Underwriting Agreement materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by our Company;
- (b) the Underwriting Agreement being signed by the relevant authorised signatories of our Company to the Underwriting Agreement and stamped within the statutory time frame;
- (c) the registration of the Prospectus and such other documents as may be required in accordance with the CMSA and Act in relation to our IPO with Bursa Securities and its lodgement with the ROC by the Issue Date;
- (d) all the approvals referred to in the Underwriting Agreement remain in full force and effect and that all conditions to the approvals (except for any which can only be complied with after the Closing Date and/or Trading Date has been completed) have been complied with;
- (e) the approvals of Bursa Securities for the admission of our Company to the Official List and our Listing on terms acceptable to our Sole Underwriter and the approvals of Bursa Securities remaining in full force and effect and that all conditions (except for any which can only be complied with after the Closing Date and/or Trading Date has been completed) have been complied with;
- (f) our Sole Underwriter being satisfied that our Company will, following completion of the Closing Date be admitted to the Official List and its entire enlarged issued share capital listed and quoted on the ACE Market no later than 2 months from the Underwriting Agreement unless mutually agreed to in writing by the parties;
- (g) the Underwriting Agreement having become unconditional in all respects (save for any condition requiring the Underwriting Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions thereof and upon our Sole Underwriter's (in this regard, in its capacity as the Sole Placement Agent for the Private Placement⁽¹⁾)

4. DETAILS OF OUR IPO (Cont'd)

receipt of the full subscription monies for the Private Placement from the selected investors and selected Bumiputra investors approved by MITI on or before the last date for payment of the IPO Shares made available for subscription under the Private Placement, being 3 Market Days before the Closing Date;

Note:

- (1) *The Private Placement means, collectively:*
- (i) *47,022,500 Issue Shares pursuant to the Public Issue to be allocated for subscription by way of private placement to the selected Bumiputera investors approved by MITI;*
 - (ii) *128,517,500 Issue Shares pursuant to the Public Issue to be allocated for subscription by way of private placement to selected investors; and*
 - (iii) *188,089,700 existing Shares pursuant to the Offer for Sale to be allocated for subscription by way of private placement to selected Bumiputera investors approved by MITI.*
- (h) our Sole Underwriter receiving a copy duly certified by a Director or secretary of our Company to be a true and accurate copy and in full force and effect, of a resolution of the Directors:
- (i) approving the Issue Documents including the Prospectus, the Underwriting Agreement and the transactions contemplated by it;
 - (ii) authorising the registration of the Prospectus with Bursa Securities and lodgement with the ROC and subsequently, the issuance of the Prospectus; and
 - (iii) authorising one or more Director(s) to sign and deliver the Underwriting Agreement on behalf of our Company;
- (i) our Sole Underwriter receiving a copy duly certified by a Director or company secretary of our Company to be a true and accurate copy and in full force and effect, of the resolution of our Company's shareholders approving the Selling Shareholder to sell the Offer Shares pursuant to our IPO;
- (j) our IPO and Listing not being prohibited or impeded by any statute, order, rule, directive, guidelines (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the relevant authorities in approving the issuance/offer of the IPO Shares, Prospectus and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with our IPO and Listing have been obtained and are in force up to the Trading Date;
- (k) our Sole Underwriter being satisfied that our Company has complied with and that the Prospectus, our IPO and our Listing is in compliance with the policies, guidelines and requirements of SC, Bursa Securities, MITI and ROC and all revisions, amendments and/or supplements to it;
- (l) all necessary consents, waivers, approvals, authorisations or other orders of all relevant authorities, required for or in connection with the execution of the Underwriting Agreement, the issue of the Prospectus, issue of the Issue Shares and the offer of the Offer Shares under our IPO and any other matters contemplated hereby:
- (i) have been or will be unconditionally obtained by its due date; or
 - (ii) if granted subject to conditions, such conditions will be fulfilled to the reasonable satisfaction of our Sole Underwriter by its due date; and

4. DETAILS OF OUR IPO (Cont'd)

- (iii) are or will remain in full force and effect;
- (m) the FTSE Bursa Malaysia KLCI of Bursa Securities ("**Index**") being not lower than 90% of the level of the Index as at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and for at least 3 consecutive Market Days between the date of the Underwriting Agreement and the Trading Date, both dates inclusive;
- (n) there being no occurrence of any Specified Event⁽¹⁾ up to and including the Trading Date;

Note:

- (1) *An event which occurs after the date of the Underwriting Agreement, Issue Date, Closing Date and on or prior to the Trading Date which if it had occurred before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings as set out in the Underwriting Agreement untrue or inaccurate.*
- (o) there not having occurred on or prior to the Trading Date any breach of and/or failure to perform any of the undertakings, representations, warranties and covenants by our Company contained in the Underwriting Agreement;
- (p) there not being any investigation, directions or actions or orders by any creditors, customers, judicial, governmental or relevant authorities in relation to our Listing or in connection with our Group or Directors or the Selling Shareholder which is still subsisting or unresolved to the satisfaction of our Sole Underwriter;
- (q) the launching of Prospectus taking place within 1 month from the date of the Underwriting Agreement or such other later date as our Sole Underwriter and our Company may mutually agree in writing;
- (r) the Closing Date taking place within 1 month from the Issue Date or such other later date as our Sole Underwriter and our Company may mutually agree in writing;
- (s) there having been, as at the Closing Date, no registration or lodgment of any amendment, supplement, or replacement to the Prospectus with Bursa Securities or the ROC without the prior written approval of our Sole Underwriter; and
- (t) the obligations of our Sole Underwriter to subscribe for and/or procure subscriptions for the Underwritten Shares not being prohibited by any statute, order, external rule, directive or regulation amended, supplemented or introduced after the date of the Underwriting Agreement by any legislative, executive or regulatory body or authority in Malaysia at any time on or before the Trading Date.

4.11.2 Termination of the Underwriting Agreement

Notwithstanding anything contained in the Underwriting Agreement, our Sole Underwriter may after consultation with our Company in such manner as our Sole Underwriter shall reasonably determine by notice in writing to our Company given at any time before our Sole Underwriter is discharged or required to carry out its obligation as set out in the Underwriting Agreement, terminate and withdraw its underwriting commitment upon the occurrence of any of the following:

- (a) there is any material breach by our Company of any of the representations, warranties or undertakings as set out in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days determined by our Sole Underwriter at its absolute discretion from the date our Company is notified by our Sole Underwriter of such breach. For the avoidance of doubt, any material breach herein shall be remedied by our Company by the Closing Date; or

4. DETAILS OF OUR IPO (Cont'd)

- (b) there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement by the Closing Date; or
- (c) there is withholding of material information by our Company which in the reasonable opinion of our Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the financial condition, business or operations of our Group, the success of our IPO or Listing, or the distribution or sale of the IPO Shares issued or offered under our IPO or our Sole Underwriter to enter into the Underwriting Agreement; or
- (d) the approval of Bursa Securities in respect of the admission of our Company to the Official List and our Listing is suspended, withdrawn or ceases to have any effect whatsoever or is varied or supplemented upon terms that would have or is reasonably likely to have a Material Adverse Effect; or
- (e) there shall have occurred, or happened any material and adverse change in the business or financial condition or operations of our Company or Group from that set out in the Prospectus which is material in the context of the offering of the IPO Shares and/or our Listing or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the representations, warranties and undertakings as set out in the Underwriting Agreement as though given or made on such date up to and including the Closing Date; or
- (f) the Issue Date does not occur within 1 month from the date of the Underwriting Agreement, subject to the extension of the Issue Date with the prior approval by our Sole Underwriter; or
- (g) the closing date of the application of the IPO Shares does not occur within 1 month from the Issue Date, subject to the extension of the closing date with the prior approval by our Sole Underwriter; or
- (h) the Closing Date is not the day and time adopted in the Prospectus or such other extended Closing Date as may be agreed in writing by our Sole Underwriter (subject to prior consultation and/or agreement with Bursa Securities and/or SC); or
- (i) any commencement of legal proceedings or action against our Company or any member of our Group or any of Directors or major shareholders or the Selling Shareholder which in the opinion of our Sole Underwriter, would have or is reasonably likely to have a Material Adverse Effect or make it impracticable to market the IPO Shares or to enforce contracts to allot and/or transfer the IPO Shares; or
- (j) any material statements contained in the Prospectus has become or been discovered to be untrue, inaccurate or misleading in any respect; or
- (k) our Company or any of our subsidiaries and/or any of its major shareholders becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; or
- (l) if Bursa Securities, SC, Bursa Depository or any other relevant authorities issues an order pursuant to any laws, regulations and directives such as to make it impracticable to market our IPO or distribution of the IPO Shares or to allot and/or transfer the IPO Shares or the trading of the Shares in the secondary market after the Trading Date; or
- (m) our IPO is stopped or delayed by our Company for any reason whatsoever (unless such delay has been approved by our Sole Underwriter); or

4. DETAILS OF OUR IPO (Cont'd)

- (n) if the obligations of our Sole Underwriter to subscribe for and/or procure subscriptions for the Underwritten Shares is or becomes prohibited by any statute, order, rule, directive or regulation amended, supplemented or introduced after the date of the Underwriting Agreement by any legislative, executive or regulatory body or authority of any jurisdiction; or
- (o) the occurrence of any *force majeure* event including, but not limited to the following:
- (i) any material adverse change, or any development involving a prospective change, in national or international monetary, financial, economic or political or social conditions or exchange control or currency exchange rate (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regards to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing; or
 - (ii) any new law or any change in the existing laws, regulations, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority; or
 - (iii) any event or series of events beyond the reasonable control of our Sole Underwriter including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), pandemic, epidemic, acts of terrorism, strikes, national disorder, declaration of a state of emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents; or
 - (iv) any imposition of moratorium, suspension or material restriction on trading of securities on ACE Market due to exceptional financial circumstances or otherwise;
 - (v) any material adverse change in financial conditions as stated in the clause above to include stock market conditions and interest rates. For this purpose, a material adverse change in the stock market condition shall mean the Index is, at the close of normal trading on Bursa Securities, on any Market Day on or after the date of the Underwriting Agreement and prior to the allotment of the Issue Shares and transfer of the Offer Shares, lower than 90% of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and for at least 3 consecutive Market Days or any other adverse change in the market conditions which our Sole Underwriter deems to be sufficiently material and adverse to render it to be a terminating event; or
 - (vi) any government requisition or occurrence of any other nature which materially and adversely affect or will materially or adversely affect the business and/or financial position of our Group; or
 - (vii) any new accounting standards and interpretations issued by MFRS;

which would have or can reasonably be expected to have, in the reasonable opinion of our Sole Underwriter, a Material Adverse Effect on, and/or materially prejudice the financial condition, business or the operations of our Company or Group, the success of our IPO, or the distribution or sale of the IPO Shares or our Listing or which has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

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

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

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

Name	Country of Incorporation / Nationality	After the Acquisitions but before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Promoters and substantial shareholders									
Quay Holdings	Malaysia	1,556,580,793 ⁽³⁾	98.34	-	-	1,368,491,093	72.76	-	-
Ir. Cheah Boon Hwa	Malaysian	-	-	1,556,580,793 ⁽⁴⁾	98.34	-	-	1,368,491,093 ⁽⁴⁾	72.76
Substantial shareholders									
Cheah Boon Huat	Malaysian	-	-	1,556,580,793 ⁽⁴⁾	98.34	-	-	1,368,491,093 ⁽⁴⁾	72.76
Cheah Boon Kiat	Malaysian	-	-	1,556,580,793 ⁽⁴⁾	98.34	-	-	1,368,491,093 ⁽⁴⁾	72.76
Cheah Boon Hoe	Malaysian	-	-	1,556,580,793 ⁽⁴⁾	98.34	-	-	1,368,491,093 ⁽⁴⁾	72.76
Cheah Chai Siew	Malaysian	-	-	1,556,580,793 ⁽⁴⁾	98.34	-	-	1,368,491,093 ⁽⁴⁾	72.76

Notes:

- (1) Based on the total number of 1,582,896,393 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged total number of 1,880,896,393 Shares after our IPO.
- (3) Including 100 Shares each held by Ir. Cheah Boon Hwa and Cheah Boon Huat transferred to Quay Holdings before our IPO.
- (4) Deemed interested by virtue of their direct shareholdings in Quay Holdings pursuant to Section 8 of the Act.

Our Promoters and substantial shareholders do not have different voting rights from the other shareholders of our Company as all our Shares before and after our IPO are of the same class.

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

5.1.2 Profiles of our Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are set out below:

(a) Quay Holdings

Promoter and substantial shareholder

Quay Holdings was incorporated as a private limited company under the Companies Act 1965 on 29 April 2014 under the name of CBH Equities Sdn Bhd. On 25 October 2024, CBH Equities Sdn Bhd changed its name to Quay Holdings Sdn Bhd which it assumed presently.

The principal activity of Quay Holdings is investment holding. As at the LPD, Quay Holdings has a share capital of RM1,000,102 comprising 1,000,102 ordinary shares.

As at the LPD, the directors of Quay Holdings are Ir. Cheah Boon Hwa, Cheah Boon Huat, Cheah Boon Kiat, Cheah Chai Siew and Cheah Min Heng.

As at the LPD, the shareholders and their respective shareholdings in Quay Holdings are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Ir. Cheah Boon Hwa	Malaysian	505,056	50.50	20,000 ⁽¹⁾	2.00
Cheah Boon Huat	Malaysian	180,021	18.00	15,000 ⁽²⁾	1.50
Cheah Boon Kiat	Malaysian	180,020	18.00	-	-
Cheah Boon Hoe	Malaysian	50,000	5.00	-	-
Cheah Chai Siew	Malaysian	50,005	5.00	-	-
Cheah Min Heng	Malaysian	20,000	2.00	-	-
Jason Cheah Jun Sern	Malaysian	15,000	1.50	-	-
	Total	1,000,102	100.00		

Notes:

- (1) Deemed interested by virtue of his son's, namely Cheah Min Heng, shareholdings in Quay Holdings pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his son's, namely Jason Cheah Jun Sern, shareholdings in Quay Holdings pursuant to Section 8 of the Act.

(b) Ir. Cheah Boon Hwa

Promoter, substantial shareholder and Managing Director

Ir. Cheah Boon Hwa, a Malaysian, aged 68, is our co-founder and Managing Director. He was the director in our Company since incorporation on 18 December 2023 and was subsequently appointed as the Managing Director on 17 May 2024. As Managing Director, he is primarily responsible for developing our Group's business model, strategic planning of our corporate direction as well as developing growth strategies and overseeing the daily operations of our Group.

He graduated with a Bachelor's Degree with Honours in Engineering specialising in Electrical Engineering from the University of Malaya in 1981. In 1999, he was registered as a Professional Engineer (Electrical) under the Board of Engineers Malaysia, and member of the Institution of Engineers Malaysia since 1999.

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

Upon graduation, he started his career in 1981 where he was briefly a Sales Engineer with Mecomb Malaysia Sdn Bhd, a subsidiary of Sime Darby Berhad. As Sales Engineer, he was responsible for the sales of the company's industrial instrumentation and controls solutions.

In October 1981, he resigned from Mecomb Malaysia Sdn Bhd and joined Perunding Hashim and Neh Sdn Bhd, a consulting engineering firm, as Consulting Engineer where he was responsible for electrical designs and consultancy as well as developing electrical drawings.

He resigned from Perunding Hashim and Neh Sdn Bhd in 1984 and joined Ramusa Engineering Sdn Bhd, an electrical engineering company as Manager where he was responsible for managing the electrical engineering projects undertaken by the company.

In 1985, he left Ramusa Engineering Sdn Bhd and incorporated Syarikat Kejuruteraan Seah, a sole proprietorship, to undertake electrical engineering subcontracting works. Syarikat Kejuruteraan Seah was terminated on 15 July 1996.

Subsequently in 1990, he co-founded CBH Engineering together with his siblings, Cheah Boon Huat and Cheah Boon Kiat, and was concurrently appointed as a director. Under his leadership, CBH Engineering which commenced operations as an electrical engineering subcontractor has evolved into an M&E engineering firm with design and build capabilities.

He is the brother of Cheah Boon Huat and father to Cheah Min Heng, our Executive Directors. He is also brother of Cheah Boon Kiat, Cheah Boon Hoe and Cheah Chai Siew, all of whom are our substantial shareholders.

Further details of his directorships in other companies are as set out in Section 5.2.3 of this Prospectus.

(c) **Cheah Boon Huat**

Substantial shareholder and Non-Independent Executive Director

Cheah Boon Huat, a Malaysian, aged 63, is our co-founder and Executive Director. He was appointed to our Board on 17 May 2024. He is responsible for planning, coordinating and managing the M&E engineering projects undertaken by our Group, including coordinating with site engineers, subcontractors and suppliers.

He graduated with a Bachelor's Degree in Applied Geology (Honours Class II Upper Division) from the University of Malaya in 1985.

Upon graduation, he began his career in sales where he was tasked to sell advertising space and directory placements in a construction trade directory, then known as Builders Directory.

In 1986, he resigned from his previous position and joined Ir. Cheah Boon Hwa in Syarikat Kejuruteraan Seah where he was tasked with managing project tendering, procurement, project and site management, submission of claims and variation orders and stakeholder management for electrical engineering subcontracting projects.

In 1988, he resigned from Syarikat Kejuruteraan Seah and briefly joined G.E.M. Exploration Sdn Bhd, a geotechnical, geological and geophysical engineering survey and consultancy services firm, as a Field Geologist. He was tasked with site work coordination, rope and compass traversing to produce base map reconnaissance, geochemical sampling primarily focusing on gold, and field geological mapping to uncover gold deposits.

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

In November 1988, he resigned from G.E.M. Exploration Sdn Bhd and joined Exploration Logging Sdn Bhd, an oil and gas exploration company, as Field Geologist. During his tenure in the company, he was responsible for mud logging to monitor the percentage of gas released from oil and gas drilling activities, analysing soil samples and preparing daily reports for subsequent drilling planning.

Concurrently while he was still under employment with Exploration Logging Sdn Bhd, he co-founded CBH Engineering together with his siblings, Ir. Cheah Boon Hwa and Cheah Boon Kiat, and was concurrently appointed as a director in 1990.

In 1993, he resigned from Exploration Logging Sdn Bhd and became a full time executive director of CBH Engineering.

He is the brother of Ir. Cheah Boon Hwa and uncle of Cheah Min Heng, our Executive Directors. He is also the brother of Cheah Boon Kiat, Cheah Boon Hoe and Cheah Chai Siew, all of whom are our substantial shareholders.

Further details of his directorships in other companies outside our Group are as set out in Section 5.2.3 of this Prospectus.

(d) Cheah Boon Kiat
Substantial shareholder

Cheah Boon Kiat, a Malaysian, aged 62 is our substantial shareholder.

He graduated with a Bachelor's Degree of Science in Physics with Honours from the University of Malaya in 1988.

Upon graduation, he began his career in 1988 upon joining NEC Semiconductor (M) Sdn Bhd, a company involved in the manufacturing and supply of electronic parts, as a Production Engineer. As Production Engineer, he was responsible for supervising and monitoring the production line operations of products manufactured by the company.

He resigned from NEC Semiconductor (M) Sdn Bhd in 1990 and joined CBH Engineering in the same year as Managing Director of the Maintenance division where he is responsible for managing the daily business operations of our maintenance division including planning maintenance schedules and staff scheduling.

He is the brother of Ir. Cheah Boon Hwa and Cheah Boon Huat, as well as uncle of Cheah Min Heng, all of whom are our Executive Directors. He is also brother to Cheah Boon Hoe and Cheah Chai Siew, all of whom are our substantial shareholders.

(e) Cheah Boon Hoe
Substantial shareholder

Cheah Boon Hoe, a Malaysian, aged 67 is our substantial shareholder.

He graduated with a Bachelor of Laws (Honours) from the University of London, United Kingdom in 1985. Subsequently, he obtained his Certificate in Legal Practice (CLP) from the University of Malaya and was admitted to the High Court of Malaya as an Advocate & Solicitor in 1987. He is a member of the Malaysian Bar.

Upon graduation, he began his career as a pupil with Ong & Co. in 1987. He resigned from Ong & Co. in 1988 and co-founded Sheikh Shatar Cheah Tan & Lee in 1989 where he was a Partner.

In 1990, he was appointed as a Commissioner of Oath by the Ketua Hakim Negara.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 1994, he resigned from Sheikh Shatar Cheah Tan & Lee to start his own legal firm, Paul Cheah Associates in 2021 and remains in practice as at the LPD. In the same year, he was also appointed as a director of Pacific Trustees Berhad, a position which he holds to date.

For 1997 to 1998, he was elected to the Board of Governors of the Malaysian Canada Business Council (MCBC) as chairman of the external/internal relations committee.

In 2005, he served as the Chairman of the Association of Trust Companies, Malaysia (ATCM), a position he held until 2006.

He is the brother of Ir. Cheah Boon Hwa and Cheah Boon Huat, uncle of Cheah Min Heng, all of whom are our Executive Directors. He is also brother to Cheah Boon Kiat and Cheah Chai Siew, all of whom are our substantial shareholders.

(f) Cheah Chai Siew
Substantial shareholder

Cheah Chai Siew, a Malaysian, aged 57 is our substantial shareholder.

She completed her Sijil Tinggi Pelajaran Malaysia in Sekolah Menengah Horley Methodist, Perak in 1987. Between 1988 and 1991, she was enrolled in a Diploma course in Accounting and Finance from Tunku Abdul Rahman College. Subsequently between 1992 and 1996, she was enrolled for the Association of Chartered Certified Accountants (ACCA) certification programme with Emile Wolfe College. However, she did not complete the aforementioned courses.

In 1996, she began her career with Ayer Keroh Sdn Bhd as an Account Assistant where she was responsible for assisting the finance team with accounts-related tasks and bookkeeping.

She resigned from Ayer Keroh Sdn Bhd in 1998 to join Auto Concessionaires Sdn Bhd as an Account Executive where she prepared financial statements, maintained cash controls, prepared payroll and processed purchases.

She resigned from Auto Concessionaires Sdn Bhd in 2000 to join CBH Engineering as Accounts Manager where she was responsible for handling the day-to-day accounting activities. In December 2023, she resigned from CBH Engineering to focus on her other business ventures.

She is the sister of Ir. Cheah Boon Hwa and Cheah Boon Huat, and aunt of Cheah Min Heng, our Executive Directors. She is also sister of Cheah Boon Kiat and Cheah Boon Hoe, all of whom are our substantial shareholders.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.1.3 Changes in the Promoters' and substantial shareholders' shareholdings in our Company since incorporation

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

Promoters / substantial shareholders	As at 18 December 2023 (Date of incorporation)				As at 16 May 2024			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Promoters and substantial shareholders								
Quay Holdings	-	-	-	-	-	-	-	-
Ir. Cheah Boon Hwa	100	100.00	-	-	100	50.00	-	-
Substantial shareholders								
Cheah Boon Huat	-	-	-	-	100 ⁽⁵⁾	50.00	-	-
Cheah Boon Kiat	-	-	-	-	-	-	-	-
Cheah Boon Hoe	-	-	-	-	-	-	-	-
Cheah Chai Siew	-	-	-	-	-	-	-	-

Promoters / substantial shareholders	After the Acquisitions but before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁴⁾
Promoters and substantial shareholders								
Quay Holdings	1,556,580,793 ⁽⁶⁾	98.34	-	-	1,368,491,093	72.76	-	-
Ir. Cheah Boon Hwa	- ⁽⁶⁾	-	1,556,580,793 ⁽⁷⁾	98.34	-	-	1,368,491,093 ⁽⁷⁾	72.76
Substantial shareholders								
Cheah Boon Huat	- ⁽⁶⁾	-	1,556,580,793 ⁽⁷⁾	98.34	-	-	1,368,491,093 ⁽⁷⁾	72.76
Cheah Boon Kiat	-	-	1,556,580,793 ⁽⁷⁾	98.34	-	-	1,368,491,093 ⁽⁷⁾	72.76
Cheah Boon Hoe	-	-	1,556,580,793 ⁽⁷⁾	98.34	-	-	1,368,491,093 ⁽⁷⁾	72.76
Cheah Chai Siew	-	-	1,556,580,793 ⁽⁷⁾	98.34	-	-	1,368,491,093 ⁽⁷⁾	72.76

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

Notes:

- (1) *Based on the total number of 100 Shares as at 18 December 2023, being the date of incorporation of our Company.*
- (2) *Based on the total number of 200 Shares as at 31 May 2024 after taking into consideration the 100 Shares allotted to Cheah Boon Huat at an issue price of RM0.10 per share on 16 May 2024.*
- (3) *Based on the total number of 1,582,896,393 Shares after the Acquisitions and as at the LPD.*
- (4) *Based on our enlarged total number of 1,880,896,393 Shares after our IPO.*
- (5) *100 Shares have been issued and allotted to Cheah Boon Huat at an issue price of RM0.10 per share on 16 May 2024.*
- (6) *Including 100 Shares each held by Ir. Cheah Boon Hwa and Cheah Boon Huat transferred to Quay Holdings before our IPO.*
- (7) *Deemed interested by virtue of their direct shareholdings in Quay Holdings pursuant to Section 8 of the Act.*

5.1.4 Persons exercising control over the corporation

Save for our Promoters and substantial shareholders, there is no other person who has the ability to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, there is also no arrangement between our Company and our shareholders with any third parties, which may, at a subsequent date, result in a change in control of our Company.

5.1.5 Benefits paid or intended to be paid or given to our Promoters or substantial shareholders

Save for the following, there is no amount and benefit that has been or is intended to be paid or given to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus:

- (a) issuance of our Shares as consideration pursuant to the Acquisitions as set out in Section 6.1.2 of this Prospectus;
- (b) dividends paid or to be paid to our Promoters and substantial shareholders as detailed below; and

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Promoters and substantial shareholders	Dividends paid				Dividends to be paid
	FYE 2022	FYE 2023	FPE 2024	1 September 2024 up to the LPD	As at the date of this Prospectus
	RM'000	RM'000	RM'000	RM'000	RM'000
Promoters and substantial shareholders					
Quay Holdings	2,000	19,000 ⁽¹⁾	21,225 ⁽²⁾	-	-
Ir. Cheah Boon Hwa	-	-	-	-	-
Substantial shareholders					
Cheah Boon Huat	-	-	-	-	-
Cheah Boon Kiat	-	-	-	-	-
Cheah Boon Hoe	-	-	-	-	-
Cheah Chai Siew	-	-	-	-	-

Notes:

- (1) Including the dividend in specie, which comprises CBH Engineering's properties at fair value amounting to RM6.89 million as detailed below, resulting in the transfer of ownership of these properties from CBH Engineering to Quay Holdings:

Property	Postal address	Consideration (RM'000)
Condominium	Impression U-Thant, Unit No. A-D-07-01, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur	1,600
Shop-office	No. 32, 32A & 32B, Laluan Klebang 22, Klebang Perdana, 31200 Chemor, Perak Darul Ridzuan	1,295
Condominium	Impression U-Thant, Unit No. A-B-07-02, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur	1,100
Condominium	Impression U-Thant, Unit No. B-B-05-02, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur	1,100
Condominium	Impression U-Thant, Unit No. B-B-05-03, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur	1,100
Condotel unit	Unit No. 17-08 (17-8), The Pines Hotel, Jalan Tun Sri Lanang, 75100 Melaka	270
Condotel unit	Unit No. 17-10 (17-10), The Pines Hotel, Jalan Tun Sri Lanang, 75100 Melaka	270
Shop unit	Unit No. G-08, Ground Floor, Menara Mutiara Majestic, No. 15, Jalan Othman, Seksyen 3, 46000 Petaling Jaya, Selangor	150
Total		6,885

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

- (2) *For information purposes, the dividend paid by our Group in FPE 2024 is RM21.50 million as set out in Section 12.13 of this Prospectus, which includes a dividend of RM275,000 being paid to Cheah Lean Chuan, who holds 5.00% shareholding in CBH Maintenance, and a dividend in specie of the following CBH Engineering's property at fair value of RM0.50 million to Quay Holdings declared in FYE 2023:*

Property	Postal address	Consideration
Service apartment	Unit No16-23A, Amaya Maluri, Jalan Jejaka 2, Taman Maluri, 55100 Kuala Lumpur	500

- (c) aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group in all capacities as set out in Section 5.2.4 of this Prospectus.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (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 our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations as set out in Note (b), Section 4.3.1 of this Prospectus are set out below:

Name	Designation / Nationality	After the Acquisitions but before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Lim Bee Hua	Independent Non-Executive Chairwoman / Malaysian	-	-	-	-	200,000 ⁽³⁾	0.01	-	-
Ir. Cheah Boon Hwa	Managing Director / Malaysian	-	-	1,556,580,793 ⁽⁴⁾⁽⁵⁾	98.34	-	-	1,368,491,093 ⁽⁴⁾	72.76
Cheah Boon Huat	Non-Independent Executive Director / Malaysian	-	-	1,556,580,793 ⁽⁴⁾⁽⁵⁾	98.34	-	-	1,368,491,093 ⁽⁴⁾	72.76
Cheah Min Heng	Non-Independent Executive Director / Malaysian	-	-	-	-	-	-	-	-
Chin Sin Peng	Independent Non-Executive Director / Malaysian	-	-	-	-	200,000 ⁽³⁾	0.01	-	-
Saw Bee Yee	Independent Non-Executive Director / Malaysian	-	-	-	-	200,000 ⁽³⁾	0.01	-	-
Tan Suat Hoon	Independent Non-Executive Director / Malaysian	-	-	-	-	200,000 ⁽³⁾	0.01	-	-

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

Notes:

- (1) *Based on the total number of 1,582,896,393 Shares after the Acquisitions but before our IPO.*
- (2) *Based on our enlarged total number of 1,880,896,393 Shares after our IPO.*
- (3) *Assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.*
- (4) *Deemed interested by virtue of their direct shareholdings in Quay Holdings pursuant to Section 8 of the Act.*
- (5) *Including 100 Shares each held by Ir. Cheah Boon Hwa and Cheah Boon Huat transferred to Quay Holdings before our IPO.*

5.2.2 Profiles of Directors

Save for the profiles of Ir. Cheah Boon Hwa and Cheah Boon Huat, which have been disclosed in Section 5.1.2 of this Prospectus, the profiles of our Directors are as follows:

(a) Lim Bee Hua
Independent Non-Executive Chairwoman

Lim Bee Hua, a Malaysian female, aged 50, is our Independent Non-Executive Chairwoman. She was appointed to our Board on 17 May 2024.

In 1999, she graduated with a Bachelor's Degree (Honours) in Applied Science (Computer Aided Geometric Design and Computational Mathematics) from Universiti Sains Malaysia. She is a qualified software tester and was certified as a Certified Tester, Advanced Level Test Manager (CTAL-TM) by the International Software Testing Qualifications Boards (ISTQB) in 2009.

Upon graduation, she began her career in 1999 with Dalas Technologies Sdn Bhd as an Application Developer where she was tasked with developing and debugging quantity surveying software, system design, coding and testing, creating user manuals and training documents.

She resigned from Dalas Technologies Sdn Bhd in 2000 to join Bass Sdn Bhd as Software Engineer where she was responsible for designing, developing, evaluating and maintaining the performance of the maritime ERP solutions of the firm. She resigned from Bass Sdn Bhd in 2003.

In 2004, she joined IITC Sdn Bhd as Systems Analyst and was promoted to Assistant Manager – Quality Assurance in 2006, where she supported the Quality Assurance Manager in developing quality control policies and managing a team of quality assurance analysts in ensuring the firm's adherence to quality control policies.

She resigned from IITC Sdn Bhd in 2007 and joined Microlink Solutions Berhad, an information and communications technology firm that is listed on the Main Market of Bursa Securities, as Quality Control Manager. During her tenure in the company, she was involved in hardware and software manual and automation testing, solution demonstrations and proof-of-concept (POC) development for business development opportunities.

She resigned from Microlink Solutions Berhad in 2018 and joined Longbow Solutions Sdn Bhd as a Consultant in relation to software quality control and testing, business analysis and systems analysis. She continues to hold this position to date.

Lim Bee Hua does not have any family relationship with any of our Promoters, Directors, substantial shareholders and/or key senior management.

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

She does not hold any directorships in other companies outside our Group.

(b) Cheah Min Heng

Non-Independent Executive Director

Cheah Min Heng, a Malaysian aged 37, is our Executive Director. He was appointed to our Board on 17 May 2024. He is responsible for managing the commercial, corporate as well as legal-related functions of our Group where his roles include leading business development activities, tendering exercises and overseeing corporate and legal matters in relation to our tendering exercises, projects and daily operations.

He graduated with a Bachelor of Laws from the Aberystwyth University, United Kingdom in 2009. He subsequently obtained his Master of Laws with merits in commercial and corporate laws in 2010 from the University of London, United Kingdom. In 2011, he obtained his Postgraduate Diploma in Professional Legal Skills from The City University London, United Kingdom and was qualified as a Barrister at Law and subsequently admitted to the Honorable Society of Middle Temple, United Kingdom. In 2012, he was admitted as an Advocate and Solicitor of the High Court of Malaya.

Upon graduation, he began his career in January 2012 as a Trainee Associate with Zaid Ibrahim & Co., a legal firm in Malaysia where he was a pupil and participated in legal research to formulate legal opinions and attended to court matters. He was promoted to the position of Associate in October 2012 where he began participating in corporate exercises such as legal due diligence for initial public offering engagements and mergers and acquisitions. In 2015, he was promoted to the position of Senior Associate 2, where he drafted legal opinions, led corporate exercises and drafted commercial agreements. Subsequently in 2017, he was promoted to Senior Associate 1, where he was responsible for managing clients of the firm, coordinating and leading corporate exercises and drafting and negotiating corporate transaction agreements and commercial agreements on behalf of clients of the firm.

He resigned from Zaid Ibrahim & Co. in 2017 and joined CBH Engineering as Special Advisor and Group General Counsel to the then Chief Operating Officer. At that time, he was tasked to assist the then Chief Operating Officer in the management of our Group's daily operations and attending to legal-related matters. In 2019, he was redesignated as our Group's Group General Counsel and Business Development Manager.

He is the son of Ir. Cheah Boon Hwa and nephew of Cheah Boon Huat, our Executive Directors. He is also nephew of Cheah Boon Kiat, Cheah Boon Hoe and Cheah Chai Siew, all of whom are our substantial shareholders.

Further details of his directorships in other companies outside our Group are as set out in Section 5.2.3 of this Prospectus.

(c) Chin Sin Peng

Independent Non-Executive Director

Chin Sin Peng, a Malaysian female, aged 34, is our Independent Non-Executive Director. She was appointed to our Board on 17 May 2024.

In 2012, she graduated from the University of the West of England Bristol, United Kingdom with a Bachelor's Degree in Accounting and Finance with Honours. She completed her Association of Chartered Certified Accountants ("**ACCA**") qualification examination in 2013 at Kaplan Financial Manchester, United Kingdom. She has been a member of the Association of Chartered Certified Accountants and Malaysian Institute of Accountants ("**MIA**") since 2021.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Upon graduation, she began her career in 2014 with SJ Grant Thornton Malaysia PLT as Junior Associate and was promoted to Senior Audit Associate. In her last held position as Senior Audit Associate, she was tasked with executing audit plans and ensuring the timely completion of audit engagements.

In 2016, she resigned from SJ Grant Thornton Malaysia PLT and joined Baker Tilly Monteiro Heng PLT as a Senior Audit Associate where she was tasked with similar roles as when she was at her previous company.

In 2017, she resigned from Baker Tilly Monteiro Heng PLT and was appointed as a director of La Taverna Restaurant Sdn Bhd which owns and operates a food and beverage outlet in Selangor. She concurrently co-founded Autograph Sdn Bhd which owns and operates a food and beverage outlet in Selangor. She is responsible for managing the back-end operations of the abovementioned companies which include managing the finances, payroll and administrative matters. She has resigned as a director of La Taverna Restaurant Sdn Bhd and Autograph Sdn Bhd on 30 September 2024.

In 2019, she was appointed as a partner of Sejati Makmur (Tawau), a company principally involved in building construction and general maintenance. She continues to hold the position to date.

In 2021, she was appointed as a director of Hanamega Sdn Bhd, a company which provides waste management and disposal services. She continues to hold the position to date.

In 2020, she founded and was appointed as a director of Buttermelts Sdn Bhd, a company that operates a food and beverage outlet in Kuala Lumpur. She is responsible for managing the back-end operations which include managing the finances, payroll and administrative matters.

Chin Sin Peng does not have any family relationship with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Further details of her directorships in other companies outside our Group are as set out in Section 5.2.3 of this Prospectus.

(d) Saw Bee Yee

Independent Non-Executive Director

Saw Bee Yee, a Malaysian female, aged 47, is our Independent Non-Executive Director. She was appointed to our Board on 17 May 2024.

In 2001, she graduated with a Bachelor's Degree in Business Administration with Honours from University of Malaya.

Upon graduation, she started her career as Demo Coordinator with Demo Power Sdn Bhd in 2001 where she was responsible for supervision of sampling projects in retail outlets. In 2002, she resigned from Demo Power Sdn Bhd and joined Lampe Berger Multilevel Marketing as Distributor where she was responsible for sales and recruitment of new distributors. In 2004, she resigned from Lampe Berger Multilevel Marketing and joined Yamato Transport (M) Sdn Bhd as Sales Executive in 2005 where she was responsible for promoting the company's freight forwarding services to potential new customers and manage client relationships and expectations.

She resigned from Yamato Transport (M) Sdn Bhd in 2006 to join Cartel Furnishings Sdn Bhd as Business Development Executive. She was responsible for the planning and management of online marketing content, overseas tradeshows and exhibitions as well as managing international customers.

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

In 2007, she resigned from Cartel Furnishings Sdn Bhd to join Chemweb Sdn Bhd as Marketing Executive. She assisted the company's management in execution of marketing campaigns as well as the sales and marketing of the company's products. She was promoted to Product Manager in 2014. As Product Manager, she was responsible for sales development, market research and analysis, product launch and promotion, sales forecasting and pricing, product lifecycle management, and customer feedback analysis.

She left Chemweb Sdn Bhd in 2015 to join her husband's company, Towers Engineering Sdn Bhd, a company principally involved in the trading and engineering in industrial automation products. She is the company director and is responsible for overseeing the administrative works, HR recruitment, payroll and finance of the company. She also assists in managing the daily operations of the company as well as the company's corporate direction and investment plans. She continues to hold the position to date.

Saw Bee Yee does not have any family relationship with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Further details of her directorships in other companies outside our Group are as set out in Section 5.2.3 of this Prospectus.

(e) Tan Suat Hoon
Independent Non-Executive Director

Tan Suat Hoon, a Malaysian female, aged 55, is our Independent Non-Executive Director. She was appointed to our Board on 24 June 2024.

She obtained her Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College, Kuala Lumpur in 1992. She was admitted as an Associate of the Chartered Institute of Management Accountants, United Kingdom ("CIMA") and the ACCA in 1996 and as Fellow in 2001 for both CIMA and ACCA. She has also been a Chartered Accountant with MIA since 1996. She is presently a member of CIMA and MIA.

She began her career as an Audit Assistant with KPMG Peat Marwick (now known as KPMG) in 1992 and left as an Audit Senior in 1996 where she was involved in audit assignments of private and public listed companies in various industries.

She joined Malaysian International Merchant Bankers Berhad (which was taken over by Eon Bank Berhad and subsequently by Hong Leong Bank Berhad) in 1996 as an Executive in Corporate Finance and left in 2002 as a Manager. She then joined AmInvestment Bank Berhad as a Manager, Corporate Finance in 2002 and left in 2017 as Senior Vice President, Corporate Finance. In 2017, she joined Pen Petroleum Sdn Bhd which is involved in petroleum retailing as Group Senior Finance Manager and left in 2018. She was responsible for the supervision of the finance department in Pen Petroleum Sdn Bhd. She joined Kenanga Investment Bank Berhad as Senior Vice President, Corporate Finance in 2018 and left in 2021. She has accumulated more than 20 years of experience in corporate finance, advisory and debt capital market in the investment banking industry and was involved in initial public offerings, capital and fundraising exercises, corporate restructuring, mergers and acquisitions, privatisation and take-overs.

Subsequently, she joined Texchem Corporation Sdn Bhd, a subsidiary of Texchem Resources Bhd ("**TRB**"), in June 2021 as Group Chief Financial Officer and was responsible for finance and treasury matters for TRB's group of companies which are involved in the industrial, polymer engineering, food, and restaurant segments. She was transferred to TRB as the Special Officer-Regulatory, Presidential Office in July 2022 and left in September 2022. She was responsible for ensuring compliance of TRB with the relevant regulatory requirements and to manage ad-hoc projects assigned by the Presidential Office.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Currently, she serves as the Chief Financial Officer of Northeast Group Berhad and its group of companies (collectively, "**Northeast Group**") which are involved in the manufacturing of precision engineering components used in the photonics, electrical and electronic, semiconductor, telecommunication and optoelectronics industries. She joined Northeast Precision Sdn Bhd, a subsidiary of Northeast Group Berhad since September 2022 and is responsible for the accounting, financial and corporate matters of the Northeast Group. As of 30 October 2024, she is serving the notice of resignation for the said position in which her last day of employment will be on 30 November 2024.

She was appointed as the Independent Non-Executive Director of Central Global Berhad, Smart Asia Chemical Bhd, PGF Capital Berhad and Elridge Energy Holdings Berhad since 3 January 2023, 17 April 2023, 31 May 2023 and 1 February 2024, respectively. On 31 July 2024, she resigned as the Independent Non-Executive Director of PGF Capital Berhad.

Tan Suat Hoon does not have any family relationship with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Further details of her directorships in other companies outside our Group are as set out in Section 5.2.3 of this Prospectus.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.2.3 Involvement of our Directors in other principal business activities outside our Group

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

(a) Ir. Cheah Boon Hwa

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Present involvement						
Cemerlang Bersepadu Holdings Sdn Bhd	Dormant with no intended principal activities ⁽¹⁾	Director / Shareholder	10 June 2020	-	55.00	-
Quay Capital Sdn Bhd	Investment holding, where its associates are principally involved in trust activities and money lending	Director / Shareholder	10 February 2000	-	55.00	-
Quay Plantations Sdn Bhd	Cultivation of oil palm	Director / Shareholder	12 October 1994	-	-	95.00 ⁽²⁾
Quay Estates Sdn Bhd	Activities of holding companies, where its subsidiaries are principally involved in oil palm plantation	Director / Shareholder	28 July 1994	-	51.00	-
Quay Equities Sdn Bhd	Activities of property leasing	Director / Shareholder	28 July 1994	-	55.00	-
Quay Holdings	Investment holding, where its subsidiaries are principally involved in M&E engineering works	Director / Shareholder	29 April 2014	-	50.50	2.00 ⁽³⁾

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Ladang Kg Ganchong Sdn Bhd	Oil palm plantation and agriculture related works	Director / Shareholder	18 July 2017	-	-	70.00 ⁽²⁾
Quay Plantations (Bekor) Sdn Bhd	Oil palm plantation	Director / Shareholder	21 April 2015	-	-	90.00 ⁽²⁾
Pandora Collection Sdn Bhd	Wholesale of a variety of goods; trading, renting and operating of self-owned or leased real estate – land; real estate activities with owned or leased property N.E.C.	Director / Shareholder	21 April 2015	-	50.00	-
Past involvement						
Tranquil Setup Sdn Bhd	Dissolved ⁽⁴⁾	Director / Shareholder	21 April 2015	25 September 2020	50.00	-
Winning Promenade Sdn Bhd	Dissolved ⁽⁴⁾	Director / Shareholder	21 April 2015	25 September 2020	50.00	-
Ultimate Bonus Sdn Bhd	Dissolved ⁽⁴⁾	Director / Shareholder	21 April 2015	25 September 2020	50.00	-
Special Newlook Sdn Bhd	Dissolved ⁽⁴⁾	Director / Shareholder	21 April 2015	25 September 2020	50.00	-
Universal Domain Sdn Bhd	Dissolved ⁽⁴⁾	Director / Shareholder	21 April 2015	25 September 2020	50.00	-
CBH Projects (Construction) Sdn Bhd	Winding-up ⁽⁵⁾	Director / Shareholder	21 April 2015	-	-	100.00 ⁽⁶⁾

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Notes:

- (1) *This company was previously an electrical wiring contractor and a wholesaler of electrical items. This company has ceased its business operation since March 2022 and as at LPD it is a dormant company with no intended principal activities. The company is in the midst of submitting an application for winding-up and the winding-up is expected to be completed within one year from the date of the submission of the application.*
- (2) *Deemed interested by virtue of his direct shareholdings in Quay Estates Sdn Bhd pursuant to Section 8 of the Act.*
- (3) *Deemed interested by virtue of his son's, namely Cheah Min Heng, shareholdings in Quay Holdings pursuant to Section 8 of the Act.*
- (4) *These companies were dissolved on 25 September 2020. The principal activities prior to their dissolution include wholesale of a variety of goods as well as engaging in real estate activities with owned or leased properties.*
- (5) *CBH Projects (Construction) Sdn Bhd will be wound up by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects (Construction) Sdn Bhd held on 20 December 2023. As at the LPD, CBH Projects (Construction) Sdn Bhd is still in members' voluntary winding-up. Its principal activities prior to its winding-up include engaging in general building contract works as well as electrical engineering works.*
- (6) *Deemed interested by virtue of his direct shareholdings in Quay Holdings pursuant to Section 8 of the Act.*

(b) Cheah Boon Huat

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Present involvement						
Cemerlang Bersepadu Holdings Sdn Bhd	Dormant with no intended principal activities ⁽¹⁾	Director / Shareholder	10 June 2020	-	22.50	-
Quay Capital Sdn Bhd	Investment holding, where its associates are principally involved in trust activities and money lending	Director / Shareholder	10 February 2000	-	20.00	-
Quay Plantations Sdn Bhd	Cultivation of oil palm	Director / Shareholder	12 June 1997	-	-	95.00 ⁽²⁾

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Quay Estates Sdn Bhd	Activities of holding companies, where its subsidiaries are principally involved in oil palm plantation	Director / Shareholder	28 July 1994	-	22.00	-
Quay Equities Sdn Bhd	Activities of property leasing	Director / Shareholder	28 October 1994	-	20.00	-
Quay Holdings	Investment holding, where its subsidiaries are principally involved in M&E engineering works	Director / Shareholder	29 April 2014	-	18.00	1.50 ⁽³⁾
Quay Plantations (Bekor) Sdn Bhd	Oil palm plantation	Director / Shareholder	21 April 2015	-	-	90.00 ⁽²⁾
Pandora Collection Sdn Bhd	Wholesale of a variety of goods; trading, renting and operating of self-owned or leased real estate – land; real estate activities with owned or leased property N.E.C.	Director / Shareholder	21 April 2015	-	50.00	-
Past involvement						
Tranquil Setup Sdn Bhd	Dissolved ⁽⁴⁾	Director / Shareholder	21 April 2015	25 September 2020	50.00	-
Winning Promenade Sdn Bhd	Dissolved ⁽⁴⁾	Director / Shareholder	21 April 2015	25 September 2020	50.00	-
Ultimate Bonus Sdn Bhd	Dissolved ⁽⁴⁾	Director / Shareholder	21 April 2015	25 September 2020	50.00	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Special Newlook Sdn Bhd	Dissolved ⁽⁴⁾	Director / Shareholder	21 April 2015	25 September 2020	50.00	-
Universal Domain Sdn Bhd	Dissolved ⁽⁴⁾	Director / Shareholder	21 April 2015	25 September 2020	50.00	-
CBH Projects (Construction) Sdn Bhd	Winding-up ⁽⁵⁾	Director / Shareholder	21 April 2015	-	-	100.00 ⁽⁶⁾

Notes:

- (1) *This company was previously an electrical wiring contractor and a wholesaler of electrical items. This company has ceased its business operation since March 2022 and as at LPD it is a dormant company with no intended principal activities. The company is in the midst of submitting an application for winding-up and the winding-up is expected to be completed within one year from the date of the submission of the application.*
- (2) *Deemed interested by virtue of his direct shareholdings in Quay Estates Sdn Bhd pursuant to Section 8 of the Act.*
- (3) *Deemed interested by virtue of his son's, namely Jason Cheah Jun Sern, shareholdings in Quay Holdings pursuant to Section 8 of the Act.*
- (4) *These companies were dissolved on 25 September 2020. The principal activities prior to their dissolution include wholesale of a variety of goods as well as engaging in real estate activities with owned or leased properties.*
- (5) *CBH Projects (Construction) Sdn Bhd will be wound up by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects (Construction) Sdn Bhd held on 20 December 2023. As at the LPD, CBH Projects (Construction) Sdn Bhd is still in members' voluntary winding-up. Its principal activities prior to its winding-up include engaging in general building contract works as well as electrical engineering works.*
- (6) *Deemed interested by virtue of his direct shareholdings in Quay Holdings pursuant to Section 8 of the Act.*

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

(c) Cheah Min Heng

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Present involvement						
Quay Holdings	Investment holding, where its subsidiaries are principally involved in M&E engineering works	Director / Shareholder	22 September 2023	-	2.00	-
Past involvement						
CBH Projects (Construction) Sdn Bhd	Winding-up ⁽¹⁾	Director	22 September 2023	-	-	-

Note:

- (1) *CBH Projects (Construction) Sdn Bhd will be wound up by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects (Construction) Sdn Bhd held on 20 December 2023. As at the LPD, CBH Projects (Construction) Sdn Bhd is still in members' voluntary winding-up. Its principal activities prior to its winding-up include engaging in general building contract works as well as electrical engineering works.*

(d) Chin Sin Peng

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Present involvement						
Bespoke Restaurants Sdn Bhd	Wholesale of a variety of goods as well as involve in restaurant business	Director / Shareholder	21 February 2022	-	20.00	-
Hanamega Sdn Bhd	Contractor for construction works	Director / Shareholder	27 November 2012	-	95.00	-
Buttermelts Sdn Bhd	Primarily engage in restaurant business	Director / Shareholder	31 January 2020	-	0.05	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Sejati Makmur (Tawau)	Primarily engage in building construction and general maintenance works	Partner	9 April 2014	-	-	-
Past involvement						
Resourcepad Sdn Bhd	Dissolved ⁽¹⁾	Director / Shareholder	27 October 2022	27 May 2024	10.00	-
Autograph Restaurants Sdn Bhd	Primarily engage in restaurant business	Director	12 October 2017	30 September 2024	-	-
La Taverna Restaurants Sdn Bhd	Primarily engage in restaurant business	Director	12 October 2017	30 September 2024	-	-

Note:

(1) This company was dissolved on 27 May 2024. It is primarily engaged in the provision of headhunting and recruitment services prior to its dissolution.

(e) **Saw Bee Yee**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Present involvement						
Towers Engineering Sdn Bhd	Primarily engaged in trading and engineering in industrial automation products	Director / Shareholder	14 August 2015	-	50.00	-
Past involvement						
Nil						

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

(f) Tan Suat Hoon

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Present involvement						
Smart Asia Chemical Berhad	Investment holding, where its subsidiaries are principally involved in the development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications	Director	17 April 2023	-	0.01	-
Elridge Energy Holdings Berhad	Investment holding, where its subsidiaries are principally involved in the manufacturing and trading of biomass fuel products	Director	1 February 2024	-	0.03	-
Central Global Berhad	Investment holding, where its subsidiaries are principally involved in the manufacturing and sales of self-adhesive label stocks and tapes of its own brand, construction of building, general contract work and other engineering projects	Director	3 January 2023	-	-	-
Past involvement						
PGF Capital Berhad	Investment holding, where its subsidiaries are principally involved in manufacturing, property and agriculture	Director	31 May 2023	31 July 2024	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

The involvement of our Executive Directors in those business activities does not require a significant amount of time. Hence, this does not affect their ability to perform their executive roles and responsibilities to our Group.

The involvement of our Independent Non-Executive Directors in other businesses or corporations outside our Group will not affect their contribution to our Group as they are not involved in the day-to-day operations of our Group.

5.2.4 Directors' remuneration and benefits

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2023 and FYE 2024 are as follows:

FYE 2023 (Paid)	Directors' fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits-in-kind and allowance RM'000	Statutory contribution⁽¹⁾ RM'000	Total RM'000
Non-Independent Executive Directors						
Ir. Cheah Boon Hwa	800	276	138	10	16	1,240
Cheah Boon Huat	440	240	120	16	14	830
Cheah Min Heng	-	180	75	8	32	295
Independent Non-Executive Directors						
Lim Bee Hua	-	-	-	-	-	-
Chin Sin Peng	-	-	-	-	-	-
Saw Bee Yee	-	-	-	-	-	-
Tan Suat Hoon	-	-	-	-	-	-

Note:

(1) Statutory contributions consist of EPF, SOCSO and Employment Insurance System.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

FYE 2024 (Proposed)	Directors' fees RM'000	Salaries RM'000	Bonuses⁽¹⁾ RM'000	Benefits-in-kind and allowance RM'000	Statutory contribution⁽²⁾ RM'000	Total RM'000
Non-Independent Executive Directors						
Ir. Cheah Boon Hwa	-	366	684	9	34	1,093
Cheah Boon Huat	-	300	410	15	22	747
Cheah Min Heng	-	228	385	24	58	695
Independent Non-Executive Directors						
Lim Bee Hua	38	-	-	-	-	38
Chin Sin Peng	38	-	-	-	-	38
Saw Bee Yee	38	-	-	-	-	38
Tan Suat Hoon	30	-	-	-	-	30

Notes:

- (1) Including annual bonuses for the FYE 2023 which were paid in FYE 2024 as well as special bonuses for the FYE 2024 to be paid in the first quarter of FYE 2025. Annual bonuses for FYE 2024 will only be determined later depending on the performance of the individuals and our Group, subject to the recommendation of the Remuneration Committee and approval by our Board.
- (2) Statutory contributions consist of EPF, SOCSO and Employment Insurance System.

The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any changes in Directors' fees as set out in our Constitution must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given. Please refer to Section 15.2 of this Prospectus for further details.

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

5.3 BOARD PRACTICE

5.3.1 Board

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

- (a) adopting and reviewing a strategic plan, as developed by the management, taking into account the sustainability and long-term value creation of our Group's business strategies, with attention given to the economic, environmental, social considerations underpin sustainability and governance aspects of the Business;
- (b) setting and taking responsibility of our Group's sustainability policy to oversee, together with the management, to meet our Group's sustainability goals to maintain the confidence of stakeholders;
- (c) reviewing, challenging, and deciding on the management's proposals on matters for our Group including, but not limited to corporate strategy business plan and budget, and monitor the implementation by the management;
- (d) supervising and overseeing the conduct of the business, including assessing and monitoring the performance of the management to determine whether the business is properly managed;
- (e) identifying and assessing the principal business risks faced by our Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
- (f) setting the risk appetite within which our Board expects the management to operate and ensure that there is an appropriate annual review and periodic testing of our Group's internal control and risk management framework. The framework adopted by the internal auditors of our Group will be based on an internationally recognised risk management framework;
- (g) adopting a succession planning policy for our Board and our key senior management and regularly reviewing the succession plan of our Group, including appointing, training, compensating and where appropriate, to provide for the orderly succession of key senior management;
- (h) establishing a corporate disclosure policy and overseeing the implementation of our shareholders communication policy and an investor relations programme for our Group;
- (i) setting corporate values and promoting, together with the management, good governance culture within our Group which reinforces the accountability, transparency, integrity, and professional behaviour and ensuring that its obligations to shareholders and other stakeholders are met;
- (j) ensuring that governance in our Group is implemented holistically through a group governance framework and overseeing our Group's adherence to our Group's policies as well as formalising ethical standards of conduct through a Code of Conduct of Ethic;
- (k) ensure the integrity of our Group's financial and non-financial reporting and the courts of law have held that it is the duty of every Director to review financial statements of our Group and carefully consider whether the disclosures are consistent with the knowledge of our Directors in relation to our Group's affairs;
- (l) establishing and maintaining a strong ethical culture and standards within an organisation including combating corruption, bribery and money laundering practices; and

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

(m) maintaining and keeping proper records and accounts for our Group.

As at the 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:

Name	Designation	Age	Date of appointment as Director	Date of expiration of the current term in office in AGM	Approximate no. of years in office as at the LPD
Lim Bee Hua	Independent Non-Executive Chairwoman	50	17 May 2024	At the AGM in the year of 2025	Less than 1 year
Ir. Cheah Boon Hwa	Managing Director	68	18 December 2023	At the AGM in the year of 2025	Less than 1 year
Cheah Boon Huat	Non-Independent Executive Director	63	17 May 2024	At the AGM in the year of 2025	Less than 1 year
Cheah Min Heng	Non-Independent Executive Director	37	17 May 2024	At the AGM in the year of 2025	Less than 1 year
Chin Sin Peng	Independent Non-Executive Director	34	17 May 2024	At the AGM in the year of 2025	Less than 1 year
Saw Bee Yee	Independent Non-Executive Director	47	17 May 2024	At the AGM in the year of 2025	Less than 1 year
Tan Suat Hoon	Independent Non-Executive Director	55	24 June 2024	At the AGM in the year of 2025	Less than 1 year

According to our Constitution, an election of Directors shall take place each year at the AGM of our Company, wherein all of our Directors shall retire from office at the first AGM of our Company. During the AGM of our Company in every subsequent year thereafter, one-third of our Directors for the time being, or, if the number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that our Directors shall retire from office once at least in every 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. The members of our Board are set out in Section 1 and Section 5.2 of this Prospectus.

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

Our Board acknowledges and is aware of the Malaysia Code on Corporate Governance (“MCCG”) which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture. Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively.

Our Company has adopted the recommendations under the MCCG to have a Board comprising 50% or more of Independent Non-Executive Directors, that our chairperson of our Board should not be a member of our Audit Committee, Nominating Committee or Remuneration Committee, and to have at least 30% women directors on our Board.

5.3.2 Audit Committee

The members of our Audit Committee as at the LPD are as follows:

Name	Designation	Directorship
Chin Sin Peng	Chairperson	Independent Non-Executive Director
Saw Bee Yee	Member	Independent Non-Executive Director
Tan Suat Hoon	Member	Independent Non-Executive Director

The main function of our Audit Committee is to assist our Board in fulfilling its responsibility to oversee our Group’s accounting and financial reporting matters. The duties and responsibilities of our Audit Committee as stated in the terms of reference include, amongst others, the following:

- (a) to review the following and report the same to our Board:
 - (i) with the external auditors, the audit plan;
 - (ii) with the external auditors, his evaluation of the system of internal controls;
 - (iii) with the external auditors, his audit report; and
 - (iv) the assistance given by the employees of our Company and our Group to the external auditors;
- (b) to do the following and report the same to our Board, in relation to the internal audit function:
 - (i) review the adequacy of the scope, functions, competency, resources and budget of the internal audit function, and that it has the necessary authority to carry out its work;
 - (ii) review the internal audit plan, processes and results of the internal audit plan, the effectiveness of the internal audit function, processes or investigation undertaken and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
 - (iii) review any appraisal or assessment of the internal audit personnel on their:
 - (1) independence status;
 - (2) qualification, experience and competency;
 - (3) resources and support to carry their work effectively;

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

- (4) performance whether they have carried out their work in accordance with a recognised framework;
 - (5) audit fees; and
 - (6) continuous professional development to keep themselves abreast of relevant development in the market, practices and rules;
- (iv) approve any appointment or termination of senior staff members of the internal audit function; and
- (v) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- (c) to review the quarterly results and annual financial statements of our Company and our Group with both the external auditors and management prior to the approval by our Board of our Company, focusing particularly on:
 - (i) any changes in or implementation of accounting policies and practices;
 - (ii) any significant adjustments arising from the audit;
 - (iii) any significant matters highlighted including financial reporting issues, significant judgements made by management and how these matters are addressed;
 - (iv) significant and unusual events or transactions;
 - (v) the going concern assumption; and
 - (vi) compliance with applicable accounting standards and other legal requirements;
- (d) to consider and review any related-party transactions and conflict of interest situation that arose, persist or may arise within our Company and our Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;
- (e) to provide oversight over projects/major contracts, and other contracts requiring our Board's approval, including endorsement of contract terms (and any material amendments to such contracts) prior to acceptance and execution as well as to highlight potential impact of any failing or weakness, particularly in relation to financial performance affecting our Group;
- (f) to ensure that they are fully informed about significant matters related to our Company's audit and its financial statements and addresses these matters and also their concerns on matters that may have an effect on the financial or audit of our Company are communicated to the external auditors;
- (g) to discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management where necessary);
- (h) to communicate their insights, views and concerns about relevant transactions and events to internal and external auditors;
- (i) to ensure there is co-ordination between internal and external auditors;
- (j) to consider and report to our Board on the appointment, nomination, resignation, re-appointment and dismissal of external auditors and their respective audit fees;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

- (k) to review and report the same to our Board:
 - (i) any letter of resignation from the external auditors of our Company;
 - (ii) the policies and procedures for assessment of suitability, objectivity and independence of external auditors and their audit fees;
 - (iii) the policies and procedures governing the provision of non-audit services by external auditors and its affiliate firms; and
 - (iv) the result of the annual evaluation on the performance of the external auditor and undertaking follow-up measures, where required;
- (l) to review and report the same to our Board whether there is reason (supported by grounds) to believe that our Company's external auditors are not suitable for re-appointment;
- (m) to discuss with the external auditors before the audit commences, the nature and scope of the audit, competency and resources of the external audit and ensure co-ordination where more than one audit firm is involved;
- (n) to review the effectiveness of the management information system;
- (o) to review and discuss any management letter sent by the external auditors to the Company and the management's response to such letter;
- (p) to consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
- (q) to review the allocation of options / shares granted pursuant to the Employees' Share Option Scheme ("**ESOS**") / Employee Share Grant Plan ("**ESGP**") and make such statements to be included in the annual report of the Company in relation to a share scheme for employees;
- (r) to verify at the end of each financial year the allocation of options / shares granted pursuant to the ESOS / ESGP in compliance with the criteria as stipulated in the by-laws of ESOS / ESGP of our Group, if any;
- (s) to ensure that the organisation has robust measures in place to prevent, detect and address corruption and bribery, our committee will oversee whistleblower mechanisms and report to our Board on related matters. They also provide an oversight function to promote transparency, accountability and ethical behaviour within the organisation;
- (t) to carry out any other functions that may be mutually agreed upon by our committee and our Board, which would be beneficial to our Company and ensure the effective discharge of the duties and responsibilities of our committee;
- (u) to report and summarise its activities and the work of internal audit function for the year in compliance with the MCGG, Listing Requirements and any relevant regulations ("**Audit Committee Report**"). The report can be incorporated into the Audit Committee Report to be included in the annual report of our Company;
- (v) the actions of our committee shall be reported to our Board with such recommendations as our committee deemed appropriate;
- (w) to recommend the nomination of a person or persons as external auditors; and
- (x) any such other functions as may be agreed by our committee and our Board.

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

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

Our Nominating Committee and our Board will review the composition, performance and effectiveness of our Audit Committee annually.

5.3.3 Sustainability and Risk Management Committee

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

Name	Designation	Directorship
Lim Bee Hua	Chairperson	Independent Non-Executive Chairwoman
Tan Suat Hoon	Member	Independent Non-Executive Director
Saw Bee Yee	Member	Independent Non-Executive Director
Chin Sin Peng	Member	Independent Non-Executive Director

The main function of our Sustainability and Risk Management Committee is to assist our Board in fulfilling its responsibility to oversee our Group's sustainability and risk management matters. The duties and responsibilities of our Sustainability and Risk Management as stated in the terms of reference include, amongst others, the following:

- (a) Sustainability
 - (i) advising and recommending business strategies related to sustainability to our Board, which includes, but is not limited to ESG;
 - (ii) monitoring the implementation of sustainability strategies as approved by our Board;
 - (iii) providing recommendation to our Board on sustainability-related policies for adoption and monitoring the implementation of the policies;
 - (iv) reviewing sustainability issues which arise from independent audits and assurance reports, if any, and matters related to sustainability highlighted by regulators or relevant consultants;
 - (v) recommending material sustainability matters to our Board for approval;
 - (vi) overseeing the management of sustainability matters, focusing primarily on issues material to our Group; and
 - (vii) receiving half yearly update from management on the progress towards achieving our Group's sustainability targets.
- (b) Sustainability Disclosures
 - (i) overseeing the preparation of sustainability disclosures as required by laws and/or rules, and recommending it for our Board's approval; and
 - (ii) reviewing and recommending the sustainability statement for annual report to our Board for approval to ensure that our Group's sustainability initiatives and outcomes are effectively communicated to investors and other stakeholders. This includes ensuring compliance with the Listing Requirements and the applicable code on corporate governance in force at the material time.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

(c) Risk Management

- (i) to oversee and recommend the risk management strategies and policies and risk tolerance levels for our Board's approval;
- (ii) to ensure the management of sustainability risks and opportunities is integrated into the risk management framework and that the risk management framework and policy are embedded in and function effectively throughout our Group within the parameters established by our Board, the risk management framework shall be based on an internationally recognised framework;
- (iii) to identify and measure potential risks and to formulate mitigation action plan(s) to manage and monitor the identified risks within our Group's risk appetite. Additionally, to ensure that corrective measures are taken to address any failings and/or weaknesses;
- (iv) to conduct an annual review and periodic testing of the risk management framework. This includes reviewing key risk registers and risk dashboard of our Group to ensure compliance and relevance in light of any changes in internal business processes, business strategies, external ESG or any related to sustainability issues;
- (v) to provide risk management awareness and education to all levels of our Group;
- (vi) to ensure infrastructure, resources and systems are in place for risk management. This includes ensuring that staff responsible for implementing risk management systems perform their duties independently of our Group's risk-taking activities;
- (vii) to report our Group's risk management activities including assessing the resources and knowledge of the management and employee involved in the risk management process, and update key risk registers and the risk dashboard to our Board on a regular basis, at least annually;
- (viii) to maintain an adequate number of resources to carry out its functions and responsibilities;
- (ix) to perform risk identification and assessment regarding major asset/business acquisition or divestment, or business diversification or business consolidation. The assessment results need to be reported to our Board for strategic decision making;
- (x) to perform regular reviews, monitoring and assessments of the effectiveness, efficiency and performance of our Group's anti-bribery programme. The reviews can be in the form of internal audits or audits conducted by an external party. These reviews are the basis for any improvements to existing anti-bribery and corruption controls;
- (xi) to review the effectiveness of our Group's risk management systems; and recommend, where appropriate, the endorsement of the Statement on Risk Management and Internal Control to be included in the Company's annual report by our Board;
- (xii) to consider and examine such other matters as our Sustainability and Risk Management Committee considers appropriate together with the external auditors, if required;
- (xiii) to consider other matters as defined by our Board;

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

- (xiv) to provide oversight over projects/major contracts, and other contracts requiring our Board's approval, including endorsement of contract terms (and any material amendments to such contracts) prior to acceptance and execution as well as potential/actual disputes with counterparties; and
- (xv) liaise with audit committee and review the external auditor's findings on the management of risks as to ensure issues of common concern are addressed appropriately.

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

5.3.4 Remuneration Committee

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

Name	Designation	Directorship
Saw Bee Yee	Chairperson	Independent Non-Executive Director
Tan Suat Hoon	Member	Independent Non-Executive Director
Chin Sin Peng	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 duties and responsibilities of our Remuneration Committee as stated in the terms of reference includes, amongst others, the following:

- (a) to assist our Board in discharging its responsibilities for, among others, its compensation strategy, management development and other compensation arrangement;
- (b) to develop and administer a fair and transparent remuneration policy and procedure, including the fee structure and level of remuneration for our Directors and key senior management, taking into account the demands, complexities and performance of our Company in managing material sustainability risks and opportunities as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of each of our Directors and key senior management and the basis of our Directors' and key senior management's merit, qualification and competence, while having regard to our Company's operating results, individual performance and comparable market statistics. Our Board determines who makes up our key senior management and if any other group of employees should be covered by the remuneration policy and procedures. The policy and procedure shall be reviewed periodically to ensure relevance to our Group and made available on our Company's website;
- (c) to implement the remuneration policies and procedures including reviewing and recommending to our Board on the remuneration packages of our Directors and key senior management personnel in all forms, particularly on whether the remuneration remains appropriate to the contribution of each of our Directors and key senior management personnel, by taking into account the level of expertise, commitment and responsibilities undertaken, with or without other independent professional advice or other outside advice, with reference to our Company's remuneration policy and procedure;
- (d) to ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Executive Directors and key senior management that is aligned with the business strategy and long-term objectives of our Company;

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

- (e) ensuring that the remuneration package should be structured such that it is competitive and balance which should be sufficient to attract and retain all calibre Executive Directors and key senior management;
- (f) ensuring the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Executive Directors and key senior management. The framework should encourage our Executive Directors to act in ways that enhance our Company's long-term objectives and value implement the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of our Board and key senior management;
- (g) when recommending the fee and other benefits for our Independent Directors, our Remuneration Committee shall ensure it does not conflict with our Independent Directors' obligation to bring objectivity and independent judgment on matters discussed at Board meetings;
- (h) to act in line with the directions of our Board;
- (i) to consider and examine such other matters as our committee considers appropriate;
- (j) our committee may draw advice and enlist the professional services of expert;
- (k) to establish frequent communication with other board committees, namely Nominating Committee, to align remuneration policies and procedures to succession plans and talent management of executives, and Sustainability and Risk Management Committee to ensure risk outcomes are adequately considered in the design of remuneration policies and procedures;
- (l) to oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notice to general meetings, and ensure that resolutions on the approval of the fees for each Non-Executive Director is tabled separately at general meetings;
- (m) to table separate resolutions on the approval of the fees of each Non-Executive Directors of our Company and to provide clarification to shareholders during general meetings on matters pertaining to remuneration of our Directors and key senior management as well as the overall remuneration framework of our Company; and
- (n) to carry out such other functions or assignments as may be delegated by our Board from time to time in the area of remuneration of our Directors and/or key senior management.

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

5.3.5 Nominating Committee

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

Name	Designation	Directorship
Tan Suat Hoon	Chairperson	Independent Non-Executive Director
Saw Bee Yee	Member	Independent Non-Executive Director
Chin Sin Peng	Member	Independent Non-Executive Director

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

The duties and responsibilities of our Nominating Committee as stated in the terms of reference includes, amongst others, the following:

- (a) to establish an appropriate (fit and proper) selection criteria and processes, recruitment process and to recommend to our Board, candidates for all directorships of our Company and members of the relevant board committees;
- (b) to oversee and shape our Group's governance policies and practices to put in place the succession planning of our Board and key senior management and to achieve effective board governance;
- (c) when identifying candidate for directorship, aside from recommendation by our existing Board members, management or major shareholders, our committee shall utilise independent sources or any other sources to identify the suitable qualified candidate;
- (d) to integrate ESG considerations into nomination processes such as training criteria and ESG experience in order to recruit directors that will bring ESG expertise to our Board;
- (e) to ensure sufficient diversity and independence in our Board in order to achieve greater depth and breadth in the decision making process;
- (f) the chairperson of our committee shall refer the succession planning policy duly approved by our Board to lead the succession planning for our Directors and key senior management and appointment of members of our Board and key senior management and oversee the development of a diverse pipeline for our Board and management succession, including the future chairperson of our Board and our managing director;
- (g) to establish the mechanisms for the formal assessment on an annual basis on the effectiveness of our Board as a whole, the effectiveness of each of our Directors; the effectiveness of our Board and key senior management; the performance of our Directors and key senior management of our Company and the need to bring new skills and perspective to our Board and key senior management. Performance evaluations of our Board and key senior management include a review of the performance of our Board and key senior management in addressing our Company's material sustainability risks and opportunities. The annual assessment to be conducted would be based on objective performance criteria, diversity in skills, gender, new skills and perspective to the boardroom as approved by our Board from time to time;
- (h) to utilise the annual evaluation forms duly approved by our Board to assess the effectiveness of our Board, our board committees and the contribution and performance of each individual Director and the chairperson of our Board. Below is the annual evaluation process:
 - (i) the chairperson of our committee shall lead and oversee the annual evaluation which involves our Directors completing the annual evaluation forms, covering our Board and board committees processes and, the effectiveness and contribution of the chairperson of our Board, each of our Directors to our Board and board committees.
 - (ii) review the findings and provide recommendations to our Board for further review and proposed actions.
 - (iii) ensure that the deliberations on the findings of the annual evaluation forms are duly recorded at the meetings of our committee and our Board.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

- (iv) the annual evaluation forms exercise will include our Directors' feedback on areas which affect the performance of our Board which, amongst others, include the following:
 - (1) skills matrix under fit and proper policy;
 - (2) board mix and composition;
 - (3) quality of information and decision making;
 - (4) boardroom activities;
 - (5) composition of our board committees;
 - (6) contribution and performance of our board committees;
 - (7) effective role in managing material sustainability risks and opportunities;
 - (8) forward looking considerations such as mapping current board competencies against those required, to drive our Company's future strategies;
 - (9) will and ability to critically challenge and ask the right questions;
 - (10) character and integrity in dealing with potential conflict of interest situations;
 - (11) commitment to serve the company, due diligence and integrity; and
 - (12) confidence to stand up for a point of view.
- (i) to disclose the annual evaluation methodology and results in the corporate governance report of our Company;
- (j) to review on annual basis, the meeting attendance of our Directors at our Board and/or board committee(s) meetings and sufficiency of time commitment of our Directors in discharging their roles and responsibilities in our Company;
- (k) to review on annual basis, the term of office and performance of our Audit Committee and each of its members to determine whether our Audit Committee and members have carried out their duties in accordance with the terms of reference of our Audit Committee;
- (l) to assess the Independent Non-Executive Directors in terms of their independence and ability to discharge their responsibilities or functions as well as the exercise of their independent judgment or their ability to act in the best interest of our Company;

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

- (m) review on an annual basis, the length of service of each Independent Non-Executive Director. The tenure of an Independent Director does not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, our Independent Director may continue to serve on our Board beyond the nine (9)-year tenure provided our Independent Director is re-designated as a Non-Independent Director. Where our Board is of the view that our Independent Director can continue beyond the nine (9)-year tenure, it must justify and seek shareholders' approval annually in a general meeting. To justify retaining an Independent Director beyond the term limit of nine years, our Board should undertake a rigorous review to determine whether the 'independence' of our Independent Director has been impaired. Findings from the review should be disclosed to our shareholders for them to make an informed decision. Where our Board proposes to re-appoint Independent Director beyond the nine (9)-year tenure, our Board has sought and obtained approval from shareholders annually in a general meeting through a two (2) tier voting process, where under Tier 1 shall require the vote(s) from the Large Shareholder(s) (*as defined in the MCCG*) ("**Large Shareholder**") only whilst Tier 2 shall require the votes from the remaining shareholders other than the Large Shareholder(s). The decision for the resolution approving the re-appointment of such Independent Director shall be based on the vote by the Large Shareholder or in the case there is more than one (1) Large Shareholder, a simple majority vote under Tier 1 and a simple majority vote under Tier 2. For avoidance of doubt, the resolution shall be deemed passed and successful only if Tier 1 and Tier 2 votes support the resolution whilst the resolution is deemed defeated where the vote between the two tiers differs or where the Large Shareholder(s) abstain(s) from voting under Tier 1;
- (n) tenure of an Independent Director on our Board shall be limited to twelve (12) years in our Company and its subsidiaries. If any of our Independent Directors had cumulatively served as an Independent Director of our Company or any one or more of the subsidiaries of our Company for more than twelve (12) years, such Independent Director may continue to serve on our Board as Non-Independent Director;
- (o) to review the requirements or criteria to be used in the annual assessment of our Directors and key senior management from time to time in ensuring our Board is of an effective composition, size, and commitment to adequate discharge its responsibilities and duties;
- (p) to review and recommend on an annual basis to our Board the appropriate size, structure, balance and composition of our Board, required mix of skills, experience, boardroom diversity and other qualities, including core competencies in order for our Board to function effectively and efficiency and to ensure that the contribution of our Directors and key senior management are in line with our Group's requirements and in compliance with the Listing Requirements;
- (q) to assess annually the effectiveness and the contribution of each of our Independent Non-Executive Director, based on the processes and procedures laid out by our Board;
- (r) to recommend to our Board the removal of a Director including the managing director and key senior management if he is ineffective, errant or negligent in discharging his responsibilities;
- (s) to develop and continually review an appropriate framework and oversee the succession planning for the chairperson of our Board, our Board, including our Managing Director, Executive Directors, and key senior management;
- (t) to ensure that the composition of our Board is refreshed periodically. To review the tenure of each Director and annual re-election of a Director should be contingent on satisfactory evaluation of our Director's performance and contribution to our Board and to consider and recommend to our Board concerning the re-election/re-appointment of Director to our Board pursuant to the provisions in our Constitution as well as fit and proper policy;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

- (u) to ensure that orientation and education programmes are provided for new members of our Board and to review on an ongoing basis, the training programmes attended by our Directors and to identify or recommend the training needs for our Directors;
- (v) to assist our Board to assess and evaluate circumstances where Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving the declaration of the same. After deliberation with our Audit Committee, to recommend to our Board on the necessary actions to be taken in the circumstances where there is a conflict of interest. To ensure that the individual candidate standing for election should be transparent and make the necessary declaration of the potential conflict of interest to our Board and shareholders;
- (w) to provide shareholders of our Company the information they require to make an informed decision on the appointment and/or re-appointment of a Director. The information should be included in the notes accompanying the notice of the general meeting;
- (x) to act in line with the direction of our Board;
- (y) to report summary activities of our committee for the year which include the application of fit and proper policy as well as gender diversity policy in compliance with the MCCG, Listing Requirements and any relevant regulations; and
- (z) to carry out such other functions or assignments as may be delegated by our Board from time to time within the scope of our committee or as may be required under the Listing Requirements.

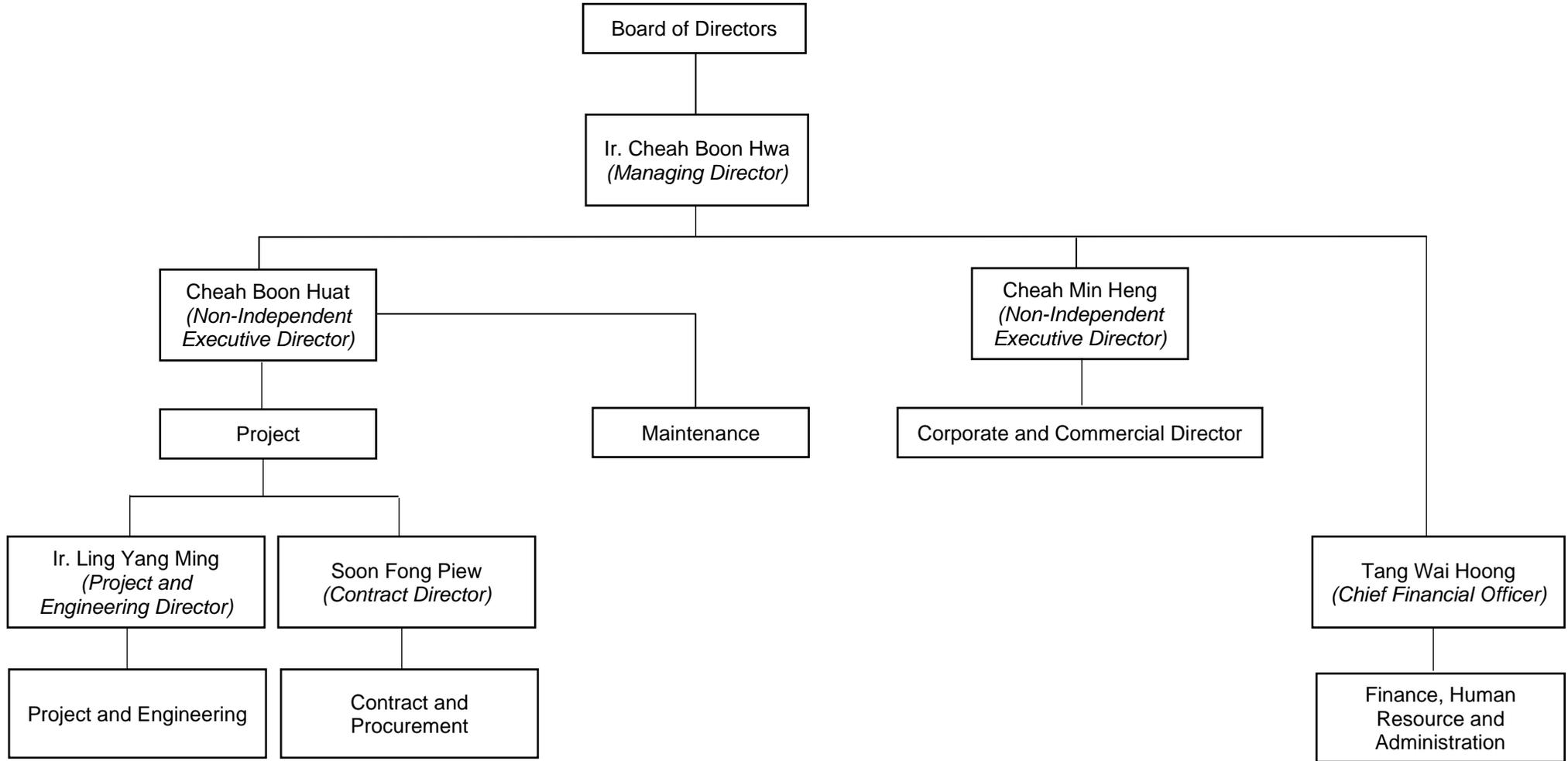
The recommendations of our Nominating Committee are subject to the approval of our Board.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.4 KEY SENIOR MANAGEMENT

5.4.1 Management structure



5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.4.2 Key senior management's shareholdings

Save for the shareholdings of Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Min Heng (whom are also our key senior management) which are set out in Section 5.2.1 of this Prospectus, the shareholdings of our key senior management in our Company after the Acquisitions but before our IPO as well as after our IPO are as set out below:

Name	Designation / Nationality	After the Acquisitions but before IPO				After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Tang Wai Hoong	Chief Financial Officer / Malaysian	-	-	-	-	2,000,000 ⁽³⁾	0.11	-	-
Ir. Ling Yang Ming	Project and Engineering Director / Malaysian	-	-	-	-	2,000,000 ⁽³⁾	0.11	-	-
Soon Fong Piew	Contract Director / Malaysian	13,301,600	0.84	-	-	13,701,600 ⁽³⁾	0.73	-	-

Notes:

- (1) Based on the total number of 1,582,896,393 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged total number of 1,880,896,393 Shares after our IPO.
- (3) Assuming that our key senior management will fully subscribe for their respective entitlements under the Pink Form Allocations.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.4.3 Profiles of key senior management

Save for the profiles of Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Min Heng (whom are also our key senior management) which are set out in Sections 5.1.2 and 5.2.2 of this Prospectus, the profiles of our key senior management are as follows:

(a) Tang Wai Hoong
Chief Financial Officer

Tang Wai Hoong, a Malaysian, aged 42, is our Chief Financial Officer. He is responsible for overseeing the overall finance, accounting, human resource and administrative matters of our Group, including budget preparation, review of financial information, preparation of annual financial statements, cash flow and tax planning and corporate finance matters.

He graduated with a Diploma in Accounting from Stamford College Malaysia in 2002 and subsequently graduated with a Bachelor of Arts in Accountancy and Finance from the University of Abertay Dundee, United Kingdom in 2006. He has been a member of the Association of Chartered Certified Accountants (ACCA) and Malaysian Institute of Accountants since 2017.

In 2005, he began his career in Grant Thornton Malaysia, as an Audit Associate in the Audit and Assurance Department. He was subsequently promoted to the positions of Semi Senior Audit Associate in 2007, Senior Associate in 2008, Acting Supervisor in 2009, Supervisor in 2010 and Assistant Manager in the same year, all under the Audit and Assurance Department. In 2011, he briefly took a career break for several months prior to rejoining Grant Thornton Malaysia in the same year wherein he assumed the position of Manager in the Audit and Assurance Department. In 2013, he was promoted to the positions of Senior Manager and subsequently to the position of Principal in the Audit and Assurance Department in the same year. In 2017, he was promoted to the position of Director in the Audit and Assurance Department. During his tenure in Grant Thornton Malaysia, he was involved in various audit assignments of companies in the manufacturing, commercial, construction, trading and services industries as well as conducting financial due diligence review for corporate proposals. He was also part of the reporting accountant team that participated in initial public offering engagements and various secondary fundraising exercises in the capital market.

In 2019, he resigned from Grant Thornton Malaysia and joined Paragrene Land Sdn Bhd (subsequently converted to Paragrene Land Berhad) as Financial Controller, where he was responsible for overseeing the overall finance and accounting matters of the company.

In August 2023, he resigned from Paragrene Land Berhad and joined our Group as Chief Financial Officer in September 2023.

He does not have any family relationship with the Promoters, substantial shareholders, Directors and key senior management of our Group.

Further details of his involvement in other businesses activities outside the Group are set out in Section 5.4.4 of this Prospectus.

(b) Ir. Ling Yang Ming
Project and Engineering Director

Ir. Ling Yang Ming, a Malaysian, aged 44, is our Project and Engineering Director. He is mainly responsible for managing the project design and engineering functions of our Group, including product specification, compliance to local industry standards and regulations, project implementation and risk management as well as liaising with project stakeholders.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

He graduated with a Bachelor of Engineering in Electrical and Electronic Engineering from the University of Wales, United Kingdom in 2003. Subsequently, he obtained his Master of Science in Electrical Power Engineering from University of Manchester Institute of Science and Technology, United Kingdom in 2004. He is registered as a professional engineer with the Board of Engineers Malaysia and also became a member of the Institution of Engineers, Malaysia since 2016. In 2018, he was conferred the status of Asean Chartered Professional Engineer after fulfilling the requirements by the Asean Chartered Professional Engineer Co-ordinating Committee.

Upon graduation, he commenced his career in 2005 in PBSI Limited, United Kingdom, as an Electrical Engineer where he participated in electricity supply projects undertaken by the firm. In 2007, he was promoted to the position of Power System Engineer where he began gaining exposure to power system studies and design, fault level analysis and relay coordination studies and testing, product development as well as preparing technical reports.

In 2010, he resigned from PBSI Limited and joined Ablecon Engineering Sdn Bhd as a Senior Engineer where he was responsible for conducting medium voltage product acceptance testing procedures, managing subcontractors, tender documentation preparation and management of site activities in relation to the installation of power transformers.

In 2011, he left Ablecon Engineering Sdn Bhd and joined KNM Renewables Energy Sdn Bhd, a subsidiary of KNM Group Berhad which is listed on the Main Market of Bursa Securities, as a Senior Electrical Engineer. During his tenure at KNM Renewables Energy Sdn Bhd, he was involved in managing waste to energy plant projects, encompassing design and build, preparation of tender documentation, subcontractor management and vendor evaluations.

He resigned from KNM Renewables Energy Sdn Bhd and joined Tebodin Malaysia Sdn Bhd in 2012 as an Electrical Design Engineer and was promoted to the position of Head of Department for Electrical, Control and Instrumentation in 2013 where he was responsible for providing electrical design consultancy services for industrial and petrochemical plants.

In 2015, he resigned from Tebodin Malaysia Sdn Bhd and joined KNM Renewables Energy Sdn Bhd as a Senior Electrical Engineer where he was responsible for system analysis and project cost management of the design and build of waste to energy plants.

In 2017, he resigned from KNM Renewables Energy Sdn Bhd and joined RCR Asia Sdn Bhd as a Lead Electrical Engineer, managing electrical equipment design and specifications, power system studies and system commissioning. He also led the design and build projects of combined cycle power plants undertaken by the company.

He resigned from RCR Asia Sdn Bhd in 2019 and joined our Group as Head of Operation. He was promoted to the position of General Manager in 2020. In 2024, he was subsequently promoted to the position of Project and Engineering Director, a position that he continues to hold to date.

He does not have any family relationship with the Promoters, substantial shareholders, Directors and key senior management of our Group.

Further details of his involvement in other businesses activities outside the Group are set out in Section 5.4.4 of this Prospectus.

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

(c) Soon Fong Piew
Contract Director

Soon Fong Piew, a Malaysian, aged 47, is our Contract Director. He is responsible for overseeing the contracts and procurements functions of our Group, where this encompasses supplier selection and management, negotiating commercial terms and ensuring compliance with our Group's policies and procedures.

He graduated with a Bachelor of Engineering (Honours) in Electrical and Electronic Engineering from the University of Northumbria, United Kingdom in 2000. Subsequently in 2009, he obtained his Master of Business Administration from Multimedia University, Malaysia.

Upon graduation, he began his career in 2000 with Perunding Hashim and Neh Sdn Bhd, a consulting engineering firm, as an Electrical Engineer and subsequently promoted to the position of Resident Engineer in the same year. Subsequently in 2002 to the position of Project Manager. During his tenure with the firm, he was involved in electrical system design, project planning and management for commercial and residential projects.

In 2005, he resigned from Perunding Hashim and Neh Sdn Bhd and was appointed as a director of Coppertech Sdn Bhd where he was responsible for managing the switchboard manufacturing operations of the company.

In 2014, he resigned as a director of Coppertech Sdn Bhd and incorporated MBL Engineering Sdn Bhd as a shareholder and concurrently appointed as a director. As director, he was overseeing the daily operations of the company, including the electrical contracting work projects undertaken by the company.

In 2017, MBL Engineering Sdn Bhd ceased operations and he resigned as a director. He became a shareholder of CBH M&E in 2017 and was concurrently appointed as director where he oversaw the daily operations, sales and marketing of the company. He was subsequently promoted to the position of Contract Director in 2024, a position that he continues to hold to date.

He does not have any family relationship with the Promoters, substantial shareholders, Directors and key senior management of our Group.

Further details of his directorships in other companies are as set out in Section 5.4.4 of this Prospectus.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.4.4 Principal business performed outside our Group

Save as disclosed below, none of our key senior management have any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to the LPD.

(i) Tang Wai Hoong

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Present involvement						
Paragrene Land Berhad	Investment holding, where its subsidiaries are principally involved in investment of properties, property development, sales gallery management and project management	Shareholder	-	-	0.29	-
Past involvement						
Nil						

(ii) Ir. Ling Yang Ming

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Present involvement						
Sin Lien Ho Berhad	Investment holding as well as leasing of property and machinery	Shareholder	-	-	0.37	-
Past involvement						
Nil						

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

(iii) Soon Fong Piew

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Present involvement						
MBL Engineering Sdn Bhd	Dormant with no intended principal activities ⁽⁴⁾	Director / Shareholder	16 May 2013	-	20.00	-
Past involvement						
Stays Beverages Sdn Bhd	Dissolved ⁽¹⁾	Director / Shareholder	27 October 2020	25 April 2023	20.00	-
Creamer Concept Sdn Bhd	Dissolved ⁽²⁾	Director / Shareholder	15 April 2013	3 August 2020	20.00	-
Beyontec Sdn Bhd	Dissolved ⁽³⁾	Director / Shareholder	28 May 2008	13 June 2016	49.00	-

Notes:

- (1) This company was dissolved on 25 April 2023. It is primarily engaged in the business of food and beverage industry prior to its dissolution.
- (2) This company was dissolved on 3 August 2020. It is primarily engaged in the retail business of apparel and fashion accessories prior to its dissolution.
- (3) This company was dissolved on 13 October 2020. Its principal activities prior to its dissolution include marketing and distributing all kinds of electrical parts as well as carrying out business as a general contractor for construction projects.
- (4) This company was previously an electrical contractor. This company has ceased its business operation since 2017 and as at LPD it is a dormant company with no intended principal activities. The company is in the midst of submitting an application for striking-off and is expected to be completed within one year from the date of the submission of the application.

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

5.4.5 Key senior management's remuneration and benefits

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for FYE 2023 and FYE 2024 are as follows:

Name	Remuneration band ⁽¹⁾	
	FYE 2023 (Paid) RM'000	FYE 2024 (Proposed) RM'000
Tang Wai Hoong	100-150 ⁽²⁾	1,200-1,250
Ir. Ling Yang Ming	500-550	1,550-1,600
Soon Fong Piew	400-450	650-700

Notes:

- (1) *Comprising salaries, bonuses and allowances. Inclusive of special bonuses for the FYE 2024 which are to be paid within the same year. Annual bonuses for the FYE 2024 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board.*
- (2) *Total remuneration of 4 months as Tang Wai Hoong was appointed as our Chief Financial Officer on 1 September 2023.*

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management:

- (a) Ir. Cheah Boon Hwa, who is our Promoter, Managing Director and substantial shareholder is the brother of Cheah Boon Huat and the father of Cheah Min Heng, our Executive Directors. He is also brother of Cheah Boon Kiat, Cheah Boon Hoe and Cheah Chai Siew, all of whom are our substantial shareholders;
- (b) Cheah Boon Huat, who is our Non-Independent Executive Director and substantial shareholder is the brother of Ir. Cheah Boon Hwa and uncle of Cheah Min Heng, our Executive Directors. He is also the brother of Cheah Boon Kiat, Cheah Boon Hoe and Cheah Chai Siew, all of whom are our substantial shareholders;
- (c) Cheah Min Heng, who is our Non-Independent Executive Director is the son of Ir. Cheah Boon Hwa and nephew of Cheah Boon Huat, our Executive Directors. He is also nephew of Cheah Boon Kiat, Cheah Boon Hoe and Cheah Chai Siew, all of whom are our substantial shareholders;
- (d) Cheah Boon Kiat, who is our substantial shareholder is the brother of Ir. Cheah Boon Hwa and Cheah Boon Huat, as well as uncle of Cheah Min Heng, all of whom are our Executive Directors. He is also brother to Cheah Boon Hoe and Cheah Chai Siew, all of whom are our substantial shareholders;
- (e) Cheah Boon Hoe, who is our substantial shareholder is the brother of Ir. Cheah Boon Hwa and Cheah Boon Huat, as well as uncle of Cheah Min Heng, all of whom are our Executive Directors. He is also brother to Cheah Boon Kiat and Cheah Chai Siew, all of whom are our substantial shareholders; and

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

- (f) Cheah Chai Siew, who is our substantial shareholder is the sister of Ir. Cheah Boon Hwa and Cheah Boon Huat, as well as aunt of Cheah Min Heng, all of whom are our Executive Directors. She is also sister to Cheah Boon Kiat and Cheah Boon Hoe, all of whom are our substantial shareholders.

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements (contracts for services) entered or to be entered into between the companies within our Group, with our Directors or key senior management personnel.

5.7 MANAGEMENT SUCCESSION PLAN

Our Group has put in place formalised succession planning policy and succession plan for key senior management positions. We have identified the successors to groom gradually to assume the responsibilities of these key senior management positions.

Besides identifying the critical duties to be discharged by the successors in the succession plan, the following skill requirements must also be developed by the successors, amongst others:

- (a) managing financial activities;
- (b) being able to make strategic decisions;
- (c) sales management;
- (d) knowledge of our Group's business and processes; and
- (e) purchasing and cost management.

The Nominating Committee will review and update the succession plan annually or more regularly as the Nominating Committee deem necessary to ensure our Group has reassessed the development progress of the identified successors and whether any recruitment is required.

5.8 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoters, Directors or key senior management 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 such person 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;
- (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;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

- (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; or
- (h) has any unsatisfied judgment against such person.

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR COMPANY

6.1.1 History and Background

Our Company was incorporated in Malaysia on 18 December 2023 under the Act as a private limited company under the name of CBH Engineering Holding Sdn Bhd. Subsequently, our Company was converted to a public limited company on 27 May 2024 and assumed our present name as CBH Engineering Holding Berhad.

Our Company is an investment holding company. Through our subsidiaries, we are principally an electrical engineering service provider and we specialise in electricity supply distribution systems, where we undertake the design, supply, installation, testing, commissioning and maintenance of HV, MV, LV and ELV electrical systems.

We also undertake mechanical engineering works for building systems, where this relates to the design, supply, installation, testing, commissioning and maintenance of building systems such as ACMV systems, fire protection systems, plumbing and sanitary systems as well as renewable energy systems.

6.1.2 Acquisitions

To facilitate our Listing, we undertook the following Acquisitions:

(a) Acquisition of CBH Engineering

On 24 May 2024, our Company entered into the CBH Engineering SSA to acquire the 100.00% equity interest in CBH Engineering comprising 1,000,000 ordinary shares from the vendor for a total purchase consideration of RM46,545,975.16 which is to be fully satisfied by the issuance of 1,289,362,193 new Shares to the following vendor at an issue price of RM0.0361 each:

Vendor	Shareholdings in CBH Engineering		Purchase consideration (RM)	No. of new Shares
	No. of shares	% of share capital		
Quay Holdings	1,000,000	100.00	46,545,975.16	1,289,362,193
Total	1,000,000	100.00	46,545,975.16	1,289,362,193

The purchase consideration for the Acquisition of CBH Engineering of RM46,545,975.16 was arrived at based on a "willing-buyer willing-seller" basis after taking into consideration the audited net assets of CBH Engineering as at 31 December 2023 of RM62,131,770 less dividend declared after 31 December 2023 of RM15,500,000.

The Acquisition of CBH Engineering was completed on 23 October 2024. Thereafter, CBH Engineering became our wholly-owned subsidiary.

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6. INFORMATION ON OUR GROUP (Cont'd)**(b) Acquisition of CBH Maintenance**

On 24 May 2024, our Company entered into the CBH Maintenance SSA to acquire the 100.00% equity interest in CBH Maintenance comprising 100,000 ordinary shares from the vendors for a total purchase consideration of RM9,396,108.00 which is to be fully satisfied by the issuance of 260,280,000 new Shares to the following vendors at an issue price of RM0.0361 each:

Vendors	Shareholdings in CBH Maintenance		Purchase consideration (RM)	No. of new Shares
	No. of shares	% of share capital		
Quay Holdings	95,000	95.00	8,926,302.60	247,266,000
Cheah Lean Chuan	5,000	5.00	469,805.40	13,014,000
Total	100,000	100.00	9,396,108.00	260,280,000

The purchase consideration for the Acquisition of CBH Maintenance of RM9,396,108.00 was arrived at based on a "willing-buyer willing-seller" basis after taking into consideration the audited net assets of CBH Maintenance as at 31 December 2023 of RM14,936,215 less divided declared and paid after 31 December 2023 of RM5,500,000.

The Acquisition of CBH Maintenance was completed on 23 October 2024. Thereafter, CBH Maintenance became our wholly-owned subsidiary.

(c) Acquisition of CBH M&E

On 24 May 2024, our Company entered into the CBH M&E SSA to acquire the 100.00% equity interest in CBH M&E comprising 1,000,000 ordinary shares from the vendors for a total purchase consideration of RM1,200,469.40 which is to be fully satisfied by the issuance of 33,254,000 new Shares to the following vendors at an issue price of RM0.0361 each:

Vendors	Shareholdings in CBH M&E		Purchase consideration (RM)	No. of new Shares
	No. of shares	% of share capital		
Quay Holdings	600,000	60.00	720,281.64	19,952,400
Soon Fong Piew	400,000	40.00	480,187.76	13,301,600
Total	1,000,000	100.00	1,200,469.40	33,254,000

The purchase consideration for the Acquisition of CBH M&E of RM1,200,469.40 was arrived at based on a "willing-buyer willing-seller" basis after taking into consideration the audited net assets of CBH M&E as at 31 December 2023 of RM1,201,491.

The Acquisition of CBH M&E was completed on 23 October 2024. Thereafter, CBH M&E became our wholly-owned subsidiary.

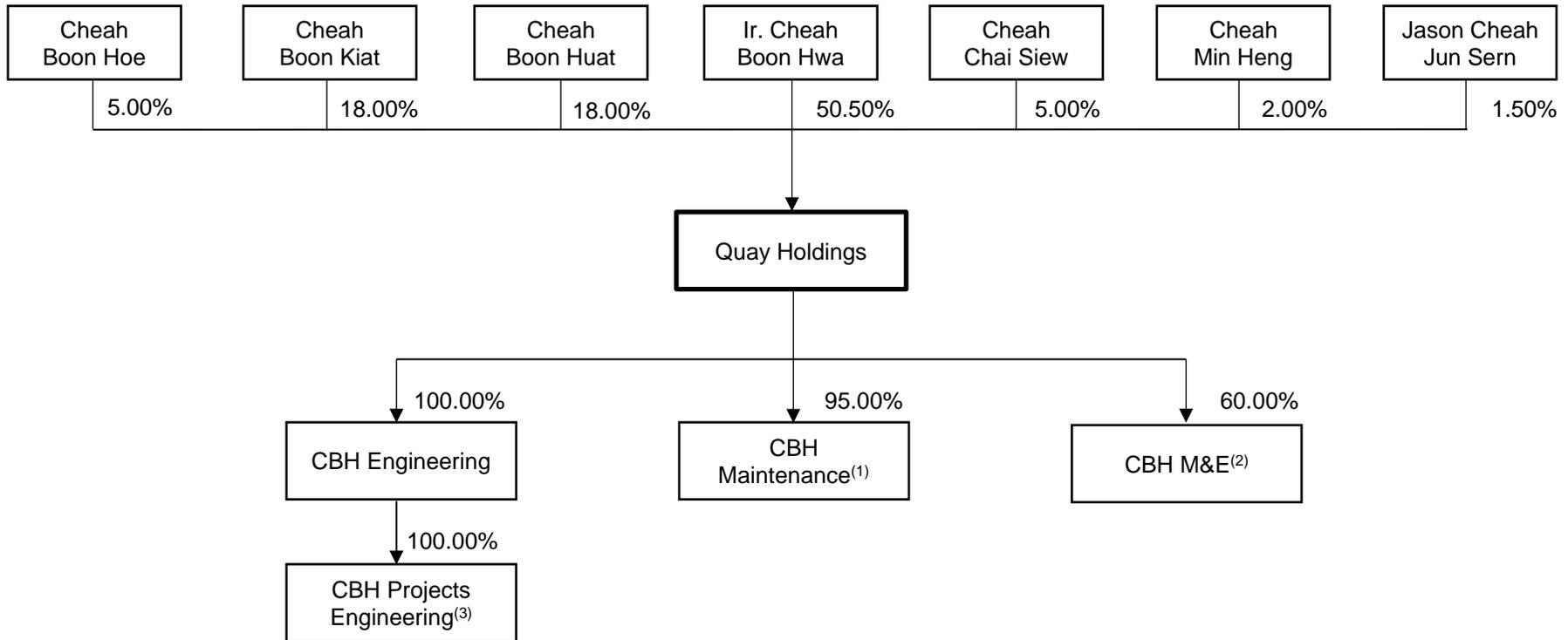
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6. INFORMATION ON OUR GROUP (Cont'd)

6.2 OUR SHAREHOLDERS AND GROUP STRUCTURE

Our shareholders and Group structure before the Acquisitions, after the Acquisitions and before our IPO and after our IPO are as follows:

Before the Acquisitions

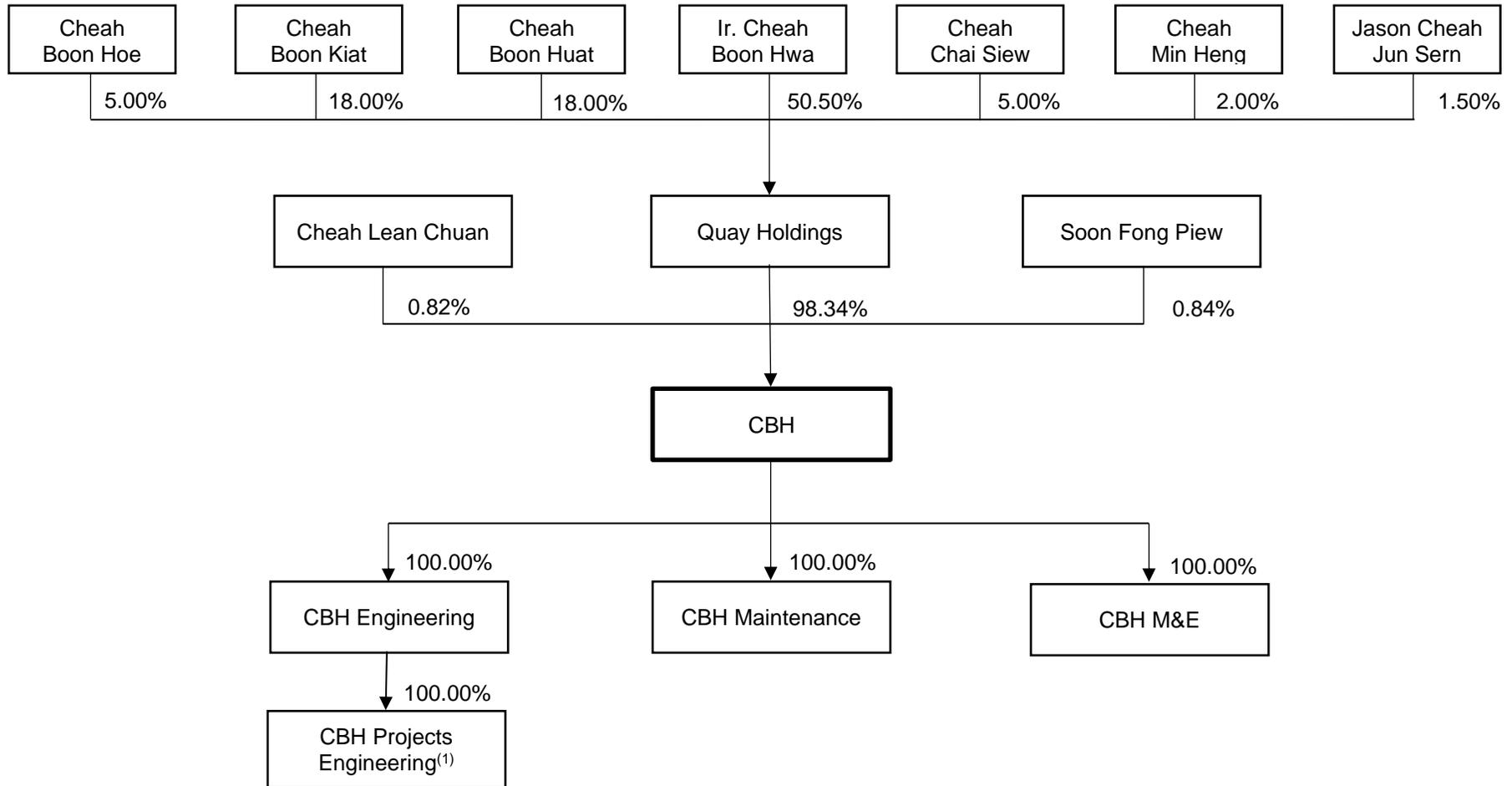


Notes:

- (1) 5.00% equity interest in CBH Maintenance is held by Cheah Lean Chuan.
- (2) 40.00% equity interest in CBH M&E is held by Soon Fong Piew.
- (3) CBH Projects Engineering will be wound up by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects Engineering held on 20 December 2023. As at the LPD, CBH Projects Engineering is still in members' voluntary winding-up.

6. INFORMATION ON OUR GROUP (Cont'd)

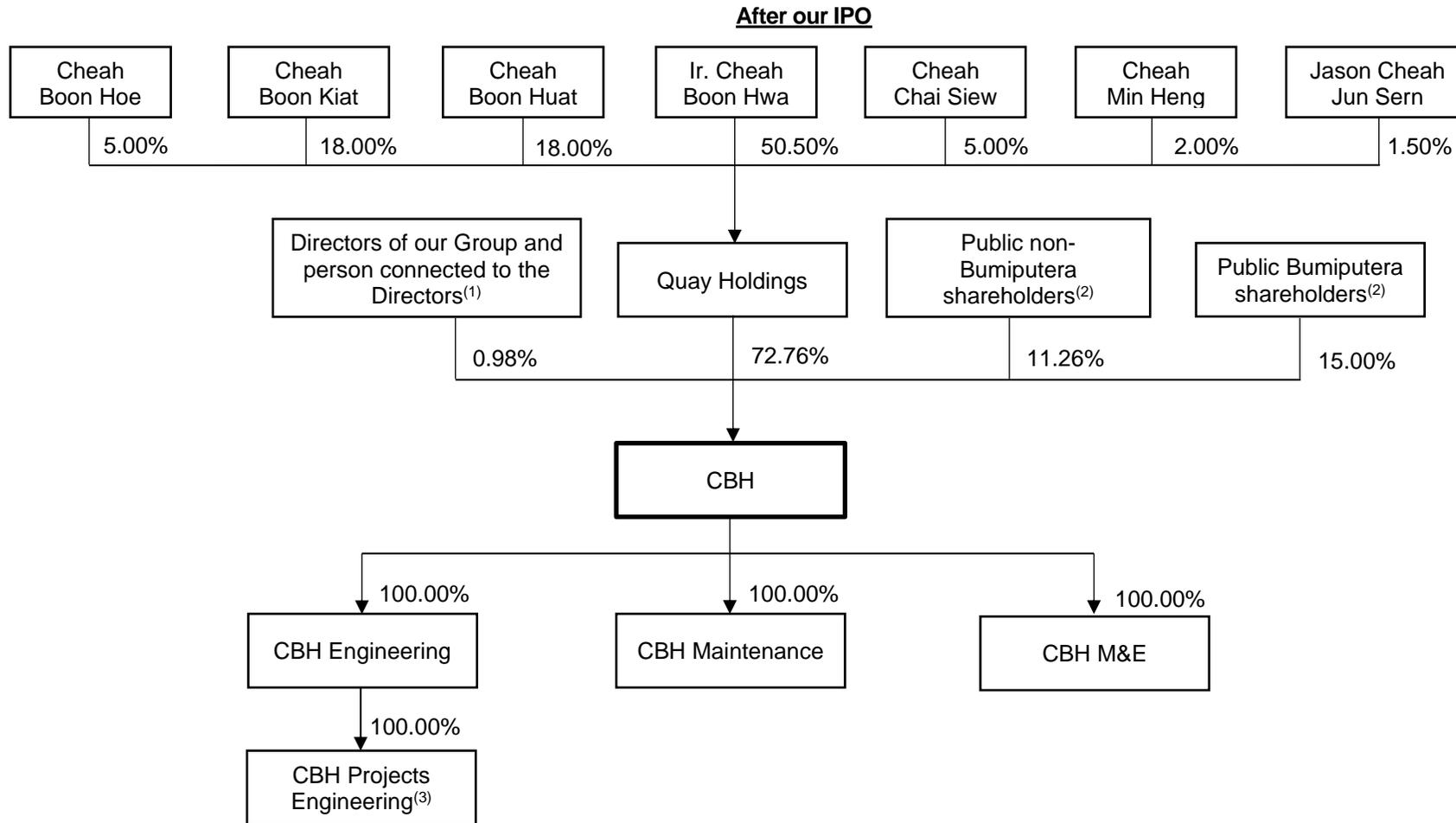
After the Acquisitions and before our IPO



Note:

(1) *CBH Projects Engineering will be wound up by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects Engineering held on 20 December 2023. As at the LPD, CBH Projects Engineering is still in members' voluntary winding-up.*

6. INFORMATION ON OUR GROUP (Cont'd)



Notes:

- (1) Assuming each of them fully subscribes for their respective Pink Form Allocation.
- (2) Collectively, the public shareholding spread is 26.26% after our IPO which consists of public non-Bumiputera shareholders (11.26%) and public Bumiputera shareholders (15.00%) excluding the Promoters and directors of our Group and persons connected to the Promoters and Directors.
- (3) CBH Projects Engineering will be wound up by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects Engineering held on 20 December 2023. As at the LPD, CBH Projects Engineering is still in members' voluntary winding-up.

6. INFORMATION ON OUR GROUP (Cont'd)**6.3 SHARE CAPITAL**

As at the LPD, our share capital is RM57,142,572.56 comprising 1,582,896,393 Shares. The movements in our share capital during the Financial Years Under Review, FPE 2024 and up to the LPD are set out below:

Date of allotment / subdivision	No. of Shares allotted	Consideration / Nature of transaction	Cumulative issued share capital	
			No. of Shares	RM
18 December 2023	100	Cash / Allotment of shares	100	10.00
16 May 2024	100	Cash / Allotment of shares	200	20.00
23 October 2024	1,582,896,193	Otherwise than cash / Allotment of Shares pursuant to the Acquisitions	1,582,896,393	57,142,572.56

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

Upon completion of our IPO, our enlarged share capital will increase to RM140,582,572.56 comprising 1,880,896,393 Shares.

6.4 INFORMATION ON OUR SUBSIDIARIES

As at the LPD, we have 4 subsidiaries, namely CBH Engineering, CBH Maintenance, CBH M&E and CBH Projects Engineering.

As at the LPD, we do not have any associated companies.

Details of our subsidiaries are summarised below:

Company name	Principal activities	Date and place of incorporation	Principal place of business	Issued share capital (RM)	Effective equity interest (%)
Subsidiaries of CBH					
CBH Engineering	Electrical wiring contractor and supply of electrical items	16 August 1990 Malaysia	Malaysia	1,000,000	100.00
CBH Maintenance	Electrical wiring contractor and supplying electrical items	18 March 2013 Malaysia	Malaysia	100,000	100.00
CBH M&E	Mechanical and electrical engineering works	18 December 2013 Malaysia	Malaysia	1,000,000	100.00

6. INFORMATION ON OUR GROUP (Cont'd)

Company name	Principal activities	Date and place of incorporation	Principal place of business	Issued share capital (RM)	Effective equity interest (%)
Subsidiary of CBH Engineering					
CBH Projects Engineering ⁽¹⁾	Electrical wiring contractor	29 April 2014 Malaysia	Malaysia	100,000	100.00

Note:

- (1) *CBH Projects Engineering will be wound up by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects Engineering held on 20 December 2023. As at the LPD, CBH Projects Engineering is still in members' voluntary winding-up.*

6.4.1 CBH Engineering**(a) Background, history and principal activities**

CBH Engineering was incorporated on 16 August 1990 in Malaysia under the Companies Act 1965 as a private limited company under its present name and is deemed incorporated under the Act.

CBH Engineering is principally involved as an electrical wiring contractor and supply electrical items.

(b) Share capital

As at the LPD, the issued share capital of CBH Engineering is RM1,000,000.00 comprising 1,000,000 ordinary shares. There were no changes in the issued share capital of CBH Engineering during the Financial Years Under Review, FPE 2024 and up to the LPD.

(c) Shareholders and directors

CBH Engineering is our wholly-owned subsidiary.

As at the LPD, the directors of CBH Engineering are Ir. Cheah Boon Hwa, Cheah Boon Huat, Cheah Boon Kiat and Cheah Min Heng.

(d) Subsidiary, associate company and joint venture

CBH Engineering has a wholly-owned subsidiary named CBH Projects Engineering. For information purposes, CBH Projects Engineering will be wound up by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects Engineering held on 20 December 2023. As at the LPD, CBH Projects Engineering is still undergoing members' voluntary winding-up which is expected to be completed by the first half of 2025. For information, CBH Projects Engineering has ceased to take on new projects since year 2021 and has been dormant since year 2022 and as such, the Group decided to wind-up CBH Projects Engineering.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.4.2 CBH Maintenance**(a) Background, history and principal activities**

CBH Maintenance was incorporated on 18 March 2013 in Malaysia under the Companies Act 1965 as a private limited company under its present name and is deemed incorporated under the Act.

CBH Maintenance is principally involved as an electrical wiring contractor and supplying electrical items.

(b) Share capital

As at the LPD, the issued share capital of CBH Maintenance is RM100,000.00 comprising 100,000 ordinary shares. There were no changes in the issued share capital of CBH Maintenance during the Financial Years Under Review, FPE 2024 and up to the LPD.

(c) Shareholders and directors

CBH Maintenance is our wholly-owned subsidiary.

As at the LPD, the directors of CBH Maintenance are Ir. Cheah Boon Hwa, Cheah Boon Huat, Cheah Boon Kiat and Cheah Min Heng.

(d) Subsidiary, associate company and joint venture

CBH Maintenance does not have any subsidiary, associate company or joint venture.

6.4.3 CBH M&E**(a) Background, history and principal activities**

CBH M&E was incorporated on 18 December 2013 in Malaysia under the Companies Act 1965 as a private limited company under its present name and is deemed incorporated under the Act.

CBH M&E is principally involved in mechanical and electrical engineering works.

(b) Share capital

As at the LPD, the issued share capital of CBH M&E is RM1,000,000.00 comprising 1,000,000 ordinary shares. There were no changes in the issued share capital of CBH M&E during the Financial Years Under Review, FPE 2024 and up to the LPD.

(c) Shareholders and directors

CBH M&E is our wholly-owned subsidiary.

As at the LPD, the directors of CBH M&E are Ir. Cheah Boon Hwa, Cheah Boon Huat, Cheah Boon Kiat, Soon Fong Piew and Cheah Min Heng.

(d) Subsidiary, associate company and joint venture

CBH M&E does not have any subsidiary, associate company or joint venture.

6. INFORMATION ON OUR GROUP (Cont'd)

6.4.4 CBH Projects Engineering

(a) Background, history and principal activities

CBH Projects Engineering was incorporated on 29 April 2014 in Malaysia under the Companies Act 1965 as a private limited company under its present name and is deemed incorporated under the Act.

CBH Projects Engineering is principally engaged as an electrical wiring contractor. CBH Projects Engineering will be wound up by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects Engineering held on 20 December 2023. As at the LPD, CBH Projects Engineering is still undergoing members' voluntary winding-up which is expected to be completed by the first half of 2025.

(b) Share capital

As at the LPD, the issued share capital of CBH Projects Engineering is RM100,000.00 comprising 100,000 ordinary shares. There were no changes in the issued share capital of CBH Projects Engineering during the Financial Years Under Review, FPE 2024 and up to the LPD.

(c) Shareholders and directors

CBH Projects Engineering is a wholly-owned subsidiary of CBH Engineering, which is also our wholly-owned subsidiary.

As at the LPD, the directors of CBH Projects Engineering are Ir. Cheah Boon Hwa, Cheah Boon Huat, Cheah Boon Kiat and Cheah Min Heng.

(d) Subsidiary, associate company and joint venture

CBH Projects Engineering does not have any subsidiary, associate company or joint venture.

6.5 PUBLIC TAKE-OVERS

During the last financial year and up to the LPD, there were no:

- (a) public take-over offers by third parties in respect of our Shares; and
- (b) public take-over offers by our Company in respect of other companies' shares.

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7. BUSINESS OVERVIEW

7.1 HISTORY

Our Company was incorporated in Malaysia on 18 December 2023 under the Act as a private limited company under the name of CBH Engineering Holding Sdn Bhd. Subsequently, our Company was converted to a public limited company on 27 May 2024 and assumed our present name as CBH Engineering Holding Berhad.

The history of our Group dates back to 16 August 1990 when CBH Engineering was incorporated as a private limited company by Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat, all of whom are siblings, with 90.00%, 5.00% and 5.00% equity interests respectively.

CBH Engineering commenced business upon incorporation under the leadership of Ir. Cheah Boon Hwa as a contractor specialising in electrical engineering solutions. In the early days of CBH Engineering's business, Ir. Cheah Boon Hwa and Cheah Boon Kiat were actively pursuing opportunities for electrical engineering projects as a subcontractor. Cheah Boon Kiat further supported Ir. Cheah Boon Hwa in managing and monitoring the electrical engineering projects secured by CBH Engineering.

Our founder Ir. Cheah Boon Hwa was then an engineer with approximately 10 years of working experience in the electrical engineering industry before he decided to venture out and start his own electrical engineering business to capture growth opportunities arising from Malaysia's economic growth, urbanisation and property development activities that generated demand for electrical engineering services to enable the delivery of electricity to users.

In 1993, Cheah Boon Huat joined CBH Engineering and supported Ir. Cheah Boon Hwa in managing the delivery of electrical engineering projects undertaken by the company. Since 1993, Cheah Boon Huat has been overseeing the M&E engineering projects undertaken by CBH Engineering.

In 1996, CBH Engineering was registered as a G6 contractor with the CIDB for the category of Mechanical and Electrical (ME) engineering specialising in electrical engineering. The CIDB G6 contractor registration allows CBH Engineering to tender for electrical engineering projects with a contract value of up to RM10.00 million throughout Malaysia.

On 18 March 2013, Cheah Boon Kiat and Cheah Chai Siew incorporated CBH Maintenance to venture into electrical engineering maintenance and services with 75.00% and 25.00% equity interests respectively. CBH Maintenance was able to support the maintenance, upgrading and repair works for M&E engineering projects undertaken by CBH Engineering, while CBH Engineering focused on design and installation works.

Subsequently on 18 December 2013, Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat co-founded CBH M&E together with their sibling Cheah Chai Siew to further expand their M&E engineering business. At this point in time, the equity structure of CBH M&E comprised Ir. Cheah Boon Hwa, Cheah Boon Huat, Cheah Boon Kiat and Cheah Chai Siew holding 55.00%, 20.00%, 20.00% and 5.00% respectively.

On 5 March 2014, Ir. Cheah Boon Hwa and Cheah Boon Huat became shareholders of CBH Maintenance resulting in an equity structure of Ir. Cheah Boon Hwa holding 55.00%, Cheah Boon Kiat holding 20.00%, Cheah Boon Huat holding 20.00% and Cheah Chai Siew holding 5.00%.

On 29 May 2014, Ir. Cheah Boon Hwa, Cheah Boon Kiat, Cheah Boon Huat and Cheah Boon Hoe collectively disposed their entire equity interest in CBH Engineering to Quay Holdings, resulting in Quay Holdings becoming the sole shareholder of CBH Engineering. Concurrently on the same day, Ir. Cheah Boon Hwa, Cheah Boon Kiat, Cheah Boon Huat and Cheah Chai Siew collectively disposed their entire equity interests in CBH Maintenance to Quay Holdings, thereby resulting in Quay Holdings becoming the sole shareholder of CBH Maintenance.

7. BUSINESS OVERVIEW (Cont'd)

On 19 August 2014, Cheah Lean Chuan and Yap Chai Huat became shareholders in CBH Maintenance upon subscribing for 5.00% equity interests respectively. This resulted in Quay Holdings, Cheah Lean Chuan and Yap Chai Huat holding 90.00%, 5.00% and 5.00% equity interests respectively.

On 2 February 2016, Tan Peng Hooi acquired 2.50% shares in CBH Maintenance from Quay Holdings resulting in Quay Holdings holding 87.50%, Cheah Lean Chuan holding 5.00%, Yap Chai Huat holding 5.00% and Tan Peng Hooi holding 2.50%.

In 2016, CBH Engineering's CIDB registration was upgraded to G7 for the category of Mechanical and Electrical (ME) engineering specialising in both electrical engineering and mechanical engineering. The CIDB G7 contractor registration allows CBH Engineering to tender for projects of unlimited contract value throughout Malaysia. With this, CBH Engineering was able to expand into the provision of mechanical engineering services.

On 18 March 2016, Ir. Cheah Boon Hwa, Cheah Boon Kiat, Cheah Boon Huat and Cheah Chai Siew collectively disposed their entire equity interest in CBH M&E to Quay Holdings, resulting in Quay Holdings becoming the sole shareholder of CBH M&E.

On 5 April 2017, Soon Fong Piew became a shareholder of CBH M&E upon subscribing to 40.00% equity interest. This resulted in Quay Holdings holding 45.00%, Soon Fong Piew holding 40.00% and CBH Projects Engineering Sdn Bhd holding 15.00% in CBH M&E.

On 4 April 2019, Quay Holdings acquired the entire equity interest of CBH Projects Engineering Sdn Bhd resulting in Quay Holdings holding 60.00% and Soon Fong Piew holding 40.00% in CBH M&E.

On 24 August 2022, Quay Holdings acquired the entire shareholdings of Tan Peng Hooi and Yap Chai Huat in CBH Maintenance. As a result, Quay Holdings held 95.00% and Cheah Lean Chuan held 5.00% in CBH Maintenance.

On 22 September 2023, Cheah Min Heng was appointed a director of CBH Engineering, CBH Maintenance and CBH M&E respectively.

Since our incorporation in 1990, our Group's M&E engineering business has grown, evidenced by the volume and value of contracts that we have secured over the years, as well as the increasing complexity of projects undertaken by our Group.

The table below sets out the major M&E engineering projects undertaken by our Group since the inception of history and development of our business:

Year	Key projects secured by our Group
1990 - 1999	<ul style="list-style-type: none"> Our Group commenced business undertaking electrical engineering projects for industrial buildings
2000	<ul style="list-style-type: none"> Electrical engineering for extension and retrofitting works at Kuala Lumpur with contract value of RM7.50 million
2002	<ul style="list-style-type: none"> Electrical engineering works for new retail outlets at Selangor with contract value of RM4.00 million Electrical engineering works for a new home furnishing store at Selangor with contract value of RM8.70 million
2005	<ul style="list-style-type: none"> Electrical engineering works for a new shopping complex at Negeri Sembilan with contract value of RM8.75 million
2006	<ul style="list-style-type: none"> Electrical engineering works for a new shopping complex at Kuala Lumpur with contract value of RM10.50 million
2007	<ul style="list-style-type: none"> Electrical engineering works for the renovation of a hypermarket at Selayang, Kuala Lumpur with contract value of RM3.20 million

7. BUSINESS OVERVIEW (Cont'd)

Year	Key projects secured by our Group
2008	<ul style="list-style-type: none"> • Electrical engineering works for the renovation of a hypermarket at Johor with contract value of RM6.50 million • Electrical engineering works for new retail outlets at Johor with contract value of RM5.80 million • Electrical engineering works for new retail outlets at Johor with contract value of RM5.60 million
2009	<ul style="list-style-type: none"> • Electrical engineering works for a distribution centre at Selangor with contract value of RM11.10 million
2010	<ul style="list-style-type: none"> • Electrical engineering works for new retail outlets at Pulau Pinang with contract value of RM4.00 million
2011	<ul style="list-style-type: none"> • Electrical engineering works for new retail outlets at Negeri Sembilan with contract value of RM4.00 million
2013	<ul style="list-style-type: none"> • Electrical engineering and telephone works for shopping mall in Perak with contract value of RM16.00 million • Electrical engineering, telephone and ELV works for a factory at Sendayan Technology Valley, Negeri Sembilan with contract value of RM7.86 million
2014	<ul style="list-style-type: none"> • Electrical engineering works for a factory at Perak with contract value of RM13.30 million • Electrical engineering works for a university in Selangor with contract value of RM21.47 million • Electrical engineering works for a shopping mall in Perak with contract value of RM22.25 million
2016	<ul style="list-style-type: none"> • Electrical engineering works for a 275 kV substation for an integrated steel mill at Malaysia–China Kuantan Industrial Park in Pahang with contract value of RM28.00 million • Electrical engineering works for a hotel and service apartment at Melaka with contract value of RM16.30 million
2017	<ul style="list-style-type: none"> • Electrical engineering works for an integrated steel mill at Malaysia–China Kuantan Industrial Park in Pahang with contract value of RM105.80 million • Electrical engineering and telephone works for a commercial building at Melaka with contract value of RM24.25 million • Electrical engineering and telephone works for a shopping mall in Kuala Lumpur with contract value of RM17.30 million
2018	<ul style="list-style-type: none"> • Design and built of a 33 kV substation for a battery factory at Pahang with contract value of RM6.60 million
2019	<ul style="list-style-type: none"> • Electrical engineering works for a mixed development property at Melaka with contract value of RM17.00 million • Electrical engineering works for a home furnishing distribution centre at Selangor with contract value of RM28.07 million
2020	<ul style="list-style-type: none"> • Electrical engineering works for a 275 kV/33 kV substation, switchyard and transmission system at Malaysia–China Kuantan Industrial Park in Pahang with contract value of RM103.88 million
2021	<ul style="list-style-type: none"> • Design and built of a 275 kV substation and 33 kV/11 kV substation at Sedenak Industrial Park, Johor with contract value of RM79.46 million
2022	<ul style="list-style-type: none"> • 11 kV/415 V electrical engineering works at Sedenak Tech Park, Johor with contract value of RM66.69 million • 11 kV/415 V electrical engineering works at Selangor with contract value of RM16.80 million
2023	<ul style="list-style-type: none"> • Design and built of a 275 kV substation for a data centre at Sedenak Tech Park, Johor with contract value of RM43.00 million • Design and built of a 275 kV substation for a data centre at Sedenak Tech Park, Johor with contract value of RM20.19 million • Electrical engineering works for a 132 kV substation for a data centre at Johor with contract value of RM18.30 million

7. BUSINESS OVERVIEW (Cont'd)

Year	Key projects secured by our Group
	<ul style="list-style-type: none"> • Electrical engineering works for a data centre at Johor with contract value of RM24.69 million • Design and built of a 275 kV substation for a data centre at Sedenak Tech Park, Johor with contract value of RM192.35 million • Design and built of a 132 kV substation for a data centre at Sedenak Tech Park, Johor with contract value of RM68.22 million • Electrical engineering works for a data centre at Cyberjaya with contract value of RM92.78 million
2024	<ul style="list-style-type: none"> • Electrical engineering works for a hotel at Kuala Lumpur with contract value of RM3.95 million • Design and built of a 275kV substation for a data centre at PGB Tech Park, Johor with contract value of RM65.44 million • Design and built of a 132kV substation for a data center at MRANTI Park, Kuala Lumpur with a contract value of RM52.05 million

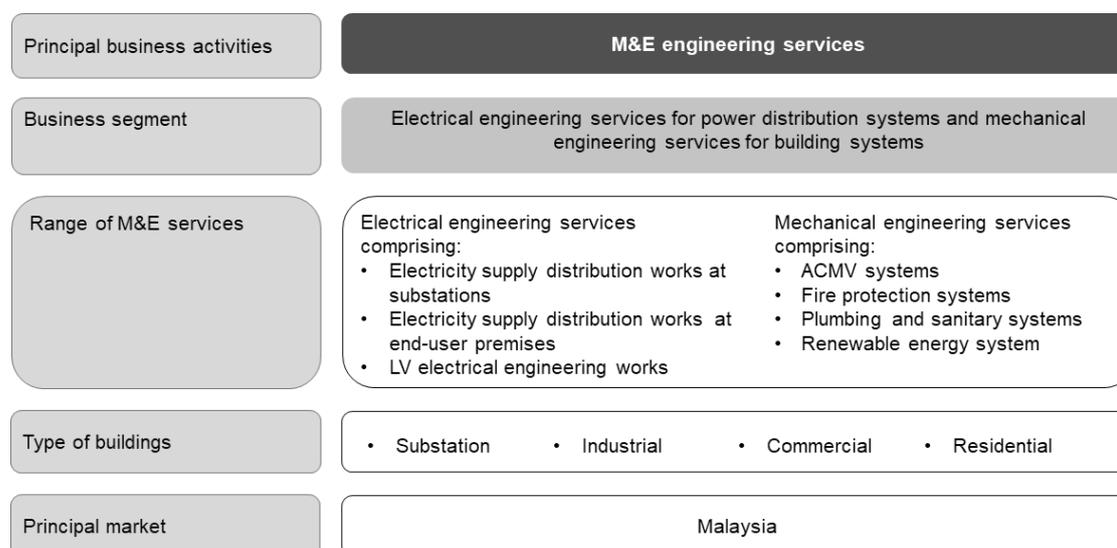
7.2 PRINCIPAL BUSINESS ACTIVITIES AND BUSINESS MODEL OF OUR GROUP

Our Group is principally an electrical engineering service provider and we specialise in electricity supply distribution systems, where we undertake the design, supply, installation, testing, commissioning and maintenance of HV, MV, LV and ELV electrical systems. We also undertake mechanical engineering works for building systems, where this relates to the design, supply, installation, testing, commissioning and maintenance of building systems such as ACMV systems, fire protection systems, plumbing and sanitary systems as well as renewable energy systems.

For the majority of our projects, our services may cover more than one M&E system. In design and build projects, our internal Electrical Design team will develop design drawings based on the requirements of our customers, which will be endorsed by our appointed M&E consultants, and we also supply and build these systems in accordance with the design drawings. In other projects, we supply and install the contracted M&E systems based on the design drawings provided by the customers or their appointed consultant. We may also be required to undertake civil and structural engineering works as part of our design and build projects.

Our customers comprise mainly project owners and main contractors. Our principal market is Malaysia.

Our business model is as follows:



7. BUSINESS OVERVIEW (Cont'd)

7.3 OUR BUSINESS ACTIVITIES AND PRINCIPAL MARKETS

The table below set out the breakdown and analysis of our revenue by business activities for Financial Years Under Review and FPE 2024:

	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
M&E systems								
• Engaged as main contractor	48,385	71.60	10,432	5.78	140,681	67.65	141,194	79.22
• Engaged as sub-contractor	18,592	27.52	168,560	93.59	66,132	31.80	36,639	20.56
Subtotal	66,977	99.12	178,992	99.37	206,813	99.45	177,833	99.78
M&E maintenance	598	0.88	1,128	0.63	1,141	0.55	392	0.22
Total	67,575	100.00	180,120	100.00	207,954	100.00	178,225	100.00

Our Group's revenue contribution by type of property varies from period to period according to the projects undertaken by our Group in a particular year. The breakdown over the Financial Years Under Review and FPE 2024 is as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Substation ⁽¹⁾	47,457	70.23	93,306	51.80	147,942	71.14	154,710	86.81
Industrial ⁽²⁾	3,066	4.54	68,429	37.99	38,037	18.29	19,041	10.68
Commercial ⁽³⁾	10,208	15.10	10,043	5.58	20,687	9.95	3,983	2.23
Residential ⁽⁴⁾	6,844	10.13	8,342	4.63	1,288	0.62	491	0.28
Total	67,575	100.00	180,120	100.00	207,954	100.00	178,225	100.00

Notes:

- (1) Comprises revenue from M&E systems for substations.
- (2) Comprises revenue from M&E systems for the industrial properties such as data centre, factories and warehouses.
- (3) Comprises revenue from M&E systems as well as M&E maintenance for commercial properties such as mixed development condominium, hypermarkets and office buildings.
- (4) Comprises revenue from M&E systems for the residential properties such as high-rise apartment and condominium.

7.3.1 Electrical engineering for power distribution systems

An electricity supply distribution system is necessary to receive MV to HV electricity generated by utility companies and converts it into lower-voltage electricity that is suitable for electrical machinery, equipment and devices.

Our role is to design, supply, install, test, commission and maintain electricity supply distribution systems for commercial, industrial and residential premises where this involves a network of electrical systems, equipment and components used to distribute and control the flow of electricity from electricity supply substations, being the main power source, to electrical loads in any type of building or infrastructure. We are involved from the design and build of the substation within the end-user premises to obtain electricity supply from the National Grid, up to the distribution of electricity to the end-user premises' facilities.

7. BUSINESS OVERVIEW (Cont'd)

We integrate interconnections to the National Grid, substations, transformers, switchgears, switchboards, distribution boards, motor control centre panels, process control panels, capacitor banks, AC/DC systems, electrical wiring, busway systems, switches and outlets that are crucial for the operations of electrical machinery, equipment, appliances and devices. We further incorporate protection and current moderating devices and systems based on industry standards and local regulatory requirements to ensure the safety of and meet the quality of electricity required by people, properties, machinery, equipment, appliances and devices.

Electricity supply distribution projects at substations

We design, build and equip substations that connect the National Grid and end-user premises, where our role involves the:

- overall design and construction of substation buildings;
- design of cabling and wiring within the substation building and into end-user buildings and facilities, including the necessary interconnections;
- specify, procure and install transformers, switchgears and other electrical equipment and components; and
- substation testing and commissioning.

For information purposes, the average contract duration for each project is 16 months. We typically allocate an average of 12 employees for each project.

Electricity supply distribution projects at end-user premises

We are also involved in design, supply, installation, testing, commissioning and maintenance of electricity supply distribution systems within end-user premises where the electricity supplied by our distribution systems is used to power electrical machinery, equipment, appliances and devices. For our electricity supply distribution projects at end-user premises, our responsibilities include:

(a) Project planning and management

We are involved in the civil and structural design and construction of the substation (when it is contractually part of our scope of works), and design, procure, install, test and commission the electricity distribution system contained therein. Our project team will manage and monitor the delivery of the project from commencement to handover, encompassing liaising with stakeholders such as local authorities, utility company, suppliers, subcontractors and consultants such as architects and engineers.

As part of project planning and management, our role includes ensuring:

- works performed comply with design and specifications;
- timely completion and project delivery;
- all licenses, permits and approvals required from local authorities are obtained prior to commencement of construction works;
- manage and coordinate communication among stakeholders in the project, such as subcontractors and project owner;
- appropriate risk management;
- workers health and safety; and

7. BUSINESS OVERVIEW (Cont'd)

- minimal adverse impact of works performed to neighbouring premises and community, traffic flow and the environment

(b) Design and engineering

Electrical system design starts from the tendering stage in instances where we are appointed to develop a conceptual design proposal based on the requirements of customers. In other instances, we follow the conceptual design that has already been prepared by the customer or engineering consultants appointed by the customer. Typically in these cases, we undertake value engineering and propose alternative designs to optimise system performance, delivery time and project cost.

Our scope for design works encompasses:

- Power system analysis
 - in order to optimise the electricity supply systems that we design and install, we analyse the performance indicators of the system under different operating conditions which allows us to identify equipment specification and areas of inefficiency or instability and develop methods for performance improvement;
 - in order to ensure that the electricity supply system we design is able to operate within its design limit, we perform load flow analysis which allows us to determine voltages and currents throughout the electrical system under various operating conditions;
 - in order to determine the maximum current carrying capacity of an underground cable, we perform cable ampacity analysis; and
 - in order to ensure protective devices operate correctly to isolate faults while minimising impact on the rest of the system, we perform short circuit analysis and relay coordination study to identify potential faults and select protective devices such as relays, circuit breakers and fuses.
- selection of electrical equipment
 - we specify major electrical equipment such as transformers, switchgears, switchboards and UPS, based on performance as well as to spatial layout available;
 - in order to identify the capacity of electrical equipment, we take into consideration the load requirements and power consumption of machinery, equipment, appliances and devices;
 - in order to meet the budget, we cost the equipment and installation method; and
 - we ensure electrical equipment selected are compatible with existing electrical infrastructure.
- spatial layout
 - we take into consideration equipment size, configuration and accessibility when planning the layout of equipment in the electrical room;
 - we ensure adequate access in terms of aisle space and clearances for electrical equipment installation, replacement, operation and maintenance works; and
 - our scope of work also encompasses mechanical engineering works, where we identify ventilation and air conditioning, exhaust and cooling requirements including ductwork, dampers and louvres.

7. BUSINESS OVERVIEW (Cont'd)

(c) Procurement

Our procurement planning encompasses:

- procurement of electrical equipment such as switchgears, transformers, switchboards, distribution boards, motor control centre panels, process control panels, power cables and trunking systems;
- for some projects, the customer or consultant appointed by the customer will specify the brand of electrical equipment to be used, especially critical and high value equipment such as switchgears, switchboards, transformers as well as high and medium-voltage power cables; and
- we identify and appoint qualified subcontractors such as civil and structural contractors for building construction or electrical installation contractors licensed with the CIDB, Energy Commission Malaysia or certified chargin and wireman to carry out electrical installation, testing and commissioning works.

(d) Construction and installation

We manage the construction and installation of electricity supply distribution systems leveraging on our internal staff. We may also engage electrical installation contractors licensed with the Energy Commission Malaysia or certified chargin and wireman to carry out electrical installation, testing and commissioning works.

The installation works that we undertake include:

- installation of electrical equipment in locations identified in the layout blueprint, including mounting the equipment onto walls or securing them on floors and connecting the equipment with the required junction boxes, cabling and wiring, and in accordance to manufacturers' recommendations;
- installation of cables and wiring and connection between electricity supply equipment and machinery and equipment;
- installation of cable and wire management systems such as conduits and trays to protect cables and wires;
- termination of cables and wires by connecting the ends of power cables and wires to electrical machinery, equipment, appliance, device or outlet sockets, or another cable, by external certified cable jointers;
- construction of underground cable trenches and utility infrastructure for substation projects, to provide interconnection to another substation or the National Grid; and
- installation of earthing and lightning protection systems to protect against electricity surges and lightning strikes.

(e) Quality control and assurance

We are responsible for ensuring compliance to quality control procedures. We develop project-specific quality management plans to guide employees and subcontractors and perform the following:

- we inspect all incoming electrical equipment and components to ensure that they meet all the necessary specifications, quality, standards and approvals;
- our quality control team will ensure that the project is executed with design specifications and quality standards; and

7. BUSINESS OVERVIEW (Cont'd)

- our quality control team will jointly inspect the work done with the customer's representative upon completion of electrical installation works.

(f) Health and safety

We are responsible for ensuring the safety of employees, contractors and customers as well as compliance of environmental regulations throughout the project lifecycle. We perform the following:

- we ensure that all parties are briefed on health and safety procedures prior to commencing site works;
- we provide personal protective equipment to all site employees; and
- we comply to the requirements of Department of Occupational Safety and Health Malaysia and Department of Environment Malaysia.

(g) Testing and commissioning

We perform inspection, testing and commissioning to ensure installed electricity distribution systems are installed properly, can operate as designed, and can function safely and efficiently. We engage licensed electrical testing companies registered with the Energy Commission Malaysia and certified charginan to conduct various tests based on industry testing and commissioning procedures.

Our testing and commissioning involve:

- visual inspection of equipment and components to ensure proper installation with no loose connections, damaged parts or potential failure areas;
- testing individual equipment such as transformers, switchgears, switchboards, protection relays and cables by third party testing companies in the presence of the customer or their appointed representative as part of site acceptance test;
- upon testing each individual equipment, a functional test on the entire system is performed where this involves simulating different operating conditions to ensure that the system can handle various loads, faults or overcurrent conditions;
- testing the electricity supply distribution system under different loads and operating conditions such as testing voltage and current levels, power factor, insulation resistance and other parameters. Such tests are carried out by our team in the presence of the customers or their appointed consultants. Tests on interconnections to the electricity supply grid will involve representatives from Tenaga Nasional, being the owner of the National Grid;
- testing the electricity supply distribution system with other systems within the property, such as mechanical systems to ensure seamless function;
- commissioning the electricity supply distribution system upon completion of testing, synchronising generators, connecting the system to the National Grid and verifying that all protection systems are functioning appropriately; and
- documenting and recording all test results to ensure the installed electricity supply distribution system meets performance, industry standards and local regulations. These test values form the baseline for subsequent routine maintenance tests to identify downward trend in performance, if any.

7. BUSINESS OVERVIEW (Cont'd)

(h) Approvals and handover

The appointed consultant of the customer, typically the architect or engineer, will issue a certificate of practical completion upon satisfactory inspection of our works and this indicates the handover of the project to the customer. We are responsible for the rectification of defects during the defect liability period, typically ranging from 12 to 24 months, based on our contractual terms. Upon expiry of the defect liability period, we receive a certificate of making good defects.

Some of the electrical and mechanical equipment/systems that we install as part of our design and built projects can be illustrated as follows:



7. BUSINESS OVERVIEW (Cont'd)

For information purposes, the average contract duration for each project is 21 months. We typically allocate an average of 6 employees for each project.

LV electrical engineering works

We are further responsible for the design, supply, installation, testing and commissioning of the following power systems and equipment at commercial, industrial and residential developments:

(a) Power distribution system including main switchboards, sub-switchboards and distribution boards

This includes transformers, switchgear, main switchboards, sub-switchboards, motor control centres and distribution boards that are installed in a building's plantroom and distributes electricity throughout the building. A plantroom serves as the central point of origin for the power distribution system of a building.

We specify, supply, install, test and commission the following distribution panels:

- **Main switchboard:** an electricity distribution panel directly connected to the main source of external power that distributes the main incoming power, such as from substations, to other power distribution panels such as distribution boards, motor control centre panels and process control panels as well as individual loads such as electrical machines, equipment and devices;
- **Motor control centre panel:** a panel that controls mechanical loads from a centralised location in a commercial or industrial building. The panel has multiple enclosed sections with common busbars, where each section contains power contactors, protective relays, isolators as well as other control and indication devices;
- **Sub-switchboards:** a secondary level of electricity distribution that takes incoming electrical power from the main switchboard and distributes the electricity to several distribution boards or directly to individual loads; and
- **Distribution boards:** a secondary or tertiary level of electricity distribution device that either distributes electricity from the main switchboard to sub-switchboard to other individual loads.

The technical specifications of the abovementioned distribution panels are typically customised to each project, and provided to a manufacturer for fabrication and assembly prior to installation at our project sites.

(b) Electrical wiring systems

Encompasses cables and associated devices such as switches, distribution boards and sockets to connect electricity from the incoming power supply from the utility's substation to the various distribution panels and to machinery, equipment, devices and outlet sockets.

(c) Busway system

A prefabricated electrical distribution system that consists of busbars in a protective enclosure (also known as busway enclosure) which connects electricity to electrical devices like electrical panels, switchgears and transformers. A busway enclosure comprises busbars, its housing and support and/or insulating material. Busways are an alternative to electrical wiring and cables.

(d) Lighting control systems

Encompasses lighting control system to control indoor and outdoor lighting as well as the installation of lighting fixtures in commercial, industrial and residential spaces.

7. BUSINESS OVERVIEW (Cont'd)

(e) Safety system

Includes safety-related electrical equipment and components such as grounding systems, overcurrent protection devices, surge protection devices as well as lightning protection systems.

(f) Emergency system

In the event of power failure, emergency systems such as standby generators and UPS provide emergency lighting and backup power supply. This protects the building and its occupants against power outages and fluctuations, minimises downtime and preserves the safety of occupants and equipment.

(g) Security system

Mainly comprises access control systems, close circuit televisions and fire alarm systems.

For information purposes, the average contract duration for each project is 21 months. We typically allocate an average of 4 employees for each project.

7.3.2 Mechanical engineering for building systems

Often, project owners will combine mechanical engineering works with electrical engineering works and tender it out as an integrated system. Mechanical engineering works include any services that involve machines connected to a range of parts and components to perform intended functions.

Our mechanical engineering works encompass:

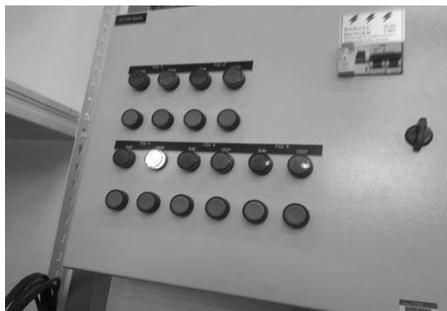
(a) ACMV systems

We design, supply and install ACMV systems. ACMV systems control and maintain the required temperature, humidity and air quality in buildings.

The range of services we provide for ACMV systems include:

- supply, installation, testing and commissioning of centralised air-conditioning system for commercial and industrial buildings;
- supply and installation of split or multi-split type and variable refrigerant volume type air-conditioning system for commercial and industrial buildings; and
- supply and installation of mechanical ventilation systems for electricity supply substations, commercial and industrial buildings.

The ACMV systems that we have installed can be illustrated as follows:



7. BUSINESS OVERVIEW (Cont'd)

(b) Fire protection systems

Fire protection systems detect and suppress fires, as well as alert building occupants and the fire department.

We deliver fire protection systems for buildings where the range of services includes the supply, installation, testing and commissioning of the equipment, piping networks, appliances and fittings for fire protection systems such as the fire hydrant system, wet riser system, fire hose reel system, automatic fire sprinkler system, automated fire alarm system, fireman intercommunication system, foam system, fire suppression system, fire extinguishing system and other fire specialist systems.

The fire protection systems that we have installed can be illustrated as follows:



(c) Plumbing and sanitary systems

Plumbing and sanitary systems are used for water supply and drainage.

We supply and install water supply sanitary and drainage systems, cold water supply systems, sanitary systems and rainwater drainage systems for buildings.

7. BUSINESS OVERVIEW (Cont'd)

Our range of services includes the supply, installation, testing and commissioning of the equipment, piping networks, appliances and fittings for the plumbing, sanitary and drainage systems, sewer system, sanitary drainage and pumping system, cold water supply system and conventional rainwater system.

The plumbing and sanitary systems that we have installed can be illustrated as follows:



(d) Renewable energy systems

We undertake the design, supply, installation, testing and commissioning of Solar PV systems for rooftop installations.

Solar energy is a type of renewable green energy that is converted into electricity through photovoltaic modules that concentrate solar radiation. Solar PV systems and plants are designed to generate electricity through the application of the photovoltaic effect. This energy can then be used to generate electricity for self-consumption or excess electricity supply can be exported to the National Grid.

A rooftop PV solar station, or rooftop PV system, is a PV system that has its electricity-generating solar panels mounted on the rooftop of a residential, commercial building or industrial structure. Solar PV systems for rooftop installations comprise various components, namely solar PV modules, mounting systems, cables, solar inverters as well as other electrical accessories.

The rooftop Solar PV systems that we have undertaken encompass:

- residential properties for homeowners; and
- industrial buildings such as warehousing facilities.

There may also be instances in which our Group is engaged for engineering consulting services where we are able to offer Solar PV system design and development of engineering drawings, as well as engineering drawing endorsement by leveraging on our network of engineering professionals.

7. BUSINESS OVERVIEW (Cont'd)

The rooftop Solar PV systems that we have installed can be illustrated as below:



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7. BUSINESS OVERVIEW (Cont'd)

7.3.3 Ongoing projects

The following table sets forth our ongoing projects with contract values of RM3.00 million and above during the Financial Years Under Review, FPE 2024 and up to the LPD:

Project details/ scope	Customer	Commencement date/ expected completion date ⁽¹⁾	Contract value/ Balance contract value as at the LPD (RM million)	Stage of completion (% as at the LPD)	FYE of balance contract value to be fully recognised
M&E engineering works for a warehouse and ancillary buildings in Selangor	Takenaka (Malaysia) Sdn Bhd	December 2021/ January 2025	18.16 / 3.02	83.37	FYE 2025
Electrical engineering works for a data centre at Johor	Customer B	July 2023/ July 2024 ⁽⁴⁾	26.26 / 3.70	85.92	FYE 2025
Design and built of a 275 kV substation for a data centre at Sedenak Tech Park, Johor (comprising stages 1, 2 and 3) ⁽³⁾	Customer D	July 2023/ May 2024 (for stage 1) and May 2025 (for stages 2 and 3) ⁽³⁾⁽⁴⁾	192.35 / 47.36	75.38	FYE 2025
Electrical engineering works for a data centre at Cyberjaya	Customer B	December 2023/ April 2025	49.28 / 34.68	29.63	FYE 2025
Electrical engineering services for a hotel in Kuala Lumpur	Customer F	March 2024/ July 2024 ⁽⁴⁾	4.27 / 3.64	14.56	FYE 2025
Design and built of a 275kV substation for a data centre at Johor	Customer E Group	June 2024/ January 2025	65.44 / 57.19	12.61	FYE 2025
Design and built of a 132kV substation for a data centre at Kuala Lumpur	Customer E Group	August 2024/ May 2025	52.05 / 51.43	1.20	FYE 2025

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Based on the date of completion stated in the letter of award and EOT granted by our customers.
- (2) The project was delayed due to system upgrade and building extension which was requested by the customer. On 24 June 2024, Customer A has agreed to our request for the extension of time to July 2024 with no liquidated damages to be imposed on our Group. For information purposes, the project was completed in July 2024 and is currently pending issuance of the certificate of practical completion by the customer, barring any unforeseen circumstances.
- (3) As at the LPD, we have requested but did not receive approval for the EOT to extend the completion date of stage 1 of the project from the customer, in which the expected completion date for stage 1 was set on May 2024. However, as at the LPD, we have not received any claim for liquidated damages against us from the customer. For information purposes, stage 1 of the project was energised and completed in July 2024. As for stages 2 and 3 of the project, we commenced works on September 2024 and the expected completion date is set on May 2025.

For purposes of clarity, the contract value of RM192.35 million encompasses the project fees for stage 1, stage 2 and stage 3 collectively, whereby:

- Stage 1 relates to the design and built (including supply of electrical and mechanical equipment) of a 275 kV substation for the initial phase of operations of the customer's data centre; and
- Stages 2 and 3 relate to the supply of electrical and mechanical equipment to enable the customer to scale up the operations of this data centre. The commencement of stages 2 and 3 will be initiated by the customer based on its operating capacity requirements and demand for data centre services.

The stage of completion for this project is tabulated based on the completion of stage 1 as at the LPD in comparison to the total contract value. On 10 September 2024, the customer has given instructions to our Group to commence works for stages 2 and 3 of this project.

- (4) As at the LPD, our Group is exposed to an estimated liquidated damages of up to RM29.29 million for 7 projects that have extended beyond the completion dates stipulated in the respective letters of award and EOTs granted by the applicable customers, details of which are as follows:

Project details/ scope	Commencement date	Expected completion date	Contract sum (RM million)	Potential liquidated damages as at the LPD (RM million)	Remarks
Design and built of a 275 kV substation for a data centre at Sedenak Tech Park, Johor (comprising stages 1, 2 and 3)	July 2023	May 2024 (for stage 1) / May 2025 (for stages 2 and 3)	192.35	19.23	Stage 1 of the project was delayed mainly due to supply disruption on certain equipment. Stage 1 of the project was energised and completed in July 2024. Instruction for commencement of stages 2 and 3 of this project was given by customer in September 2024. The project is expected to be completed by May 2025.

7. BUSINESS OVERVIEW (Cont'd)

Project details/ scope	Commencement date	Expected completion date	Contract sum (RM million)	Potential liquidated damages as at the LPD (RM million)	Remarks
<i>Electrical services for an apartment at Kuala Lumpur</i>	<i>June 2023</i>	<i>August 2024</i>	<i>1.54*</i>	<i>0.86</i>	<i>The project was delayed due to slow work progress at site. The project is expected to be completed by March 2025 based on management's estimates.</i>
<i>Supply, delivery, install, testing and commissioning for electrical services for 3 supermarkets at Selangor</i>	<i>October 2022</i>	<i>April 2023</i>	<i>1.35*</i>	<i>2.99</i>	<i>The project was delayed due to changes in project scope and requirements instructed by project consultant. The project is expected to be completed by June 2025 based on management's estimates.</i>
<i>Electrical engineering works for a 132 kV substation for a data centre at Johor</i>	<i>September 2023</i>	<i>July 2024</i>	<i>18.30</i>	<i>2.20</i>	<i>The project was delayed due to delay in finalisation of design and delivery of equipment. The project was completed on 9 November 2024.</i>
<i>Electrical engineering works for a data centre at Johor</i>	<i>July 2023</i>	<i>July 2024</i>	<i>26.26</i>	<i>3.15</i>	<i>The project was delay due to the project is in the process of testing and commissioning performed by third-party who is appointed by the customer. The project is expected to be completed by February 2025 based on management's estimates.</i>
<i>Electrical engineering works for a hotel at Kuala Lumpur</i>	<i>March 2024</i>	<i>July 2024</i>	<i>4.27</i>	<i>0.28</i>	<i>The project was delayed due to changes in project design and requirements instructed by customer. The project is expected to be completed by May 2025 based on management's estimates.</i>
<i>Electrical engineering works for a hotel at Kuala Lumpur</i>	<i>October 2022</i>	<i>September 2024</i>	<i>1.22*</i>	<i>0.58</i>	<i>The project was delayed due to the site is not ready for final installation of M&E system. The project is expected to be completed by May 2025 based on management's estimates.</i>
Total			245.29	29.29	

Note:

* For purposes of clarity, these are ongoing projects with contract value below the RM3.00 million and thus are not included in the table above.

During the Financial Years Under Review, FPE 2024 and up to the LPD, our Group has not faced any instances where we incurred any liquidated damages or claims or faced any legal action against us by our customers due to the delay in project completion.

7. BUSINESS OVERVIEW (Cont'd)

7.3.4 Completed projects

The following table sets forth our completed projects with contract values of RM3.00 million and above during the Financial Years Under Review, FPE 2024 and up to the LPD:

Project details/ scope	Customer	Commencement date/ completion period	Contract value (RM million)
Electrical engineering works for a hotel and service apartment at Melaka	Customer G	August 2016/ March 2023	21.36
Electrical system works for a high rise residential building in Melaka	Customer H	May 2019/ October 2022	8.95
Electrical engineering works for a home furnishing distribution centre at Selangor	Takenaka (Malaysia) Sdn Bhd	June 2019/ December 2020	27.89
ELV engineering works for a commercial service apartment in Selangor	Customer I	February 2020/ April 2024	4.62
Execute and complete the water supply and sanitary plumbing system for a private university in Selangor	Customer J	May 2020/ December 2021	6.30
LV electrical and ELV services for a high rise apartment in Kuala Lumpur	TCS Construction Sdn Bhd	August 2020/ October 2023	8.36
Supply, delivery installation, testing and commissioning of electrical and ELV works for a distribution hub in Selangor	Takenaka (Malaysia) Sdn Bhd	October 2020/ March 2022	3.90
Supply and build of phase 1a 275 kV/33 kV substation and distribution project at Malaysia China Kuantan Industrial Park, Pahang	Customer K	July 2020/ November 2022	70.66
Design and built of a 275 kV substation and 33 kV/11 kV substation at Sedenak Tech Park, Johor	Takenaka (Malaysia) Sdn Bhd	November 2021/ May 2023	92.99
11 kV/415 V electrical engineering works at Sedenak Tech Park, Johor	Takenaka (Malaysia) Sdn Bhd	January 2022/ May 2023	77.93

7. BUSINESS OVERVIEW (Cont'd)

Project details/ scope	Customer	Commencement date/ completion period	Contract value (RM million)
M&E engineering works for an industrial building and ancillary facilities in Selangor	Customer L	January 2022/ August 2023	4.62
Design and built of a 275 kV substation for a data centre at Sedenak Tech Park, Johor	Customer E Group	November 2022/ November 2023	43.00
Design and built of a 275kV substation expansion for a data centre at Sedenak Tech Park, Johor	Customer E Group	May 2023/ December 2023	20.19
Supply labour, material, tools, equipment and machinery for the sub-contract of ACMV, cold water and sanitary plumbing, fire protection and fire alarm services, electrical and ELV works for a commercial building in Kuala Lumpur	Customer A	November 2019/ July 2024	5.52
Design and built of a 132 kV substation for a data centre at Sedenak Tech Park, Johor	Customer E Group	August 2023/ July 2024	68.22
Electrical engineering works for a 132 kV substation for a data centre at Johor	Customer B	September 2023/ November 2024	18.30
Electrical engineering works for 132kV substation at Johor	Customer C	November 2023/ November 2024	4.12

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7. BUSINESS OVERVIEW (Cont'd)

7.4 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Our Group did not experience any other interruptions to our operations which had a significant effect on our business and operations during the past 12 months preceding the LPD.

7.4.1 Impact of COVID-19 on our Group's business operations

Due to the outbreak of COVID-19, the Government imposed various forms of MCO. The imposition of this lockdown impacted most of the economic sectors and, especially those operating in non-essential services, and led to work stoppages in construction activities.

As such, our business operations were temporarily halted from 18 March 2020 to 3 May 2020. Our Group resumed activities on 4 May 2020 in accordance with the specific guidelines and the applicable standard operating procedures, including workforce capacity restrictions.

Malaysia transitioned to the endemic phase on 1 May 2022. Since then, we have resumed our operations with no operating restrictions.

7.4.2 Measures and precautions to safeguard our employees and customers

As part of the requirements to commence operations during the COVID-19 pandemic, we implemented COVID-19 safety and health instructions and procedures, where this involved adopting physical distancing guidelines imposed by the Government, relevant authorities and local councils.

Since the beginning of the COVID-19 pandemic and up to the LPD, the total cost for the implementation of COVID-19 standard operating procedures is approximately RM0.10 million, which is not material to our Group.

7.4.3 Impact of COVID-19 on our supply chain

The imposition of MCOs had temporarily halted our suppliers' and subcontractors' operations and resulted in delays in the supply and cost of materials, equipment and services from our suppliers and subcontractors.

Notwithstanding the above, we did not experience any cancellation in contracts as a result of the COVID-19 and the imposition of the MCOs. However, due to the temporary suspension of project sites and limitation of workforce capacity imposed under various stages of the MCOs, the initial work plan for 2 of our Group's projects had been deferred which resulted in delays to our project timelines. Our customers did not impose liquidated damages on our Group for deferrals in our projects arising from the COVID-19 pandemic. For the abovementioned projects, we have completed 1 project while the other project is still ongoing.

On 24 June 2024, we received EOT to July 2024 with no liquidated damages to be imposed on our Group for 1 of these projects. As for the other project, the delay in our project timeline was due to the deferment in the construction plan of our customer. Hence, our Group is not required by the customer to submit an EOT for this project as our project team is undertaking site works based on the construction plan of the customer.

7.4.4 Impact of COVID-19 on our liquidity, financial position and financial performance

We did not experience material disruptions in our business operations as a result of the impositions of various phases of the MCOs since March 2020. We have not experienced any material impact to our liquidity, financial position and financial performance from the impact of the COVID-19 and the MCO. Our Group recorded cash and cash equivalents of approximately RM35.45 million and total banking facilities of approximately RM191.01 million (excluding finance leases and of which RM41.42 million has been utilised) as at the LPD.

7. BUSINESS OVERVIEW (Cont'd)

For the FYE 2021 and FYE 2022, we recorded revenues of RM67.58 million and RM180.12 million, respectively, as compared to RM67.73 million revenue for the FYE 2020. The increase was primarily attributed to the higher demand for electricity infrastructure during the COVID-19 pandemic as well as electrical substation design and build projects secured by our Group. For the FYE 2023, our revenue further rose to RM207.95 million from RM180.12 million for the FYE 2022. For the FPE 2024, we recorded a revenue of RM178.23 million.

Premised on the above, we do not anticipate any financial difficulties in meeting our obligations to sustain our business operations in the future.

7.5 COMPETITIVE STRENGTHS

7.5.1 Our range of electrical engineering services has enabled us to establish our presence in the M&E engineering industry in Malaysia

We have been in the M&E engineering industry in Malaysia for 34 years, undertaking the provision of M&E engineering services primarily focusing on electrical engineering works. Over the years, we have expanded our scale of operations and our services to include mechanical engineering works as well as civil and structural works to complement our electrical engineering works.

Our Group holds a number of licenses, registrations, permits and approvals which enable us to carry on our businesses. As at the LPD, our Group is registered with the CIDB, Energy Commission Malaysia, Tenaga Nasional and SEDA. Please refer to Section 7.14 of this Prospectus for details of the approvals, major licenses and permits obtained by our Group.

We are able to provide our customers with a package of services comprising the design, supply, installation, testing and commissioning of electricity supply distribution systems and mechanical systems. By engaging our services, our customers would be able to obtain cost-effective, comprehensive and reliable solutions in respect of their needs. We are also able to design all the contracted M&E systems' functionality and connectedness. This allows us to better understand our customers' requirements, assist our customers in modifying and improving the design drawings and ensure that the implementation of the design drawings is within the estimated costs and project schedule.

We believe that our presence and profile in the M&E engineering industry in Malaysia as well as the possession of the relevant CIDB grades and our ability to provide quality, timely and integrated services give us an advantage in maintaining existing customers and securing new business opportunities, which is crucial to our daily business operations and future business development.

Our Managing Director and Executive Directors' experience in the M&E engineering industry have also allowed us to readily establish our presence in the industry. Throughout the years, we have built a reputation as a quality and reliable contractor with a portfolio of completed and ongoing projects across Peninsular Malaysia, as evidenced by the growth in our Group's revenue.

7.5.2 We have a track record of undertaking M&E engineering projects in Peninsular Malaysia

Since 1990, we have secured and completed several M&E engineering projects of varying scale and contract values for various types of properties. This has enabled us to establish a track record in delivering M&E engineering works and build a portfolio of diverse engineering projects for:

- commercial properties such as data centres, shopping complexes, retail outlets, food and beverage chain outlets, hotels and office towers;
- industrial properties such as manufacturing plants and warehouses; and

7. BUSINESS OVERVIEW (Cont'd)

- high rise residential properties such as apartments and condominiums.

The evaluation criteria of private sector projects generally include historical performance and quality of services provided in previous projects of similar nature and complexity. Our track record in private sector projects enables us to develop a solid understanding of the service quality in terms of standards and timelines expected by our private sector customers.

Further, mutual reliance between the M&E engineering contractor and customers is not uncommon in the private sector, where the customer is more likely to retain the same contractor who has accumulated experience in carrying out their projects and work orders for better coordination and more effective project management. Our Directors believe that our past participation in such projects would be considered favourably by other customers, as reflected in the increasing number of projects awarded to us.

Our Directors consider that our CIDB registration as a Grade G7 contractor for the Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME) categories distinguishes us in the M&E engineering industry in Malaysia, considering that achieving such grading allows us to participate in tendering and executing M&E engineering projects with unlimited contract value throughout Malaysia. In light of our qualifications in tendering for projects of varying scale, our Directors consider that we are well-positioned to capture any future growth in the M&E engineering market.

7.5.3 We have contracts to sustain us in the near term

Our order book is contract based. As at the LPD, we have 12 subsisting contracts with a total unbilled order book of RM203.69 million.

The unbilled order book will be recognised progressively up to the FYE 2025. Of the total unbilled amount of RM203.69 million, we expect to bill and recognise revenue of approximately RM53.68 million from the LPD to 31 December 2024 and RM150.01 million for the FYE 2025.

As at the LPD, we have also submitted 22 tenders with a total tender sum of RM559.71 million which are still pending decision from clients. This will provide us with the opportunities to replenish or enlarge our order book if awarded.

7.5.4 We have an experienced management team

We have a qualified and experienced management team headed by our Managing Director Ir. Cheah Boon Hwa, who has contributed to the growth and development of our Group. Ir. Cheah Boon Hwa is responsible for managing and implementing our Group's business development plans and strategies as well as overseeing the day-to-day operations of our Group. He brings with him approximately 43 years of experience in the M&E engineering industry. He is supported by our Executive Directors Cheah Boon Huat and Cheah Min Heng who have relevant experience in their respective fields covering project tendering, project management and implementation, legal and contract matters, procurement and human resource management. Please refer to Section 5 of this Prospectus for the profiles of our Directors and key senior management.

Our Directors and key senior management comprise:

Directors / Key senior management	Designation
Ir. Cheah Boon Hwa	Managing Director
Cheah Boon Huat	Executive Director
Cheah Min Heng	Executive Director
Tang Wai Hoong	Chief Financial Officer
Ir. Ling Yang Ming	Project and Engineering Director
Soon Fong Piew	Contracts Director

7. BUSINESS OVERVIEW (Cont'd)

Our Directors and key senior management team have strong industry and functional expertise as a result of years of experience in their respective fields. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. As a result, there is a transfer of skills and knowledge to employees at all levels in our organisational structure. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand.

7.6 SEASONALITY

Our operations are not significantly affected by seasonal/ cyclical effects as our customers generally operate throughout the year. The demand for our services and solutions may be affected by global and local economic conditions and government policies, which may affect the property development, construction and electricity supply industries.

7.7 OUR BUSINESS AND OPERATION PROCESS

We adopt the following process flow in the provision of electrical engineering for power distribution systems as well as mechanical engineering for building systems:

(a) Tender and contracts

We secure projects either through tenders, invitations or referrals from existing or prospective customers. Upon the receipt of invitation to tender, we will perform a preliminary assessment before deciding whether to participate in the tender exercise by reviewing the scope of services and timeline, understanding the customer's requirements and identifying any industry standards, statutory or regulatory requirements, the creditworthiness of the customer as well as the financial attractiveness of the project.

When we decide to participate in the tender exercise, our contracts team is responsible for preparing the proposal and project costing details for the tender. The Contracts team will also need to collaborate with other members of our project department to complete the tender documents for bidding, under the guidance of our Managing Director, Executive Directors and key senior management.

At this stage, we will carry out site assessment, costing, identification of statutory and regulatory requirements, evaluation of predetermined design and specification, project scheduling as well as resource planning including financial, manpower and supply of materials. Our contracts team will prepare the cost estimation for materials and services for inclusion in the tender bid documents or quotation proposals. For design and build projects, we will prepare the initial engineering design for electrical systems.

We will submit the technical and commercial proposals to the customer for their evaluation. For some tenders, we may be required to submit a tender bond with a specified amount as part of tender documents, to provide assurance to our customer that we will proceed with the contract upon acceptance of the tender by our customer. The tender bond is typically returned to us upon the announcement of the results of the tender.

During the tendering phase, we may be requested to attend tender interviews, where we will be required to present the details of or provide clarifications on our proposals. If we are successful, the customer will typically present us with a letter of award prior to the signing of a contract or purchase order.

7. BUSINESS OVERVIEW (Cont'd)

(b) Project planning

Upon award of a contract, a team leader will be assigned to the project and a project team comprising project engineers, project supervisors, health and safety officers and quantity surveyors will be assembled. The project team will hold a project kick-off meeting with the customer to establish a common understanding of project requirements and perform a site visit.

The project planning phase involves the preparation of a detailed master project development plan which covers project costing and resource allocation, roles and responsibilities of the project team members, work schedules, project deliverables, control and monitoring mechanisms and quality requirements. The plan will also be submitted to our customer and their consultants, who will assist in monitoring the project. The implementation of the project plan will also be monitored by our team leader under the supervision of our Executive Directors, who will ensure that the contractual requirements and the needs of our customers are aligned.

Our project team will furnish the relevant supporting documents required for the application of the relevant regulatory permits and approvals required for the commencement of the project, such as electricity supply application from the National Grid owner and operator, namely Tenaga Nasional. For projects which involve substation building construction, we provide the necessary engineering drawings for the application of development plans and construction permits from the local councils. For clarity, the application of the relevant regulatory permits and approvals as well as development plans and construction permits will be carried out by the consultant appointed by the customer.

(c) Design

For projects with design component, we are involved in the early development of conceptual design up to the detailed design, including developing drawings for M&E systems, as well as civil, structural and architectural drawings, where required. We undertake electrical systems drawings internally, and liaise with our appointed engineering consultants for mechanical systems as well as civil, structural and architectural drawings.

We will submit all engineering drawings to the customer and their appointed consultants for finalisation and approval. For substation projects, we will liaise with Tenaga Nasional for the final acceptance of the technical design and specifications of the substation.

For projects wherein we are not responsible for design works, we will obtain the engineering drawings from the customer or their appointed consultant to facilitate our planning of installation and construction works.

(d) Procurement

Our procurement activities mainly involve identifying relevant M&E equipment as well as components, subcontractors of civil, structural and mechanical services. Our procurement team will source quotations from our pre-approved suppliers and subcontractors or as advised by our customers.

Typically, our customers or their appointed consultants will have a preferred selection or pre-approved list of brands and suppliers for critical electrical equipment such as switchgears, transformers, switchboards, distribution boards, process control panels and motor control centre panels as well as HV and MV power cables. However, the selection of suppliers for other electrical equipment and materials is based on price, timeliness of delivery, reputation, reliability and product quality. Once the suppliers have been identified, we will request quotations from them.

7. BUSINESS OVERVIEW (Cont'd)

We engage subcontractors for certain portions of work, namely civil, structural and M&E services where these subcontractors will carry out works under our supervision. Potential subcontractors will be requested to provide us with their quotations.

Once we receive the quotations from subcontractors, we will review the quotation and their profile, based on criteria such as quality of work, experience, record of timely completion of work, responsiveness to instruction, availability of resources including manpower, machinery and equipment, materials and financing.

(e) Construction and installation

Once we have received the project site, our project team and subcontractors will begin construction and installation works.

The construction works will involve civil, structural and architectural works, while installation works will involve M&E engineering works, depending on the scope of our contract. We engage subcontractors to carry out all the construction and installation works under our project management and supervision.

Our project team will be stationed on-site to supervise and monitor the progress of the installation works, to ensure that the works carried out are in accordance with the drawing plan and contract specifications as well as in compliance with the relevant local regulations and industry standards. The customer as well as their consultants and/or architects will also perform periodic site visits to keep track of the progress of the project and adherence to the specifications.

(f) Testing and commissioning

Upon the completion of the installation of electrical equipment, our project team will conduct a pre-commissioning exercise to ensure that all equipment and supporting devices are properly installed. The project team will further carry out an initial field test on the installed devices, followed by load tests which involve the live testing of electrical signals running through the system. Finally, an integrated system test is performed to test the entire installed system. This is to ensure that each sub-system can operate independently as well as interface effectively with each other.

We also conduct relevant quality and safety tests during this stage before project completion and handover. For selected specialised electrical equipment, we ensure that the relevant suppliers have tested and commissioned the equipment prior to delivery, such that it meets the relevant contractual specifications and requirements of our customers.

All specified inspections, testing and commissioning are typically carried out under the supervision of the consultant appointed by our customer, and are intended to verify that our works meet all technical requirements and contractual obligations. For substation projects, we will liaise with a representative from Tenaga Nasional for the inspection, testing and commissioning of the substation.

In some instances, we may be required to undertake rectification works and/or re-commissioning works and subsequently re-inspect to ensure regulatory and contractual compliance.

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7. BUSINESS OVERVIEW (Cont'd)

(g) Handover

After all the necessary tests have been completed and approvals have been obtained, project implementation will be deemed completed and the certificate of practical completion or certificate of handover will be issued to us by our customer or their appointed consultant. This also marks the commencement of the defect liability period. We will handover the as-built drawings as well as equipment operational and maintenance manuals to the project owner as part of handover.

(h) Defect liability rectification

During the defect liability period, upon receiving report on defects identified by the customer, our project team will investigate and rectify the issue by getting our technicians or the relevant subcontractors to rectify the defects.

The length of the defect liability period generally ranges from 12 months to 24 months after issuance of the certificate of practical completion or certificate of handover. Upon expiry of the defect liability period and the complete rectification of all defects identified, the customer or their appointed consultant will issue a certificate of making good defects. For installation works that are subcontracted to third parties, our practice is to maintain a back-to-back defect liability period with our subcontractors, whereby our subcontractors are responsible for performing the rectification works and bearing the associated rectification costs.

(i) Maintenance

During the defect liability period, we will provide on-site rectification.

After the defect liability period is over, we may continue to provide our customers with maintenance of M&E systems if they engage us to do so on an ad-hoc basis via purchase order.

Our scope of works for maintenance varies based on the needs of our customers, comprising preventive maintenance works.

7.8 TECHNOLOGY USED AND TO BE USED

(a) 2D shop drawing

Shop drawings are detailed drawing details that depict the installation for M&E systems such as sheet metal ductwork, piping, plumbing, fire protection and electrical. We use 2D shop drawings to explain the installation of equipment and wiring to our installation crew, along with importation notations relating to the installation of these equipment and wiring.

(b) Power Tool

We use this electrical engineering software to simulate real events that occur in an electrical power network in an accurate manner. This allows our engineers to assess the dynamics of any changes made to the electrical network.

(c) Electrical Transient Analyser Program (ETAP)

We use this electrical network modelling and simulation software tool to create an "electrical digital twin" and analyse electrical power system dynamics, transients and protection.

7. BUSINESS OVERVIEW (Cont'd)

Power system simulation requires an electrical digital twin consisting of a power system network model that includes system connectivity, topology, electrical device characteristics, historical system response and real-time operations data in order to make offline or online decisions. This engineering software utilises an electrical digital twin which allow engineers and operators to perform the abovementioned studies in offline or online mode.

(d) CYMCAP

This software allows users to design power cables and calculate their electrical parameters, as well as calculate the current carrying capacity and thermal effects of cables for installation conditions. We use this software to calculate the ampacity and temperature rise calculations for power cable installations in our M&E engineering projects.

(e) Building Information Modelling (“BIM”) software

We use BIM software to create digital representations of building designs and their associated systems and processes. BIM software such as AutoCAD Revit creates detailed three-dimensional (3D) models of architectural, civil, structural and M&E distribution systems which would include data associated with the physical and functional characteristics of the system.

BIM software allows multiple stakeholders such as architects, engineers, contractors and other stakeholders to collaborate on coordinated models which provide better insight into how their work fits into the overall project, ultimately promoting efficiency and effectiveness during the planning and design phases. Pertinent data and information are shared in the BIM software throughout the project lifecycle, from planning and design to construction and operations. BIM software includes a range of tools, functions and features to facilitate visualisation, data analysis, clash detection and collaboration.

All of the abovementioned software are purchased from vendors, and are renewed on a periodical basis.

7.9 QUALITY CONTROL PROCEDURES AND CERTIFICATIONS

We adopt stringent quality control and assurance practices to maintain our reputation and market standing as a reliable contractor. As such, our Group places strong emphasis on quality management to ensure that the quality of our deliverables comply with the relevant industry standards, local regulations and meet the expectations and requirements of our customers.

As a testament to our quality commitment, our subsidiary CBH Engineering including CBH Maintenance and CBH M&E, have been certified compliant to ISO 9001:2015, details of which are included below:

Year first awarded	Current validity period	Certification	Scope	Awarding body
2009	30 July 2024 – 27 August 2027	ISO 9001:2015	Provision of design, supply, installation, testing, commissioning and maintenance services of electrical engineering works	SIRIM QAS International Sdn Bhd

We ensure that the projects we undertake are completed in accordance with requirements and specifications set out in the project as well as in compliance with relevant industry standards and local regulations (if any).

7. BUSINESS OVERVIEW (Cont'd)

We will request the suppliers to provide relevant certificates issued by relevant authorities before placing purchase orders. We also perform inspections on our procurement orders before the onsite deployment of said equipment and materials.

In selecting subcontractors, we assess them based on several criteria including quality of materials and services provided, track record, timeliness of delivery, qualifications, ability to comply with the requirements and specifications set out in the project contract as well as pricing. The selected subcontractor will be closely supervised by our project team throughout the project duration.

For every project, we would assign a project management team comprising a team leader, project engineers, project supervisors, health and safety officers and quantity surveyors to monitor the construction works throughout the project. The project management staff will report the project progress to the assigned team leader under the supervision of our Executive Directors. The team leader is responsible for supervising the day-to-day site activities, ensuring the project is progressing as scheduled as well as monitoring the work quality in accordance to the requirements of our customers.

The project team conducts regular on-site inspections on a daily basis for quality assurance together with customers and/or consultants and conducts regular internal discussion within the project team members and the team leader. Any issues arising will be notified promptly within the project team and corrective actions will be taken. In cases where the works of the subcontractor do not meet our technical specifications and requirements, our project management staff will liaise with the subcontractor's site representative, so that the corrective measures and rectification works can be carried out promptly.

A defect liability period that ranges from 12 months to 24 months is usually incorporated in the contractual terms of the project.

7.10 TYPES, SOURCES AND AVAILABILITY OF INPUTS

The breakdown of our Group's materials and services procured during the Financial Years Under Review and FPE 2024 are as follows:

Inputs	FYE 2021 ⁽¹⁾		FYE 2022 ⁽¹⁾		FYE 2023 ⁽¹⁾		FPE 2024 ⁽¹⁾	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Subcontractors' fee⁽²⁾:	13,906	28.03	47,046	37.18	48,105	37.76	38,816	36.58
Electrical works	5,829	11.75	30,052	23.75	25,007	19.63	18,341	17.28
Civil and structural construction	3,849	7.76	10,876	8.60	15,034	11.80	13,422	12.65
Other subcontracted services:	4,228	8.52	6,118	4.83	8,064	6.33	7,053	6.65
- ACMV	723	1.46	975	0.77	2,275	1.78	1,632	1.54
- Firefighting	1,185	2.39	1,007	0.79	1,727	1.36	2,137	2.01
- Plumbing and sanitary	1,429	2.88	668	0.53	1,571	1.23	334	0.32
- Others ⁽³⁾	891	1.79	3,468	2.74	2,491	1.96	2,950	2.78
Purchases:	35,696	71.97	79,483	62.82	79,277	62.24	67,299	63.42
High voltage equipment	19,716	39.75	29,481	23.30	33,933	26.64	40,795	38.45
Submain cable	6,394	12.89	24,202	19.13	26,029	20.44	12,160	11.46
Cable support system	3,347	6.75	994	0.79	1,570	1.23	309	0.29
Electrical products:	3,132	6.31	6,857	5.42	6,369	5.00	2,750	2.59
- LV switchboard	2,005	4.04	2,779	2.20	2,430	1.91	1,346	1.27

7. BUSINESS OVERVIEW (Cont'd)

Inputs	FYE 2021 ⁽¹⁾		FYE 2022 ⁽¹⁾		FYE 2023 ⁽¹⁾		FPE 2024 ⁽¹⁾	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
- Generator set	357	0.72	2,589	2.05	1,175	0.92	806	0.76
- Light fittings	770	1.55	1,489	1.17	2,764	2.17	598	0.56
Equipment and accessories:	-	-	8,930	7.05	5,650	4.43	6,389	6.02
- Control relay panel	-	-	2,425	1.91	5,140	4.03	6,389	6.02
- Fuel storage tank	-	-	6,505	5.14	510	0.40	-	-
Others ⁽⁴⁾	3,107	6.27	9,019	7.13	5,727	4.50	4,896	4.61
Total	49,602	100.00	126,529	100.00	127,382	100.00	106,115	100.00

Notes:

- (1) Save for FYE 2021 and FPE 2024, all of our purchases and subcontractor services are sourced from local suppliers and traders. In FYE 2021, 97.83% of our purchases and subcontractor services was sourced locally while 2.17% was foreign sourced. In FPE 2024, 99.83% of our purchases and subcontractor services was sourced locally while 0.17% was foreign sourced.
- (2) Comprises costs of materials (such as ventilation fans, cable ties and lugs, light fittings and steel wires), including testing, commissioning and installation fees.
- (3) Includes liquified petroleum gas (LPG) works, telephone and information and communication technologies (ICT) works.
- (4) Includes lightning protection systems, closed circuit television (CCTV) systems, card access system, public address (PA) system, security alarm system, telephone and information and communication technologies (ICT) systems.

High voltage equipment was our largest purchase for the Financial Years Under Review and FPE 2024 which comprised 39.75%, 23.30%, 26.64% and 38.45% of our total purchases and subcontractors' fee in FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

It is our strategy to maintain sufficient buffer in our budgeted project cost which allows better planning for potential cost overruns that may arise due to increased prices of raw materials as well as power equipment. The buffers in our budgeted project cost had been sufficient to contain the price fluctuations in commodity prices such as copper (being a raw material in the manufacturing of copper cables) and aluminium for the Financial Years Under Review and FPE 2024.

We generally purchase materials on a project basis. We have good business relationships with our suppliers, which has contributed to our purchasing and cost efficiency.

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7. BUSINESS OVERVIEW (Cont'd)

7.11 MATERIAL MACHINERY AND EQUIPMENT

Our Group does not own machinery as it is not required for the delivery of our M&E engineering services. Our equipment comprise hand tools and testing equipment, as summarised below:

Tools/Testing Equipment	Function	No. of units
Digital/ Analog insulation and continuity tester	Measures cable insulation resistance and cable continuity testing	11
Digital residual-current device (RCD) tester	Measures and detects leakage of currents on the LV cables	2
Digital lux meter (Illuminometer)	Measures lighting lux / illuminance level	5
Digital earth tester	Measures earth resistance / grounding resistivity	6
Digital clamp meter	Measures current such as AC current, AC and DC voltage, resistance and continuity	5
Digital multimeter	Measures the quantities of voltage, current, and resistance	2
Rotation meter	Determines phase direction of 3-phase power supply/motor	3
Torque driver / wrench	Tools for tightening bolts, screw and nuts to the required torque settings	6

7.12 ANNUAL CAPACITY, OUTPUT AND UTILISATION

Our Group is principally involved in the provision of M&E engineering services. As such, conventional measures of production capacity and utilisation are not applicable to our operations.

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7. BUSINESS OVERVIEW (Cont'd)

7.13 INTELLECTUAL PROPERTIES

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

Registration No. / Class	Issuing Authority	Trademark	Registered Owner	Description / Product name	Status / Registration validity
2015053442 / 37	Intellectual Property Corporation of Malaysia ("MyIPO")		CBH Engineering	Disconnecting unused service lines (eg gas, mains water, electricity); Electrical apparatus installation; Electrical engineering services (construction); Electrical installation services; Electrical wiring services; Installation of electricity generators; Interference suppression in electrical apparatus; Maintenance and repair of electrical apparatus; Residential, commercial and industrial installation and repair of electrical and computer wiring and cabling; All included in Class 42.	Registered / 9 March 2015 – 9 March 2025
2015053443 / 42	MYIPO		CBH Engineering	Advisory services relating to building design; Advisory services relating to industrial design; Advisory services relating to interior design; Advisory services relating to the design and development of computer hardware; Bathroom design services; Building design services; Civil engineering (design); Civil engineering design services; Design consultancy; Design engineering; Design of building interiors; Design of business premises; Design of electric circuit boards; Design of electrical systems; Design of electronic systems; Design of equipment for transportation; Design of facilities for the transportation of waste;	Registered / 9 March 2015 – 9 March 2025

7. BUSINESS OVERVIEW (Cont'd)

Registration No. / Class	Issuing Authority	Trademark	Registered Owner	Description / Product name	Status / Registration validity
				Design of layouts for offices; Design of lighting systems; Design of office space; Design of shops; Design of sports facilities; Design of storage systems; Design of telecommunications apparatus; Design of telecommunications installations; Design planning; Design services; Design services for architecture; Design services for artwork; Design services relating to civil engineering; Design services relating to interior decoration; Designing and planning of real estate subdivisions and developments; Electrical engineering services (design); Engineering design; Environment design services; House design; Industrial design; Industrial design styling; Industrial engineering design services; Interior decor design; Interior decorating design; Interior design services; Kitchen design; Product design; Project management (design); Structural engineering services (design); All included in Class 42.	
2015053445 / 44	MYIPO		CBH Engineering	Agriculture, horticulture, and forestry services; Cultivation of oil palm trees; Consultancy relating to tree planting, horticulture, and landscape design services; Vermin exterminating for agriculture, horticulture and forestry; Weed killing; All included in Class 44.	Registered / 9 March 2015 – 9 March 2025

7. BUSINESS OVERVIEW (Cont'd)

7.14 LICENSES AND PERMITS

Save as disclosed below, there are no other licenses and permits which our Group is materially dependent on for our business or profitability as at the LPD.

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
1.	CBH Engineering, CBH Maintenance, CBH Projects Engineering and CBH M&E	SIRIM / Certificate of Registration for ISO 9001:2015 with Certificate No.: QMS 02061	30 July 2024 / 27 August 2027	Implementation of a quality management system complying with ISO 9001:2015 for the provision of design, supply, installation, testing, commissioning and maintenance services of electrical engineering works.	Nil	Not applicable
2.	CBH Engineering, CBH Maintenance, CBH Projects Engineering and CBH M&E	SIRIM / Certificate of Recognition by IQNet	30 July 2024 / 27 August 2027	Implementation and maintain a quality management system for provision of design, supply, installation, testing, commissioning and maintenance services of electrical engineering works which fulfils the requirement of ISO 9001:2015.	Nil	Not applicable
3.	CBH Engineering	SEDA / Certificate of Registration as Registered Photovoltaic Service Provider	5 January 2024 / 31 December 2024 ⁽¹⁾	(i) Registered photovoltaic service provider with SEDA; and (ii) Qualified to participate in Feed-in Tariff, programme, "Net Energy Metering" programme or any programme under the Renewable Energy Act administered by SEDA.	This registration must be renewed at least 30 days before the expiry date.	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status								
4.	CBH Engineering	Energy Commission Malaysia / Certificate of Registration as Electrical Contractor with Registration No.: ST(TKL)SGR/C/KE /03145/2015	1 July 2021 / 30 June 2026	To engage in electrical works as an electrical contractor (Class A) at No. 12, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor for a period of 5 years (not less than 1 year and not more than 5 years) from the date of issuance, which is 1 July 2021.	Nil	Not applicable								
5.	CBH Engineering	Tenaga Nasional / Certificate of Registration as Tenaga Nasional Contractor with Registration No.: 3054801 and Certificate No.: 1970512-SL031496	19 June 2024 / 10 August 2027	Registered contractor with Tenaga Nasional under Grade G7. <table border="1"> <thead> <tr> <th>Category</th> <th>Specialisation</th> </tr> </thead> <tbody> <tr> <td>B</td> <td>B04</td> </tr> <tr> <td>CE</td> <td>CE21</td> </tr> <tr> <td>ME</td> <td>E01, E02, E03, E04, E05, E06, E10, E11, E15, E16, E17, E18, E19, E20, E21, E22, E23, E24, E25, E32, E33, E34, M01, M02 and M15</td> </tr> </tbody> </table> <p>B - Building; B04 - Building Construction Works; CE - Civil Engineering;</p>	Category	Specialisation	B	B04	CE	CE21	ME	E01, E02, E03, E04, E05, E06, E10, E11, E15, E16, E17, E18, E19, E20, E21, E22, E23, E24, E25, E32, E33, E34, M01, M02 and M15	Nil	Not applicable
Category	Specialisation													
B	B04													
CE	CE21													
ME	E01, E02, E03, E04, E05, E06, E10, E11, E15, E16, E17, E18, E19, E20, E21, E22, E23, E24, E25, E32, E33, E34, M01, M02 and M15													

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
				CE21 - Civil Engineering Construction; ME - Mechanical and electrical; E01 - Sound System; E02 - Monitoring and Safety System; E03 - Building Automation System; E04 - Low Voltage Installation; E05 - High Voltage Installation up to 11KV; E06 - Special Lighting System; E10 - Uninterrupted Power Supply System; E11 - General Electrical Works; E15 - Airport Runway Lights; E16 - Street Lights & Traffic Lights; E17 - Low Voltage Underground Cable; E18 - High Voltage Underground Cable up to 11KV; E19 - High Voltage Underground Cable Exceeding 11KV up to 33KV; E20 - High Voltage Underground Cable Exceeding 33KV; E21 - Low Voltage Overhead Line; E22 - High Voltage Overhead Line up to 33KV;		

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status								
				E23 - High Voltage Overhead Line Exceeding 33KV; E24 - Installation of High Voltage Exceeding 11KV up to 33KV; E25 - Installation of High Voltage Exceeding 33KV; E32 - Low Voltage Power Distribution; E33 - High Voltage Power Distribution up to 33KV; E34 - Grid-Connected Photovoltaic Solar System with a Capacity of up to 72kW; M01 - Cooling and Air Circulation System; M02 - Fire Prevention and Protection System; and M15 - Various Mechanical Equipment										
6.	CBH Engineering	CIDB / Certificate of Registration with Registration No.: 1970512-SL031496	4 June 2024 / 10 August 2027	Registered contractor with CIDB under Grade G7. <table border="1" data-bbox="1196 1193 1574 1407"> <thead> <tr> <th>Category</th> <th>Specialisation</th> </tr> </thead> <tbody> <tr> <td>B</td> <td>B04</td> </tr> <tr> <td>CE</td> <td>CE21</td> </tr> <tr> <td>ME</td> <td>E01, E02, E03, E04, E05, E06, E10, E11, E15,</td> </tr> </tbody> </table>	Category	Specialisation	B	B04	CE	CE21	ME	E01, E02, E03, E04, E05, E06, E10, E11, E15,	(i) This certificate is non-transferable; (ii) The contractor shall not participate in any tender or execute any construction	Complied
Category	Specialisation													
B	B04													
CE	CE21													
ME	E01, E02, E03, E04, E05, E06, E10, E11, E15,													

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses		Material conditions imposed	Compliance status		
				<table border="1" data-bbox="1196 395 1574 609"> <tr> <td data-bbox="1196 395 1350 609"></td> <td data-bbox="1350 395 1574 609">E16, E17, E18, E19, E20, E21, E22, E23, E24, E25, E32, E33, E34, M01, M02 and M15</td> </tr> </table> <p data-bbox="1196 643 1615 1382"> B - Building; B04 - Building Construction Works; CE - Civil Engineering; CE21 - Civil Engineering Construction; ME - Mechanical and electrical; E01 - Sound System; E02 - Monitoring and Safety System; E03 - Building Automation System; E04 - Low Voltage Installation; E05 - High Voltage Installation up to 11KV; E06 - Special Lighting System; E10 - Uninterrupted Power Supply System; E11 - General Electrical Works; E15 - Airport Runway Lights; E16 - Street Lights & Traffic Lights; E17 - Low Voltage Underground Cable; </p>			E16, E17, E18, E19, E20, E21, E22, E23, E24, E25, E32, E33, E34, M01, M02 and M15	<p data-bbox="1682 395 1883 549">works after the expiration of this certificate unless it is renewed;</p> <p data-bbox="1637 580 1883 1163">(iii) The contractor shall not undertake any construction projects which exceeds the value of construction works specified under the registration grade and shall not execute any type of construction work outside of its registered category(ies); and</p> <p data-bbox="1637 1198 1883 1412">(iv) The contractor shall apply for a renewal of registration within 60 days before the expiry date</p>	
	E16, E17, E18, E19, E20, E21, E22, E23, E24, E25, E32, E33, E34, M01, M02 and M15								

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
				E18 - High Voltage Underground Cable up to 11KV; E19 - High Voltage Underground Cable Exceeding 11KV up to 33KV; E20 - High Voltage Underground Cable Exceeding 33KV; E21 - Low Voltage Overhead Line; E22 - High Voltage Overhead Line up to 33KV; E23 - High Voltage Overhead Line Exceeding 33KV; E24 - Installation of High Voltage Exceeding 11KV up to 33KV; E25 - Installation of High Voltage Exceeding 33KV; E32 - Low Voltage Power Distribution; E33 - High Voltage Power Distribution up to 33KV; E34 - Grid-Connected Photovoltaic Solar System with a Capacity of up to 72kW; M01 - Cooling and Air Circulation System; M02 - Fire Prevention and Protection System; and M15 - Various Mechanical Equipment	specified in this certificate.	

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
7.	CBH Engineering	CIDB / Government Procurement Works Certificate with Registration No.: 1970512-SL031496	10 June 2024 / 10 August 2027	Registered contractor in respect of Government Procurement Works Certificate under Grade G7 for the categories B (Building), CE (Civil Engineering) and ME (Mechanical and Electrical)	<p>(i) This certificate cannot be used as a certificate to commence/commit to construction works. This certificate can only be used to participate in government procurement or agency-related works;</p> <p>(ii) This certificate will be automatically cancelled if the Certificate of Registration as CIDB contractor has expired or is revoked/suspended according to Regulation 15, Contractor</p>	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
					<p>Registration (Construction Industry) Regulations 1995 (“Regulations 1995”);</p> <p>(iii) This certificate must be submitted together with the Certificate of Registration as CIDB contractor when participating in government tenders or agency-related to the government;</p> <p>(iv) This certificate must be renewed together with the Certificate of Registration</p>	

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
					<p>as CIDB contractor issued by CIDB;</p> <p>(v) The contractor shall not participate in any tender or carry out any construction works after the expiry of this certificate and until it is renewed.</p> <p>(vi) Any changes in information must be notified to CIDB within 30 days from the date of occurrence of such changes.</p> <p>(vii) Contractors registered under this certificate are</p>	

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
					only permitted to participate in tenders invited for the registration grade for which they are registered.	
8.	CBH Engineering	Majlis Bandaraya Shah Alam ("MBSA") / Temporary permit	12 April 2024 / 11 April 2027	CBH Engineering has a temporary permit for 9 partitions and 3 party walls for No. 12 & 14, Jalan Anggerik Vanilla, AD 31/AD, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor.	MBSA has the right to make any amendment/cancellation to this permit at any time if necessary.	Complied
9.	CBH Engineering	MBSA / Business and Signboard License with Account No.: 031025420050001 and File No.: MBSA/LSP/LS/600-4/1/2886	15 November 2024 / 31 December 2025	CBH Engineering has a valid business license to operate a store and to place business signboard at No. 12, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor.	Nil	Not applicable
10.	CBH Engineering	MBSA / Temporary Business License with Account No.: L031125420240021 and File No.:	15 May 2024 / 14 May 2025	CBH Engineering has a temporary business license for their office and for carrying out mechanical/electrical engineering works and services at No. 12A,	MBSA reserves the right to suspend or cancel this temporary license at any time without	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status								
		MBSA.LSN.700-3/9/77		12B, 14, 14A & 14B, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor.	assigning any reason and compensating for any losses arising from it.									
11.	CBH M&E	CIDB / Certificate of Registration with Registration No.: 0120181214-WP020790	24 June 2022 / 20 June 2025	<p>Registered contractor with CIDB under the Grade G7.</p> <table border="1" data-bbox="1196 715 1574 863"> <thead> <tr> <th>Category</th> <th>Specialisation</th> </tr> </thead> <tbody> <tr> <td>B</td> <td>B04</td> </tr> <tr> <td>CE</td> <td>CE21</td> </tr> <tr> <td>ME</td> <td>M15</td> </tr> </tbody> </table> <p>B - Building; B04 - Building Construction Works; CE - Civil Engineering; CE21 - Civil Engineering Construction; ME - Mechanical and electrical; and M15 - Various Mechanical Equipment</p>	Category	Specialisation	B	B04	CE	CE21	ME	M15	<p>(i) This certificate is non-transferable;</p> <p>(ii) The contractor shall not participate in any tender or execute any construction works after the expiration of this certificate unless it is renewed;</p> <p>(iii) The contractor shall not undertake any construction projects which exceeds the value of construction works specified under the</p>	Complied
Category	Specialisation													
B	B04													
CE	CE21													
ME	M15													

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
					registration grade and shall not execute any type of construction work outside of its registered category(ies); and (iv) The contractor shall apply for a renewal of registration within 60 days before the expiry date specified in this certificate.	
12.	CBH M&E	Energy Commission Malaysia / Certificate of Registration as Electrical Contractor with Registration No.: ST(TKL)SGR/C/KE /02834/2017	30 November 2024 / 29 November 2026	Grants authority to CBH M&E to carry out electrical work as an electrical contractor at 10A, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor, under Class A, for a period of 2 years (not less than 1 year and not more than 5 years) from the date of issuance, which is 30 November 2024.	Nil	Not applicable

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
13.	CBH M&E	MBSA / Temporary Business and Signboard License with Account No.: L03112542024000 7 and File No.: MBSA.LSN.700-3/9/32	26 February 2024 / 28 February 2025	CBH M&E has a temporary license for their office and business signboard as well as for carrying out contractor services at 10A, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan.	MBSA reserves the right to suspend or cancel this temporary license at any time without assigning any reason and compensating for any losses arising from it.	Complied
14.	CBH Maintenance	Energy Commission Malaysia / Certificate of Registration as Electrical Contractor with Registration No.: ST(TKL)SGR/C/KE /04686/2024	8 February 2024 / 7 February 2029	Grants authority to CBH Maintenance to carry out electrical work as an electrical contractor at No. 14B, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor, under Class C, for a period of 5 years (not less than 1 year and not more than 5 years) from the date of issuance, which is 8 February 2024.	(i) This certificate is non-transferable; (ii) The contractor shall not participate in any tender or execute any construction works after the expiration of this certificate unless it is renewed; (iii) The contractor shall not undertake any construction projects which exceeds the	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
					<p>value of construction works specified under the registration grade and shall not execute any type of construction work outside of its registered category(ies); and</p> <p>(iv) The contractor shall apply for a renewal of registration within 60 days before the expiry date specified in this certificate.</p>	
15.	CBH Maintenance	MBSA / Business License with Account No.: L03112542023004 8 and File No.: MBSA/LSP/L/600-4/14/LSJ/0267-23	8 October 2024 / 31 October 2025	CBH Maintenance has a license for their office, for carrying out contractor services and for supplying electrical/electronic products at No. 14B, Seksyen 31 Jalan Anggerik Vanilla AD 31/AD, Seksyen 31, Kota Kemuning, 40460 Shah Alam, Selangor.	Nil.	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status													
16.	CBH Maintenance	CIDB / Certificate of Registration with Registration No.: 0120240508-WP136920	8 May 2024 / 8 May 2026	<p>Registered contractor with CIDB under Grade G3 and G2.</p> <table border="1" data-bbox="1196 501 1621 847"> <thead> <tr> <th data-bbox="1196 501 1294 571">Grade</th> <th data-bbox="1294 501 1429 571">Category</th> <th data-bbox="1429 501 1621 571">Specialisation</th> </tr> </thead> <tbody> <tr> <td data-bbox="1196 571 1294 791" rowspan="3">G3</td> <td data-bbox="1294 571 1429 608">B</td> <td data-bbox="1429 571 1621 608">B04</td> </tr> <tr> <td data-bbox="1294 608 1429 644">CE</td> <td data-bbox="1429 608 1621 644">CE21</td> </tr> <tr> <td data-bbox="1294 644 1429 791">ME</td> <td data-bbox="1429 644 1621 791">E03, E06, E10, E11, E16, E17, E21, M15</td> </tr> <tr> <td data-bbox="1196 791 1294 847">G2</td> <td data-bbox="1294 791 1429 847">ME</td> <td data-bbox="1429 791 1621 847">E04</td> </tr> </tbody> </table> <p>B - Building; B04 - Building Construction Works; CE - Civil Engineering; CE21 - Civil Engineering Construction; ME - Mechanical and electrical; E03 - Building Automation System, E06 - Special Lighting System, E10 - Uninterrupted Power Supply System, E11 - General Electrical Works, E16 - Street Lights & Traffic Lights, E17 - Low Voltage Underground Cable; E21 - Low Voltage Overhead Line;</p>	Grade	Category	Specialisation	G3	B	B04	CE	CE21	ME	E03, E06, E10, E11, E16, E17, E21, M15	G2	ME	E04	<p>(i) This certificate is non-transferable;</p> <p>(ii) The contractor shall not participate in any tender or execute any construction works after the expiration of this certificate unless it is renewed;</p> <p>(iii) The contractor shall not undertake any construction projects which exceeds the value of construction works specified under the registration grade and shall not execute any type of construction work outside of its registered</p>	Complied
Grade	Category	Specialisation																	
G3	B	B04																	
	CE	CE21																	
	ME	E03, E06, E10, E11, E16, E17, E21, M15																	
G2	ME	E04																	

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
				M15 - Various Mechanical Equipment; and E04 - Low Voltage Installation	category(ies); and (iv) The contractor shall apply for a renewal of registration within 60 days before the expiry date specified in this certificate.	
17.	CBH M&E	Energy Commission Malaysia / Certificate of Competency as Wireman with Certificate No.: PW-T-4-B-0828-2013	30 November 2024 / 29 November 2026	Certificate of Competency of Amirul Sharizad Bin Zainal as a competent wireman for category PW4 (three phase wireman and endorsement test)	If this certificate is in the possession of any person other than the person to whom this certificate is issued, this certificate shall be returned immediately to the Energy Commission Malaysia.	Complied
18.	CBH M&E	Energy Commission Malaysia / Certificate of Competency as Wireman with Certificate No.: PW-T-4-B-0515-	30 November 2024 / 29 November 2026	Certificate of Competency of Muhamad Fadzli Bin Abdul Khalil as a competent wireman for category PW4 (three phase wireman and endorsement test)	If this certificate is in the possession of any person other than the person to whom this certificate is issued, this certificate shall be returned	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
		2014			immediately to the Energy Commission Malaysia	
19.	CBH M&E	Energy Commission Malaysia / Certificate of Competency as Wireman with Certificate No.: PW-T-4-B-0890-2016	30 November 2024 / 29 November 2026	Certificate of Competency of Mohamad Faedzul Asraf Bin Nazeree as a competent wireman for category PW4 (three phase wireman and endorsement test)	If this certificate is in the possession of any person other than the person to whom this certificate is issued, this certificate shall be returned immediately to the Energy Commission Malaysia	Complied
20.	CBH M&E	Energy Commission Malaysia / Certificate of Competency as Wireman with Certificate No.: PW-T-2-B-0924-2013	30 November 2024 / 29 November 2026	Certificate of Competency of Norhafiza Binti Bakar as a competent wireman for category PW2 (single phase wireman and endorsement test)	If this certificate is in the possession of any person other than the person to whom this certificate is issued, this certificate shall be returned immediately to the Energy Commission Malaysia.	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
21.	CBH M&E	Energy Commission Malaysia / Certificate of Competency as Wireman with Certificate No.: PW-T-2-B-0129-2006	30 November 2024 / 29 November 2026	Certificate of Competency of Khairil Fahmi Bin Muzahar as a competent wireman for category PW2 (single phase wireman and endorsement test)	If this certificate is in the possession of any person other than the person to whom this certificate is issued, this certificate shall be returned immediately to the Energy Commission Malaysia.	Complied
22.	CBH Maintenance	Energy Commission Malaysia / Certificate of Competency as Wireman with Certificate No.: PW-T-4-B-0969-2009	8 February 2024 / 7 February 2029	Certificate of Competency of Muhammad Adib Bin Arzahari as a competent wireman for category PW4 (three phase wireman and endorsement test)	If this certificate is in the possession of any person other than the person to whom this certificate is issued, this certificate shall be returned immediately to the Energy Commission Malaysia.	Complied
23.	CBH Engineering	Energy Commission Malaysia / Certificate of Competency as Wireman with Certificate No.: PW-T-2-B-1577-2012	1 July 2021 / 30 June 2026	Certificate of Competency of Fadli Bin Azis as a competent wireman for category PW2 (single phase wireman and endorsement test)	If this certificate is in the possession of any person other than the person to whom this certificate is issued, this certificate shall be returned immediately to the	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
					Energy Commission Malaysia.	
24.	CBH Engineering	Energy Commission Malaysia / Certificate of Competency as Wireman with Certificate No.: PW-T-1-B-1571-1997	1 July 2021 / 30 June 2026	Certificate of Competency of Loong Choong Kit as a competent wireman for category PW1 (single phase wireman)	If this certificate is in the possession of any person other than the person to whom this certificate is issued, this certificate shall be returned immediately to the Energy Commission Malaysia.	Complied
25.	CBH Engineering	Energy Commission Malaysia / Certificate of Competency as Wireman with Certificate No.: PW-T-4-B-0638-2014	1 July 2021 / 30 June 2026	Certificate of Competency of Mohamad Zulkhairie Bin Abdul Fatah as a competent wireman for category PW4 (three phase wireman and endorsement test)	If this certificate is in the possession of any person other than the person to whom this certificate is issued, this certificate shall be returned immediately to the Energy Commission Malaysia.	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
26.	CBH Engineering	Energy Commission Malaysia / Certificate of Competency as Wireman with Certificate No.: PW-T-4-B-0734-2023	1 July 2021 / 30 June 2026	Certificate of Competency of Mohammad Abdillah Bin Ibrahim as a competent wireman for category PW4 (three phase wireman and endorsement test)	If this certificate is in the possession of any person other than the person to whom this certificate is issued, this certificate shall be returned immediately to the Energy Commission Malaysia.	Complied
27.	CBH Engineering	Energy Commission Malaysia / Certificate of Competency as Wireman with Certificate No.: PW-T-1-B-2196-1997	1 July 2021 / 30 June 2026	Certificate of Competency of Tan Eng Heng as a competent wireman for category PW1 (single phase wireman)	If this certificate is in the possession of any person other than the person to whom this certificate is issued, this certificate shall be returned immediately to the Energy Commission Malaysia.	Complied
28.	CBH Engineering	Energy Commission Malaysia / Certificate of Competency as Wireman with Certificate No.: PW-T-4-B-1048-2005	1 July 2021 / 30 June 2026	Certificate of Competency of Yap Chai Huat as a competent wireman for category PW4 (three phase wireman and endorsement test)	If this certificate is in the possession of any person other than the person to whom this certificate is issued, this certificate shall be returned immediately to the	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Licensee	Issuing authority / License Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licenses	Material conditions imposed	Compliance status
					Energy Commission Malaysia.	

Note:

(1) Our Group has submitted the renewal application for the certificate to SEDA on 3 December 2024.

7.15 MATERIAL DEPENDENCY ON COMMERCIAL OR FINANCIAL CONTRACTS / AGREEMENTS / INTELLECTUAL PROPERTY RIGHTS / LICENSES OR PERMITS / BUSINESS PROCESSES

Save for our licenses and permits in Section 7.14 above of this Prospectus, the business and profitability of our Group are not materially dependent on any contracts, agreements, intellectual property rights, licenses and permits, and production or business processes as at the LPD.

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7. BUSINESS OVERVIEW (Cont'd)

7.16 MATERIAL PROPERTIES OF OUR GROUP

7.16.1 Properties owned by our Group

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

No.	Property	Registered owner / Title details / Postal address	Category of land use / Tenure / Expiry of lease (if any)	Description and existing use	Date of purchase / Date of issuance of CF / CCC	Total built-up area / Land area based on title	Express Conditions / Restrictions in Interest / Encumbrances	Fair value (RM)
1.	Condotel unit	<p>Registered owner CBH Engineering</p> <p>Title Details GRN 57452/M1/18/198, Parcel No. 198, Storey No. 18, Building No. M1, sited on Lot 12017, Bandar Melaka Kawasan Bandar XVIII, Daerah Melaka Tengah, Negeri Melaka</p> <p>Postal Address Unit No. 17-08 (17-8), The Pines Hotel, Jalan Tun Sri Lanang, 75100 Melaka</p>	<p>Category of Land Use Building</p> <p>Tenure of Property Freehold</p>	<p>Description A condotel unit situated on the 17th floor of a 30-storey building together with 6 levels of elevated car park</p> <p>Existing Use For investment purpose</p>	8 April 2013 / 3 June 2015	<p>Built-Up Area 495 sq ft</p> <p>Land Area Nil</p>	<p>Express Conditions For commercial buildings only</p> <p>Restrictions in Interest None</p> <p>Encumbrances None</p>	270,000 ⁽¹⁾

7. BUSINESS OVERVIEW (Cont'd)

No.	Property	Registered owner / Title details / Postal address	Category of land use / Tenure / Expiry of lease (if any)	Description and existing use	Date of purchase / Date of issuance of CF / CCC	Total built- up area / Land area based on title	Express Conditions / Restrictions in Interest / Encumbrances	Fair value (RM)
2.	Condotel unit	Registered owner CBH Engineering Title Details GRN 57452/M1/18/199, Parcel No. 199, Storey No. 18, Building No. M1, sited on Lot 12017, Bandar Melaka Kawasan Bandar XVIII, Daerah Melaka Tengah, Negeri Melaka Postal Address Unit No. 17-10 (17- 10), The Pines Hotel, Jalan Tun Sri Lanang, 75100 Melaka	Category of Land Use Building Tenure of Property Freehold	Description A condotel unit situated on the 17 th floor of a 30- storey building together with 6 levels of elevated car park Existing Use For investment purpose	8 April 2013 / 3 June 2015	Built-Up Area 495 sq ft Land Area Nil	Express Conditions For commercial buildings only Restrictions in Interest None Encumbrances None	270,000 ⁽¹⁾
3.	Service apartment	Registered owner CBH Engineering Title Details Pajakan Negeri 51197/M1/17/351, Parcel No. 351, Storey No. 17, Building No. M1, together with	Category of Land Use Building Tenure of Property 99-year leasehold interest expiring on 11 December	Description A 2-bedroom service apartment unit situated on the 16 th floor of a 21- storey building together with 1 level of basement car	15 April 2013 / 29 July 2013	Built-Up Area 662 sq ft Land Area 61 sq m	Express Conditions For service apartments Restrictions in Interest This land cannot be transferred, leased or mortgaged without the approval of Jawatankuasa Kerja Tanah Wilayah	500,000 ⁽²⁾

7. BUSINESS OVERVIEW (Cont'd)

No.	Property	Registered owner / Title details / Postal address	Category of land use / Tenure / Expiry of lease (if any)	Description and existing use	Date of purchase / Date of issuance of CF / CCC	Total built-up area / Land area based on title	Express Conditions / Restrictions in Interest / Encumbrances	Fair value (RM)
		Accessory Parcel Nos. A44, A1049, A1050, sited on Lot 20011 Seksyen 90, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur <u>Postal Address</u> Unit No. 16-23A, Amaya Maluri, Jalan Jejaka 2, Taman Maluri, 55100 Kuala Lumpur	2105	park <u>Existing Use</u> For investment purpose			Persekutuan Kuala Lumpur. <u>Encumbrances</u> None	

Notes:

(1) Based on the valuation ascribed by the independent valuer on 18 October 2023.

(2) Based on the valuation ascribed by the independent valuer on 14 October 2023.

The properties owned by our Group are not in breach of any land use or regulatory requirements. For information, the above properties are pending transfer from CBH Engineering to Quay Holdings pursuant to the sale and purchase agreement dated 11 December 2023 entered between CBH Engineering and Quay Holdings as well as the deed of assignment dated 11 January 2024 entered between CBH Engineering and Quay Holdings pertaining to the dividend in specie declared by CBH Engineering to Quay Holdings.

7. BUSINESS OVERVIEW (Cont'd)

7.16.2 Properties rented by our Group

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

No.	Description	Owner / Tenant	Existing Use	Date of issuance of CF / CCC	Total built-up area / Land area based on title	Period of tenancy / Rental per month
1.	7-05-06, Pangsapuri Sri Kemuning, Jalan Anggerik Aranda 31/42 Kota Kemuning, 40460 Shah Alam, Selangor	Goh Soo Mou / CBH Engineering	Staff accommodation	15 June 2001	<u>Built-Up Area</u> 850 sq ft <u>Land Area</u> Nil	<u>Period of tenancy</u> 1 May 2024 to 30 April 2025 (1 year) <u>Rental per month</u> RM850
2.	No. 14, 14A & 14B, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor	Ir. Cheah Boon Hwa / CBH Engineering	Head office	19 December 2000	<u>Built-Up Area</u> 5,134 sq ft <u>Land Area</u> 5,134 sq ft	<u>Period of tenancy</u> 1 May 2024 to 30 April 2025 (1 year) <u>Rental per month</u> RM8,000
3.	No. 12, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor	Quay Equities Sdn Bhd / CBH Engineering	Head office	19 December 2000	<u>Built-Up Area</u> 1,711 sq ft <u>Land Area</u> 1,711 sq ft	<u>Period of tenancy</u> 1 January 2023 to 31 December 2027 (5 years) <u>Rental per month</u> RM8,000

7. BUSINESS OVERVIEW (Cont'd)

No.	Description	Owner / Tenant	Existing Use	Date of issuance of CF / CCC	Total built-up area / Land area based on title	Period of tenancy / Rental per month
4.	No. 55, Jalan Laman Setia 3/12, Taman Laman Setia, 81550 Gelang Patah, Johor	Ooi Chan Jack / CBH Engineering	Staff accommodation	16 April 2013	Built-Up Area 1,650 sq ft Land Area 1,650 sq ft	Period of tenancy 1 June 2023 to 28 February 2025 (1 year and 9 months) Rental per month RM1,959
5.	No. A5-6, Centrepoint Business, No. 5, Jalan Tanjung Keramat 26/35, Seksyen 26, 40400 Shah Alam, Selangor	KST United Holding Sdn Bhd / CBH Engineering	Site office	14 December 1998	Built-Up Area 1,400 sq ft Land Area Nil	Period of tenancy 1 June 2024 to 31 March 2025 (10 months) Rental per month RM1,000
6.	No. 13261, Jalan Rajawali 7, Bandar Putra, 81000 Kulai, Johor	Tan Chiang Nam / CBH Engineering	Staff accommodation	28 February 2007	Built-Up Area 1,000 sq ft Land Area 1,400 sq ft	Period of tenancy 15 August 2023 to 31 March 2025 (1 year and 7.5 months) Rental per month RM1,400
7.	No. 10, 1 st Floor, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor	Koh Beng Teck / CBH M&E	Office	19 December 2000	Built-Up Area 1,711 sq ft Land Area 1,711 sq ft	Period of tenancy 1 February 2024 to 31 December 2026 (2 years and 11 months) Rental per month RM 1,500

7. BUSINESS OVERVIEW (Cont'd)

No.	Description	Owner / Tenant	Existing Use	Date of issuance of CF / CCC	Total built-up area / Land area based on title	Period of tenancy / Rental per month
8.	No. 264, Jalan Impiana 9, Taman Impiana, Kelapa Sawit, 81000 Kulai, Johor	Mohammad Fazli Bin Ghazhali Asokkomar / CBH Engineering	Staff accommodation	13 January 2020	Built-Up Area 3,200 sq ft Land Area 3,388 sq ft	Period of tenancy 1 October 2023 to 30 June 2025 (1 year and 9 months) Rental per month RM3,000
9.	No. 14B, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor	Ir. Cheah Boon Hwa / CBH Maintenance	Head office	19 December 2000	Built-Up Area 1,270 sq ft Land Area 1,270 sq ft	Period of tenancy 1 October 2023 to 30 September 2028 (5 years) Rental per month RM500
10.	Lot 4, Jalan Teluk Pulai 27/88, Seksyen 27, 40400 Shah Alam, Selangor	Demrac Marketing Sdn Bhd ⁽¹⁾ / CBH Engineering	Warehouse ⁽²⁾	21 June 2001	Built-Up Area 39,786 sq ft Land Area 90,569 sq ft	Period of tenancy 1 May 2024 to 30 April 2025 (1 year) Rental per month RM 10,000
11.	26, Jalan Lawa 11, Taman Pelangi Indah, 81800, Ulu Tiram, Johor	Ng Lian Kai / CBH Engineering	Staff accommodation	10 June 2003	Built-Up Area 2,900 sq ft Land Area 3,200 sq ft	Period of tenancy 1 July 2024 to 30 June 2025 (1 year) Rental per month RM 3,400

7. BUSINESS OVERVIEW (Cont'd)

No.	Description	Owner / Tenant	Existing Use	Date of issuance of CF / CCC	Total built-up area / Land area based on title	Period of tenancy / Rental per month
12.	No. 24, Jalan Kekabu 6, Taman Desa Cemerlang, 81800, Ulu Tiram, Johor	Lim Chian Pau / CBH Engineering	Staff accommodation	14 July 1992	Built-Up Area 2,700 sq ft Land Area 1,760 sq ft	Period of tenancy 1 September 2024 to 31 August 2025 (1 year) Rental per month RM 2,500
13.	Lot 1-2A, HIVE 8, Taman Teknologi MRANTI, Lebuhraya Puchong, Sungai Besi, Bukit Jalil, 57000 Kuala Lumpur	MRANTI Corporation Sdn Bhd / CBH Engineering	Site office	14 July 2000	Built-Up Area 1,299 sq ft Land Area Nil	Period of tenancy 15 November 2024 to 14 November 2025 (1 year) Rental per month RM 4,546.50

Note:

- (1) *CBH Engineering has entered into a sub-tenancy agreement with Bayderm Trading (KL) Sdn Bhd (“**Bayderm**”) for the rental of said premise for a period of one year, commencing from 1 May 2024 to 30 April 2025, wherein the registered owner of the said premise is Demrac Marketing Sdn Bhd (“**Demrac**”). For information purposes, Bayderm initially entered into a tenancy agreement with Demrac, which contains a restriction on sub-letting. A waiver was subsequently granted to permit Bayderm sub-letting the property, avoiding the need to negotiate a new tenancy with Demrac. The reason for the aforementioned sub-tenancy is that the existing tenancy agreement between Bayderm and Demrac is still valid at the time when CBH Engineering expressed interest in renting the property.*
- (2) *For information purposes, the warehouses are used to store materials for project sites, such as cable trunkings and supports.*

The properties rented by our Group are not in breach of any land use or regulatory requirements.

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7. BUSINESS OVERVIEW (Cont'd)

7.17 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

We recognise the importance of adopting Environment, Social and Governance (“ESG”) practices such as ensuring environmentally responsible operations, providing conducive workplaces for employees and maintaining corporate governance for sustainable valuation creation and the confidence of our shareholders and stakeholders. As such, we will focus on the following 3 broad categories:

(a) Environmental

Our Group is committed to identifying, managing and minimising the environmental impact of our business operations. This includes:

- to reduce consumption of non-renewable and non-recyclable materials;
- to pursue and encourage the use of renewable resources;
- to comply with environmental, regulatory and legal requirements;
- to create an ever-increasing awareness of this policy within our Group and stakeholders; and
- to establish processes to identify and manage risks and opportunities that cause climate change.

(b) Social

Social sustainability is focused on the development of programs and processes that promote social interaction and cultural enrichment. It emphasises protecting the vulnerable, respecting social diversity and ensuring that our Group prioritises social capital. Our objectives under social comprise:

- to maintain a safe and healthy workforce;
- to recruit and retain high potential and high performing employees;
- to use training and development as a strategic investment and a way of shaping culture and behaviour in our Group;
- to enable employees to further develop their professional and personal skills;
- to promote racial harmony and prevent racial discrimination;
- to prevent sexual harassment and other forms of violence against women;
- to be recognised as a good corporate citizen;
- to align our charitable giving with our Group’s activities;
- to engage positively with communities and stakeholders where we operate;
- to respond in a professional and timely manner to public enquiries;
- to continue to improve public perception and experience of our Group; and
- to support and encourage community development.

7. BUSINESS OVERVIEW (Cont'd)

(c) Governance

Governance sustainability is becoming more essential in gaining the confidence of investors, other stakeholders and the public. Our Group recognises the importance of governing sustainability and incorporating it into all functions and processes which include strategic planning, accountability, sustainable planning and development. Our objectives include:

- to ensure sustainability forms an integral part of the strategic planning;
- to enhance sustainability through regular updates of strategies, policies, procedures and provide relevant training;
- to establish and continue to improve appropriate governance structures and processes;
- to assess the impacts and outcomes of sustainability; and
- to plan for long term resources including human and financial resources.

In addition, we have in place policies, procedures and practices to promote and maintain compliance in relation to amongst others, the following:

- Malaysian Anti-Corruption Commission Act 2009;
- Whistleblower Protection Act 2010;
- Personal Data Protection Act 2010; and
- Employment Act 1955.

7.18 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

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

(a) Construction Industry Development Board Act 1994 ("CIDB Act 1994")

The CIDB Act 1994 governs the registration of construction personnel as well as skills and competency certification. The CIDB Act 1994 provides that no person shall carry out or complete, undertake to carry out or complete any construction work or hold himself out as a contractor, unless he is registered with CIDB and holds a valid a registration issued by the CIDB under the CIDB Act 1994.

Any person who carries out construction works without being registered with CIDB shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM100,000.

CBH Maintenance did not have a valid certificate of registration as a CIDB contractor from the date of commencement of its business operation up to 8 May 2024 as we were not aware that a certificate of registration as a CIDB contractor was required for M&E maintenance works. However, CBH Maintenance has not been fined or issued with any notice of non-compliance from CIDB in relation to the non-compliance from its business operation up to 8 May 2024. Based on the enquiry of the Solicitors for our IPO with an officer from CIDB, the officer has provided verbal confirmation that there would not be any legal action taken against CBH Maintenance once the non-compliance has been rectified.

7. BUSINESS OVERVIEW (Cont'd)

CBH Maintenance has on 8 May 2024 obtained the Grade G3 certificate of registration from CIDB.

As at the LPD, our subsidiaries, CBH Engineering and CBH M&E hold a valid Grade G7 certificate of registration and CBH Maintenance holds a valid Grade G3 certificate of registration issued under the CIDB Act 1994.

(b) Electricity Supply Act 1990 (“ESA 1990”) and the Electricity Regulations 1994 (“Regulations 1994”)

The ESA 1990 regulates the electricity supply industry, the supply of electricity at reasonable prices, the licensing of any electrical installation, the control of any electrical installation, plant and equipment with respect to matters relating to the safety of persons and the efficient use of electricity and for purposes connected therewith.

Under the ESA 1990, any licensee who without the express authority from the Energy Commission Malaysia constructs any electrical work outside the area of supply specified in the licence commits an offence and shall, on conviction, be liable to a fine not exceeding RM5,000, and any such unauthorised line or work may, after conviction, be removed by order of the Energy Commission Malaysia, and if such order is not complied with, the reasonable costs of such removal may be recovered from the licensee.

Regulation 75 of the Regulations 1994 provides that no person shall perform or carry out any electrical work unless he holds a valid certificate of registration as an electrical contractor issued under the Regulations 1994. Regulation 76(b) of the Regulations 1994 provides that no certificate of registration as an electrical contractor shall be issued or renewed unless the Energy Commission Malaysia is satisfied that the person employs on a full-time basis such number of wiremen as prescribed in Regulation 78 of Regulations 1994 relevant to the class of electrical contractor to which his application relates.

Pursuant to Regulation 78(2) of the Regulations 1994, an electrical contractor of Class A shall be a person who:

- (i) has employed on a full-time basis at least 3 wiremen with three phase restriction, and nothing in this paragraph prohibits him to be one of the 3 wiremen;
- (ii) has employed on a full-time basis at least 1 wireman with three phase restriction authorised to test an installation, and nothing in this paragraph prohibits the wireman from being one of the 3 wiremen with three phase restriction as provided in (i); and
- (iii) on a full-time basis at least 2 wiremen with single phase restriction, and nothing in this paragraph prohibits him to be one of the 2 wiremen.

Pursuant to Regulation 78(4) of the Regulations 1994, an electrical contractor of Class C shall be a person who:

- (i) has employed on a full-time basis at least 1 wireman with three phase restriction, and nothing in this paragraph prohibits him to be the wireman; and
- (ii) has employed on a full-time basis at least 1 wireman with three phase restriction authorised to test an installation, and nothing in this paragraph prohibits the wireman from being the same person as the wireman with three phase restriction as provided in (i).

As at the LPD, our subsidiaries, CBH Engineering and CBH M&E hold a valid certificate of registration to carry out electrical work as an electrical contractor under Class A, and CBH Maintenance holds a valid certificate of registration to carry out electrical work as an electrical contractor under Class C. The wireman of CBH Engineering, CBH M&E and CBH Maintenance have valid certificates of competency as wireman.

7. BUSINESS OVERVIEW (Cont'd)

(c) Employees Provident Fund Act 1991 (“EPF 1991”), Employees Social Security Act 1969 (“ESSA 1969”) and Employment Insurance System Act 2017 (“EIS 2017”)

The EPF 1991, ESSA 1969 and EIS 2017 provides that wages and fixed allowances payable to employees under his/her employment are subject to EPF, SOCSO and employment insurance system.

Failure to comply with EPF 1991 will result in the employer to be liable to a fine not exceeding RM10,000 and/or imprisonment not exceeding 3 years.

Failure to comply with ESSA 1969 and EIS 2017 will result in the employer to be liable to a fine not exceeding RM10,000 and/or imprisonment not exceeding 2 years.

As at the LPD, our Group complies with the relevant provisions of the EPF 1991, ESSA 1969 and EIS 2017 and has observed and will continue to ensure that we comply with the provisions of the EPF 1991, ESSA 1969 and EIS 2017.

(d) Income Tax Act 1967 (“ITA 1967”)

Section 83(2) of the ITA 1967 provides that where an employer commences to employ an individual who is or is likely to be chargeable to tax in respect of income in respect of gains or profits from the employment, the employer shall not later than one month thereafter give written notice to the director general stating the full name and address of the individual and the terms and date of commencement of the employment (“**Form CP22**”).

Section 83(3) of the ITA 1967 provides that where an employer is about to cease to employ an individual who is or is likely to be chargeable to tax in respect of income in respect of gains or profits from the employment, the employer shall not less than one month before the cessation give written notice thereof to the director general of the cessation of the employment stating the full name and address of the individual and the expected date of cessation (“**Form CP22A**”).

Section 120 of the ITA 1967 provides that any person who without reasonable excuse, fails to give the notice required under Section 83(2) and Section 83(3) of the ITA 1967 shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM200 and not more than RM20,000 or to imprisonment for a term not exceeding 6 months or to both.

Save as disclosed below, as at the LPD, our Group has complied with the ITA 1967:

- (i) CBH Engineering, CBH M&E and CBH Maintenance have not submitted to the Inland Revenue Board of Malaysia (“**IRBM**”) the Form CP22 as required under Section 83(2) of the ITA 1967 since the respective dates of the incorporation up to 27 May 2024 for the said 3 companies for their employees. CBH Engineering and CBH M&E have also not filed the Form CP22A pursuant to Section 83(3) of the ITA 1967 for their employees who have resigned from CBH Engineering and CBH M&E since the respective dates of the incorporation up to 27 May 2024.

On 12 March 2024, CBH Engineering, CBH M&E and CBH Maintenance have appointed a tax agent to resolve the said non-compliances with IRBM. CBH Engineering and CBH M&E had on 24 May 2024 and 27 May 2024, respectively, submitted the Form CP22 and Form CP22A to the IRBM while CBH Maintenance had on 27 May 2024 submitted the Form CP22 and Form CP22A to the IRBM (collectively, “**IRBM Submission**”).

On 11 July 2024, the IRBM has proposed imposition of compounds for the non-compliances by CBH Maintenance and CBH M&E in the amount of RM1,000.00 and RM2,800.00, respectively. CBH Maintenance and CBH M&E had on 23 September 2024 and 13 September 2024, respectively, paid their respective compounds of RM1,000.00 and RM2,800.00 to the IRBM. As at the LPD, there is no update from the IRBM in regards to the submission for the non-compliances by CBH Engineering.

7. BUSINESS OVERVIEW (Cont'd)

- (ii) CBH Engineering had incorrect payments of withholding tax (“**WHT**”) amounting to RM5,094.66 to the IRBM for the period from 1 January 2021 to 30 April 2024. On 24 May 2024, CBH Engineering informed the IRBM about the incorrect payment of WHT. As at the LPD, CBH Engineering has paid the incorrect payments of RM5,094.66 and late payment penalties of RM1,734.77 to the IRBM.

(e) Employment Act 1955 (“EA 1955”)

The EA 1955 regulates all labour related matters including contracts of service, payment of wages, employment of women, maternity protection, rest days, hours of work, holidays, termination, lay-off and retirement benefits, employment of foreign employees and keeping of registers of employees.

Any person who commits any offence under, or contravenes any provision of the EA 1955, or any regulations, order or other subsidiary legislation whatsoever made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM50,000.00.

As at the LPD, our Group complies with the relevant provisions of the EA 1955 and has observed and will continue to ensure that we comply with the provisions of the EA 1955.

(f) Goods and Services Tax Act 2014 (“GSTA 2014”)

Section 88 of the GST Act 2014 provides that any person who makes an incorrect return by omitting from the return any information; or gives any incorrect information in relation to any matter affecting his own liability to tax or the liability to tax of any other person, commits an offence and shall on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 3 years or to both; and to a penalty equal to the amount of tax which has been undercharged or would have been so undercharged if the return or information had been accepted as correct.

The GSTA 2014 was repealed with effect from 1 September 2018, after the Sales Tax Act 2018 came into operation on 1 September 2018.

CBH Engineering has under-declared the Goods and Services Tax (“**GST**”) amounting to RM55,874.72 from 1 September 2017 to 31 August 2018. The amount of RM55,874.72 has been settled by CBH Engineering on 14 November 2023. A total sum of RM22,349.89 was imposed on CBH Engineering by Royal Malaysian Customs Department (“**RMCD**”) as penalties for the incorrect return. On 26 February 2024, CBH Engineering had lodged an appeal to the RMCD to waive the said penalty imposed. As at the LPD, CBH Engineering is still awaiting the outcome from RMCD.

(g) Local Government Act 1976 (“LGA 1976”)

Pursuant to Section 102 of the LGA 1976, local authorities are empowered to make, amend and revoke bylaws. Presently, the Group’s business activities in Malaysia are carried out in Selangor and as such, we come under the jurisdiction of Shah Alam City Council and Selayang Municipal Council.

- (i) The Licensing of Trades, Businesses and Industries (Shah Alam City Council) By-Laws 2007 (“**Shah Alam By-Laws**”) provides that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of Shah Alam for any activity of trade, business and industry; or exhibit any advertisement, without a licence issued by the licensing authority. Any person who contravenes any provisions of the Shah Alam By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both such fine and imprisonment.

7. BUSINESS OVERVIEW (Cont'd)

- (ii) The Licensing of Trades, Businesses and Industries (Selayang Municipal Council) By-Laws 2007 ("**Selayang By-Laws**") provides that no person shall operate any activity of trade, business and industry or use any place or premises in the local area of Selayang for any trade, business, or industry without a license issued by the licensing authority. Any person who contravenes any provisions of the Selayang By-Laws commits an offence and shall, on conviction, be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both.

CBH Engineering's offices located at 12A, 12B, 14, 14A and 14B, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan has been operating without a business licence from the date of commencement of business operation at the premises up to 15 May 2024. For clarification, the office located at 12, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan has a valid business licence from the date of commencement of business operation. However, the offices located at 12A, 12B, 14, 14A and 14B did not have a business licence until 15 May 2024, as we were not aware that a separate business licence was required for each office at each floor. On 15 May 2024, CBH Engineering has applied for the business licence and on the same date, CBH Engineering has obtained the business licence from Shah Alam City Council.

As at the LPD, our Group holds and maintains valid business and signboard licenses for all its operating business premises.

(h) Occupational Safety and Health Act 1994 ("OSHA 1994")

OSHA 1994 regulates, among others, the safety, health and welfare of persons at work, protecting others against the risks to safety or health in connection with the activities of the persons at work in various industries.

Under the OSHA 1994, employers must, so far as is practicable, ensure the safety, health and welfare of all the employees at work, in particular:

- (i) the provision and maintenance of plants and systems of work that are, so far as is practicable, safe and without risks to health;
- (ii) the making of arrangements for ensuring, so far as is practicable, safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;
- (iii) the provision of such information, instruction, training and supervision as is necessary to ensure, so far as is practicable, the safety and health at work of all its employees;
- (iv) so far as is practicable, the maintenance of a place of work that is in a safe condition and without risks to health; and
- (v) the provision and maintenance of a working environment that is, so far as practicable, without risks to health, and adequate facilities for the welfare of employees at work.

Failure to carry out the aforementioned duties shall constitute an offence and the employer is liable to a fine not exceeding RM50,000 or to imprisonment for term not exceeding 2 years or to both. The employer shall also notify the nearest occupational safety and health office of any accident, dangerous occurrence, occupational poisoning or occupational disease which has occurred or is likely to occur at the place of work.

7. BUSINESS OVERVIEW (Cont'd)

Effective 1 June 2024, Section 29A (1) of the OSHA 1994 provides that the employers shall appoint one of his employees to act as an occupational safety and health coordinator if he employs five or more employees at his place of work. Section 29A(3) of the OSHA 1994 provides that an employer who has appointed a safety and health officer at the place of work shall be deemed to have complied with Section 29A (1) of the OSHA 1994. An employer who contravenes Section 29A (1) of the OSHA 1994 shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 6 months or to both. As at the LPD, our subsidiary, CBH Engineering has appointed 10 occupational safety and health officers at its place of work.

Since our inception and up to the LPD, our Group has not been issued with any penalties pursuant to the OSHA 1994 and any regulations issued under the OSHA 1994. Our Group has observed and will continue to ensure that we comply with the provisions of the OSHA 1994.

(i) Service Tax Act 2018 (“STA 2018”)

Pursuant to Section 26(4) of the STA 2018, any taxable person who is required to furnish a return under this section shall pay to the director general the amount of service tax due and payable by him in respect of the taxable period to which the return relates not later than the last day on which he is required to furnish the return.

Any taxable person who fails to pay to the director general the amount of service tax due and payable under Section 26(4) of the STA 2018 commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 3 years or to both.

CBH Engineering was liable to pay an amount of RM13,574.76 to RMCD for the non-remittance of service tax in relation to the imported services provided by the overseas service provider to CBH Engineering from 1 January 2021 to 30 April 2024 and a potential penalty of RM4,510.53. The overseas service provider is an overseas specialist in complex testing and commissioning of data centres and was engaged by our Group following our customer's request to engage a data centre-related specialist for on-site monitoring of the customer's project. On 26 June 2024, CBH Engineering paid the RM13,574.76 to RMCD and no penalty was imposed by the RMCD. Save for the above, our Group confirmed that we have complied with the STA 2018.

(j) Street, Drainage and Building Act 1974 (“SDBA 1974”) and the Selangor Uniform Building By-Laws 1986 (“UBBL 1986”)

The SDBA 1974 is enforced by the local authorities of Peninsular Malaysia and it provides for the requirement of having a CCC for the occupation of any building or any part thereof. The CCC shall be issued by a principal submitting person, in accordance with the time, manner and procedure for the issuance thereof as prescribed by this act or any by-laws made thereunder. Principal submitting person is a qualified person who submits building plans to the local authority for approval and includes any other qualified person who takes over the duties and responsibilities of or acts for the first mentioned qualified person.

Pursuant to the UBBL 1986, a temporary permit for a limited period may be issued by the local authority for the erection of a builders' working shed or a store or other shed to be used in connection with building works; the erection of scaffolding on a street; the erection of staging, framework, platform, or superstructure of any kind on a roof abutting a street; and the erection of hoarding on streets.

No person shall occupy or permit to be occupied any building or any part thereof unless a certificate of fitness for occupation, a partial certificate of fitness for occupation or a temporary certificate of fitness for occupation has been issued under the UBBL 1986 for such building and any failure to comply with the UBBL 1986 shall render such person liable to prosecution under the SDBA 1974.

7. BUSINESS OVERVIEW (Cont'd)

Pursuant to the SDBA 1974, any person who occupies or permits to be occupied any building or any part thereof without a CCC shall be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both.

CBH Engineering did not have a temporary permit from Shah Alam City Council for erecting 9 partitions and 3 party walls at its offices located at No. 12 & 14, Jalan Anggerik Vanilla, AD 31/AD, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan from the date of commencement of business operation at the premises up to 11 April 2023. This was because we were not aware that a temporary permit was required for erections of partitions and party walls. CBH Engineering has applied for the said temporary permit from the Shah Alam City Council and has on 12 April 2023 obtained the said temporary permit from Shah Alam City Council. As at the LPD, our Group holds valid CCC for all our owned and tenanted properties.

7.19 BUSINESS STRATEGIES AND FUTURE PLANS

7.19.1 We intend to strengthen our internal workforce through the recruitment of qualified employees

Our capacity to undertake M&E engineering projects, to a large extent, depends on the number of direct skilled professionals and workers we are able to recruit. Otherwise, we may have to rely on our subcontractors to perform certain works.

Our qualified and experienced management team who are supported by technically competent engineering personnel have contributed significantly to the growth of our Group. We plan to expand our projects team by recruiting additional personnel to support the growth of our existing business operations and the expected growth in our business. This will also allow us to better manage and control the progress of various larger scale M&E engineering projects undertaken by us. At the same time, it enables us to supervise and monitor the works of our workers and subcontractors at different project sites simultaneously. This will further develop our capacity to undertake more sizeable M&E engineering projects at one time while adhering to the quality and reliability of our projects. Additionally, maintaining and expanding a stable pool of skilled workers will enhance our in-house capability and capacity, thereby providing us with the flexibility to take on more M&E engineering projects by deploying and utilising our own workforce and reducing the need to subcontract the works, which will therefore increase our overall revenue in the future.

In line with our expanded workforce, we also intend to recruit suitably qualified accounts executives and human resource and administration executives to support our growing business operations.

To ensure that our Group continues to perform at a competitive level, we plan to allocate RM3.46 million from the Public Issue to recruit the following categories of employees over 2 years:

Description	No. of pax	Total estimated cost ⁽¹⁾
		RM'000
Project managers	6	2,088
Supervisors	5	1,080
Accounts executive	1	144
Human resources and administrative executive	1	144
	Total	3,456

Note:

- (1) The estimated cost for the recruitment of additional engineers and other personnel primarily encompasses salaries, employer's contribution to EPF, SOCSO and employment insurance system, medical expenses, staff benefits, training and development expenses as well as other related expenses for a period of 2 years.

7. BUSINESS OVERVIEW (Cont'd)

7.19.2 We intend to strengthen our financial resources to undertake M&E engineering projects

The number and size of M&E engineering contracts that we can undertake at any point in time depend largely on the availability of our working capital as:

- a portion of our capital is locked up during the duration of a contract to match the bank guarantee issued as performance bond for the project. The amount of performance bond required for each project is generally 5.00% to 10.00% of the total contract sum. As the bank guarantee is usually secured by way of a pledge of fixed deposit to the financial institution, this affects our liquidity for the duration of the bank guarantee. In addition, the fees for the bank guarantee are also paid upfront to the financial institution; and
- during the course of our construction works, there may be instances of mismatch in the timing of our cash flows due to time lags between making payments to our subcontractors and suppliers and receiving payments from our customers.

If we are to expand our business and secure more and larger contracts, we must increase our available financial resources to satisfy the working capital required to undertake our contracts. We have therefore allocated RM77.74 million of the proceeds from the Public Issue for our working capital purposes. By applying a portion of the proceeds from the Public Issue to satisfy the various working capital requirements associated with undertaking contract works, our Group will be in a better position to tender and expand our portfolio in the M&E engineering works.

As part of our future plans, we intend to increase our market share by tendering for more projects with larger contract sums. As at the LPD, we have submitted 22 tenders with a total tender sum of RM559.71 million, which are still pending decision from potential customers. These tendered projects relate to M&E engineering works. These tendered projects, if awarded to us, will further increase our order book.

Moving forward, we will continue to replenish and grow our order book from the M&E engineering works which will further enhance our revenue and increase our market share in the industry.

7.20 EMPLOYEES

As at 31 December 2023, we employed a total of 104 employees comprising 68 full time employees and 36 contractual employees, all of whom are Malaysians. The breakdown of our employees by division and their work locations are set out as follows:

Department/ Business function	Full time employees	Contractual employees	Total employees
Directors	3	-	3
Key Senior Management	3	-	3
Finance, Human Resource and Administration ⁽¹⁾	12	3	15
Contract and Purchasing ⁽²⁾	11	-	11
Engineering, Design and Drafting	5	2	7
Project ⁽³⁾	34	31	65
Total	68	36	104

Work locations	Full time employees	Contractual employees	Total employees
Klang Valley	58	13	71
Johor	10	23	33
Total	68	36	104

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

(1) The breakdown of the Finance, Human Resource (“HR”) and Administration department is as follows:

	Full time employees	Contractual employees
<u>Finance:</u>		
• Senior finance manager	1	-
• Assistant finance manager	1	-
• Senior account executive	1	-
• Account executive	4	-
<u>HR and Administration:</u>		
• Senior HR and administrative manager	-	1
• HR and administrative manager	1	-
• HR and administrative executive	2	1
• Wireman/ Storekeeper/ Driver	2	1

(2) The breakdown of the Contract and Purchasing department is as follows:

	Full time employees	Contractual employees
<u>Contract:</u>		
• Contract manager	1	-
• Assistant contract manager	1	-
• Costing engineer	1	-
• Contract executive	1	-
• Tender and contract engineer	1	-
<u>Purchasing:</u>		
• Senior procurement manager	1	-
• Senior purchasing executive	1	-
• Senior procurement engineer	1	-
• Purchasing executive	2	-
• Logistics & site coordinator	1	-

(3) The breakdown of the Project department is as follows:

	Full time employees	Contractual employees
Project managers	6	2
Site managers	3	2
Project engineers	7	7
Safety officers & supervisors	-	6
Site team	18	14

For information purposes, the site team consists of, amongst others, site supervisors, clerk of works, wiremen, chargemen, project admin and document controllers.

As at the LPD, we employed a total of 120 employees comprising 60 full time employees and 60 contractual employees, all of whom are Malaysians. The breakdown of our employees by division and their work locations are set out as follows:

Department/ Business function	Full time employees	Contractual employees	Total employees
Directors	3	-	3
Key Senior Management	3	-	3
Finance, Human Resource and Administration ⁽¹⁾	11	4	15
Contract and Purchasing ⁽²⁾	11	3	14
Engineering, Design and Drafting	5	7	12
Project ⁽³⁾	27	46	73
Total	60	60	120

7. BUSINESS OVERVIEW (Cont'd)

Work locations	Full time employees	Contractual employees	Total employees
Klang Valley	53	41	94
Johor	7	19	26
Total	60	60	120

Notes:

(1) The breakdown of the Finance, HR and Administration department is as follows:

	Full time employees	Contractual employees
<i>Finance:</i>		
• Senior finance manager	1	-
• Assistant finance manager	1	-
• Senior account executive	1	-
• Account executive	2	-
<i>HR and Administration:</i>		
• Senior HR and administrative manager	1	1
• HR and administrative manager	1	-
• HR and administrative executive	3	1
• Wireman/ Storekeeper/ Driver	1	2

(2) The breakdown of the Contract and Purchasing department is as follows:

	Full time employees	Contractual employees
<i>Contract:</i>		
• Contract manager	1	-
• Assistant contract manager	1	-
• Costing engineer	-	2
• Contract executive	1	-
• Tender and contract engineer	1	-
<i>Purchasing:</i>		
• Senior procurement manager	1	-
• Procurement manager	1	-
• Purchasing executive	3	-
• Logistics & site coordinator	1	-
• Logistics & site assistant	-	1
• General clerk	1	-

(3) The breakdown of the Project department is as follows:

	Full time employees	Contractual employees
Project managers	6	4
Site managers	2	3
Project engineers	5	14
Safety officers & supervisors	-	11
Site team	14	14

For information purposes, the site team consists of, amongst others, site supervisors, clerk of works, wiremen, chargemen, project admin and document controllers.

As at the LPD, all of our employees are Malaysians. None of our employees belongs to any labour union. During the Financial Years Under Review, FPE 2024 and up to the LPD, we did not experience any strikes or other disruptions due to labour disputes.

The total contractual employees engaged by our Group increased from 36 employees as at 31 December 2023 to 60 employees as at the LPD, primarily attributable to the increase in employees in the Project department to support the higher number of ongoing projects being undertaken by our Group as at the LPD.

7. BUSINESS OVERVIEW (Cont'd)

We have in place a management succession plan to identify key competencies and requirements of managers and higher ranking personnel, to take positive approach towards addressing talent management to ensure our Group has talent readily available from a capability perspective to undertake leadership positions and to frequently train our middle management to ensure they are well equipped with all the necessary knowledge to succeed at senior management positions in the future in our Group.

7.21 MAJOR CUSTOMERS

Our Group's top 5 customers for M&E engineering services for the Financial Years Under Review and FPE 2024 are as follows:

FYE 2021

No.	Customers	Type of customer	Services provided	Revenue contribution		Length of relationship Years ⁽¹⁾
				RM'000	%	
1	Customer K	Project owner	M&E engineering services	45,122	66.77	2
2	Takenaka (Malaysia) Sdn Bhd	Main contractor	M&E engineering services	3,887	5.75	20
3	Customer H	Main contractor	M&E engineering services	3,381	5.00	3
4	Intrex Industries Sdn Bhd	Main contractor	M&E engineering services	2,577	3.81	1
5	Customer M	Project owner	M&E engineering services	2,092	3.10	2
Total				57,059	84.43	

FYE 2022

No.	Customers	Type of customer	Services provided	Revenue contribution		Length of relationship Years ⁽¹⁾
				RM'000	%	
1	Takenaka (Malaysia) Sdn Bhd	Main contractor	M&E engineering services	153,597	85.28	21
2	Customer K	Project owner	M&E engineering services	7,117	3.95	3
3	TCS Construction Sdn Bhd	Main contractor	M&E engineering services	5,563	3.09	3
4	Customer G	Main contractor	M&E engineering services	4,672	2.59	7
5	Customer H	Main contractor	M&E engineering services	2,156	1.20	4
Total				173,105	96.11	

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

No.	Customers	Type of customer	Services provided	Revenue contribution		Length of relationship
				RM'000	%	Years ⁽¹⁾
1	Customer E Group	Project owner	M&E engineering services	79,428	38.19	2
2	Customer D	Project owner	M&E engineering services	55,206	26.55	1
3	Takenaka (Malaysia) Sdn Bhd	Main contractor	M&E engineering services	25,873	12.44	22
4	Customer B	Main contractor	M&E engineering services	15,595	7.50	1
5	Customer G	Main contractor	M&E engineering services	5,055	2.43	8
Total				181,157	87.11	

FPE 2024

No.	Customers	Type of customer	Services provided	Revenue contribution		Length of relationship
				RM'000	%	Years ⁽¹⁾
1	Customer D	Project owner	M&E engineering services	89,125	50.01	2
2	Customer E Group	Project owner	M&E engineering services	50,844	28.53	3
3	Customer B	Main contractor	M&E engineering services	25,284	14.19	2
4	Takenaka (Malaysia) Sdn Bhd	Main contractor	M&E engineering services	6,948	3.90	23
5	Customer N	Main contractor	M&E engineering services	909	0.51	2
Total				173,110	97.14	

Note:

(1) Length of relationship is calculated at each of the respective FYEs and FPE.

All of our customers are based in Malaysia. Revenue from our top 5 customers collectively comprised 84.43%, 96.11%, 87.11% and 97.14% of our revenue for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively.

Commentary on dependency on certain customers(1) **Takenaka (Malaysia) Sdn Bhd ("Takenaka"):**

Takenaka has been our customer for 23 years as at FPE 2024 with its revenue contribution accounted for 5.75% (RM3.89 million), 85.28% (RM153.59 million), 12.44% (RM25.87 million) and 3.90% (RM6.95 million) of our total revenue for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively.

Notwithstanding the above, our Group does not consider itself to be dependent on Takenaka for the following reasons:

- (i) the revenue from Takenaka has reduced significantly from 85.28% in the FYE 2022 to 12.44% in the FYE 2023 and 3.90% in FPE 2024;

7. BUSINESS OVERVIEW (Cont'd)

- (ii) our Group does not have any long-term agreements with Takenaka;
- (iii) our Group has secured 8 projects from 6 new customers in the FYE 2023, out of which 2 (i.e., Customer B and Customer D) became our top 5 major customers in FYE 2023. In addition, we secured 1 project from Customer E Group in FYE 2023 which subsequently became our largest customer in FYE 2023; and
- (iv) there was an increase in total revenue for FYE 2023 despite the significant decrease in revenue contribution by Takenaka during the same period.

This non-dependency is evident in our financial performance for the FYE 2023 and FPE 2024, where the contribution from Takenaka reduced from 85.28% in FYE 2022 to 12.44% in FYE 2023 and 3.90% in FPE 2024. The collective contribution from the other top 5 major customers excluding Takenaka increased from 10.83% in FYE 2022 to 74.67% in FYE 2023 and 93.24% in FPE 2024.

In the event we fail to secure projects from Takenaka, it would not adversely affect our financial performance and operating results as we can replace the contracts secured from Takenaka with other projects from other customers.

(2) Customer B, Customer D and Customer E Group:

Notwithstanding that Customers B, D and E Group have contributed 38.19%, 26.55% and 7.50% of our total revenue for the FYE 2023 and 14.19%, 50.01% and 28.53% of our total revenue for the FPE 2024, our Group does not consider itself to be dependent on them for reasons stated below:

- (i) they are newly-acquired customers of our Group in which the years of relationship with them have not exceeded 3 years. Additionally, in relation to Customer E Group, the revenue contribution during the FYE 2022 was approximately RM0.15 million which represented 0.09% of the total revenue for FYE 2022. Customers B and D did not contribute to the revenue of our Group for the FYE 2022; and
- (ii) our Group does not have any long-term arrangements with any of them.

The composition of our top 5 customers varies from year to year depending on the value of contracts secured which is determined by the type and nature of projects undertaken, complexity of the projects and the timing of the work-in-progress claims given the nature of our business being conducted on a contract basis.

The contracts that we enter into with our customers typically range between 12 months to 24 months, depending on the scope of services in which we have been engaged to perform.

We may not secure similar contracts in terms of size and scope or with the same customers every year. Apart from our top 5 customers, our Group has also been securing contracts from different customers who have also increasingly contributed to our Group's revenue. We continuously diversify our customer base to replenish our order book. However, this does not preclude our Group to tender for new contracts from our existing major customers should the opportunities arise.

Our Group had 30, 40, 41 and 45 customers during FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively.

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7. BUSINESS OVERVIEW (Cont'd)**7.22 MAJOR SUPPLIERS/ SUBCONTRACTORS**

Our Group's top 5 suppliers/ subcontractors for the Financial Years Under Review and FPE 2024 are as follows:

FYE 2021

No.	Suppliers / subcontractors	Materials / services procured	Purchases / services contribution		Length of relationship ⁽¹⁾ (years)
			RM'000	%	
1	Hitachi Energy Malaysia Sdn Bhd	High voltage equipment	10,226	20.25	2
2	Universal Cable (M) Berhad	Power cables	4,682	9.27	1
3	Supplier A	High voltage equipment	4,313	8.54	5
4	CG Mega Bina Sdn Bhd	Subcontractor	3,232	6.40	2
5	Supplier B	Cable support system	2,525	5.00	1
Total			24,978	49.46	

FYE 2022

No.	Suppliers / subcontractors	Materials / services procured	Purchases / services contribution		Length of relationship ⁽¹⁾ (years)
			RM'000	%	
1	Hitachi Energy Malaysia Sdn Bhd	High voltage equipment	22,109	16.90	3
2	Olympic Cable Company Sdn Bhd	Power cables	13,477	10.30	8
3	Telewiring Electrical Engineering Sdn Bhd	Subcontractor	12,212	9.34	8
4	Ei Technologies Sdn Bhd	Cable support system	7,418	5.67	7
5	Universal Cable (M) Berhad	Power cables	6,529	4.79	2
Total			61,475	47.00	

FYE 2023

No.	Suppliers / subcontractors	Materials / services procured	Purchases / services contribution		Length of relationship ⁽¹⁾ (years)
			RM'000	%	
1	Olympic Cable Company Sdn Bhd	Power cables	21,650	16.64	9
2	Add Value Tradeline Sdn Bhd	High voltage equipment	16,994	13.06	1
3	Telewiring Electrical Engineering Sdn Bhd	Subcontractor	5,851	4.50	9
4	Brownfield Sdn Bhd	Control and relay panels	4,905	3.77	2
5	Supplier C	Switchgear	4,764	3.66	7
Total			54,164	41.63	

7. BUSINESS OVERVIEW (Cont'd)**FPE 2024**

No.	Suppliers / subcontractors	Materials / services procured	Purchases / services contribution		Length of relationship ⁽¹⁾ (years)
			RM'000	%	
1	Add Value Tradeline Sdn Bhd	High voltage equipment	34,039	32.08	2
2	GCG Electrical Engineering Sdn Bhd	Subcontractor	7,981	7.52	5
3	Brownfield Sdn Bhd	Control and relay panels	6,424	6.05	4
4	CB Setia Construction Sdn Bhd	Subcontractor	5,998	5.65	2
5	Olympic Cable Company Sdn Bhd	Power cables	4,907	4.62	10
Total			59,349	55.92	

Note:

(1) Length of relationship is calculated at each of the respective FYEs and FPE.

Our top 5 suppliers/ subcontractors contributed to 49.46%, 47.00%, 41.63% and 55.92% of our total purchases and subcontractors' fee for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

We do not have any long-term agreements or arrangements with any of our suppliers and subcontractors as this allows us to have the flexibility to source for quality materials and services at competitive prices. During the Financial Years Under Review and FPE 2024, we have not faced any material supply or service disruptions or delays.

We procure various items, including high voltage equipment, power cables, cable support systems, low voltage equipment, switchgears, public address and closed-circuit television system, control and relay panel as well as containerised substation from our top 5 suppliers. We have an internal approved list of suppliers and subcontractors. As at the LPD, our internal approved list comprises 178 suppliers of materials and 54 subcontractors of services.

Our Group has established long-standing business relationships with our suppliers and subcontractors to ensure minimal disruptions to our supply chain and business operations. The equipment and services that our Group procures from our top 5 suppliers/ subcontractors are readily available from other suppliers and subcontractors.

We are of the view that our Group is not dependent on any supplier or subcontractor, as there are others in the local market with similar quality of materials and services that we require.

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8. INDEPENDENT MARKET RESEARCH REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
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4 December 2024

The Board of Directors

CBH ENGINEERING HOLDING BERHAD

No. 12, Jalan Anggerik Vanilla AD 31/AD

Kota Kemuning

40460 Shah Alam

Selangor

Malaysia.

Dear Sirs,

Independent Market Research Report on the Outlook of the Mechanical and Electrical Engineering Industry in Malaysia in conjunction with the Listing of CBH ENGINEERING HOLDING BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this independent market research report on the Outlook of the Mechanical and Electrical Engineering Industry in Malaysia for inclusion in the Prospectus of CBH ENGINEERING HOLDING 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.

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without the prior express written consent of PROVIDENCE.

For and on behalf of PROVIDENCE:

A handwritten signature in black ink, appearing to read 'Elizabeth Dhoos'.

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. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



1 MECHANICAL AND ELECTRICAL ENGINEERING INDUSTRY IN MALAYSIA

1.1 INTRODUCTION AND BACKGROUND

Engineering is the field or discipline, practice, profession and art that relates to the development, acquisition and application of technical, scientific and mathematical knowledge about the understanding, design, development, invention, innovation and use of materials, machines, structures, systems and processes for specific purposes. This report focuses on the mechanical and electrical (“**M&E**”) engineering sub-fields whereby:

- Mechanical engineering relates to the theory and application of physical or mechanical systems. It comprises the design, manufacture, and operation of a wide range of mechanical components, devices, and systems. Many mechanical engineers are involved in the design and production of machines to lighten the burden of human work while others practice in the areas of air conditioning and mechanical ventilation (“**ACMV**”), automotive, manufacturing, and refrigeration engineering; and
- Electrical engineering relates to the theory and application of electrical systems. It is the field of engineering that focuses on the study and application of electricity and electromagnetism. The discipline of electrical engineering includes the subjects of power generation and distribution, electric circuits, transformers, motors, electromagnetic and associated devices. In a broad perspective, electrical engineering deals with larger scale systems of electricity, power transmission and distribution systems and energy.

M&E engineering is required to support the residential, commercial and industrial properties sector.

CBH Engineering Holding Berhad is principally an electrical engineering service provider and specialises in electricity supply distribution systems, where it undertakes the design, supply, installation, testing, commissioning, maintenance and servicing of high voltage, medium voltage, low voltage and extra low voltage electrical systems. CBH Engineering Holding Berhad also undertakes mechanical engineering works for building systems, where this relates to the design, supply, installation, testing, commissioning and maintenance and servicing of building systems such as ACMV systems, fire protection systems, plumbing and sanitary systems as well as renewable energy systems.

1.2 INDUSTRY SIZE AND GROWTH

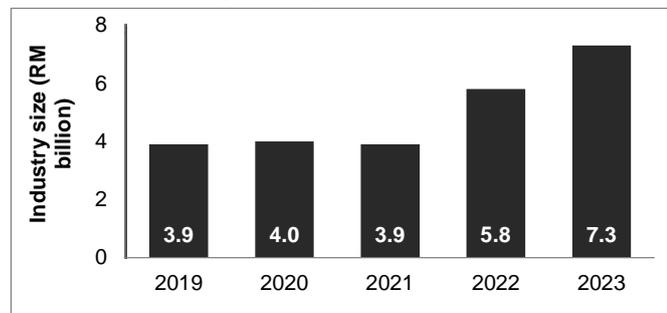
The M&E engineering industry in Malaysia, measured in terms of value of M&E engineering works done, increased from RM3.9 billion in 2019 to RM7.3 billion in 2023 at a compound annual growth rate (“**CAGR**”) of 17.0%. From this, electrical engineering works increased from RM1.8 billion to RM3.7 billion at a CAGR of 19.7% while mechanical engineering works increased from RM2.1 billion to RM3.6 billion at a CAGR of 14.4%.

M&E engineering is a specialised construction work that is performed during the erection, reconstruction, renovation, retrofit or upgrade of buildings or structures, and entails the design, installation, commissioning and maintenance of M&E systems such as heating, ventilation and air conditioning systems; water supply and sanitation; fire protection systems; escalators and lifts, electrical systems such as electricity transmission and distribution systems; communications and information technology networks; lighting systems; security and alarm systems; and process utilities such as steam, industrial gases and corresponding infrastructure.

PROVIDENCE projects the value of M&E engineering to rise from RM7.3 billion in 2023 to RM10.6 billion in 2026 at a CAGR of 13.2%. The growth in M&E engineering will be supported by the:

- growth in the residential and commercial property markets which supports demand for M&E engineering services;
- growth in end user industries which drives demand for M&E engineering services;
- foreign investment and domestic investment growths which support investments in M&E engineering services; and
- increased outsourcing and relocation of electrical and electronics (“**E&E**”) manufacturing activities to Southeast Asia.

M&E engineering industry in Malaysia



Source: Department of Statistics Malaysia, PROVIDENCE analysis

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



1.3 DEMAND CONDITIONS: KEY GROWTH DRIVERS

Growth in the residential and commercial property markets supports demand for M&E engineering services

Between 2018 and 2023, residential, commercial and industrial property transactions rose from RM113.2 billion to RM163.1 billion at a CAGR of 7.6%. From this, residential property transactions rose from RM68.7 billion to RM100.9 billion at a CAGR of 8.0% while commercial property transactions rose from RM29.5 billion to RM38.3 billion at a CAGR of 5.4% and industrial property transactions rose from RM15.0 billion to RM23.9 billion at a CAGR of 9.8%.

In 2020, all economic sectors registered a contraction in growth. While the COVID-19 pandemic containment measures aided Malaysia's efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise, activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities. As a result, residential and commercial property transactions were affected in 2020.

In 2021, the property market in Malaysia began showing signs of recovery, mainly supported by the implementation of various Government stimulus under Pelan Jana Semula Ekonomi Negara (PENJANA) and Prihatin Rakyat Economic Stimulus Package (PRIHATIN), as well as measures under Budget 2021 which sustained consumer confidence and spending.

Growth in the property market in 2022 was supported by the implementation of various Government initiatives and assistance, improving labour market conditions and higher tourist arrivals. Several initiatives which outlined under Budget 2022 contributed to improving property market activities lifting the imposition of Real Property Gains Tax on the disposal of properties in the 6th year onwards by Malaysian citizens, permanent residents and other than companies, as well as guarantees of up to RM2.0 billion to banks via Skim Jaminan Kredit Perumahan in assisting gig works, small entrepreneurs and farmers in obtaining home financing.

In particular, the reopening of Malaysia's international borders on 1 April 2022 was a turning point for Malaysia's tourism sector which began welcoming back international tourists after two years of closure. The border reopening has revitalised Malaysia's tourism sector and encouraged investments in the upgrading, refurbishment and construction of hotels, retail as well as food and beverage ("F&B") premises, which ultimately has driven demand for M&E engineering services and green building solutions.

In 2023, growth in the property market was supported by the implementation of various Government initiatives and assistance and improving labour market conditions. The initiatives under Budget 2023 that contributed to boosting property market include:

- full stamp duty exemption on instrument of transfer and loan agreement for the purchase of the first residential home priced up to RM500,000 by Malaysia citizens remains until 31 December 2025;
- increase of stamp duty remission from 50% to 75% for the purchase of the first residential properties priced between RM500,000 to RM1.0 million by Malaysian citizens and applicable for sale and purchase agreements executed until 31 December 2023;
- full stamp duty exemption up to RM1.0 million and 50% stamp duty remission for the remaining balance on transfers of property by way of love and affection between family members (father to child and grandfather to grandson);
- allocation of RM460.2 million for the building of new homes and home renovations in rural areas;
- allocation of RM389.5 million channelled to the People's Housing Programme;
- allocation of RM358 million for the construction of affordable homes under Rumah Mesra Rakyat programme by Syarikat Perumahan Negara Berhad;
- allocation of RM462.0 million for the construction of 23,000 houses under Projek Perumahan Awam Malaysia; and
- increase in guarantees of up to RM5.0 billion via Skim Jaminan Kredit Perumahan in assisting gig workers such as e-hailing workers in obtaining home financing up to RM500,000.

According to the Central Bank of Malaysia, Malaysia's economy is projected to grow between 4.0% – 5.0% in 2024, underpinned by continued expansion in domestic demand and improvement in external demand. Growth will be driven by resilient domestic expenditure, with additional support from the expected recovery in exports. Tourism is expected to improve further, while the implementation of new and ongoing multi-year projects by both the private and public sectors would support investment activity.

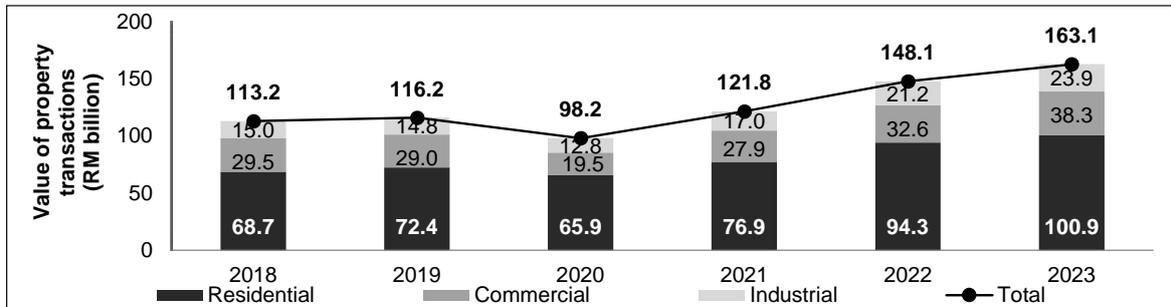
The property market is expected to continue its growth momentum supported by the various initiatives outlined by the Government of Malaysia under the revised Budget 2024 and the recently announced Budget 2025 which

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



aim to encourage home ownership as well as achieve inclusive and sustainable economic growth in Malaysia. This is expected to bode well for the M&E engineering industry in Malaysia.

Residential, commercial and industrial property transactions in Malaysia



Source: National Property Information Centre (NAPIC), PROVIDENCE analysis

Growth in end user industries drives demand for M&E engineering services

The growth in the following end user industries bode well for the demand for M&E engineering services in relation to the design, installation, maintenance and servicing of M&E equipment and systems for continued business operations:

▪ Foodservice industry

The F&B industry consists of the retail and wholesale sales of F&B products by industry players that produce F&B products. Companies in the F&B industry process raw materials into F&B products, package and distribute them through various distribution channels to both individual customers and commercial establishments. The food service industry encompasses activities involved in preparing and serving F&B to people consuming food away from home. This includes all types of restaurants, institutional food operations at locations such as schools and hospitals, as well as other specialty vendors such as food truck operators and catering businesses.

The retail sales of F&B through foodservice channels in terms of sales value rose from RM31.1 billion in 2019 to RM44.9 billion in 2023 at a CAGR of 9.6%. In 2020, arising from the COVID-19 pandemic, at-home consumption of F&B increased while out-of-home consumption was severely affected by the containment measures and operating capacity restrictions imposed by the Government of Malaysia to curb the spread of the virus. Food delivery began gaining momentum in 2020 as the foodservice industry adapted to cope with pandemic-related restrictions and movement controls.

The foodservice sector began showing recovery in the last quarter of 2021 as more consumers resumed dining-in. This recovery comes after a long period of decline in 2020 and the early part of 2021 due to the COVID-19 pandemic which saw the imposition of containment measures and operating restrictions to curb the spread of the virus. By the last quarter of 2021, F&B outlets were allowed to open for business with normal operation hours, while diners returned to physical premises while observing social distancing rules. As a result, the sales value of wholesale trade of F&B as well as sale of F&B through retail and foodservice channels registered a year-on-year growth rate of 3.2% (2020: -7.1%), nonetheless the sales of F&B through foodservice channels experienced a year-on-year contraction of 10.0% (2020: -21.6%).

The return to normal business with the reopening of international borders on 1 April 2022 and the transition to the endemic phase of the COVID-19 outbreak has supported retail spending as it boosts human traffic at shopping malls. Several malls have begun strengthening their F&B lineup with new tenants. The introduction of new eateries and lifestyle retail concepts aim to position shopping malls as a meeting destination for shoppers to socialise. Selected shopping malls in the Klang Valley are also transforming their properties, with more retail operators remodelling their retail spaces into F&B outlets.

▪ Semiconductor and electronics industry

The semiconductor and electronics industry encompasses the manufacturing and sales of semiconductor and electronics products, where manufacturers require cleanrooms in their production processes and plantrooms to house the factory's mechanical and electrical equipment. Semiconductors are manufactured products that are easily affected by pollutants and airborne particles, and thus are manufactured in cleanrooms where parameters such as temperature, humidity, airflow, vibration, lighting and airborne particles are controlled to maintain high air quality standards and optimising productivity. Plantrooms in semiconductor and electronics factories house critical mechanical and electrical equipment.

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Thus, semiconductor and electronics manufacturing firms require mechanical and electrical engineering for critical facilities to support production operations. Between 2015 and 2023, the global semiconductor and electronics industry size, in terms of sales, has been increasing from USD335.2 billion (RM1.3 trillion) to USD526.8 billion (RM2.4 trillion), registering a CAGR of 5.8%.^{1, 2} The rising worldwide demand for semiconductor and electronics products has been largely driven by:

- the technological revolution with 5G adoption and the emergence of internet of things (“IoT”), artificial intelligence and big data analytics, which have resulted in the emergence of new final electronic products. New final electronic products that have been introduced to the market as a result of these technologies include smart factories (where machinery, equipment and tools are fully interconnected), autonomous cars (which are self-driving or driverless cars) and smart home devices (such as smart lighting, door locks and home appliances). This technological revolution of semiconductor and electronic products is expected to continue driving new developments in the semiconductor and electronics industry to produce more advanced semiconductor and electronic products in terms of performance, capacity and technology; and
- rapid technological advancements which have led to continuous introductions of new product innovations and advancements. Final electronic products, especially consumer electronic products, are subject to relatively shorter product lifecycles, given that consumers are highly receptive to new product innovations and advancements.

Increasingly, multinational semiconductor and electronics companies (comprising outsourced semiconductor assembly and test as well as electronic manufacturing service providers) have been relocating their manufacturing facilities to countries in Southeast Asia such as Malaysia. This is due to the lower operating costs and/or availability of talent; established local ecosystem of electronics manufacturing machinery, equipment, tools and supplies; as well as growing demand for final electronic products in these countries. Further, there are also new semiconductor chip assembly and test facilities being set up in Southeast Asia in order to alleviate the present semiconductor chip shortage. Southeast Asia also stands to benefit from the trade war between the United States of America (“United States”) and the People’s Republic of China (“China”) which has led to more multinational semiconductor and electronics companies setting up or expanding their operations in Southeast Asian countries.

Such expansions include that of Intel Corporation that announced in December 2021 of its intention to invest approximately USD7.0 billion (approximately RM30.0 billion) over the next decade in an advanced 3D chip packaging and testing factory in Pulau Pinang as well as a chip assembly and testing factory in Kulim, Kedah;³ and Infineon Technologies AG which will be investing over EUR2.0 billion (approximately RM9.5 billion) to expand its operations in Malaysia by 2024.⁴ In 2023, Infineon Technologies AG further announced plans to build a 200 millimetre (mm) silicon carbide power fab in its Kulim factory and will invest additionally up to EUR5.0 billion (approximately RM25.4 billion) over the next five years in Kulim for the second phase of the factory’s construction.⁵ In particular, exports of semiconductor and electronics products from Malaysia grew from RM277.9 billion in 2015 to RM575.5 billion in 2023 at a CAGR of 9.5%.⁶

However, the Russia-Ukraine war which began in February 2022 could lead to a shortage in microchips globally if the war prolongs. Both Russia and Ukraine are key suppliers of palladium and neon, which are raw materials used in microchip manufacturing. While foundries have stocked up on these materials, a prolonged war could affect the supply of microchips globally which would consequently have an adverse impact on the manufacturing of new final electronic products, which could affect demand for automated manufacturing solutions. Despite this, the semiconductor and electronics industry is still expected to witness growth driven by factors identified above.

▪ Telecommunications industry

Telecommunications refers to the electronic transmission of data, in the form of audio, visual and text, over a distance. The transmission of such data enables the internet or broadband as well as mobile calls. The global mobile broadband penetration rate has grown from 44.6% in 2015 to 87.4% in 2023. The growth of the telecommunications industry will continue to be driven by the following factors:

- Increased demand for broadband services

¹ Semiconductor Industry Association

² Exchange rates from USD to RM in 2015 at USD1 = RM3.9064 and 2023 at USD1 = RM4.5915. Sourced from the Central Bank of Malaysia

³ Intel is building its largest 3D chip packaging facility in Malaysia, Malaysian Investment Development Authority (“MIDA”), 24 August 2023

⁴ Infineon to boost Kulim capacity, The Star, 18 February 2022

⁵ Infineon to Build the World’s Largest 200mm SiC Power Fab in Kulim, Malaysia, MIDA, 3 August 2023

⁶ Malaysia External Trade Development Corporation (MATRADE), PROVIDENCE analysis

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



In 2023, there were approximately 7.0 billion internet users globally compared to the 3.0 billion Internet users globally in 2015. The growth was likely driven by the introduction of new devices which utilise the internet into the market, such as smart televisions, television streaming boxes, game consoles and smartwatches.

➤ **Advancement of telecommunications technology to 5G**

The advancement of telecommunications technology to 5G is expected to become the standard technology for mobile communications. This is due to the advantages of 5G such as higher reliability, speed and connectivity, allowing faster data sharing as data can be transmitted at a faster rate (exceeding 10 gigabytes per second) relative to 4G technology. 5G has led to the emergence of IoT, artificial intelligence and big data for businesses, as well as new final electronic products such as smart home devices, smart factories and autonomous cars. Thus, the adoption of these new technologies in both consumer and business premises is expected to drive the usage of broadband services as user experience improves and networks become more reliable and interconnected.

➤ **Affordability of mobile services**

Over the years, the increased accessibility to mobile devices has led to greater affordability of mobile services. Subscription to mobile services, including both cellular and broadband data, has become more affordable globally. Between 2015 and 2022, the global median price for mobile broadband data has decreased from USD12.0 to USD7.4, while median price for mobile cellular has also dropped from USD10.9 to USD6.2.⁸ In view of more affordable mobile services globally, the usage of internet-enabled applications is expected to continue to grow, thus benefiting the telecommunications industry.

Growth in demand in the telecommunications industry is expected to bode well for M&E engineering providers as telecommunication device manufacturers seek greenfield investments for capacity expansion or upgrades or retrofitting of existing plants.

▪ **Data centre industry**

Data centres are a critical digital enabler. The development of digital infrastructures, such as data centres, are central to enabling 5G applications. Due to a growth of cloud computing, demand for data centres is growing significantly and Malaysia is fast becoming a hub. The data centre colocation market in Malaysia has been witnessing very steady growth due to the increasing volume of data generated and the increased usage of internet-based services. The use of the internet in commerce, social media, entertainment and cloud adoptions has become more extended during the COVID-19 lockdowns. The pandemic has accelerated the migration towards cloud infrastructure as organisations look for business agility and growth in digital services.

Data centre development in Malaysia has predominantly taken place in Cyberjaya, Selangor, as well as Sedenak Tech Park, Nusajaya Tech Park and YTL Green Data Centre Park in Johor. Cyberjaya has been a primary location for data centre development in Malaysia due to its proximity to Kuala Lumpur. Malaysia's data centre market has witnessed investments in recent times, partly attributable to the increasing adoption of technology by local businesses, especially small and medium enterprises ("SMEs").

In February 2021, the Government of Malaysia announced conditional approvals to four cloud service providers, namely Microsoft, Google, Amazon and Telekom Malaysia, to build and manage hyper-scale data centres and cloud services, thus improving digital infrastructure in the country. These cloud service providers are expected to invest between RM12.0 billion and RM15.0 billion over the next five years.

Further in 2021, Microsoft Corp announced plans to establish its first data centre in Malaysia to deliver cloud services locally. Subsequently in the same year, NASDAQ listed Chindata Group Holdings Ltd announced the construction of its fourth hyperscale data centre in Johor with an investment value of about RM2.5 billion over a five-year period. Malaysia has also attracted Hong Kong-listed GDS Holdings Ltd, which broke ground in Johor in April 2022 for the development of a data centre with a total investment value of RM1.38 billion. Google Inc also announced plans to include Malaysia as its new Google Cloud region, an investment that will involve a data centre. YTL Power International Bhd, through its subsidiary, YTL Data Center Holdings Pte Ltd, announced investments of RM1.5 billion for the first phase of the YTL Green Data Centre Park in Johor. During the year, Japan-listed Nippon Telegraph and Telephone Corp also announced plans to invest over USD50.0 million (RM227.0 million) for its sixth data centre in Cyberjaya.⁹

In 2022, Google Inc announced plans to include Malaysia as its new Google Cloud region, an investment that will involve a data centre. Further in November 2023, Google Inc announced a strategic collaboration with the Government of Malaysia to invest in Malaysia's digital competitiveness, including infrastructure and artificial intelligence innovation programmes. These initiatives are built on Google Inc's investments in Malaysia over the last 12 years. In 2022 alone, Google Inc's products and programmes had supported more

⁸ International Telecommunication Union. Latest available statistics as at 4 December 2024

⁹ Data centre investments – good or bad for Malaysia, MIDA, 17 September 2022

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than 47,900 jobs and also contributed, directly and indirectly, an estimated USD2.8 billion in economic benefits to local businesses. Further in 2024, Google Inc committed USD2.0 billion (approximately RM9.4 billion) in Malaysia, including the development of its first Google data centre and Google Cloud region to meet the growing demand for cloud services locally and around the world, as well as artificial intelligence (AI) literacy programmes for students and educator. The data centre will power its popular digital services such as Search, Maps and Workspace, that people and organisations worldwide use on a daily basis.¹⁰

Further, the Malaysia Digital Economy Blueprint aims to provide access to extensive and high quality digital infrastructure, such as broadband, data centres and submarine cable landing stations, which allow for the generation, flow, exchange, consumption and storage of data as well as enable people to participate in the digital economy. Under Budget 2022, the Digital Ecosystem Acceleration (“DESAC”) scheme was also introduced to strengthen the digital ecosystem in Malaysia. DESAC encourages investments by digital technology providers involved in providing digital services based on Industrial Revolution 4.0 and digitalisation technology related to manufacturing and manufacturing-related services, as well as digital infrastructure providers that provide infrastructure such as data centres and submarine cables. Under Budget 2023, the Government of Malaysia will ensure that more data centres can be set up in Malaysia by providing suitable tax incentives, security infrastructure, green energy facilities, and locations for these centres.

Several factors support Malaysia’s position as a potential leading data centre market globally including the country’s being an existing regional hub for manufacturing, logistics and big data analytics; low electricity tariffs; adequate and affordable water supply for the cooling of data centres; tax incentives of up to five years by the Government of Malaysia; high literacy rates; free of natural disasters; and ample land supply at attractive prices.

The growth of Malaysia’s data centre market will bode well for industry players that offer M&E engineering services.

Foreign investment and domestic investment growth support investments in M&E engineering services

Malaysia recorded a total of RM329.5 billion worth of approved investments in the manufacturing, services and primary sectors in 2023 across 5,101 projects. From the total investments approved, foreign investments accounted for RM188.4 billion or 57.2%, with domestic investments accounting for RM141.1 billion or 42.8%.

The services sector accounted for the largest share of the total investments in 2023, amounting to RM168.4 billion (51.1%), followed by the manufacturing sector with RM152.0 billion (46.1%) and the primary sector with RM9.1 billion (2.8%). While foreign investments lead the approved investments in the manufacturing sector, investments from local companies dominated in the services and primary sectors. Malaysia’s services sector saw an increase of 9.4% in approved investments from 2022 (2022: RM154.0 billion). During the year, the services sector included the information and communications (RM63.7 billion), real estate (RM61.0 billion), utilities (RM11.1 billion), distributive trade (RM11.1 billion) and support services (RM10.5 billion) which made up 93.5% of total approved investments for the services sector in 2023.¹¹

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 of Malaysia 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 new built commercial and industrial properties and its supporting infrastructure are crucial to support the investment prospects of Malaysia for foreign investors. Such investments are expected to benefit industry players offering M&E engineering services.

Increased outsourcing and relocation of E&E manufacturing activities to Southeast Asia

The established local ecosystem of electronics manufacturing machinery, equipment, tools and supplies, growing demand for final electronic products, availability of local talents, and lower operating costs are key factors for global electronics, brand owners and foundries to relocate and outsource their operations in the region.

The United States-China trade war, which started in 2018, caused the imposition of tariffs and trade barriers on products/services originating from companies based in both countries. This has restricted trading activities between the United States and China, thus benefiting countries in Southeast Asia as global electronics, brand

¹⁰ Google to invest RM9.4 bln in Malaysia, develop data centre, cloud region, MIDA, 30 May 2024

¹¹ Malaysia Performance Investment Report 2023, MIDA

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owners and foundries began to shift their production from China to Southeast Asia or purchase more electronics and semiconductor products from this region in order to circumvent these tariffs.

Further, Malaysia's Ministry of Investment, Trade and Industry ("**MITI**") has also been proactively positioning Malaysia as a viable automotive hub by providing strong government policy support focusing on higher-value automotive components as a well-established E&E industry through the National Automotive Policy.

This has been the catalyst in attracting E&E manufacturing firms to consider Malaysia as their regional base. The increased outsourcing and relocation of E&E manufacturing activities to Southeast Asia will support demand for M&E engineering services for E&E manufacturing firms.

1.4 INDUSTRY DYNAMICS

Dependency on imports

The M&E engineering industry in Malaysia has a certain degree of dependency on the imports of M&E materials and components such as steel and copper. While M&E construction materials and components are subject to certain levels of imports, M&E engineering services are provided primarily by local M&E engineering firms, with the exception of selected large projects where foreign companies may be involved.

Industry challenges

M&E engineering activities are exposed to risks such as project delays, poor quality of work and on-site accidents that have consequences on the industry and its stakeholders. These risks lead to customer and/or public complaints, loss of reputation and revenue. Project delays typically lead to increased overheads and cost overruns. Increased overheads affect the ability of industry players to complete projects on time as a result of financial shortages or budget overruns, and loss of opportunity if resources have been committed to a delayed project.

In 2020, the construction industry faced the COVID-19 pandemic which resulted in reduced work capacity to comply with containment measures, labour shortages due to international border closures, supply chain disruptions and site shutdowns. This resulted in many industry players experiencing cash flow issues, as well as being exposed to liquidated damages and termination.

Other factors such as the oversupply of properties and economic downturn may also lead to a slowdown in construction and property development activities, thereby affecting demand for M&E engineering services. A total of 25,816 overhang residential units worth RM17.68 billion was recorded in 2023, in comparison to the 36,863 residential units worth RM22.79 billion in 2021.

1.5 COMPETITIVE LANDSCAPE

M&E engineering is vital for the delivery of residential, commercial and industrial properties. The range of services offered by M&E engineering industry players differ depending on their capabilities, with some industry players being able to offer design, installation, testing and commissioning expertise, while other industry players may only possess installation capabilities. There are distinct barriers to entry, with industry players possessing a Construction Industry Development Board license, experienced employees with engineering experience who can carry out planning and design as well as M&E engineering project management and project track record.

In the FYE 31 December 2023, CBH Engineering Holding Berhad generated a revenue of RM208.0 million from the provision of M&E engineering services. In 2023, the value of M&E engineering works done in Malaysia was RM7.3 billion. Thus, in comparison to the value of M&E engineering works done in Malaysia of RM7.3 billion, CBH Engineering Holding Berhad secured a market share of 2.8%.

The future prospects of CBH Engineering Holding Berhad will be supported by the growth in the residential and commercial property markets; long term growth of end user industries, foreign investment and domestic investment growth as well as the increased outsourcing and relocation of E&E manufacturing activities to Southeast Asia.

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Financial performance of industry players that are involved in the provision of M&E engineering services

The following sets out the latest available revenues of private and public listed engineering firms in Malaysia that are involved in the provision of M&E engineering services with group revenue ranging between RM30.0 million and RM250.0 million in the latest available audited financial statements.

Industry player	Business activities ^a	Latest available financial year ended	Segmental revenue (RM)	Group revenue ^e (RM)	Profit / loss before tax (RM)	Profit / loss before tax margin ^e (%)	Profit / loss after tax (RM)	Profit / loss after tax margin ^e (%)
Bintai Kinden Corporation Berhad ^b	Provision of specialised M&E engineering, construction, property development, concessionaire arrangement, civil and structural, turnkey and infrastructure project, project management, medical and healthcare related business	31 March 2024	22,487,000	36,792,000	5,175,000	14.1	3,231,000	8.8
Bond M & E Sdn Bhd	Provision of design, supervision and installation of M&E systems and infrastructure works.	30 June 2023		164,137,760	7,892,464	4.8	5,798,101	3.5
Cabnet Holdings Berhad ^c	Provision of building management solutions which comprise structured cabling works and extra low voltage, as well as information technology services which can be offered as complementary to building management solutions or offered separately on a stand-alone basis as an additional product offering	28 February 2024	198,671,188	198,671,188	5,734,305	2.9	3,574,126	1.8
CBH Engineering Holding Berhad	Provision of electrical engineering service specialising in electricity supply distribution systems, and mechanical engineering works for building systems	31 December 2023	207,954,000	207,954,000	45,960,000	22.1	33,048,000	15.9
HE Group Berhad ^c	Provision of power distribution system, other building systems and works, hook up and retrofitting of electrical equipment and trading	31 December 2023		204,198,814	14,821,408	7.3	10,959,795	5.4
Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad) ^b	Provision of electrical and mechanical services as well as other associated engineering services for commercial, industrial and residential buildings	31 December 2023	198,956,000	199,314,000	29,154,000	14.6	27,591,000	13.8
LFE Corporation Berhad ^b	Provision of construction, M&E services, property development and investment holding	31 December 2023	64,800,888	114,354,810	18,292,968	16.0	15,159,033	13.3
MCC Technique Sdn Bhd	Provision of a range of M&E engineering contracting, M&E service and maintenance, low voltage, electrical switchboards and control panels manufacturing and extra low voltage services	31 December 2023		98,680,376	5,654,208	5.7	2,946,736	3.0

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Industry player	Business activities ^a	Latest available financial year ended	Segmental revenue (RM)	Group revenue ^e (RM)	Profit / loss before tax (RM)	Profit / loss before tax margin ^e (%)	Profit / loss after tax (RM)	Profit / loss after tax margin ^e (%)
MN Holdings Berhad ^c	Provision of underground utilities engineering services and solutions as well as substation engineering services and solutions	30 June 2023		164,452,657	13,183,849	8.0	9,501,975	9.5
Pasukhas Group Berhad ^c	Provision of design, system integration, fabrication, installation, testing and commissioning of electrical and mechanical works for specified industries; civil engineering and construction business	30 June 2023	12,754,762	146,494,521	-21,502,750	-14.7	-23,125,166	-15.8
Pestech Sdn Bhd ^d	Provision of power system engineering, technical solutions for the design, procurement and installation of substations, transmission lines and underground cables for electricity transmission and distribution. Manufacture of proprietary power system components and equipment	30 September 2023		236,207,149	-24,237,073	-10.3	-25,246,452	-10.7
Protech Builders Sdn Bhd	Provision of M&E engineering services comprising high voltage / low / extra low voltage electrical services, lighting, lightning protection telecommunication, structured cabling, air conditioning and hot water systems	31 May 2023		54,961,586	1,144,699	2.1	802,036	1.5
Savelite Engineering Sdn Bhd	Provision of M&E engineering services, as well as generation and sales of solar power renewable energy	31 July 2023		55,620,489	8,671,144	15.6	5,969,709	10.7
Shinryo (Malaysia) Sdn Bhd	Provision of engineering, procurement, construction and commissioning, specialising in the design and construction of power/co-generation plants, oil and gas facilities, district cooling plants and commercial/office buildings	30 September 2023		56,172,086	-1,783,816	-3.2	-1,746,338	-3.1
Wah Loon (M) Sdn Bhd	Provision of M&E services, air conditioning and mechanical ventilation systems, and fire protection systems	31 December 2023		59,595,789	-9,251,953	-15.5	-9,998,957	-16.8
West River Engineering Sdn Bhd	Provision of M&E engineering services comprising electrical engineering and ACMV services and green building solutions as well as manufacturing of electrical panels and distribution boards	31 December 2023		109,640,182	15,488,231	14.1	11,974,689	10.9

8. INDEPENDENT MARKET RESEARCH REPORT (*Cont'd*)



Notes:

The key industry players that are involved in the provision of M&E engineering solutions were identified based on publicly available sources, such as the internet, published documents and industry trade directories.

^a Save for CBH Engineering Holding Berhad, based on publicly available information sourced from the annual reports and websites of identified industry players

^b Listed on the Main Market of Bursa Malaysia Securities Berhad

^c Listed on the ACE Market of Bursa Malaysia Securities Berhad

^d Subsidiary of Pestech International Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad

^e May include revenue derived from other businesses as segmental revenue is not publicly available from the audited financial statements of the identified private companies from the Companies Commission of Malaysia

^f Computed in relation to group revenue

Latest available as at 4 December 2024

Source: Various annual reports, company websites, Companies Commission of Malaysia, PROVIDENCE analysis

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS**9.1.1 Our projects are non-recurring in nature and there is no guarantee that we will be able to secure new projects**

We derived the majority of our revenue from projects which were non-recurring in nature, and most of our projects were awarded on a project-by-project and potentially one-off basis. It is therefore critical that we are able to continuously and consistently secure new projects of similar value and volume.

As the contracts are awarded on a project-by-project basis, our customers are under no obligation to award contracts to us in the future. As such, there is no assurance that we will be able to successfully tender or secure projects from our existing customers in the future or that our existing customers will continue to engage us in their upcoming projects. Our ability to successfully tender or secure projects is dependent on a range of factors including our pricing and tender strategy, our competitors' tender and pricing strategy, the level of competition and our customers' evaluation standards. Depending on the then market conditions and competitive landscape, we may have to lower our pricing or adjust our tender strategy, such as through the provision of value engineering and design and build services, in order to maintain the competitiveness of our tenders. In addition, the scope of work in a project, which is dependent on its scale and complexity, will affect the profit margin of the project and our financial performance. In the event that we have to subcontract a material portion of the project work to a third-party subcontractor, our profit margins from such projects may also be reduced.

For FYE 2021, FYE 2022, FYE 2023 and FPE 2024, our revenue amounted to approximately RM67.58 million, RM180.12 million, RM207.95 million and RM178.23 million respectively, and our gross profit margin was approximately 17.96%, 23.04%, 32.37% and 29.93% respectively. Such historical financial information is solely derived from our projects during the Financial Years Under Review and FPE 2024, which does not necessarily have any implication on our future financial performance. Our future financial performance is largely dependent on our ability to secure new contracts, control our costs and expenditure, as well as efficient project implementation. Our revenue and gross profit margins may fluctuate from project to project, depending on factors that are specific to particular projects, including our determination of tender or quotation price and the actual cost of services. There is no assurance that we will always be able to obtain a similar or greater number of projects in the future and to maintain our profits at similar levels as we did during the Financial Years Under Review and FPE 2024.

Our order book is approximately RM203.69 million as at the LPD of which RM53.68 million is expected to be realised by the FYE 2024 and RM150.01 million in FYE 2025. As at the LPD, our Group is currently tendering for 22 projects, collectively totaling RM559.71 million in contract value. There can be no assurance that we will be able to sustain such level of order book in the future. Further, our order book is also subject to the risk of unexpected delays, cancellations or scope adjustments that may occur from time to time, which could contribute to a reduction in the value of our order book.

Cancellation or delay in the commencement of secured projects due to factors such as changes in our customers' businesses, poor market conditions and lack of funds on the part of the project owners may adversely affect us. In addition, there may be a lapse of time between the completion of our projects and the commencement of our subsequent projects. Any cancellation or delay of projects could lead to idle or excess capacity, and in the event that we are unable to secure replacement projects on a timely basis, this may affect our business operations and financial position.

9. RISK FACTORS (Cont'd)

As at the LPD, there has been no past incident in respect of any of the above which had any material adverse impact on our Group's financial position or results of operations. However, if we cannot continue to maintain the number of contracts at a similar level or obtain new projects of similar or even larger contract sums, our business and financial position may be affected.

9.1.2 Failure to complete our projects in a reliable and timely basis could materially affect our reputation and financial performance

The contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract. The calculation mechanism for the liquidated damages is generally set forth in the contract.

Delays in a project may occur from time to time due to various unforeseen factors such as shortage of manpower, delays by subcontractors, industrial accidents, delay in delivery of materials and local weather conditions. If there is any delay on our part in the completion of a project, we may be liable to pay liquidated damages under the contract. During the Financial Years Under Review and FPE 2024, we did not face any instances where we incurred liquidated damages. Additionally, amidst the COVID-19 pandemic, our Group did not incur any liquidated damages for the 2 projects that were deferred which resulted in delays to our project timelines.

As at the LPD, our Group is exposed to an estimated liquidated damages of up to RM29.29 million for 7 projects that have extended beyond the completion dates stipulated in the respective letters of award and EOTs granted by the applicable customers, the amount of which is material to our Group.

However, there is no assurance that there will not be any delay in our existing and future projects resulting in claims for liquidated damages, which in turn will have an adverse impact on our reputation, business, financial condition and results of operations.

9.1.3 We secure M&E engineering projects from main contractors

Our projects are secured on an invited tender basis. We are invited by main contractors to provide M&E engineering quotes for the new projects that they are tendering for. Our ability to secure M&E engineering contracts depends on such main contractors inviting us on a frequent and regular basis to provide M&E engineering quotes to them. These main contractors may not invite us to tender and quote for a project if they find that we do not have relevant CIDB gradings or Energy Commission Malaysia license or adequate track record to carry on the scope and responsibilities required for a particular project or sufficient manpower or financial resources to perform a project.

As our revenue streams depend on contracts awarded to us on a project-by-project basis, the revenue that we secure varies on a year-to-year basis. The contracts that we enter into with our main contractors typically range between 12 months to 24 months, depending on the scope of services in which we have been engaged to perform. There is no assurance that we will continue to secure contracts from main contractors as we do not have long-term agreements with these customers. If these main contractors discontinue their business relationships with us, we may not be able to secure other customers who are able to contribute similar proportion of revenue on a timely basis.

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. Notwithstanding the above, our Group's sustainability, revenue, and financial results will be materially and adversely affected if:

- (a) we were to lose 1 or more of our main contractors (or reduce the level of services provided to them) without securing new customers to replace the loss of business;

9. RISK FACTORS (Cont'd)

- (b) we were to encounter difficulties in collecting payments from these projects; and / or
- (c) our contracts with these main contractors are delayed or terminated.

While there has not been any such past instance which had any adverse impact on our Group's financial condition and results of operations, there is no assurance that these main contractors will continue to invite us to provide quotes for all projects that they participate in.

While our Group also tendered for projects directly with project owners during the Financial Years Under Review, FPE 2024 and up to the LPD, we generate a substantial revenue from main contractors. In the event we are unable to secure contracts from main contractors and replace them with projects from project owners in a timely manner, our Group's business and financial performance will be affected.

9.1.4 We are dependent on registrations and licenses

We are required to obtain and hold valid certificates of registration issued by the CIDB in order for us to operate our business. As at the LPD, CBH Engineering and CBH M&E are registered with the CIDB as Grade G7 contractors and CBH Maintenance is registered with the CIDB as a Grade G3 contractor. Further, CBH Engineering and CBH M&E are registered with the Energy Commission Malaysia as an Electrical Contractor under Class A and CBH Maintenance is registered with the Energy Commission Malaysia as an Electrical Contractor under Class C.

To maintain such certificates of registration, we are required to comply with the relevant standards and conditions imposed by the CIDB and the Energy Commission Malaysia, including the need to notify the CIDB on projects that we have secured and to provide the corresponding required information on these projects. Failure to do so may result in the downgrading, suspension or revocation of our registration, subject to reinstatement by the CIDB, or a penalty to be imposed on our Group by the CIDB. Our Energy Commission Malaysia registration requires us to comply with all conditions applicable to the registration as set out under the Electricity Supply Act 1990 as well as all orders and guidelines issued by the Energy Commission Malaysia from time to time. Failure to do so may result in revocation of our registration with the Energy Commission Malaysia or a penalty to be imposed on our Group by the Energy Commission Malaysia. When seeking for renewal of such certificates of registration upon its expiry, we may be exposed to the risk of delay or non-renewal of these certificates of registration.

If we are unable to maintain or renew our certificates of registration with the CIDB and Energy Commission Malaysia, we will be restricted or prohibited from providing M&E engineering services, thereby adversely affecting our business and financial position.

For the Financial Years Under Review, FPE 2024 and up to the LPD, we have not experienced any downgrading, suspension, revocation or non-renewal of our registrations with the CIDB and Energy Commission Malaysia.

9.1.5 Any significant cost overruns may materially and adversely affect our business operations

Our contracts are generally determined on a fixed-price basis upon the signing of the contract. The estimated contract sum quoted in our tender is determined on a case-by-case basis having regard to various factors, which generally include:

- (i) the scope of services;
- (ii) the estimated number and types of personnel required;
- (iii) the price trend of the types of materials required;
- (iv) the complexity of the project;
- (v) the availability of our manpower and resources;
- (vi) the project duration;
- (vii) the frequency of carrying out defects rectification works;
- (viii) the number and location of designated project sites;

9. RISK FACTORS (Cont'd)

- (ix) any subcontracting which is expected to be necessary; and
- (x) the prevailing market conditions.

There is no specific clause in relation to price adjustment in our contracts with our customers which allows us to pass on any substantial increase in our costs of services to our customers. There is also no assurance that our actual costs incurred will not exceed the estimated costs, due to underestimation of costs, excessive wastage, inefficiency, damage or unforeseen additional costs incurred during the course of the contract or increase in commodity prices, all of which may have an adverse impact on our gross profit margin.

While we have since implemented measures to reduce the likelihood of cost overruns, such as reducing the timing difference between our contract with our customers and our procurement of materials to reduce the possibility of any unexpected increase in costs which may not have been factored into our contract sum; and in our selection of suppliers, giving more weight to the suppliers' ability to adhere to the agreed contractual price in the event of a subsequent unexpected increase in cost of materials, there is no assurance that our measures will be successful, and accordingly, any underestimation of costs, delay or other circumstances resulting in cost overruns may adversely affect our profitability.

During the Financial Years Under Review, FPE 2024 and up to the LPD, we did not experience any material cost overruns as a result of an increase in the prices of commodities such as copper and aluminium which affected our Group's financial performance. Notwithstanding the above, our Group may be exposed to cost overruns for ongoing and potential projects arising from an increase in the prices of commodities that we may not be able to pass on to our customers.

9.1.6 We are dependent on our Executive Directors and key senior management for the continued success of our business

The success of our Group is dependent on the experience, industry knowledge and network, and skills of our Executive Directors and key senior management. Our Managing Director, Ir. Cheah Boon Hwa as well as Executive Directors, Cheah Boon Huat and Cheah Min Heng, have approximately 43 years, 31 years and 7 years of experience in the M&E engineering industry respectively and in-depth knowledge of our operations. Our key senior management comprise individuals who each also have significant relevant experience in the industry or respective fields.

Our Group's success is also dependent on the continued service of our Executive Directors and key senior management, and our ability to hire, develop, motivate and retain qualified personnel needed to support our business operations. Due to their in-depth knowledge of our operations and experience in the industry, they are critical to the overall management and operations of our business, corporate culture and strategic direction.

We have not experienced any departure of any key senior management which had a material effect on our business operations in the past. However, the loss of any Executive Directors and any of our key senior management simultaneously or within a short time may create unfavourable or material impact on our Group's operations and the future growth of our business, which may ultimately affect our financial performance, if we are not able to replace or attract suitable talents in a timely manner. Therefore, our ability to attract and retain a highly-skilled and experienced workforce is crucial for our continued success, future business growth and prospects.

9.1.7 We are dependent on the supply and quality of services of our subcontractors and suppliers to complete our projects

We regularly engage subcontractors to perform or assist us in performing certain works specifically services requiring specialised expertise, skills and/or licenses and specialised machinery and/or equipment or due to limitation of manpower to carry out the workload. We or our subcontractors also engage and coordinate with suppliers of equipment, systems, products and parts that are required for the projects we undertake.

9. RISK FACTORS (Cont'd)

Save for some projects where the subcontractors are selected by our customers, we typically appoint subcontractors from a shortlisted list by taking into consideration the project requirements and specifications, the quotations submitted by the suppliers, the suppliers' abilities to deliver contracted services on a timely and satisfactory basis as well as our past working experiences and relationships with the suppliers. Upon negotiation on the pricing and scope of works, we will subsequently issue purchase orders to the designated subcontractors outlining the descriptions, costs and due dates of deliverables before the commencement of the contracted works.

Since our subcontractors do not have a direct contractual relationship with our customers, we supervise and are responsible for the works of our subcontractors, and thus are subject to risks associated with any suboptimal or late performance by our subcontractors. Subcontractor failures are generally in the form of delays or poor workmanship that do not meet the contractual specifications. This may adversely affect our ability to complete our projects based on the project timeline stipulated in the contractual agreements, which as a result, may render us liable to potential defect liability claims by our customers.

In such event, although we may attempt to seek compensation from the relevant subcontractors, we may be required to compensate our customers prior to receiving any compensation from the relevant subcontractors, if at all. If no corresponding claim can be asserted against a subcontractor or the claim amount cannot be recovered in full, we may be required to bear some or all the costs of the claims, in which case our financial performance could be affected. Our Group has not encountered any defect liability claims due to the quality of subcontracted works during the Financial Years Under Review, FPE 2024 and up to the LPD.

9.1.8 Our operations are dependent on our ability to attract and retain a skilled workforce

Due to the specialised and technical nature of the services that we provide in relation to M&E engineering systems, our Group's future prospects are dependent on the abilities, knowledge, experience and competency of our skilled personnel, among which include engineers and competent personnel such as chargemen and wiremen. We rely on the availability of our skilled personnel for the design, supply, installation, testing, commissioning and maintenance of M&E engineering projects.

Therefore, our ability to attract and retain a competent base of skilled workforce is crucial for our business to continue growing and achieving favourable performance. Should these skilled personnel leave our Group simultaneously or within a short span of time without suitable or timely replacement, this could have an adverse impact on our business operations and the overall performance of our Group.

9.1.9 We are subject to defects liability claims

A defects liability period is imposed on us in relation to the contracts that we secure. The defects liability period commences upon issuance of the certification of practical completion and generally covers a period of between 12 months to 24 months.

We bear the costs associated with any claims by our customers and these are charged as our costs of sales for the respective projects. Any material defects liability claims by our customers could have an adverse impact on our operations, cash flows and financial performance.

We maintain back-to-back defects liability periods with our subcontractors and suppliers for services and products that we procure from them. Notwithstanding this, we are still exposed to potential defects liability claims to the extent that it may affect project delivery timeline, work quality, and ultimately our reputation among our existing and potential customers. We have established and implemented a quality management system in accordance with the ISO 9001:2015 standards and requirements. However, there is no guarantee that we will always be able to effectively carry out our role in our M&E engineering projects.

Our Group has not encountered any defects liability claims during the Financial Years Under Review, FPE 2024 and up to the LPD.

9. RISK FACTORS (Cont'd)

9.1.10 Our insurance coverage may not be sufficient to cover all losses and/or liabilities arising from potential claims

Pursuant to the terms of the contracts awarded by our customers, we may be required to procure and maintain insurance policies relevant for the projects, in the interest of our customers/ main contractors, such as contractor all risks and workmen's compensation.

We are aware of the adverse consequences arising from the inadequate insurance coverage that could potentially affect our business, operations and financial performance. We have also purchased comprehensive 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 business operations 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, the insurance coverage is 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 the Financial Years Under Review, FPE 2024 and up to the LPD, we have not encountered any events that resulted in any insurance claims that materially affected our business and financial condition.

9.2 RISKS AFFECTING THE INDUSTRY IN WHICH WE OPERATE

9.2.1 We operate in a competitive industry

The M&E engineering industry in Malaysia is competitive, and such competition may intensify in the future due to the entry of new players including foreign companies entering the Malaysian market. In the event that our competitors are able to provide comparable or better services at more competitive prices or respond to changes in market conditions more swiftly or effectively than we do, our operations and our financial performance may be adversely affected. There is no assurance that we will be able to compete effectively with our existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by us to remain competitive will adversely affect the demand for our services and our financial performance.

9.2.2 We may be affected by any changes in the general economic, regulatory, political and social conditions and developments in Malaysia

Our business may be affected by local developments in relation to inflation, bank interest rates, government policies and regulations and other conditions which may impact economic, regulatory, political and social stability in Malaysia. We have no control over such conditions and developments and there is no assurance that such conditions and developments will not occur and adversely affect our business operations. Negative developments in the socio-political climate in Malaysia may also adversely affect our Group's business, financial position, results of operations and prospects. There is no assurance that we will be able to adapt to the local conditions, regulations and business practices and customs in future. Any changes implemented by the Government resulting, amongst others, in currency and interest rate fluctuations, capital restrictions, and changes in duties and taxes detrimental to our business could materially and adversely affect our business, financial condition, results of operations and prospects.

9. RISK FACTORS (Cont'd)

Our business and operations may also be materially and adversely affected by unforeseeable circumstances and other factors such as power outages, political unrest and natural or other catastrophes, may disrupt our operations and cause loss and damage to our properties. Terrorist attacks or other acts of violence may also materially and adversely affect the local financial market and business and consumer confidence. Our business may also be affected by macroeconomic factors, such as general economic conditions, market sentiment and consumer confidence in Malaysia, social and political unrest, regulatory, fiscal and other governmental policies, all of which are beyond our control. Any such events may cause damage or disruption to our business, markets, customers and suppliers, any of which could materially and adversely affect our business, financial position, results of operations and prospects.

9.2.3 There are inherent risks in the electricity supply market

As our business is mainly in the provision of M&E engineering services in relation to electricity supply distribution systems whereby, we, amongst others design, supply, install, test, commission and maintain HV, MV, LV and ELV electrical systems and therefore we are subject to inherent risks within the electricity supply market. Such inherent risks include, amongst others, dependency on public and private investments in electricity supply distribution systems which in turn are affected by economic conditions, foreign direct investments, the construction industry and government initiative and spending. Some of the changes, which include changes to economic conditions, government initiatives and spending or situations may reduce new electricity supply distribution system projects 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 may adversely affect our business, financial performance and prospects.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES**9.3.1 The offering of our Shares may not result in an active liquid market for our Shares**

Prior to our Listing, there has been no public market for our Shares. Hence our Listing does not guarantee that it will develop an active market for the trading of our Shares, or if developed, such market can be sustained.

The IPO Price has been determined after taking into consideration a number of factors, including but not limited to, our Group's financial performance, operating history and condition, the prospects of our Group and the industry in which our Group operates, and the prevailing market conditions.

Further, as we are seeking listing on the ACE Market, investment in our Shares may be of higher investment risk as compared to companies listed on the Main Market of Bursa Securities and there is no assurance that there will be a liquid market for our Shares traded on the ACE Market. Please refer to the cautionary statement disclosed on the cover page of this Prospectus.

As such, the price at which our Shares will trade on the ACE Market is dependent on market forces beyond our control.

There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

9.3.2 The trading price and trading volume of our Shares may be volatile

The trading price and volume of our Shares may fluctuate due to various factors which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

9. RISK FACTORS (Cont'd)

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.3.3 We may not be able to declare dividends to our shareholders

Our Group's ability to pay dividends to our shareholders is dependent on, amongst others, our future financial performance, cash flow positions, capital requirements as well as the implementation of our business plans. Our ability to pay dividends to our shareholders may be affected should these factors deteriorate and as such, there can be no assurance that we will be able to pay dividends to our shareholders. In addition, dividends are not guaranteed and our Board, at its discretion, may decide not to pay dividends at any time and for any reasons. If we do not pay our shareholders dividends, or if the dividends paid are lower compared to levels anticipated by our investors, the market price of our Shares may be negatively affected, reducing the value of any investment in our Shares.

9.3.4 Our Listing may be delayed or aborted

Our Listing may be delayed or aborted should any of the following events occur:

- (i) we are unable to meet the public shareholding spread requirements under the Listing Requirements, where at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders, with each holding not less than 100 Shares at the point of our Listing;
- (ii) our Sole Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligation therein; and
- (iii) revocation of approvals from relevant authorities for our Listing.

Should any of the events occur, investors will not receive any Shares, and all monies paid in respect of the Application will be returned in full without interest within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and our Shares have been allotted to the investors, the return of monies to investors could only be achieved by way of cancellation of share capital as provided under Section 116 or Section 117 of the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.4 OTHER RISKS**9.4.1 Significant influence by our Promoters**

Upon Listing, our Promoters will collectively hold an aggregate 1,368,491,093 Shares, representing 72.76% of our enlarged issued Shares of 1,880,896,393 after our IPO. As a result, our Promoters will likely influence the outcome of certain matters which require the vote of our shareholders, unless they and persons connected with them are abstained from voting, either by law, relevant guidelines or regulations. As such, there exists 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 OUR GROUP'S RELATED PARTY TRANSACTIONS

(a) Material related party transactions entered into by our Group

Save as disclosed below, there are 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 the Financial Years Under Review, FPE 2024 and up to the LPD:

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
1.	CBH Engineering and Quay Plantations (Bekor) Sdn Bhd ("Quay Plantations")	<p>Interested substantial shareholders⁽⁵⁾</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat <p>Interested directors</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat <p>Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common shareholders</p>	Back charge of administrative expenses by CBH Engineering to Quay Plantations ⁽⁷⁾	*	# ⁽¹⁾	3	0.03 ⁽¹⁾	*	0.01 ⁽¹⁾	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value								1 September 2024 up to the LPD	
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		RM'000	%
				RM'000	%	RM'000	%	RM'000	%	RM'000	%		
		and directors of CBH Engineering ⁽⁵⁾ and Quay Plantations ⁽⁶⁾ .											
2.	CBH Engineering and Ladang Kg Ganchong Sdn Bhd ("LKGSB")	<p>Interested substantial shareholder⁽⁵⁾</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa <p>Interested director</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa <p>Ir. Cheah Boon Hwa is the common shareholder and director of CBH Engineering⁽⁵⁾ and LKGSB⁽⁶⁾.</p>	Back charge of administrative expenses by CBH Engineering to LKGSB ⁽⁸⁾	-	-	3	0.03 ⁽¹⁾	*	0.01 ⁽¹⁾	-	-	-	-

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10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
3.	CBH Engineering and Quay Equities Sdn Bhd ("Quay Equities")	<p>Interested substantial shareholders⁽⁵⁾</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat <p>Interested directors</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat <p>Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common shareholders and directors of CBH Engineering⁽⁵⁾ and Quay Equities.</p>	Rental payment from CBH Engineering to Quay Equities ⁽⁹⁾	86	1.23 ⁽¹⁾	90	1.01 ⁽¹⁾	96	0.86 ⁽¹⁾	64	0.66 ⁽¹⁾	24	N/A ⁽¹⁹⁾

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value								1 September 2024 up to the LPD	
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		RM'000	%
				RM'000	%	RM'000	%	RM'000	%	RM'000	%		
4.	CBH Engineering and Ir. Cheah Boon Hwa	Interested substantial shareholder⁽⁵⁾ <ul style="list-style-type: none"> Ir. Cheah Boon Hwa Interested director <ul style="list-style-type: none"> Ir. Cheah Boon Hwa 	Rental payment from CBH Engineering to Ir. Cheah Boon Hwa ⁽¹⁰⁾	86	1.23 ⁽¹⁾	90	1.01 ⁽¹⁾	90	0.80 ⁽¹⁾	64	0.66 ⁽¹⁾	24	N/A ⁽¹⁹⁾
5.	CBH Maintenance and Ir. Cheah Boon Hwa	Interested substantial shareholder⁽⁵⁾ <ul style="list-style-type: none"> Ir. Cheah Boon Hwa Interested director <ul style="list-style-type: none"> Ir. Cheah Boon Hwa 	Rental payment from CBH Maintenance to Ir. Cheah Boon Hwa ⁽¹¹⁾	-	-	-	-	2	0.02 ⁽¹⁾	4	0.04 ⁽¹⁾	2	N/A ⁽¹⁹⁾
6.	CBH Maintenance and Cemerlang Bersepadu Holdings Sdn Bhd	Interested substantial shareholders⁽⁵⁾ <ul style="list-style-type: none"> Ir. Cheah Boon Hwa Cheah Boon Huat Cheah Boon Kiat 	Payment in relation to subcontractor works rendered by Cemerlang Bersepadu Holdings Sdn Bhd to CBH Maintenance ⁽¹²⁾	-	-	61	0.04 ⁽²⁾	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		Interested directors <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat <p>Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common shareholders and directors of CBH Maintenance⁽⁵⁾ and Cemerlang Bersepadu Holdings Sdn Bhd.</p>											
7.	CBH Engineering and Cheah Boon Kiat	Interested substantial shareholder⁽⁵⁾ <ul style="list-style-type: none"> • Cheah Boon Kiat Interested director <ul style="list-style-type: none"> • Cheah Boon Kiat 	Provision and installation of Solar PV rooftop kit system by CBH Engineering to Cheah Boon Kiat	40	0.06 ⁽³⁾	-	-	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
8.	CBH Engineering and Cheah Min Heng	Interested director <ul style="list-style-type: none"> Cheah Min Heng 	Provision and installation of PV rooftop kit system by CBH Engineering to Cheah Min Heng	25	0.04 ⁽³⁾	-	-	-	-	-	-	-	-
9.	CBH Engineering and Paul Cheah Associates ("PCA")	Interested substantial shareholders⁽⁵⁾ <ul style="list-style-type: none"> Ir. Cheah Boon Hwa Cheah Boon Huat Cheah Boon Kiat Cheah Boon Hoe Interested directors <ul style="list-style-type: none"> Ir. Cheah Boon Hwa Cheah Boon Huat Cheah Boon Kiat Cheah Boon Hoe, is the managing	Legal services rendered by PCA to CBH Engineering	*	# ⁽¹⁾	-	-	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		partner of PCA. He is the brother to Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat, whereby three of them are the directors and substantial shareholders of CBH Engineering ⁽⁵⁾ .											
10.	CBH Engineering and TNG Electrical Engineering ("TNG")	<p>Interested substantial shareholder⁽⁵⁾</p> <ul style="list-style-type: none"> Ir. Cheah Boon Hwa <p>Interested director</p> <ul style="list-style-type: none"> Ir. Cheah Boon Hwa <p>Interested person connected with director and substantial shareholder⁽⁵⁾</p> <ul style="list-style-type: none"> Goh Chow 	Subcontractor works rendered by TNG to CBH Engineering ⁽¹³⁾	7	0.01 ⁽²⁾	130	0.09 ⁽²⁾	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		Chin Goh Chow Chin is the director of TNG. He is the brother-in-law of Ir. Cheah Boon Hwa, the director and substantial shareholder of CBH Engineering ⁽⁵⁾ .											
11.	CBH Maintenance and TNG	<p>Interested substantial shareholder⁽⁵⁾</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa <p>Interested director</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa <p>Interested person connected with director and substantial shareholder⁽⁵⁾</p> <ul style="list-style-type: none"> • Goh Chow Chin 	Subcontractor works rendered by TNG to CBH Maintenance ⁽¹⁴⁾	17	0.03 ⁽²⁾	6	# ⁽²⁾	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		Goh Chow Chin is the director of TNG. He is the brother-in-law of Ir. Cheah Boon Hwa, the director and substantial shareholder of CBH Maintenance ⁽⁵⁾ .											
12.	CBH M&E and Capital M&E Engineering ("Cap")	<p>Interested substantial shareholder⁽⁵⁾</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa <p>Interested director</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa <p>Interested person connected with director and substantial shareholder⁽⁵⁾</p> <ul style="list-style-type: none"> • Goh Chow Chin <p>Goh Chow Chin is the director of</p>	Subcontractor works rendered by Cap to CBH M&E ⁽¹⁵⁾	-	-	4	# ⁽²⁾	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value								1 September 2024 up to the LPD	
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		RM'000	%
				RM'000	%	RM'000	%	RM'000	%	RM'000	%		
		Cap. He is the brother-in-law of Ir. Cheah Boon Hwa, the director and substantial shareholder of CBH M&E ⁽⁵⁾ .											
13.	CBH Engineering and Goh Soo Mou	<p>Interested substantial shareholder⁽⁵⁾</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa <p>Interested director</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa <p>Interested person connected with director and substantial shareholder⁽⁵⁾</p> <ul style="list-style-type: none"> • Goh Soo Mou <p>Goh Soo Mou is the spouse of Ir. Cheah Boon Hwa, the director and substantial shareholder of</p>	Rental for staff accommodation from CBH Engineering to Goh Soo Mou ⁽¹⁶⁾	-	-	-	-	10	0.09 ⁽¹⁾	7	0.07 ⁽¹⁾	3	N/A ⁽¹⁹⁾

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		CBH Engineering ⁽⁵⁾ .											
14.	CBH Engineering and Esther Hor, Mohanths, Scully (“HMS Law”)	<p>Interested substantial shareholder⁽⁵⁾</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa <p>Interested directors</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Min Heng <p>Interested person connected with directors and substantial shareholder⁽⁵⁾</p> <ul style="list-style-type: none"> • Hor Su Ying <p>Hor Su Ying was a partner of HMS Law. She is also the wife of Cheah Min Heng, the director of CBH Engineering,</p>	Legal services rendered by HMS Law to CBH Engineering	-	-	-	-	50	0.45 ⁽¹⁾	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		and the daughter-in-law of Ir. Cheah Boon Hwa, the director and substantial shareholder of CBH Engineering ⁽⁵⁾ .											
15.	CBH Engineering and CBH Projects (Construction) Sdn Bhd ⁽¹⁷⁾	Interested substantial shareholders <ul style="list-style-type: none"> • Quay Holdings • Ir. Cheah Boon Hwa⁽⁵⁾ • Cheah Boon Huat⁽⁵⁾ • Cheah Boon Kiat⁽⁵⁾ • Cheah Boon Hoe⁽⁵⁾ • Cheah Chai Siew⁽⁵⁾ Interested directors <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon 	Payment of interest expense by CBH Engineering to CBH Projects (Construction) Sdn Bhd ⁽¹⁸⁾	17	22.97 ⁽⁴⁾	34	44.16 ⁽⁴⁾	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		Kiat • Cheah Min Heng Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common directors and substantial shareholders of CBH Engineering ⁽⁵⁾ and CBH Projects (Construction) Sdn Bhd ⁽⁵⁾ . Cheah Boon Hoe and Cheah Chai Siew are the common substantial shareholders of CBH Engineering ⁽⁵⁾ and CBH Projects (Construction) Sdn Bhd ⁽⁵⁾ , while Cheah Min Heng is the common											

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value								1 September 2024 up to the LPD	
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		RM'000	%
				RM'000	%	RM'000	%	RM'000	%	RM'000	%		
		director of CBH Engineering and CBH Projects (Construction) Sdn Bhd.											
16.	CBH Engineering and Quay Holdings	<p>Interested substantial shareholders</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa⁽⁵⁾ • Cheah Boon Huat⁽⁵⁾ • Cheah Boon Kiat⁽⁵⁾ • Cheah Boon Hoe⁽⁵⁾ • Cheah Chai Siew⁽⁵⁾ <p>Interested directors</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Min Heng <p>Quay Holdings is the Promoter</p>	Disposal of a motor vehicle by CBH Engineering to Quay Holdings ⁽²⁰⁾	-	-	-	-	-	-	67	0.08 ⁽²¹⁾	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		and substantial shareholder of our Group. Mr. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common directors and substantial shareholders of CBH Engineering ⁽⁵⁾ and Quay Holdings. Cheah Boon Hoe and Cheah Chai Siew are the common substantial shareholders of CBH Engineering ⁽⁵⁾ and Quay Holdings, while Cheah Min Heng is the common director of CBH Engineering and Quay Holdings.											

10. RELATED PARTY TRANSACTIONS (Cont'd)

Notes:

- # The amount is negligible.
- * Less than RM1,000
- (1) Calculated based on our Group's total administrative expenses for each of the respective financial years/ period.
- (2) Calculated based on our Group's total cost of sales for each of the respective financial years/ period.
- (3) Calculated based on our Group's total revenue for each of the respective financial years/ period.
- (4) Calculated based on our Group's total finance cost for each of the respective financial years/ period.
- (5) Deemed interested by virtue of his/ their direct shareholdings in Quay Holdings, which is our Group's promoter and substantial shareholder, pursuant to Section 8 of the Act.
- (6) Deemed interested by virtue of his/ their direct shareholdings in Quay Estates Sdn Bhd, pursuant to Section 8 of the Act.
- (7) Comprise, amongst others, insurance premium covered under the personal accident insurance policy as well as expenses incurred on annual dinner and team building paid by CBH Engineering on behalf of Quay Plantations.
- (8) Comprise, amongst others, expenses incurred on annual dinner and team building paid by CBH Engineering on behalf of LKGSB.
- (9) For the Financial Years Under Review and up to the LPD, CBH Engineering rented the premise with the postal address of No. 12, 12A and 12B, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor from Quay Equities. CBH Engineering renewed its tenancy agreement with Quay Equities for the rental of the said premise for a 5-year tenancy period commencing from 1 January 2023 to 31 December 2027. The said premise is used as the head office for CBH Group.
- (10) For the Financial Years Under Review and up to the LPD, CBH Engineering rented the premise with the postal address of No. 14, 14A & 14B, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor from Ir. Cheah Boon Hwa. CBH Engineering renewed its tenancy agreement with Ir. Cheah Boon Hwa for the rental of the said premise for a 1-year tenancy period commencing from 1 May 2024 to 30 April 2025. The said premise is used as the head office for CBH Group.
- (11) For the FYE 2023 and up to the LPD, CBH Maintenance rented the premise with the postal address of No. 14B, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor with an office space of 400 square feet from Ir. Cheah Boon Hwa. CBH Maintenance entered into a tenancy agreement with Ir. Cheah Boon Hwa for the rental of the said premise for a 5-year tenancy period commencing from 1 October 2023 to 30 September 2028. The said premise is used as the office for CBH Maintenance.
- (12) CBH Maintenance engaged Cemerlang Bersepadu Holdings Sdn Bhd as their subcontractor for the supply and installation of ELV system in FYE 2022. CBH Maintenance has ceased all transactions with Cemerlang Bersepadu Holdings Sdn Bhd in FYE 2023 and up to the LPD.

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (13) *CBH Engineering engaged TNG as their subcontractor for general electrical works in FYE 2021 and FYE 2022. CBH Engineering has ceased all transactions with TNG in FYE 2023 and up to the LPD. For information, TNG is principally involved in electrical engineering works and wiring installation.*
- (14) *CBH Maintenance engaged TNG as their subcontractor for general electrical works in FYE 2021 and FYE 2022. CBH Maintenance has ceased all transactions with TNG in FYE 2023 and up to the LPD. For information, TNG is principally involved in electrical engineering works and wiring installation.*
- (15) *CBH M&E engaged Cap as their subcontractor for general electrical works in FYE 2022. CBH M&E has ceased all transactions with Cap in FYE 2023 and up to the LPD. For information, Cap is an electrical and mechanical contractor and is principally involved in carrying out electrical wiring work, mechanical work, service and repair work, selling electrical items, carrying out telephone work for residential and commercial properties.*
- (16) *For the FYE2023 and up to the LPD, CBH Engineering rented the premise with the postal address of 7-05-06, Pangsapuri Sri Kemuning, Jalan Anggerik Aranda 31/42 Kota Kemuning, 40460 Shah Alam from Goh Soo Mou. CBH Engineering entered into a tenancy agreement with Goh Soo Mou for the rental of the said premise for a 1-year tenancy period commencing from 1 May 2024 to 30 April 2025. The said premise is used as the local staff accommodation for CBH Engineering.*
- (17) *CBH Projects (Construction) Sdn Bhd is a wholly-owned subsidiary of Quay Holdings, which is our Group's promoter and substantial shareholder. As at the LPD, CBH Projects (Construction) Sdn Bhd is undergoing members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects (Construction) Sdn Bhd held on 20 December 2023.*
- (18) *Arising from the advances extended by CBH Projects (Construction) Sdn Bhd to CBH Engineering amounting to RM950,000 in September 2021 and RM950,000 in January 2022, for working capital purposes. The two advances had been fully settled by CBH Engineering in December 2021 and August 2022, respectively. The said advances were subjected to an interest rate of Islamic Financing Rate ("IFR") + 0.2% per annum based on the effective profit rate of the cash line extended by Hong Leong Islamic Bank Berhad to CBH Engineering.*
- (19) *Not applicable as our Group did not prepare any financial statements from 1 September 2024 up to the LPD.*
- (20) *CBH Engineering disposed a motor vehicle to Quay Holdings in June 2024. This was a one-off transaction.*
- (21) *Calculated based on our Group's total NA for the FPE 2024.*

Save for transactions 6, 7, 8, 10, 11 and 12, our Directors and Mercury Securities are of the view that all other related party transactions were transacted 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 third parties and were not detrimental to our non-interested shareholders based on the following:

- (i) the back charge of administrative expenses (i.e., insurance premium) by CBH Engineering to Quay Plantations was calculated based on Quay Plantations' annual premium under CBH Engineering's group personal accident insurance policy;
- (ii) the back charge of administrative expenses (i.e., expenses incurred for annual dinner and team building) by CBH Engineering to Quay Plantations and LKGSB were proportional to the total amount charged by the vendors to CBH Engineering;

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (iii) the rental expenses paid to our related parties, namely Quay Equities, Ir. Cheah Boon Hwa and Goh Soo Mou were based on the prevailing market rental rates of similar properties located within the vicinity;
- (iv) the charges for legal services rendered by HMS Law to CBH Engineering is governed by the Solicitors' Remuneration Order 2023;
- (v) the interest paid to CBH Projects (Construction) Sdn Bhd was based on the effective profit rate of the cash line (i.e. IFR + 0.2% per annum) extended by Hong Leong Islamic Bank Berhad to CBH Engineering; and
- (vi) the disposal of a motor vehicle from CBH Engineering to Quay Holdings was based on the prevailing market price of a similar model.

The transactions 6, 7, 8 10, 11 and 12 were not transacted 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 third parties due to the following:

- (i) we are unable to procure comparative information to ascertain that the provision of subcontractor works from related parties to our subsidiaries was transacted based on normal commercial terms and at market rate; and
- (ii) lower fees were charged to Cheah Boon Kiat and Cheah Min Heng as compared to the fees charged to third parties for the provision and installation of Solar PV rooftop kit system rendered by CBH Engineering.

Our Directors also confirm that there are no other related party transactions that have been entered by our Group that involves the interest, direct or indirect, of our Directors, substantial shareholders and/or persons connected to them but not yet effected up to the date of this Prospectus. Save for the transactions 3, 4, 5 and 13, our Directors confirm that all the related party transactions as stated above will not continue after our Listing.

Following our Listing, the Audit Committee of our Group will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not detrimental to our minority shareholders.

In the event that there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, our interested Director(s) shall disclose his interest to our Board, of the nature and extent of his interest including all matters in relation to the proposed related party transaction that he is aware or should reasonably be aware of, which is not in our best interest. Our interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transaction.

In the event that there is any proposed related party transaction that requires the prior approval of our Company's shareholders, our Directors, substantial shareholders and/or persons connected with them, which have any interest, direct or indirect, in the transaction, will abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or substantial shareholders will also undertake to ensure that the person connected with them will abstain from voting on the resolution approving the proposed related party transaction at a general meeting.

10. RELATED PARTY TRANSACTIONS (Cont'd)

If the related party transactions are deemed as recurrent related party transactions, our Company may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such recurrent related party transactions during the validity period of the mandate. Related party transactions can be deemed as recurrent, if they are entered into at least once every three years, in the ordinary course of business and are of a revenue or trading nature necessary for the day-to-day operations of our Group.

(b) Transactions which 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 the Financial Years Under Review, FPE 2024 and up to the LPD.

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10. RELATED PARTY TRANSACTIONS (Cont'd)

(c) Outstanding loans and/or financial assistance made to or for the benefit of, or from related parties

(i) Outstanding loans and/or financial assistance made to or for the benefit of related parties

Save as disclosed below, our Directors have confirmed that there are no outstanding loans and/or financial assistance made by us to or for the benefit of any related party during the Financial Years Under Review, FPE 2024 and up to the LPD.

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Outstanding Amount				
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 31 August 2024	As at the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
1.	Providing party CBH Maintenance Receiving party Quay Holdings	Interested substantial shareholders⁽¹⁾ <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Boon Hoe • Cheah Chai Siew Interested directors <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Min Heng Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common directors and substantial shareholders of CBH Maintenance ⁽¹⁾ and Quay Holdings.	Advances from CBH Maintenance to Quay Holdings for the subscription of shares in CBH M&E ⁽²⁾⁽⁴⁾	449	449	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Outstanding Amount				
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 31 August 2024	As at the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
		Cheah Boon Hoe and Cheah Chai Siew are the common substantial shareholders of CBH Maintenance ⁽¹⁾ and Quay Holdings, while Cheah Min Heng is the common director of CBH Maintenance and Quay Holdings.						
2.	<p>Providing party CBH Maintenance</p> <p>Receiving party Quay Holdings</p>	<p>Interested substantial shareholders⁽¹⁾</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Boon Hoe • Cheah Chai Siew <p>Interested directors</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Min Heng <p>Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common directors and</p>	Advances from CBH Maintenance to Quay Holdings for the subscription of shares in CBH Projects (Construction) Sdn Bhd ⁽³⁾⁽⁴⁾	1,000	1,000	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Outstanding Amount				
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 31 August 2024	As at the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
		substantial shareholders of CBH Maintenance ⁽¹⁾ and Quay Holdings. Cheah Boon Hoe and Cheah Chai Siew are the common substantial shareholders of CBH Maintenance ⁽¹⁾ and Quay Holdings, while Cheah Min Heng is the common director of CBH Maintenance and Quay Holdings.						

Notes:

- (1) Deemed interested by virtue of their direct shareholdings in Quay Holdings, which is our Group's promoter and substantial shareholder, pursuant to Section 8 of the Act.
- (2) 449,900 shares in CBH M&E have been issued and allotted to Quay Holdings at an issue price of RM1.00 per share on 5 April 2017.
- (3) 1,000,000 shares in CBH Projects (Construction) Sdn Bhd have been issued and allotted to Quay Holdings at an issue price of RM1.00 per share on 17 August 2017.
- (4) The advances provided to Quay Holdings were interest-free, hence the advances were not conducted on an arms' length basis. The advances had been fully settled by Quay Holdings in December 2023.

10. RELATED PARTY TRANSACTIONS (Cont'd)

(ii) Outstanding loans and/or financial assistance from related parties

Save as disclosed below, our Directors have confirmed that there are no other material loans and/or financial assistance due to any related party during the Financial Years Under Review and up to the LPD.

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Outstanding Amount				
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 31 August 2024	As at the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
1.	<p>Providing party CBH Projects (Construction) Sdn Bhd⁽¹⁾</p> <p>Receiving party CBH Engineering</p>	<p>Interested substantial shareholders</p> <ul style="list-style-type: none"> • Quay Holdings • Ir. Cheah Boon Hwa⁽²⁾ • Cheah Boon Huat⁽²⁾ • Cheah Boon Kiat⁽²⁾ • Cheah Boon Hoe⁽²⁾ • Cheah Chai Siew⁽²⁾ <p>Interested directors</p> <ul style="list-style-type: none"> • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Min Heng <p>Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common directors and substantial shareholders of CBH</p>	<p>Advances from CBH Projects (Construction) Sdn Bhd to CBH Engineering for working capital purposes⁽³⁾.</p>	- ⁽⁴⁾	- ⁽⁵⁾	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Outstanding Amount				
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 31 August 2024	As at the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
		<p>Engineering⁽²⁾ and CBH Projects (Construction) Sdn Bhd⁽²⁾.</p> <p>Cheah Boon Hoe and Cheah Chai Siew are the common substantial shareholders of CBH Engineering⁽²⁾ and CBH Projects (Construction) Sdn Bhd⁽²⁾, while Cheah Min Heng is the common director of CBH Engineering and CBH Projects (Construction) Sdn Bhd.</p>						

Notes:

- (1) *CBH Projects (Construction) Sdn Bhd is a wholly-owned subsidiary of Quay Holdings, which is our Group's promoter and substantial shareholder. As at the LPD, CBH Projects (Construction) Sdn Bhd is undergoing members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects (Construction) Sdn Bhd held on 20 December 2023.*
- (2) *Deemed interested by virtue of his/ their direct shareholdings in Quay Holdings, which is our Group's promoter and substantial shareholder, pursuant to Section 8 of the Act.*
- (3) *The advances were subject to an interest rate of IFR + 0.2% per annum based on the effective profit rate of the cash line extended by Hong Leong Islamic Bank Berhad to CBH Engineering.*

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (4) *CBH Projects (Construction) Sdn Bhd provided an advance amounting to RM950,000 to CBH Engineering in September 2021. The entire amount of the advance had been paid off by CBH Engineering in December 2021, hence there was no outstanding amount for this transaction as at 31 December 2021.*
- (5) *CBH Projects (Construction) Sdn Bhd provided an advance amounting to RM950,000 to CBH Engineering in January 2022. The entire amount of the advance had been paid off by CBH Engineering in August 2022, hence there was no outstanding amount for this transaction as at 31 December 2022.*

Moving forward, our Group has put in place internal controls and compliance procedures in relation to advances, loans or financial assistance to be provided to and received from related parties. As such, no further advances, loans or financial assistance will be provided to and received from related parties unless such advances, loans or financial assistance are permitted under applicable laws, rules and regulations (including the Listing Requirements) and brought to our Audit Committee and our Board for deliberation and approval.

(d) Guarantees

(i) Personal Guarantees

As at the LPD, (i) our Promoter, namely Ir. Cheah Boon Hwa, (ii) our Non-Independent Executive Director, Cheah Boon Huat, (iii) our substantial shareholders, namely Cheah Boon Kiat and Cheah Chai Siew and (iv) director of CBH M&E, namely Soon Fong Piew, have jointly and severally provided personal guarantees (as the case may be) in favour of the following financial institutions for the benefit of our Group ("**Personal Guarantees**"):

- (aa) **Banking facilities:** Maybank Islamic Berhad ("**MIB**") and Hong Leong Islamic Bank Berhad ("**HLIB**"); and
- (bb) **Hire purchase facility:** MIB, Malayan Banking Berhad ("**MBB**"), Public Bank Berhad ("**PBB**") and Affin Bank Berhad ("**Affin**").

(ii) Other Guarantees / Securities

As at LPD, (i) our Promoter, namely Quay Holdings and (ii) our related company, namely Quay Equities have provided the following guarantees and securities for the banking facilities taken up by our Group ("**Other Guarantees / Securities**"):

- (aa) Quay Holdings has provided corporate guarantees for the banking facilities taken up by our Group to MIB and HLIB; and
- (bb) Quay Equities has pledged two of its properties as securities for the banking facilities taken up by CBH Engineering to MIB and HLIB.

(All institutions above are collectively referred to as the "**Financiers**").

10. RELATED PARTY TRANSACTIONS (Cont'd)

The details of the facilities as at the LPD is set out below:

Financiers	Type of facilities	Purpose	Facility limits and amount guaranteed (RM'000)	Amount granted by Financiers (RM'000)	Outstanding balance as at the LPD (RM'000)	Personal Guarantees and Other Guarantees / Securities
MIB	Cash Line-i 1	For conversion of existing conventional line and for working capital requirements.	800	800	-	<ul style="list-style-type: none"> • Third party first legal charge over a semi-detached factory owned by Quay Equities; • Corporate guarantee by Quay Holdings; and • Joint and several guarantee by Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat
	Tradeline-i <ul style="list-style-type: none"> • Letter of Credit-i 1 • Trust Receipt-i 1 • Bank Guarantee-i 1 	<u>Letter of Credit-i 1</u> For conversion of existing conventional line and for import/purchase of materials and equipment related to business. <u>Trust Receipt-i 1</u> For conversion of existing conventional line and for conversion of the LCs. <u>Bank Guarantee-i 1 (Financial)</u> For conversion of existing conventional line and for issuance of security deposit. <u>Bank Guarantee-i 1 (Non-Financial)</u> For conversion of existing conventional line and for issuance of performance bond and tender deposits.	6,000	6,000	-	

10. RELATED PARTY TRANSACTIONS (Cont'd)

Financiers	Type of facilities	Purpose	Facility limits and amount guaranteed (RM'000)	Amount granted by Financiers (RM'000)	Outstanding balance as at the LPD (RM'000)	Personal Guarantees and Other Guarantees / Securities
	Promissory Foreign Exchange-i	To facilitate foreign exchange transactions.	3,710	3,710	-	Joint and several guarantee by Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat
	Blanket Contract Financing-i • Cash Line-i Against Contract	To part finance project mobilisation cost and preliminary expenses for contracts assigned to the Bank.	3,000	-	-	<ul style="list-style-type: none"> • Corporate guarantee by Quay Holdings; and • Joint and several guarantee by Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat
	Bank Guarantee-i 2 (Financial/Non-Financial)	<u>Bank Guarantee-i 2 (Financial)</u> For issuance of security deposit for contracts assigned to the Bank. <u>Bank Guarantee-i 2 (Non-Financial)</u> For issuance of performance bond, tender deposit and advance payment guarantee for contracts assigned to the Bank.	70,000	19,300	19,235	
	<ul style="list-style-type: none"> • Letter of Credit-i 2 • Trust Receipt-i 2 • Cash Line-i Against Progressive Claim • Cash Line-i Against 	<u>Letter of Credit-i 2</u> For importation and local purchases of materials and equipment related to the business for contracts assigned to the Bank.	77,500	50,000	-	

10. RELATED PARTY TRANSACTIONS (Cont'd)

Financiers	Type of facilities	Purpose	Facility limits and amount guaranteed (RM'000)	Amount granted by Financiers (RM'000)	Outstanding balance as at the LPD (RM'000)	Personal Guarantees and Other Guarantees / Securities
	Supplier's Invoice	<p><u>Trust Receipt-i 2</u> For conversion of LCs for contracts assigned to the Bank.</p> <p><u>Cash Line-i Against Progressive Claim</u> To part finance the progressive claims pending receipt of proceeds from the contract awarders for contracts assigned to the Bank.</p> <p><u>Cash Line-i Against Supplier's Invoice</u> To finance purchase of materials and equipment related to the business for contracts assigned to the Bank.</p>				
HLIB	Cash Line-i	For working capital requirements.	500	500	-	<ul style="list-style-type: none"> • Third party first open monies legal charge over a freehold land with one unit of 3-storey shop-office owned by Quay Equities; • Corporate guarantee by Quay Holdings; and
	Islamic Trade Financing-i	For issuance of performance bond, tender deposit, importation and local purchases of materials and equipment, conversion of LCs, to finance payment to payables.	3,000	3,000	-	

10. RELATED PARTY TRANSACTIONS (Cont'd)

Financiers	Type of facilities	Purpose	Facility limits and amount guaranteed (RM'000)	Amount granted by Financiers (RM'000)	Outstanding balance as at the LPD (RM'000)	Personal Guarantees and Other Guarantees / Securities
						<ul style="list-style-type: none"> Joint and several guarantee by Ir. Cheah Boon Huat, Cheah Boon Hwa and Cheah Boon Kiat
	Islamic Trade Financing-i (Revolving Contract Financing Line-i)	<ul style="list-style-type: none"> To facilitate the purchase/import of goods, products, materials and equipment sourced locally and/or overseas related to the acceptable contracts approved by the Bank. For issuance of performance bond, advance payment bond, conversion of LCs, to part finance the progressive claims pending receipt of proceeds from the contract awarders for contracts assigned to the Bank. 	25,500	24,700	21,878	<ul style="list-style-type: none"> Corporate guarantee by Quay Holdings; and Joint and several guarantee by Ir. Cheah Boon Huat, Cheah Boon Hwa and Cheah Boon Kiat
	Islamic Trade Financing-i	For issuance of performance bond, tender deposit, importation and local purchases of materials and equipment, conversion of LCs, to finance payment to	1,000	1,000	302	<ul style="list-style-type: none"> Corporate guarantee by Quay Holdings; and Joint and several guarantee by Ir. Cheah Boon Huat,

10. RELATED PARTY TRANSACTIONS (Cont'd)

Financiers	Type of facilities	Purpose	Facility limits and amount guaranteed (RM'000)	Amount granted by Financiers (RM'000)	Outstanding balance as at the LPD (RM'000)	Personal Guarantees and Other Guarantees / Securities
		payables.				Cheah Boon Hwa, Cheah Boon Kiat and Soon Fong Piew
MIB	Hire Purchase Hire Purchase Agreement No.: 789826484870	Motor Vehicle BRL 1978	195	195	153	Personal guarantee by Cheah Boon Kiat
	Hire Purchase Hire Purchase Agreement No.: 78983062228	Motor Vehicle VKW9211	76	76	59	Personal guarantee by Cheah Chai Siew
MBB	Hire Purchase Hire Purchase Agreement No.: 78841174595	Motor Vehicle KFR3863	350	350	281	Personal guarantee by Ir. Cheah Boon Hwa
PBB	Hire Purchase Hire Purchase Agreement No.: 8023878931	Motor Vehicle BRD 7076	147	147	99	Personal guarantee by Cheah Boon Huat
	Hire Purchase Hire Purchase Agreement No.: 8357051024	Motor Vehicle VHG 9394	120	120	57	Personal guarantee by Ir. Cheah Boon Hwa
	Hire Purchase Hire Purchase Agreement No.: 8058040442	Motor Vehicle VLG8600	281	281	226	Personal guarantee by Cheah Boon Huat

10. RELATED PARTY TRANSACTIONS (Cont'd)

Financiers	Type of facilities	Purpose	Facility limits and amount guaranteed (RM'000)	Amount granted by Financiers (RM'000)	Outstanding balance as at the LPD (RM'000)	Personal Guarantees and Other Guarantees / Securities
	Hire Purchase Hire Purchase Agreement No.: 8063588538	Motor Vehicle JWP9211	147	147	123	Personal guarantee by Cheah Boon Kiat
Affin	Hire Purchase Hire Purchase Agreement No.: 401230307541	Motor Vehicle SD8893V	200	200	154	Personal guarantee by Cheah Boon Kiat
	Hire Purchase Hire Purchase Agreement No.: 401230310130	Motor Vehicle BRL3863	152	152	122	Personal guarantee by Ir. Cheah Boon Hwa

In conjunction with the Listing, our Group has written to the Financiers to obtain consent for the discharge of the Personal Guarantees and Other Guarantees / Securities upon completion of the Listing.

As at the date of this Prospectus, we have obtained conditional approvals from the Financiers for the banking facilities and hire purchase facilities. The conditions imposed (which do not have specific timeframes) by the Financiers include, amongst others, the following:

- (i) the successful listing of our Company on the ACE Market of Bursa Securities; and
- (ii) the perfection of a corporate guarantee by our Company after the completion of our Listing.

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10. RELATED PARTY TRANSACTIONS (Cont'd)

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

Our Audit Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. Our Audit Committee shall deliberate and determine if the related party transactions (if any) 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 whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or
- (ii) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by 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 general meetings of our Company. 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 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 transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, which have any interest, direct or indirect, in the proposed related party transaction will abstain from deliberating and 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 transaction, the Director or major shareholder concerned will also abstain from deliberating and voting in respect of his direct and/or indirect shareholdings.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regards to any related party transaction entered into by us.

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS

As at the LPD, none of our Directors and substantial shareholders have any interest, direct or indirect, in any businesses or corporations which are carrying on a similar or related trade as that of our Group or which are the customers and/or suppliers of our Group.

11.2 MONITORING AND OVERSIGHT OF CONFLICT OF INTEREST

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 evaluate if such Director's involvement gives rise to a potential conflict of interest situation with our Group's business. If our Directors are involved in similar business as our Group or business of our customers and our suppliers, our Nominating Committee shall inform our Audit Committee of such involvement. When a determination has been made that there is a conflict of interest of a Director, our Nominating Committee will:

- (a) immediately inform our Board of the conflict of interest situation after deliberating with the Audit Committee;
- (b) 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 conflict of interest.

In relation to (b) above, the conflicted Director shall abstain from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director 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 the Board, be present at the Board meeting for the purposes of answering any questions.

11.3 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

(a) Declaration by Mercury Securities

Mercury 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 the Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent for our Listing.

(b) Declaration by Messrs. Ben & Partners

Messrs. Ben & Partners have given their written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing.

(c) Declaration by Providence

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 the IMR for our Listing.

11. CONFLICT OF INTEREST (Cont'd)

(d) Declaration by TGS TW PLT

TGS TW 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 the External Auditors and Reporting Accountants for our Listing.

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12. FINANCIAL INFORMATION**12.1 HISTORICAL AND PRO FORMA FINANCIAL INFORMATION**

The following historical combined financial information for the Financial Years Under Review and FPE 2024 have been extracted from the Accountants' Report as set out in Section 13 of this Prospectus.

The historical combined financial information below should be read in conjunction with the "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in Section 12.2 of this Prospectus and our historical combined financial statements and the accompanying notes as set out in the Accountants' Report included in Section 13 of this Prospectus. Our historical combined financial statements have been prepared in accordance with MFRS and IFRS.

12.1.1 Historical financial information**(i) 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 Financial Years Under Review and FPE 2024:

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	67,575	180,120	207,954	78,752	178,225
Cost of sales	(55,440)	(138,626)	(140,642)	(57,588)	(124,881)
GP	12,135	41,494	67,312	21,164	53,344
Other income	125	149	1,109	1,061	243
Administrative expenses	(7,014)	(8,874)	(11,184)	(6,103)	(9,672)
Other expenses	(1)	(3,182)	(6,049)	(1)	-
Net loss on impairment of financial assets	(279)	(1,977)	(5,703)	(412)	(4,139)
Profit from operations	4,966	27,610	45,485	15,709	39,776
Finance income	342	201	515	278	530
Finance costs	(74)	(77)	(40)	(21)	(54)
PBT	5,234	27,734	45,960	15,966	40,252
Tax expenses	(1,653)	(7,689)	(12,912)	(3,747)	(9,595)
PAT / Total comprehensive income	3,581	20,045	33,048	12,219	30,657
PAT/ Total comprehensive income attributable to:					
Owners of the combining entities	3,530	20,045	33,048	12,219	30,657
Non-controlling interests	51	-	-	-	-
	3,581	20,045	33,048	12,219	30,657
EBIT ⁽¹⁾	4,966	27,610	45,485	15,709	39,776
EBITDA ⁽¹⁾	5,719	28,447	46,149	16,140	40,282
GP margin (%) ⁽²⁾	17.96	23.04	32.37	26.87	29.93
PBT margin (%) ⁽³⁾	7.75	15.40	22.10	20.27	22.58
PAT margin (%) ⁽⁴⁾	5.30	11.13	15.89	15.52	17.20
Effective tax rate (%) ⁽⁵⁾	31.58	27.72	28.09	23.47	23.84
EPS / Diluted EPS (sen) ⁽⁶⁾	0.19	1.07	1.76	0.65	1.63

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

(1) *EBIT and EBITDA are calculated as follows:*

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	3,581	20,045	33,048	12,219	30,657
Less:					
Finance income	(342)	(201)	(515)	(278)	(530)
Add:					
Finance costs	74	77	40	21	54
Tax expenses	1,653	7,689	12,912	3,747	9,595
EBIT	4,966	27,610	45,485	15,709	39,776
Add:					
Depreciation	753	837	664	431	506
EBITDA	5,719	28,447	46,149	16,140	40,282

(2) *Calculated based on GP divided by revenue.*

(3) *Calculated based on PBT divided by revenue.*

(4) *Calculated based on PAT divided by revenue.*

(5) *Calculated based on tax expenses divided by the PBT.*

(6) *Calculated based on PAT attributable to owners of the Company divided by the enlarged share capital of 1,880,896,393 Shares after the IPO.*

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12. FINANCIAL INFORMATION (Cont'd)**(ii) Historical combined statements of financial position**

The following table sets out the combined statements of financial position of our Group as at 31 December 2021, 2022 and 2023 as well as at 31 August 2024:

	Audited			
	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,702	1,397	2,166	2,573
Investment properties	5,161	8,876	-	-
Deferred tax assets	447	732	2,038	2,973
Other investments	-	2,000	-	-
Total non-current assets	7,310	13,005	4,204	5,546
Current assets				
Trade receivables	20,148	43,250	44,608	45,517
Contract assets	17,147	30,208	48,735	38,176
Other receivables	1,054	1,297	1,997	3,575
Amount due from related parties	1,475	1,478	-	-
Amount due from Directors	40	-	-	-
Tax recoverable	1,281	1,997	5	254
Fixed deposits with licensed banks	15,571	6,957	14,661	13,018
Cash and banks balances	11,990	10,520	28,233	28,581
Total current assets	68,706	95,707	138,239	129,121
Asset held for sale	-	-	451	-
	68,706	95,707	138,690	129,121
TOTAL ASSETS	76,016	108,712	142,894	134,667
EQUITY AND LIABILITIES				
EQUITY				
Share capital	-	-	*	*
Invested equity	2,093	2,100	2,100	2,100
Retained earnings	43,820	62,783	76,331	85,987
Equity attributable to owners	45,913	64,883	78,431	88,087
Non-controlling interests	926	-	-	-
	46,839	64,883	78,431	88,087
Non-current liabilities				
Loan and borrowings	138	100	-	-
Lease liabilities	354	241	1,246	1,357
Total non-current liabilities	492	341	1,246	1,357
Current liabilities				
Trade payables	10,699	32,247	41,839	12,050
Contract liabilities	53	1,465	5,511	15,042
Other payables	16,686	7,206	9,081	9,883
Amount due to related parties	121	-	4,884	4,384
Amount due to Directors	39	77	-	-

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Loan and borrowings	555	2,089	-	-
Lease liabilities	532	361	346	468
Tax payables	-	43	1,556	3,396
Total current liabilities	28,685	43,488	63,217	45,223
TOTAL LIABILITIES	29,177	43,829	64,463	46,580
TOTAL EQUITY AND LIABILITIES	76,016	108,712	142,894	134,667

(iii) Historical combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for the Financial Years Under Review and FPE 2024:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Cash flow from operating activities				
PBT	5,234	27,734	45,960	40,252
Adjustments for:				
Depreciation of property, plant and equipment	706	790	621	506
Depreciation of investment properties	47	47	43	-
Bad debts written-off	-	182	52	-
Property, plant and equipment written off	1	*	1	-
Loss/(Gain) on disposal of property, plant and equipment	-	-	15	(123)
Loss on disposal of investment properties	-	-	1,406	-
Gain on disposal of asset held for sale	-	-	-	(49)
Loss on winding up a subsidiary	-	-	4,575	-
Gain on disposal of investments	-	-	(1,000)	-
Fair value loss of other investment	-	3,000	-	-
Allowance for expected credit loss	-	752	659	153
- contract assets	-	752	659	153
- trade receivables	279	1,225	5,044	3,986
- other receivables	*	-	-	-
Rental concession	(7)	-	-	-
Interest income	(342)	(201)	(515)	(530)
Interest expense	74	77	40	54
Operating profit before working capital changes	5,992	33,606	56,901	44,249
Working capital changes:				
Increase/(Decrease) in trade and other receivables	7	(29,752)	(7,154)	(6,473)
(Decrease)/Increase in trade and other payables	(1,982)	12,068	11,476	(28,987)
Increase /(Decrease) in contracts balances	634	(16,119)	(15,140)	19,937

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
(Decrease)/Increase in related parties	(1,460)	(124)	28	-
(Decrease)/Increase in Director	(40)	40	-	-
Cash generated from/(used in) operations	3,151	(281)	46,111	28,726
Interest received	79	80	353	287
Income tax paid	(3,172)	(8,669)	(11,712)	(8,939)
Income tax refund	290	21	1,463	-
Net cash generated from/(used in) operating activities	348	(8,849)	36,215	20,074
Cash flow from investing activities				
Acquisition of property, plant and equipment	(661)	(218)	(330)	(381)
Acquisition of investment properties	-	(44)	-	-
Proceeds from disposal of other investment	-	-	3,000	-
Proceeds from disposal of investment properties	-	-	91	-
Proceeds from disposal of property, plant and equipment	-	-	323	123
Net cash outflow from winding up a subsidiary	-	-	(664)	-
Interest received	263	121	162	243
Net cash (used in) /generated from investing activities	(398)	(141)	2,582	(15)
Cash flow from financing activities				
Advance from/(Repayment to) directors	12	38	(77)	-
Repayment from related parties	-	-	1,450	-
Dividends paid	(2,100)	(2,000)	(12,115)	(21,000)
Drawdown of bankers' acceptances	258	5,543	1,265	150
Interest paid	(74)	(77)	(40)	(54)
(Placement) /Withdrawal of fixed deposits pledged with licensed banks	(4,833)	6,409	(7,646)	1,682
Net repayment of lease liabilities	(549)	(551)	(409)	(300)
Proceed from issuance of ordinary shares	-	-	*	*
Repayment of term loans	(36)	(38)	(138)	-
Repayment of bankers' acceptances	-	(4,028)	(3,038)	(150)
Net cash (used in)/ generated from financing activities	(7,322)	5,296	(20,748)	(19,672)
Net (decrease)/increase in cash and cash equivalents	(7,372)	(3,694)	18,049	387
Cash and cash equivalents at the beginning of the financial years/period	24,633	17,261	13,567	31,616

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents at the end of the financial years/period	17,261	13,567	31,616	32,003
Cash and cash equivalents consist of:				
Fixed deposits with licensed banks	15,571	6,957	14,661	13,018
Cash and bank balances	11,990	10,520	28,233	28,581
Bank overdrafts	(259)	(278)	-	-
	27,302	17,199	42,894	41,599
Deposits pledged with licensed banks	(10,041)	(3,632)	(11,278)	(9,596)
Total cash and cash equivalents	17,261	13,567	31,616	32,003

Note:* *Less than RM500**[The rest of this page is intentionally left blank]*

12. FINANCIAL INFORMATION (Cont'd)**12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis should be read together with the Accountants' Report as set out in Section 13 of this Prospectus.

The management's discussion and analysis contains data derived from forward-looking statements that involve risks and uncertainties. Future results may differ significantly from those projected in these forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 9 of this Prospectus.

12.2.1 Overview of our operations**(i) Principal activities**

Our Group is principally involved in:

- a) electrical engineering for power distribution systems: we specialise in electricity supply distribution systems, where we undertake the design, supply, installation, testing, commissioning, maintenance of HV, MV, LV and ELV electrical systems.
- b) mechanical engineering for building systems: we also undertake mechanical engineering works for building systems, where this relates to the design, supply, installation, testing, commissioning, maintenance of building systems such as ACMV systems, fire protection systems, plumbing, sanitary and gas systems as well as renewable energy systems.

Our customers comprise mainly project owners and main contractors. Our projects and services were carried out locally and the primary currency used in our invoicing is RM.

For the majority of our projects, our services may cover more than one M&E systems. Hence, we are unable to split the revenue for electrical engineering for power distribution systems and mechanical engineering for building systems. Collectively, we referred these two business activities as M&E systems. Our revenue recognition is as follows:

Business activities	Revenue recognition
(i) M&E systems	<p>Our revenue from M&E systems is measured and recognised over the period of the contract by reference to the progress towards complete satisfaction of our performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date over to the estimated total construction costs (an input method).</p> <p>We become entitled to invoice customers for M&E systems based on achieving a series of performance-related milestones. Our Group recognises a contract asset for any excess of revenue recognised to date over the billing-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when an invoice is issued or timing for billing is due in the passage of time. If the milestone billing exceeds the revenue recognised to date and any deposits or advances are received from customers, then our Group recognises a contract liability for the difference.</p>

12. FINANCIAL INFORMATION (Cont'd)

Business activities	Revenue recognition
(ii) M&E maintenance	<p>Our Group also provides M&E maintenance in accordance with clients' work orders, which are typically ad hoc work orders for M&E installation works and/or repairs, to ensure proper functioning of the M&E equipment and systems.</p> <p>Our revenue from M&E maintenance relating to the current period is recognised in the financial year as income.</p>

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

(ii) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the Financial Years Under Review and FPE 2024. Our audited combined financial statements for Financial Years Under Review and FPE 2024 were not subject to any audit qualifications.

(iii) Significant factors affecting our business

Section 9 of this Prospectus details a number of risk factors relating to our business and the industry in which we operate. Some of the risk factors have an impact to 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 projects are non-recurring in nature and there is no guarantee that we will be able to secure new projects

We derived the majority of our revenue from projects which were non-recurring in nature, and most of our projects were awarded on a project-by-project and potentially one-off basis. It is therefore critical that we are able to continuously and consistently secure new projects of similar value and volume.

(b) Failure to complete our projects in a reliable and timely basis could materially affect our reputation and financial performance

The contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract. There is no assurance that there will not be any delay in our existing and future projects resulting in claims for liquidated damages, which in turn will have an adverse impact on our reputation, business, financial condition and results of operations.

(c) We are dependent on registrations and licenses

We are required to obtain and hold valid certificates of registration issued by the CIDB and Energy Commission Malaysia in order for us to operate our business. If we are unable to maintain or renew our certificates of registration with the CIDB and Energy Commission Malaysia, we will be restricted or prohibited from providing M&E engineering services, thereby adversely affecting our business and financial position.

12. FINANCIAL INFORMATION (Cont'd)

12.2.2 Revenue

(i) Revenue by business activities

The table below set out the breakdown and analysis of our revenue by business activities for the Financial Years Under Review and FPE 2024:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
M&E systems										
• Engaged as main contractor	48,385	71.60	10,432	5.78	140,681	67.65	46,131	58.58	141,194	79.22
• Engaged as sub-contractor	18,592	27.52	168,560	93.59	66,132	31.80	31,722	40.28	36,639	20.56
Subtotal	66,977	99.12	178,992	99.37	206,813	99.45	77,853	98.86	177,833	99.78
M&E maintenance	598	0.88	1,128	0.63	1,141	0.55	899	1.14	392	0.22
Total	67,575	100.00	180,120	100.00	207,954	100.00	78,752	100.00	178,225	100.00

(ii) Revenue by facility type

Our Group's revenue contribution by type of property varies from period to period according to the projects undertaken by our Group in a particular year. The breakdown over the Financial Years Under Review and FPE 2024 are as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
• Substation ⁽¹⁾	47,457	70.23	93,306	51.80	147,942	71.14	47,865	60.78	154,710	86.81
• Industrial ⁽²⁾	3,066	4.54	68,429	37.99	38,037	18.29	19,762	25.09	19,041	10.68
• Commercial ⁽³⁾	10,208	15.10	10,043	5.58	20,687	9.95	10,022	12.73	3,983	2.23
• Residential ⁽⁴⁾	6,844	10.13	8,342	4.63	1,288	0.62	1,103	1.40	491	0.28
Total	67,575	100.00	180,120	100.00	207,954	100.00	78,752	100.00	178,225	100.00

Notes:

(1) Comprises revenue from M&E systems for substations.

12. FINANCIAL INFORMATION (Cont'd)

- (2) *Comprises revenue from M&E systems for the industrial properties such as data centre, factories and warehouses.*
- (3) *Comprises revenue from M&E systems as well as M&E maintenance for commercial properties such as mixed development condominium, hypermarkets and office buildings.*
- (4) *Comprises revenue from M&E systems for the residential properties such as high-rise apartment and condominium.*

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12. FINANCIAL INFORMATION (Cont'd)**(iii) Commentary on revenue****(a) Comparison between FYE 2021 and FYE 2022**

Our revenue increased by RM112.54 million or 166.53% to RM180.12 million in FYE 2022 (FYE 2021: RM67.58 million). The growth in our revenue was mainly due to an increase of RM112.01 million in revenue contribution from the M&E systems.

In terms of revenue by building type, our increased revenue was mainly derived from projects for substation and industrial building of collectively RM111.21 million which accounted for 74.77% and 89.79% of our revenue for FYE 2021 and FYE 2022, respectively.

In terms of revenue by customers, our revenue was mainly derived from top 5 customers that contributed to an aggregate revenue of RM173.11 million in FYE 2022 (representing 96.11% of total revenue in FYE 2022) as compared to its corresponding revenue of RM55.96 million in FYE 2021 (representing 82.81% of total revenue in FYE 2021).

M&E systems

The M&E systems is our largest revenue contributor, having contributed 99.12% and 99.37% of our total revenue for FYE 2021 and FYE 2022 respectively. In FYE 2022, our revenue derived from the M&E systems increased by RM112.01 million or 167.23% to RM178.99 million in FYE 2022 (FYE 2021: RM66.98 million).

For FYE 2022, we worked on 23 projects carried over from the previous years which contributed a revenue of RM115.33 million (FYE 2021: 20 projects carried over from the previous years with revenue of RM59.97 million) and, we commenced and worked on 8 new projects contributing a revenue of RM66.69 million (FYE 2021: 8 new projects with revenue of RM5.34 million).

The increase was mainly attributable to the following:

- (i) a 275kV substation project (located at Sedenak Tech Park, Johor) which commenced in November 2021 and was completed in May 2023 which contributed to a revenue of RM85.86 million in FYE 2022 (FYE 2021: RM0.24 million);
- (ii) an industrial building project (located at Sedenak Tech Park, Johor) which commenced in January 2022 and was completed in May 2023 which contributed to a revenue of RM62.43 million in FYE 2022 (FYE 2021: RM0.16 million). Such RM0.16 million was mobilisation fee for the project initiation;
- (iii) a high-rise apartment project (located in Kuala Lumpur) which commenced in August 2020 and was completed in October 2023 which contributed to a revenue of RM5.56 million in FYE 2022 (FYE 2021: RM1.73 million); and
- (iv) a commercial building project (located in Melaka) which commenced in August 2016 and completed in March 2023 and contributed to a revenue of RM4.61 million in FYE 2022 (FYE 2021: RM0.18 million).

12. FINANCIAL INFORMATION (Cont'd)

The increases were partially offset by the completion of phase 1a for a 275kV substation project (located at Malaysia China Kuantan Industrial Park, Kuantan), which commenced in August 2020 and contributed to a revenue of RM7.12 million in FYE 2022 (FYE 2021: RM45.12 million).

Our revenue derived from being engaged as subcontractor increased by RM149.97 million or 806.72% to RM168.56 million in FYE 2022 (FYE 2021: RM18.59 million). The increase was mainly attributable to higher revenue from the notable projects mentioned above.

M&E maintenance

Revenue from the M&E maintenance increased by RM0.53 million or 88.33%, to RM1.13 million in FYE 2022 (FYE 2021: RM0.60 million). The increase in revenue was generally due to increase in work orders mainly from a supermarket chain in FYE 2022.

(b) Comparison between FYE 2022 and FYE 2023

Our revenue increased by RM27.83 million or 15.45% to RM207.95 million in FYE 2023 (FYE 2022: RM180.12 million). The growth in our revenue was mainly due to an increase of RM27.82 million in revenue contribution from the M&E systems.

In terms of revenue by building type, our increased revenue was mainly derived from projects for substation increased by RM54.63 million which accounted for 51.80% and 71.14% of our revenue for FYE 2022 and FYE 2023, respectively. The increase was offset by the decrease in revenue derived from projects for industrial buildings decreased by RM30.39 million, attributable to the completion of an industrial property project (located at Sedenak Tech Park, Johor) in May 2023 which contributed to a revenue of RM15.34 million in FYE 2023 (FYE 2022: RM62.43 million).

In terms of revenue by customers, our revenue was mainly derived from top 5 customers that contributed to an aggregate revenue of RM181.16 million in FYE 2023 (representing 87.11% of total revenue in FYE 2023) as compared to its corresponding revenue of RM158.42 million in FYE 2022 (representing 87.95% of total revenue in FYE 2022).

M&E systems

The M&E systems is our largest revenue contributor, having contributed 99.37% and 99.45% of our total revenue for FYE 2022 and FYE 2023 respectively. In FYE 2023, our revenue derived from the M&E systems increased by RM27.82 million or 15.54% to RM206.81 million in FYE 2023 (FYE 2022: RM178.99 million).

For FYE 2023, we worked on 25 projects carried over from the previous years which contributed a revenue of RM91.88 million (FYE 2022: 23 projects carried over from the previous years with revenue of RM115.33 million) and, we commenced and worked on 13 new projects contributing a revenue of RM115.14 million (FYE 2022: 8 new projects with revenue of RM66.69 million).

The increase was mainly attributable to the following:

- (i) a 275kV substation project (located at Sedenak Tech Park, Johor) for a data centre, which commenced in July 2023 and contributed to a revenue of RM55.21 million in FYE 2023. As at the LPD, this project is still ongoing;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) a 275kV substation project (located at Sedenak Tech Park, Johor) for a data centre, which commenced in November 2022 and was completed in November 2023 which contributed to a revenue of RM42.84 million in FYE 2023 (FYE 2022: RM0.15 million);
- (iii) a 132kV substation project (located at Sedenak Tech Park, Johor) for a data centre, which commenced in August 2023 and completed in July 2024, which contributed to a revenue of RM18.70 million in FYE 2023;
- (iv) a 275kV substation expansion project (located at Sedenak Tech Park, Johor) for a data centre, which commenced in May 2023 and was completed in December 2023 which contributed to a revenue of RM17.89 million in FYE 2023;
- (v) an industrial building project (i.e. a data centre) (located at Johor Bahru) which commenced in July 2023 and contributed to a revenue of RM8.97 million in FYE 2023. As at the LPD, this project is still ongoing;
- (vi) a 132kV substation project (located in Johor) which commenced in September 2023 and contributed to a revenue of RM6.31 million in FYE 2023. As at the LPD, this project was completed;
- (vii) an industrial building project (i.e. a warehouse) (located in Selangor) which commenced in January 2022 and was completed in August 2023 which contributed to a revenue of RM4.19 million in FYE 2023 (FYE 2022: RM0.29 million); and
- (viii) a warehouse project (located in Selangor) which commenced in December 2021 and contributed to a revenue of RM6.62 million in FYE 2023 (FYE 2022: RM3.38 million). As at the LPD, this project is still ongoing.

The increases were partially offset by the following:

- (i) a 275kV substation project (located at Sedenak Tech Park, Johor) which commenced in November 2021 and was completed in May 2023 which contributed to a revenue of RM2.69 million in FYE 2023 (FYE 2022: RM85.86 million); and
- (ii) an industrial building project (located at Sedenak Tech Park, Johor) which commenced in January 2022 and was completed in May 2023 which contributed to a revenue of RM15.34 million in FYE 2023 (FYE 2022: RM62.43 million).

Our revenue derived from being engaged as main contractor increased by RM130.25 million or 1,248.80% to RM140.68 million in FYE 2023 (FYE 2022: RM10.43 million). The increase was mainly attributable to higher revenue from the substation projects mentioned above, for item (i) to (iv).

M&E maintenance

Revenue from the M&E maintenance increased by RM0.01 million or 0.88% to RM1.14 million in FYE 2023 (FYE 2022: RM1.13 million). Our revenue was generated from the work orders mainly from a supermarket chain in FYE 2023.

12. FINANCIAL INFORMATION (Cont'd)**(c) Comparison between FPE 2023 and FPE 2024**

Our revenue increased by RM99.48 million or 126.32% to RM178.23 million in FPE 2024 (FPE 2023: RM78.75 million). The growth in our revenue was due to an increase of RM99.98 million in revenue contribution from the M&E systems. This was offset by the decrease in revenue contribution from M&E maintenance of RM0.51 million in FPE 2024.

In terms of revenue by building type, our increased revenue was mainly derived from projects for substation which increased by RM106.84 million which accounted for 60.78% and 86.81% of our revenue for FPE 2023 and FPE 2024, respectively. The increase was partly offset by the decrease in revenue derived from projects for commercial buildings by RM6.04 million, mainly attributable to the completion of 4 commercial buildings projects in February 2023, March 2023 and May 2023 which contributed to a revenue of nil in FPE 2024 (FPE 2023: RM6.16 million collectively).

In terms of revenue by customers, our revenue was mainly derived from top 5 customers that contributed to an aggregate revenue of RM173.11 million in FPE 2024 (representing 97.14% of total revenue in FPE 2024) as compared to its corresponding revenue of RM60.87 million in FPE 2023 (representing 77.29% of total revenue in FPE 2023).

M&E systems

The M&E systems segment is our largest revenue contributor, having contributed 98.86% and 99.78% of our total revenue for FPE 2023 and FPE 2024 respectively. In FPE 2024, our revenue derived from the M&E systems segment increased by RM99.98 million or 128.43% to RM177.83 million in FPE 2024 (FPE 2023: RM77.85 million).

For FPE 2024, we worked on 21 projects carried over from the previous years which contributed a revenue of RM170.08 million (FPE 2023: 19 projects carried over from the previous years with revenue of RM68.54 million) and, we commenced and worked on 5 new projects contributing a revenue of RM7.75 million (FPE 2023: 12 new projects with revenue of RM9.31 million).

The increase was mainly attributable to the following:

- (i) a 275kV substation project (located at Sedenak Tech Park, Johor) for a data centre, which commenced in July 2023 and contributed to a revenue of RM89.12 million in FPE 2024 (FPE 2023: RM0.16 million). As at the LPD, this project is still ongoing;
- (ii) a 132kV substation project (located at Sedenak Tech Park, Johor) for a data centre which commenced in August 2023 and completed in July 2024 which contributed to a revenue of RM46.14 million in FPE 2024 (FPE 2023: RM0.01 million);
- (iii) an industrial building project (i.e. a data centre) (located at Johor Bahru) which commenced in July 2023 and contributed to a revenue of RM13.00 million in FPE 2024 (FPE 2023: RM0.15 million). As at the LPD, this project is still ongoing; and
- (iv) a 132kV substation project (located in Johor) which commenced in September 2023 and contributed to a revenue of RM9.08 million in FPE 2024 (FPE 2023: RM0.41 million). As at the LPD, this project was completed.

12. FINANCIAL INFORMATION (Cont'd)

The increases were partially offset by the following:

- (i) a 275kV substation project (located at Sedenak Tech Park, Johor) for a data centre, which commenced in November 2022 and was completed in November 2023 which contributed to a revenue of RM0.01 million in FPE 2024 (FPE 2023: RM38.70 million). This was due to recognition of the remaining revenue of RM0.01 million upon the finalisation of account in FPE 2024;
- (ii) an industrial building project (located at Sedenak Tech Park, Johor) which commenced in January 2022 and was completed in May 2023 which contributed to nil revenue in FPE 2024 (FPE 2023: RM6.10 million);
- (iii) a warehouse project (located in Selangor) which commenced in December 2021 and contributed to a revenue of RM2.70 million in FPE 2024 (FPE 2023: RM7.06 million). As at the LPD, this project is still ongoing; and
- (iv) an industrial building project (i.e. a warehouse) (located in Selangor) which commenced in January 2022 and was completed in August 2023 which contributed to a revenue of RM0.14 million in FPE 2024 (FPE 2023: RM3.89 million). The revenue recognised in FPE 2024 was attributable to variation order from our customer.

Our revenue derived from being engaged as main contractor increased by RM95.06 million or 206.07% to RM141.19 million in FPE 2024 (FPE 2023: RM46.13 million). The increase was mainly attributable to higher revenue from the substation projects mentioned above, for items (i) and (ii).

M&E maintenance

Revenue from the M&E maintenance decreased by RM0.51 million or 56.67% to RM0.39 million in FPE 2024 (FPE 2023: RM0.90 million). Our lower revenue was generated from the lower work orders mainly from a supermarket chain in FPE 2024.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.3 Cost of sales, GP and GP margin

(i) Analysis of cost of sales by business activities

The table below set out the breakdown and analysis of our cost of sales by business activities for the Financial Years Under Review and FPE 2024:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
M&E systems	55,044	99.29	137,933	99.50	140,137	99.64	57,217	99.36	124,655	99.82
M&E maintenance	396	0.71	693	0.50	505	0.36	371	0.64	226	0.18
Total	55,440	100.00	138,626	100.00	140,642	100.00	57,588	100.00	124,881	100.00

(ii) Analysis of cost of sales by cost items

The table below set out the breakdown and analysis of our cost of sales by cost items for the Financial Years Under Review and FPE 2024:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Materials consumed⁽¹⁾	35,696	64.39	79,483	57.33	79,277	56.37	33,411	58.02	67,299	53.89
Subcontractors' costs⁽²⁾	13,906	25.08	47,046	33.94	48,105	34.20	18,287	31.76	38,816	31.08
Overheads⁽³⁾	5,838	10.53	12,097	8.73	13,260	9.43	5,890	10.22	18,766	15.03
Staff costs	3,761	6.79	6,194	4.47	7,057	5.02	3,619	6.28	7,371	5.90
Professional fees	860	1.55	2,585	1.86	2,262	1.61	835	1.45	3,789	3.04
Project related costs	828	1.49	924	0.67	1,737	1.24	542	0.94	2,047	1.64
Project insurance	113	0.20	347	0.25	903	0.64	187	0.32	1,189	0.95
Rental expenses	244	0.44	373	0.27	862	0.61	424	0.74	890	0.71
Calibration and testing	32	0.06	1,674	1.21	439	0.31	283	0.49	3,480	2.79
Total	55,440	100.00	138,626	100.00	140,642	100.00	57,588	100.00	124,881	100.00

12. FINANCIAL INFORMATION (Cont'd)**Notes:****(1) Material consumed**

Material consumed mainly comprise materials such as cables, transformers, switchboard, switchgear, capacitor bank, control and relay panels. Material consumed was the main component of our cost of sales, representing 64.39%, 57.33%, 56.37% and 53.89% of our total cost of sales for the Financial Years Under Review and FPE 2024, respectively.

The fluctuations in materials consumed during the Financial Years Under Review and FPE 2024 were in tandem with the change in our revenue and level of works performed and achieved, particularly for substation and industrial building projects.

(2) Subcontractors' costs

Subcontractors' costs were our second largest component of our cost of sales, representing 25.08%, 33.94%, 34.20% and 31.08% of our total cost of sales for the Financial Years Under Review and FPE 2024, respectively. We generally engage the services of subcontractors to perform or assist us in performing certain works, specifically services requiring specialised expertise, skills, manpower and/or licences, specialised machinery and/or equipment for projects appointed by project owners and main contractors. Our subcontractors carry out all the construction and installation works under our project management and supervision. We identify and appoint qualified subcontractors such as civil and structural contractors for building construction or electrical installation contractors licensed with the CIDB, Energy Commission Malaysia or certified chageman and wireman to carry out electrical installation, testing and commissioning works.

The fluctuations in our subcontractors' costs were in tandem with the level and type of works performed that we outsourced to our subcontractors. This is part of our cost management strategy to engage subcontractors and avoid employing a large permanent workforce which may affect our profit margin due to high fixed costs during lower revenue periods.

Further, as the Group is primarily an engineering and project management company, we do not directly hire labour workers. As such, works and services performed at sites are typically subcontracted to contractors.

(3) Overheads

Overheads include staff costs, professional fees, project related costs, project insurance, calibration and testing for equipment, rental expenses for project use (mainly various type of cranes, trucks, tool and equipment), for storage, which collectively represented 10.53%, 8.73%, 9.43% and 15.03% of our total cost of sales for the Financial Years Under Review and FPE 2024, respectively.

Staff costs generally vary as it depends on the number of headcount and manpower planning for projects during the Financial Years Under Review and FPE 2024.

Project related costs comprise license, CIDB levy and registration fees for projects, security charges for project sites, as well as banker's acceptance and letter of credit charges and commissions incurred for project purposes.

In FYE 2022, our overheads increased by RM6.26 million or 107.19% to RM12.10 million from RM5.84 million in FYE 2021, mainly contributed by the following:

- (i) Higher staff costs of RM2.43 million, attributable to increased salary for existing staff, bonus payout, salaries for project employees hired during FYE 2022 in anticipation of the higher workforce required for 2 substation projects, with average number of 52 staff in FYE 2022 as compared to average number of 44 staff in FYE 2021. For avoidance of doubt, the number of staff for projects was 47 as at 31 December 2022 (31 December 2021: 45 number of staff);

12. FINANCIAL INFORMATION (Cont'd)

- (ii) Higher professional fee of RM1.73 million, mainly attributable to engineering, design and advisory services for substation and industrial building projects. It is industry practice that we engage third party professional engineering consultant/ firms to endorse civil and structure (C&S) and M&E engineering design drawings for works in our design and build projects. Licensed testers are also engaged by our Group as part of our testing and commissioning works. Our Group also engages third party engineers to deliver the electrical system conceptual design and electrical distribution power system study upon request by our clients; and
- (iii) Higher calibration and testing expenses of RM1.64 million mainly for completed notable projects as mentioned in Section 12.2.2 (iii) of this Prospectus. Generally, all projects will have to undergo calibration, testing and commissioning procedures before energising the electrical systems.

In FYE 2023, our overheads increased by RM1.16 million or 9.59% to RM13.26 million from RM12.10 million in FYE 2022, contributed by the following:

- higher staff costs of RM0.86 million, attributable to increased number of staff to 60 project related staff in FYE 2023 (FYE 2022: 47);
- higher project related costs of RM0.82 million, mainly attributable to the following:
 - higher license, CIDB levy and registration fees for projects of RM0.23 million; and
 - higher banker's acceptance and letter of credit charges and commissions incurred for project purposes of RM0.49 million.
- higher project insurance of RM0.55 million attributable to increased number of projects and rental expenses of RM0.49 million attributable to increased use for tool and equipment for projects during FYE 2023.

The increases were offset by the decreases in professional fees of RM0.33 million, and calibration and testing expenses of RM1.23 million due to the completion of notable projects as mentioned in Section 12.2.2 (iii) of this Prospectus.

In FPE 2024, our overheads increased by RM12.88 million or 218.68% to RM18.77 million from RM5.89 million in FPE 2023, mainly contributed by the following:

- (i) higher staff costs of RM3.75 million, attributable to increased salaries for existing staff, bonus payout, salaries for project employees hired during FPE 2024 in anticipation of the higher workforce required for substation projects;
- (ii) higher professional fee of RM2.95 million, mainly attributable to engineering, design and advisory services for substation and industrial building projects. It is industry practice that we are required to engage third party professional engineering consultant/ firms to endorse M&E engineering drawings produced by our internal engineers;
- (iii) higher calibration and testing expenses of RM3.20 million mainly for completed notable projects as mentioned in Section 12.2.2 of this Prospectus. Generally, all projects will have to undergo calibration, testing and commissioning procedures before energising the electrical systems;
- (iv) higher project related costs of RM1.51 million, mainly attributable to the following:
- (a) higher transportation for direct materials and equipment to project sites of RM0.65 million;
 - (b) higher license, CIDB levy and registration fees for projects of RM0.24 million;
 - (c) higher security charges to project sites of RM0.19 million;
 - (d) higher banker's acceptance and letter of credit charges and commissions incurred for project purposes of RM0.14 million; and

12. FINANCIAL INFORMATION (Cont'd)

- (v) *higher project insurance of RM1.00 million attributable to increased number of projects and rental expenses of RM0.47 million attributable to increased use for tool and equipment for projects during FPE 2024.*

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12. FINANCIAL INFORMATION (Cont'd)

(iii) Analysis of GP and GP margin by business activities

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	GP	GP margin								
	RM'000	%								
M&E systems ⁽¹⁾	11,933	17.82	41,059	22.94	66,676	32.24	20,636	26.51	53,178	29.90
M&E maintenance	202	33.78	435	38.56	636	55.74	528	58.73	166	42.35
Total	12,135	17.96	41,494	23.04	67,312	32.37	21,164	26.87	53,344	29.93

Note:

(1) Analysis of GP and GP margin for M&E systems segment wherein we were engaged for the roles of main contractor and subcontractor:

Roles	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	GP	GP margin								
	RM'000	%								
Main contractor	9,668	19.98	725	6.95	44,479	31.62	15,952	34.58	44,699	31.66
Subcontractor	2,265	12.18	40,334	23.93	22,197	33.56	4,684	14.77	8,479	23.14
Total	11,933	17.82	41,059	22.94	66,676	32.24	20,636	26.51	53,178	29.90

For information purposes only, the overall GP margin for our engagement as a main contractor and subcontractor fluctuates from year to year. The fluctuation is due to, amongst others, the status/ completion progress, complexity and overall cost of each project.

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12. FINANCIAL INFORMATION (Cont'd)**(iv) Commentary on cost of sales, GP and GP margin**

Our Group prices our projects based on project cost estimates after taking into consideration, amongst others, the size, complexity and specifications of the projects. The project cost is estimated at the beginning of the project based on expected materials consumed, subcontractors' cost, project related expenses and project duration. Generally, the project cost estimates will be revised when required to reflect the actual incurred costs. Apart from project costs estimates, each project's GP may differ based on the scope of project, project duration and project margin.

The commentaries on our Group's cost of sales, GP and GP margin are as follows:

(a) Comparison between FYE 2021 and FYE 2022**Cost of sales**

In FYE 2022, our Group incurred higher total cost of sales of RM83.19 million or 150.05% from RM55.44 million in FYE 2021 to RM138.63 million in FYE 2022, which corresponds with the increase in our total revenue, attributable to the following:

- (i) materials consumed increased by RM43.78 million or 122.63% from RM35.70 million to RM79.48 million in FYE 2022, which was in line with the increase in revenue from M&E systems during FYE 2022. The increase in direct materials consumed is mainly attributable to the projects in FYE 2022, as mentioned in Section 12.2.2 (iii)(a) of this Prospectus;
- (ii) subcontractors' costs increased by RM33.14 million or 238.25% from RM13.91 million in FYE 2021 to RM47.05 million in FYE 2022, mainly arising from the increased manpower required for our M&E engineering systems as mentioned in Section 12.2.2 (iii)(a) of this Prospectus; and
- (iii) our overheads increased by RM6.26 million or 107.19% to RM12.10 million from RM5.84 million in FYE 2021, mainly contributed by the following:
 - higher staff costs of RM2.43 million, attributable to increased salary for existing staff, bonus payout, salaries for project employees hired during FYE 2022 in anticipation of the higher workforce required for 2 substation projects, with average number of 52 staff in FYE 2022 as compared to average number of 44 staff in FYE 2021. For avoidance of doubt, the number of staff for projects was 47 as at 31 December 2022 (31 December 2021: 45 number of staff);
 - higher professional fee of RM1.73 million, mainly attributable to engineering, design and advisory services for substation and industrial building projects. It is industry practice that we are required to engage third party professional engineering consultant/ firms to endorse M&E engineering drawings produced by our internal engineers; and
 - higher calibration and testing expenses of RM1.64 million mainly for completed notable projects as mentioned in Section 12.2.2 (iii)(a) of this Prospectus. Generally, all projects will have to undergo calibration, testing and commissioning procedures before energising the electrical systems.

12. FINANCIAL INFORMATION (Cont'd)

Our total cost of sales was predominantly contributed by our M&E systems, contributing 99.29% and 99.50% of our total cost of sales in FYE 2021 and FYE 2022, respectively.

GP and GP margin

Our overall GP in FYE 2022 increased by RM29.35 million or 241.76% to RM41.49 million in FYE 2022 (FYE 2021: RM12.14 million) which was mainly attributable to higher GP from our M&E systems which recorded an increase of RM29.13 million in FYE 2022 in line with the increase in revenue from the notable projects as discussed in Section 12.2.2 (iii)(a) of this Prospectus in FYE 2022.

Our overall GP margin of 23.04% for FYE 2022 was higher than the GP margin of 17.96% for FYE 2021. This was attributable to higher GP margin from our M&E systems which increased to 22.94% in FYE 2022 (FYE 2021: 17.82%). The higher GP margin from our M&E systems was mainly contributed by the collective GP margin of 25.97% of the following projects:

- (a) higher margin from 1 substation project due to its complexity. This project was completed in May 2023; and
- (b) higher margin from 1 industrial building (i.e., data centre) which was nearing completion towards the end of FYE 2022. The higher margin was due to revision in budgeted cost for this nearing completion project as the actual cost incurred was lower than our previous budgeted cost. This project was completed in May 2023.

Our M&E maintenance also recorded an increase in GP of RM0.24 million or 120.00%, to RM0.44 million in FYE 2022 (FYE 2021: RM0.20 million) which was in line with the increase in revenue for our M&E maintenance. Our GP margin increased to 38.56% in FYE 2022 (FYE 2021: 33.78%) due to better GP margin for the maintenance specification of the certain work orders in FYE 2022, such as the preventive maintenance works at clients' premises which we did not incur any higher costs in FYE 2022 as compared to FYE 2021.

(b) Comparison between FYE 2022 and FYE 2023**Cost of sales**

In FYE 2023, our Group incurred higher total cost of sales of RM2.01 million or 1.45% from RM138.63 million in FYE 2022 to RM140.64 million in FYE 2023, which corresponds with the increase in our total revenue, attributable to the following:

- (i) subcontractors' costs increased by RM1.05 million or 2.23% from RM47.05 million in FYE 2022 to RM48.10 million in FYE 2023, mainly arising from the increased manpower required for our M&E engineering systems as mentioned in Section 12.2.2 (iii)(b) of this Prospectus; and
- (ii) our overheads increased by RM1.16 million or 9.59% to RM13.26 million from RM12.10 million in FYE 2022, contributed by the following:
 - higher staff costs of RM0.86 million, attributable to increased number of staff to 60 project related staff in FYE 2023 (FYE 2022: 47);
 - higher project related costs of RM0.82 million, mainly attributable to higher license, CIDB levy and registration fees for projects of RM0.23 million, and higher banker's acceptance and letter of credit charges and commissions incurred for project purposes of RM0.49 million.

12. FINANCIAL INFORMATION (Cont'd)

- higher project insurance of RM0.55 million attributable to increased number of projects and rental expenses of RM0.49 million attributable to increased use for tool and equipment for projects during FYE 2023.

The increases were offset by the decreases in professional fees of RM0.33 million, and calibration and testing expenses of RM1.23 million due to the completion of notable projects as mentioned in Section 12.2.2 (iii)(b) of this Prospectus.

Our total cost of sales was predominantly contributed by our M&E systems, contributing 99.50% and 99.64% of our total cost of sales in FYE 2022 and FYE 2023, respectively.

GP and GP margin

Our overall GP in FYE 2023 increased by RM25.82 million or 62.23% to RM67.31 million in FYE 2023 (FYE 2022: RM41.49 million) which was mainly attributable to higher GP from our M&E systems which recorded an increase of RM25.62 million in FYE 2023 in line with the increase in revenue from the notable projects as discussed in Section 12.2.2 (iii)(b) of this Prospectus in FYE 2023.

Our overall GP margin of 32.37% for FYE 2023 was higher than the GP margin of 23.04% for FYE 2022. This was attributable to higher GP margin from our M&E systems in FYE 2023 which increased to 32.24% in FYE 2023 (FYE 2022: 22.94%). This was mainly contributed by 6 substation projects and 2 industrial building projects that had a collective GP margin of 37.77%. The fluctuations in margins were attributable to the stage of completion of the respective projects where there were also timing differences in revenue and cost recognition.

Our M&E maintenance also recorded an increase in GP of RM0.20 million or 45.45% to RM0.64 million in FYE 2023 (FYE 2022: RM0.44 million) which was in line with the increase in revenue for our M&E maintenance. Our GP margin increased to 55.74% in FYE 2023 (FYE 2022: 38.56%) due to better GP margin for installation works on kiosk POS (Point of Sale) systems mainly for a supermarket chain in FYE 2023.

(c) Comparison between FPE 2023 and FPE 2024**Cost of sales**

Our total cost of sales was predominantly contributed by our M&E systems, contributing 99.36% and 99.82% of our total cost of sales in FPE 2023 and FPE 2024, respectively.

In FPE 2024, our Group incurred higher total cost of sales of RM67.29 million or 116.84% from RM57.59 million in FPE 2023 to RM124.88 million in FPE 2024, which corresponds with the increase in our total revenue, attributable to the following:

- materials consumed increased by RM33.89 million or 101.44% from RM33.41 million to RM67.30 million in FPE 2024, which was in line with the increase in revenue from M&E systems during FPE 2024. The increase in direct materials consumed is mainly attributable to the projects in FPE 2024, as mentioned in Section 12.2.2 (iii)(c) of this Prospectus;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) subcontractors' costs increased by RM20.53 million or 112.25% from RM18.29 million in FPE 2023 to RM38.82 million in FPE 2024, mainly arising from the increased manpower required for our M&E engineering systems as mentioned in Section 12.2.2 (iii)(c) of this Prospectus; and
- (iii) our overheads increased by RM12.88 million or 218.68% to RM18.77 million from RM5.89 million in FPE 2023, mainly contributed by the following:
- (a) higher staff costs of RM3.75 million, attributable to increased salary for existing staff, bonus payout, salaries for project employees hired during FPE 2024 in anticipation of the higher workforce required for substation projects;
 - (b) higher professional fee of RM2.95 million, mainly attributable to engineering, design and advisory services for substation and industrial building projects. It is industry practice that we are required to engage third party professional engineering consultant/ firms to endorse M&E engineering drawings produced by our internal engineers; and
 - (c) higher calibration and testing expenses of RM3.20 million mainly for completed notable projects as mentioned in Section 12.2.2 of this Prospectus. Generally, all projects will have to undergo calibration, testing and commissioning procedures before energising the electrical systems.
 - (d) higher project related costs of RM1.51 million, mainly attributable to the following:
 - higher transportation for direct materials and equipment to project sites of RM0.65 million;
 - higher license, CIDB levy and registration fees for projects of RM0.24 million;
 - higher security charges to project sites of RM0.19 million;
 - higher banker's acceptance and letter of credit charges and commissions incurred for project purposes of RM0.14 million; and
 - higher project insurance of RM1.00 million attributable to increased number of projects and rental expenses of RM0.47 million attributable to increased use for tool and equipment for projects during FPE 2024.

GP and GP margin

Our overall GP in FPE 2024 increased by RM32.18 million or 152.08% to RM53.34 million in FPE 2024 (FPE 2023: RM21.16 million) which was attributable to higher GP from our M&E systems which recorded an increase of RM32.54 million in FPE 2024 in line with the increase in revenue from the notable projects as discussed in Section 12.2.2 (iii)(c) of this Prospectus in FPE 2024.

12. FINANCIAL INFORMATION (Cont'd)

Our overall GP margin of 29.93% for FPE 2024 was higher than the GP margin of 26.87% for FPE 2023. This was attributable to higher GP margin from our M&E systems which increased to 29.90% in FPE 2024 (FPE 2023: 26.51%). The higher GP margin from our M&E systems was mainly contributed by the collective GP margin of 58.58% of 1 industrial building project (i.e., data centre) and 1 substation project which were nearing completion towards the end of FPE 2024. The higher margin was due to revision in budgeted cost for this nearing completion projects as the actual cost incurred was lower than our previous budgeted costs.

Our M&E maintenance recorded a decrease in GP of RM0.36 million or 67.92%, to RM0.17 million in FPE 2024 (FPE 2023: RM0.53 million) which was in line with the decrease in revenue for our M&E maintenance. Our GP margin decreased to 42.35% in FPE 2024 (FPE 2023: 58.73%) due to lower GP margin for the maintenance work orders in FPE 2024 as compared to FPE 2023. The higher GP margin for FPE 2023 was because our Group performed more installation works in connection with kiosk POS system which had better GP margin.

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12. FINANCIAL INFORMATION (Cont'd)**12.2.4 Other income**

The breakdown of our other income is as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gain on disposal of investment ⁽¹⁾	-	-	-	-	1,000	90.17	1,000	94.25	-	-
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	123	50.62
Gain on disposal of asset held for sale	-	-	-	-	-	-	-	-	49 ⁽⁶⁾	20.16
Electricity Income ⁽²⁾	36	28.80	7	4.70	7	0.63	7	0.66	6	2.47
Rental income ⁽³⁾	25	20.00	31	20.80	35	3.16	23	2.17	10	4.12
Administrative income ⁽⁴⁾	23	18.40	66	44.30	66	5.95	31	2.92	27	11.11
Other income ⁽⁵⁾	41	32.80	45	30.20	1	0.09	-	-	28	11.52
Total	125	100.00	149	100.00	1,109	100.00	1,061	100.00	243	100.00

Notes:

- (1) Pertains to the disposal of our investments in 10 million ordinary shares in Yong Tai Berhad. For information purposes, the foregoing investment in quoted securities was for a contra against payments due from Yong Tai Berhad group of companies to CBH Engineering pursuant to a debt settlement agreement between Yong Tai Berhad and CBH Engineering of RM5.00 million via quoted shares of Yong Tai Berhad. Further details are as disclosed in Section 15.5 of this Prospectus.
- (2) Being excess electricity generated mainly from our rooftop solar panel system that we installed on our headquarter. The higher electricity income for FYE 2021 was attributable to understatement of 5 years electricity income into books.
- (3) Rental income received for 4 units of investment properties. Our Group had disposed such investment properties via dividend in specie in December 2023 to our holding company, Quay Holdings for a total consideration of RM1.19 million.
- (4) Being administrative services fee charged to our subcontractors for sourcing the materials (such as cables, concrete and rental of equipment) during Financial Years Under Review and FPE 2024.
- (5) Mainly comprising rental concessions received (2 months rental discounts) from our landlords on rented offices and realised gain on foreign exchange and tender deposits for unsuccessful tenders that were previously written off that our Group managed to recover through Unclaimed Moneys Act 1965 for FPE 2024.
- (6) Being disposal of 1 unit of investment property in FPE 2024 via dividend in specie in December 2023. The conditions of the Sale and Purchase Agreement of this property were fulfilled in May 2024.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

Our other income increased by RM0.02 million or 15.38% to RM0.15 million in FYE 2022 (FYE 2021: RM0.13 million) mainly due to higher administrative income of RM0.05 million charged to our subcontractors for more administrative works and this was offset by the lower electricity income of RM0.04 million in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our other income increased by RM0.96 million or 640.00% to RM1.11 million in FYE 2023 (FYE 2022: RM0.15 million) mainly due to gain on disposal of other investment of RM1.00 million, being investment in quoted shares in Bursa Securities.

Comparison between FPE 2023 and FPE 2024

Our other income decreased by RM0.82 million or 77.36% to RM0.24 million in FPE 2024 (FPE 2023: RM1.06 million) mainly due to absence of gain on disposal of other investment of RM1.00 million in FPE 2023, being investment in quoted shares in Bursa Securities, which did not recur in FPE 2024.

The decrease in other income was offset by gain on disposal of property, plant and equipment of RM0.12 million for 4 units of motor vehicles in FPE 2024.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.5 Administrative expenses

The breakdown of our administrative expenses is as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs ⁽¹⁾	2,793	39.82	3,428	38.63	4,721	42.21	2,242	36.74	5,766	59.62
Directors' remuneration	2,616	37.30	3,395	38.26	3,546	31.71	2,526	41.39	1,866	19.29
Depreciation ⁽²⁾	753	10.74	837	9.43	664	5.94	431	7.06	484	5.00
Office expenses ⁽³⁾	502	7.16	476	5.36	624	5.58	334	5.47	447	4.62
Upkeep and maintenance ⁽⁴⁾	189	2.69	284	3.20	503	4.50	252	4.13	337	3.48
Stamp duty	3	0.04	128	1.44	541	4.84	1	0.02	1	0.01
Professional fees ⁽⁵⁾	95	1.35	186	2.10	199	1.78	137	2.24	462	4.78
Rental expenses ⁽⁶⁾	5	0.07	7	0.08	104	0.92	73	1.20	134	1.39
Others ⁽⁷⁾	58	0.83	133	1.50	282	2.52	107	1.75	175	1.81
Total	7,014	100.00	8,874	100.00	11,184	100.00	6,103	100.00	9,672	100.00

Notes:

- (1) Includes staff salaries, allowances, bonuses and statutory contributions. Our total staff headcount increased from 81 in FYE 2021 to 85 in FYE 2022 to 104 in FYE 2023 and to 120 in FPE 2024.
- (2) Being depreciation charged on investment properties, right-of-use assets as well as property, plant and equipment.
- (3) Mainly included utilities, telephone charges, insurance for office premises and employees, printing, courier and stationery as well as advertisement for staff recruitment.
- (4) Mainly included insurance for motor vehicles, quit rent and assessment for owned properties as well as maintenance of motor vehicles, office equipment and office premises.
- (5) Included fees incurred for audit, company secretarial, legal and tax.
- (6) Included expenses on rented office premises.
- (7) Included expenses incurred for entertainment, bank charges and service tax.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2021 and FYE 2022**

Our administrative expenses increased by RM1.86 million or 26.53% to RM8.87 million in FYE 2022 (FYE 2021: RM7.01 million) mainly attributable to:

- (i) increase in staff costs of RM0.64 million due to the revision in annual salary to existing employees and bonus payout which was in tandem with the business growth; and
- (ii) increase in directors' remuneration of RM0.78 million due to higher directors' fee, revision in annual salaries and bonus payout to executive directors which was in tandem with the business growth.

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM2.31 million or 26.04% to RM11.18 million in FYE 2023 (FYE 2022: RM8.87 million) mainly attributable to:

- (i) increase in staff costs of RM1.29 million, due to the revision in annual salary to existing employees, recruitment of additional employees and bonus payment to our existing employees which was in tandem with the business growth;
- (ii) increase in upkeep and maintenance of RM0.22 million, mainly incurred for regular repair cost for motor vehicles, and computer equipment for new employees in FYE 2023; and
- (iii) increase in stamp duty of RM0.41 million in relation to the banking facility agreement for the credit limit revision granted by our existing bank in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our administrative expenses increased by RM3.57 million or 58.52% to RM9.67 million in FPE 2024 (FPE 2023: RM6.10 million) mainly attributable to:

- (ii) increase in staff costs of RM3.53 million, mainly due to the bonus payout and revision in annual salary to existing employees which was in tandem with the business growth as well as recruitment of additional employees; and
- (ii) increase in professional fees of RM0.32 million, mainly legal fees incurred for preparation of the banking facility agreement on the credit limit revision by our existing bank in FPE 2024; and

The increase in administrative expenses was offset by the decrease in directors' remuneration of RM0.66 million, mainly attributable to lower directors' fees.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.6 Other operating expenses

The breakdown of our other operating expenses is as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bad debt written off	-	-	182	5.72	52	0.86	-	-	-	-
Property, plant and equipment written off	1	100.00	*	^	1	0.02	1	100.00	-	-
Loss on winding up a subsidiary ⁽¹⁾	-	-	-	-	4,575	75.63	-	-	-	-
Fair value loss of other investment ⁽²⁾	-	-	3,000	94.28	-	-	-	-	-	-
Loss on disposal of property, plant and equipment	-	-	-	-	15	0.25	-	-	-	-
Loss on disposal of investment properties	-	-	-	-	1,406	23.24	-	-	-	-
Total	1	100.00	3,182	100.00	6,049	100.00	1	100.00	-	-

Notes:

* Less than RM500

^ Less than 0.01%

(1) Being the loss arising from the derecognition of net assets of CBH Projects Engineering amounting to RM4.58 million as a result of the members' voluntary winding up of CBH Projects Engineering.

(2) Pertains to our investments in quoted securities in Bursa Securities of 10 million ordinary shares in Yong Tai Berhad. For information purposes, the foregoing investment in quoted securities was for a contra against payments due from Yong Tai Berhad group of companies to CBH Engineering pursuant to a debt settlement agreement between Yong Tai Berhad and CBH Engineering of RM5.00 million via quoted shares of Yong Tai Berhad. Further details are as disclosed in Section 15.5 of this Prospectus. Any changes in the market value of the quoted securities shall be recognised in the statements of profit or loss.

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12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

In FYE 2022, our other operating expenses increased by RM3.18 million attributable to fair value loss on quoted securities of RM3.00 million that our Group held invested in Bursa Securities as a result of a contra amount of RM5.00 million for an outstanding balance owing by Yong Tai Berhad group of companies pursuant to the debt settlement agreement between Yong Tai Berhad and CBH Engineering of RM5.00 million via its quoted shares, and bad debt written off of 1 trade receivable of RM0.18 million who is our main contractor, due to it being uncollectible as this main contractor failed to collect payments from the project owner which was under liquidation in FYE 2022. As at the LPD, the project owner is still under the process of liquidation.

Comparison between FYE 2022 and FYE 2023

In FYE 2023, our other operating expenses increased by RM2.87 million or 90.25%, attributable to the following:

- (i) loss on winding up CBH Projects Engineering of RM4.58 million in FYE 2023, being the derecognition of remaining net assets of CBH Projects Engineering of RM4.58 million arising from the voluntarily winding up of CBH Projects Engineering in FYE 2023; and
- (ii) loss on disposal of investment properties of RM1.41 million, being 8 units of investment properties (6 out of 8 units of investment properties were received in contra for payments due from our customers for work done) sold in December 2023 to our holding company, Quay Holdings for a total consideration of RM6.89 million. Such total consideration was settled via the dividend in specie to Quay Holdings.

The increase in other operating expenses was offset by the fair value loss on quoted securities in FYE 2022 of RM3.00 million. Our Group had disposed of all the quoted securities in FYE 2023.

Comparison between FPE 2023 and FPE 2024

There was minimal movement in other operating expenses during FPE 2023 and FPE 2024.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.7 Net loss on impairment of financial assets

For the application of MFRS 9 – Financial Instruments, our Group estimates a lifetime expected credit loss (“ECL”) allowance for all financial assets. Collective impairment was based on the credit risk and the days past due, while individual impairment was based on specific receivables that are credit impaired. We derived the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses which is then adjusted based on reasonable and supportable qualitative and quantitative forward-looking information. Reversals of impairment losses are made when there are subsequent collections.

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trade receivable:										
Allowance for ECL	497	178.14	1,470	74.35	5,557	97.44	346	83.98	4,089	98.79
Reversal of impairment losses	(218)	(78.14)	(275)	(13.91)	(520)	(9.12)	(505)	(122.57)	(103)	(2.49)
Written off	-	-	30	1.52	7	0.12	-	-	-	-
	279	100.00	1,225	61.96	5,044	88.44	(159)	(38.59)	3,986	96.30
Contract assets:										
Allowance for ECL	-	-	752	38.04	1,411	24.74	571	138.59	153	3.70
Reversal of impairment losses	-	-	-	-	(752)	(13.18)	-	-	-	-
	-	-	752	38.04	659	11.56	571	138.59	153	3.70
Net loss on impairment of financial assets	279	100.00	1,977	100.00	5,703	100.00	412	100.00	4,139	100.00

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12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

In FYE 2022, our Group had net impairment loss on financial assets of RM1.98 million mainly due to 5 trade receivables amounting to a total of RM1.47 million individually impaired as they were long outstanding. Further, 3 trade receivables amounting to a total of RM0.03 million were written off as they were uncollectible.

Comparison between FYE 2022 and FYE 2023

In FYE 2023, our Group had impaired 5 trade receivables amounting to a total of RM5.56 million as they were long outstanding and contract assets amounting to RM1.41 million for 6 projects as the projects were delayed for finalisation of accounts.

In FYE 2023, there were reversal of impairment loss for 5 trade receivables amounting to a total of RM0.51 million due to subsequent collections received, and 1 project of RM0.75 million which was due to subsequent issuance of invoice in FYE 2023.

Comparison between FPE 2023 and FPE 2024

In FPE 2023, our Group had impaired 4 trade receivables amounting to a total of RM0.35 million as they were long outstanding and contract assets amounting to RM0.57 million for 4 projects as the projects were delayed for finalisation of accounts.

In FPE 2023, there were reversal of impairment loss for 1 trade receivable amounting to RM0.35 million due to subsequent billing issued and 1 trade receivable amounting to RM0.16 million due to subsequent collections received.

In FPE 2024, our Group had impaired 4 trade receivables amounting to a total of RM4.09 million as they were long outstanding and contract assets amounting to RM0.15 million for 2 projects as the projects were delayed for finalisation of accounts.

In FPE 2024, there were reversal of impairment loss for 2 trade receivables amounting to RM0.10 million due to subsequent collections received.

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12. FINANCIAL INFORMATION (Cont'd)**12.2.8 Finance income**

The breakdown of our finance income is as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%								
Interest income generated from:										
Bank balance	79	23.10	80	39.80	353	68.54	188	67.63	287	54.15
Fixed deposits with licensed banks	263	76.90	121	60.20	162	31.46	90	32.37	243	45.85
Total	342	100.00	201	100.00	515	100.00	278	100.00	530	100.00

The movement in our finance income is in line with the fixed deposits with licensed banks as well as cash and bank balance as at each Financial Years Under Review and FPE 2024. As at 31 December 2021, 31 December 2022, 31 December 2023 and 31 August 2024, our fixed deposits with licensed banks were RM15.57 million, RM6.96 million, RM14.66 million and RM13.02 million while cash and bank balance were RM11.99 million, RM10.52 million, RM28.23 million and RM28.58 million, respectively.

The higher interest income in FPE 2024 was attributable to higher bank balances and fixed deposits with licensed banks throughout FPE 2024.

12.2.9 Finance costs

The breakdown of our finance costs is as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expenses charged on:										
Bankers' acceptance	-	-	1	1.30	-	-	-	-	-	-
Bank overdraft	*	^	5	6.49	1	2.50	1	4.76	*	^
Lease liabilities	48	64.87	30	38.96	32	80.00	14	66.67	54	100.0
Term loans	9	12.16	7	9.09	7	17.50	6	28.57	-	-
Related parties	17	22.97	34	44.16	-	-	-	-	-	-
Total	74	100.00	77	100.00	40	100.00	21	100.00	54	100.0

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

* Less than RM500.

^ Less than 0.01%.

We recorded minimal finance costs during the Financial Years Under Review and FPE 2024.

In FYE 2023, our lower finance costs were attributable to the interest expense on loans, being loan from related party i.e CBH Projects (Construction) Sdn Bhd for working capital purposes. We have settled such loan in FYE 2022.

In FPE 2024, the higher interest expenses on lease liabilities were attributable to additional 9 units of motor vehicles under hire purchase arrangement of which 7 units of motor vehicles were purchased in the second half of FYE 2023 and 2 units of motor vehicles purchased in FPE 2024 were financed under hire purchase arrangements.

12.2.10 Tax expense, PBT and PAT

The following tables set out the comparison between the statutory tax rates and our effective tax rates for the Financial Years Under Review and FPE 2024:

	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
Tax expense (RM'000)	1,653	7,689	12,912	3,747	9,595
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00
Effective tax rate (%) ⁽¹⁾	31.58	27.72	28.09	23.47	23.84

Note:

(1) Our subsidiaries (i.e CBH Maintenance, CBH M&E and CBH Projects Engineering) are qualified for preferential tax rates of 17.00% on the first chargeable income of RM600,000 for FYE 2021 and FYE 2022 while 15.00% on the first chargeable income of RM150,000 and 17.00% on the subsequent chargeable income of RM150,001 up to RM600,000 for FYE 2023 and FPE 2024.

The following tables set out the PBT, PBT margin, PAT and PAT margin for the Financial Years Under Review and FPE 2024:

	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
PBT (RM'000)	5,234	27,734	45,960	15,966	40,252
PBT margin (%)	7.75	15.40	22.10	20.27	22.58
PAT (RM'000)	3,581	20,045	33,048	12,219	30,657
PAT margin (%)	5.30	11.13	15.89	15.52	17.20

Comparison between FYE 2021 and FYE 2022

We recorded an increase in PBT of RM22.50 million or 430.21% from RM5.23 million for FYE 2021 to RM27.73 million for FYE 2022. In addition, our PBT margin had increased to 15.40% in FYE 2022 (FYE 2021: 7.75%). The increases in PBT and PBT margin were derived from the higher GP and GP margin, as explained in Section 12.2.3(iv) of this Prospectus and were offset by the higher fair value loss on other investment of RM3.00 million and higher net loss on impairment of financial assets of RM1.98 million.

Our PAT increased from RM3.58 million in FYE 2021 to RM20.05 million in FYE 2022. Our PAT margin also increased from 5.30% in FYE 2021 to 11.13% in FYE 2022, due to the higher PBT margin in FYE 2022.

12. FINANCIAL INFORMATION (Cont'd)

Our tax expenses increased by RM6.04 million or 366.06% to RM7.69 million in FYE 2022 (FYE 2021: RM1.65 million), mainly due to higher PBT recorded in FYE 2022.

Our effective tax rate of 31.58% in FYE 2021 was higher than the statutory tax rate of 24.00%. This was attributable to under provision of tax expenses in previous financial years of RM0.13 million and deferred tax expense relating to the origination and reversal of temporary differences of RM0.13 million.

Our effective tax rate of 27.72% in FYE 2022 (FYE 2021: 31.58%) was higher than the statutory tax rate of 24.00%. This was attributable to the add back of the non-deductible expenses such as depreciation for non-qualifying assets, fair value loss on other investment and net loss on impairment of financial assets.

Comparison between FYE 2022 and FYE 2023

We recorded an increase in PBT of RM18.23 million or 65.74% from RM27.73 million for FYE 2022 to RM45.96 million for FYE 2023. In addition, our PBT margin had increased to 22.10% in FYE 2023 (FYE 2022: 15.40%). The increases in PBT and PBT margin were derived from the higher GP and GP margin, as explained in Section 12.2.3(iv) of this Prospectus, and gain on disposal of other investments of RM1.00 million, and were offset by loss on winding up of a subsidiary of RM4.58 million, loss on disposal of investment properties of RM1.41 million and net loss on impairment of financial assets of RM5.70 million.

Our PAT increased from RM20.05 million in FYE 2022 to RM33.05 million in FYE 2023. Our PAT margin also increased from 11.13% in FYE 2022 to 15.89% in FYE 2023, mainly due to the higher PBT margin in FYE 2023.

Our tax expenses increased by RM5.22 million or 67.88%, to RM12.91 million in FYE 2023 (FYE 2022: RM7.69 million), mainly due to higher PBT recorded in FYE 2023.

Our effective tax rate of 28.09% in FYE 2023 (FYE 2022: 27.72%) was higher than the statutory tax rate of 24.00%. This was attributable to the add back of the non-deductible expenses such as depreciation for non-qualifying assets, loss on winding up of a subsidiary, loss on disposal of investment properties and net loss on impairment of financial assets.

Comparison between FPE 2023 and FPE 2024

We recorded an increase in PBT of RM24.28 million or 152.04% from RM15.97 million for FPE 2023 to RM40.25 million for FPE 2024. In addition, our PBT margin had increased to 22.58% in FPE 2024 (FPE 2023: 20.27%). The increases in PBT and PBT margin were derived from the higher GP and GP margin, as explained in Section 12.2.3(iv) of this Prospectus and were offset by net loss on impairment of financial assets of RM4.14 million.

Our PAT increased from RM12.22 million in FPE 2023 to RM30.66 million in FPE 2024. Our PAT margin also increased from 15.52% in FPE 2023 to 17.20% in FPE 2024, mainly due to the higher PBT margin in FPE 2024.

Our tax expenses increased by RM5.85 million or 156.00%, to RM9.60 million in FPE 2024 (FPE 2023: RM3.75 million), mainly due to higher PBT recorded in FPE 2024.

Our effective tax rate of 23.84% in FPE 2024 (FPE 2023: 23.47%) was approximately the statutory tax rate of 24.00%.

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12. FINANCIAL INFORMATION (Cont'd)**12.2.11 Review of financial position****(i) Assets**

	Audited			
	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,702	1,397	2,166	2,573
Investment properties	5,161	8,876	-	-
Deferred tax assets	447	732	2,038	2,973
Other investments	-	2,000	-	-
Total non-current assets	7,310	13,005	4,204	5,546
Current assets				
Trade receivables	20,148	43,250	44,608	45,517
Contract assets	17,147	30,208	48,735	38,176
Other receivables	1,054	1,297	1,997	3,575
Amount due from related parties	1,475	1,478	-	-
Amount due from Directors	40	-	-	-
Tax recoverable	1,281	1,997	5	254
Fixed deposits with licensed banks	15,571	6,957	14,661	13,018
Cash and banks balances	11,990	10,520	28,233	28,581
Total current assets	68,706	95,707	138,239	129,121
Asset held for sale	-	-	451	-
	68,706	95,707	138,690	129,121
TOTAL ASSETS	76,016	108,712	142,894	134,667

Comparison between 31 December 2021 and 31 December 2022**Non-current assets**

Our non-current assets increased by RM5.70 million or 77.98% to RM13.01 million as at 31 December 2022 (as at 31 December 2021: RM7.31 million) mainly due to the following:

- (a) increase in investment properties of RM3.72 million attributable to addition of 2 units of investment properties; and
- (b) increase of other investments of RM2.00 million contributed by an additional investment in quoted securities in Bursa Securities of RM5.00 million and this was offset by the fair value loss on such quoted securities of RM3.00 million.

Current assets

Our current assets increased by RM27.00 million or 39.30% to RM95.71 million as at 31 December 2022 (as at 31 December 2021: RM68.71 million) mainly due to the following:

- (a) increase in trade receivables of RM23.10 million due to increased invoices billed to customers and projects in tandem with higher revenue in FYE 2022 and towards the last quarter of FYE 2022;

12. FINANCIAL INFORMATION (Cont'd)

- (b) increase in contract assets of RM13.06 million that our Group has done the works mainly for 7 projects that has been recognised as revenue in FYE 2022 but has yet to issue invoices for the works; and
- (c) increase in tax recoverable of RM0.72 million mainly attributable to higher monthly tax instalments made in FYE 2022 and overpayment of tax payable of CBH Engineering.

The increase in current assets was offset by the decrease in fixed deposit with licensed bank of RM8.61 million and decrease in cash and bank balance of RM1.47 million.

Comparison between 31 December 2022 and 31 December 2023**Non-current assets**

Our non-current assets decreased by RM8.81 million or 67.72% to RM4.20 million as at 31 December 2023 (as at 31 December 2022: RM13.01 million) mainly due to the following:

- (a) decrease in investment properties of RM8.88 million, mainly disposal of 8 units of investment properties of RM8.33 million via dividend in specie in December 2023 to Quay Holdings for a total consideration of RM6.89 million and reclassification of 1 unit of investment property to asset held for sale of RM0.50 million while pending for fulfilment of the condition precedent of sale and purchase agreement; and
- (b) decrease in other investments of RM2.00 million, mainly attributable to disposal of all the quoted securities in Bursa Securities in FYE 2023.

The decrease in non-current assets was offset by the following:

- (a) increase in property, plant and equipment of RM0.77 million, attributable to additional property, plant and equipment of RM1.73 million (mainly comprising 7 units of motor vehicles of RM1.51 million). This was offset by the depreciation charged during FYE 2023 and disposal of 1 unit motor vehicle with carrying amount of RM0.34 million; and
- (b) increase in deferred tax assets of RM1.31 million, mainly arising from the impairment made on trade receivables.

Current assets

Our current assets increased by RM42.53 million or 44.44% to RM138.24 million as at 31 December 2023 (as at 31 December 2022: RM95.71 million) mainly due to the following:

- (a) increase in trade receivable of RM1.36 million due to increased invoices billed to customers in tandem with higher revenue in FYE 2023 and towards the last quarter of FYE 2023;
- (b) increase in contract assets of RM18.53 million that our Group has done works mainly for 11 projects that has been recognised as revenue in FYE 2023 but has yet to issue invoices for the works; and
- (c) increase in cash and bank balance of RM17.71 million contributed by higher internally generated funds as a result of business growth and fixed deposit with licensed banks of RM7.70 million as security for our project financing.

12. FINANCIAL INFORMATION (Cont'd)

The increase in current assets was offset by the following:

- (a) decrease in amount due from related parties of RM1.48 million, mainly the repayment of advance from Quay Holdings of RM1.45 million in FYE 2023; and
- (b) decrease in tax recoverable of RM1.99 million due to higher tax expenses for FYE 2023.

Comparison between 31 December 2023 and 31 August 2024**Non-current assets**

Our non-current assets increased by RM1.35 million or 32.14% to RM5.55 million as at 31 August 2024 (as at 31 December 2023: RM4.20 million) due to the following:

- (a) an increase in property, plant and equipment of RM0.40 million. This was attributable to additional property, plant and equipment of RM0.93 million (mainly comprising 4 units of motor vehicles of RM0.53 million, computers and software for employees' use of RM0.15 million, as well as 3 units of rented shoplots and 2 units of rented hostels under right-of-use assets of RM0.21 million) and this was offset by the depreciation expenses of RM0.51 million; and
- (b) increase in deferred tax assets of RM0.93 million, mainly arising from the impairment made on trade receivables.

Current assets

Our current assets decreased by RM9.12 million or 6.60% to RM129.12 million as at 31 August 2024 (as at 31 December 2023: RM138.24 million) mainly due to the following:

- (a) decrease in contract assets of RM10.56 million for invoices issued in FPE 2024 for the works done in FYE 2023; and
- (b) decrease in fixed deposit with licensed bank of RM1.64 million.

The decrease in current assets was offset by the following:

- (a) increase in other receivables of RM1.58 million, mainly higher prepayment for our IPO expenses of RM1.30 million in FPE 2024; and
- (b) increase in trade receivable of RM0.91 million due to increased invoices billed to customers in tandem with higher revenue in FPE 2024 and towards the end of FPE 2024.

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12. FINANCIAL INFORMATION (Cont'd)**(ii) Liabilities**

	Audited			
	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Loan and borrowings	138	100	-	-
Lease liabilities	354	241	1,246	1,357
Total non-current liabilities	492	341	1,246	1,357
Current liabilities				
Trade payables	10,699	32,247	41,839	12,050
Contract liabilities	53	1,465	5,511	15,042
Other payables	16,686	7,206	9,081	9,883
Amount due to related parties	121	-	4,884	4,384
Amount due to Directors	39	77	-	-
Loan and borrowings	555	2,089	-	-
Lease liabilities	532	361	346	468
Tax payables	-	43	1,556	3,396
Total current liabilities	28,685	43,488	63,217	45,223
TOTAL LIABILITIES	29,177	43,829	64,463	46,580

Comparison between 31 December 2021 and 31 December 2022**Non-current liabilities**

Our non-current liabilities decreased by RM0.15 million or 30.61% to RM0.34 million as at 31 December 2022 (as at 31 December 2021: RM0.49 million) due to schedule repayment made to loan and borrowings as well as lease liabilities.

Current liabilities

Our current liabilities increased by RM14.80 million or 51.59% to RM43.49 million as at 31 December 2022 (as at 31 December 2021: RM28.69 million) mainly due to the following:

- (a) increase in trade payables of RM21.55 million, which was in line with higher material consumed and subcontractors' costs incurred to support our revenue growth in FYE 2022;
- (b) increase in loan and borrowings of RM1.53 million mainly due to outstanding bankers' acceptance of RM1.51 million as at 31 December 2022. Bankers' acceptance was used for payment to our suppliers; and
- (c) increase in contract liabilities of RM1.42 million as our Group has received advance payments for some of our projects for which the revenue has not been recognised as the performance obligations have not been fully met.

The increase was offset by the decrease in other payables and accruals of RM9.48 million, mainly contributed by purchase of materials and M&E engineering works eventually performed for the deposit received from a customer of RM12.70 million in FYE 2022. This was offset by higher accruals of RM3.21 million mainly for accrued costs in relation to projects that yet to receive supplier invoices.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between 31 December 2022 and 31 December 2023****Non-current liabilities**

Our non-current liabilities increased by RM0.91 million or 267.65% to RM1.25 million as at 31 December 2023 (as at 31 December 2022: RM0.34 million) mainly due to increase in lease liabilities of RM1.01 million, arising from additional motor vehicles under hire purchase arrangements.

Current liabilities

Our current liabilities increased by RM19.73 million or 45.37% to RM63.22 million as at 31 December 2023 (as at 31 December 2022: RM43.49 million) mainly due to the following:

- (a) increase in trade payables of RM9.59 million, which was in line with higher material consumed and subcontractors' costs incurred to support our revenue growth in FYE 2023;
- (b) increase in amount due to related parties of RM4.88 million, mainly subcontractors' costs of RM4.38 million owing to CBH Projects Engineering. CBH Projects Engineering is in the process of winding up and do not include in the combining entities as at 31 December 2023. The outstanding sum of RM4.38 million has been offset via the dividend in specie received from CBH Projects Engineering on 3 December 2024 as part return of capital to contributory under Rules 102 of the Companies (Winding up) Rules 1972.

The balance amount of RM0.50 million was dividend payable owing to Quay Holdings;

- (c) increase in contract liabilities of RM4.04 million as our Group has received advance payments for some of our projects for which the revenue has not been recognised as the performance obligations have not been fully met;
- (d) increase in other payables and accruals of RM1.87 million, mainly contributed by higher accrued bonuses in FYE 2023 for existing employees; and
- (e) increase in tax payables of RM1.52 million, attributable to higher tax expenses in FYE 2023 which was increased in line with higher PBT.

The increase was offset by the decrease in loan and borrowings of RM2.09 million following the settlement of outstanding bankers' acceptance, bank overdraft and term loans in FYE 2023.

Comparison between 31 December 2023 and 31 August 2024**Non-current liabilities**

There was minimal movement in non-current liabilities between 31 December 2023 and 31 August 2024.

Current liabilities

Our current liabilities decreased by RM18.00 million or 28.47% to RM45.22 million as at 31 August 2024 (as at 31 December 2023: RM63.22 million) mainly due to the decrease in trade payables of RM29.79 million attributable to timely payments to our suppliers and subcontractors towards the end of FPE 2024. Our trade payables turnover period improved from 91 days for FYE 2023 to 53 days for FPE 2024.

12. FINANCIAL INFORMATION (Cont'd)

The decrease in current liabilities was offset by the following:

- (a) increase in contract liabilities of RM9.53 million as our Group has received advance payments for some of our projects for which the revenue has not been recognised as the performance obligations have not been fully met;
- (b) increase in tax payables of RM1.84 million, attributable to higher tax expenses in FPE 2024 which was increased in line with higher PBT; and
- (c) increase in other payables and accruals of RM0.80 million, mainly contributed by higher accrued bonuses in FPE 2024 for existing employees.

12.2.12 Recent developments

Save for the dividend in specie amounting to RM4.38 million from CBH Project Engineering as part return of capital to contributory under Rules 102 of the Companies (Winding up) Rules 1972, there were no other significant events subsequent to our audited combined financial statements for FPE 2024.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We have been financing our operations through existing cash and bank balances, cash generated from our operations and external sources of funds. Our external sources of funds mainly comprise tradeline from financial institutions and hire purchases.

As at 31 August 2024, we have:

- (i) cash and bank balances of RM28.58 million and fixed deposits with licensed banks of RM13.02 million; and
- (ii) total banking facilities (excluding hire purchase arrangements) of approximately RM191.01 million (of which RM39.79 million has been utilised).

The interest rate of our borrowings is based on the respective facility agreements. Currently, the principal use of our borrowings is to finance the projects and for working capital purposes.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

Based on the Pro Forma Combined Statements of Financial Position of our Group as at 31 August 2024, our NA position stood at RM57.43 million and our gearing level is 0.03 time. Our NA position and gearing level (after the Public Issue and utilisation of proceeds) are RM120.57 million and 0.01 times respectively.

As at the LPD, our Group recorded cash and bank balances of RM19.76 million and fixed deposits with licensed banks of RM15.70 million and total banking facilities of approximately RM191.01 million (of which RM41.42 million has been utilised). Our Board is confident that, after taking into account our gearing and cash flow position as well as the banking facilities currently available to our Group, our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus.

As at the LPD, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors.

12. FINANCIAL INFORMATION (Cont'd)**12.3.2 Review of cash flows**

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Net cash from/ (used in) operating activities	348	(8,849)	36,215	20,074
Net cash (used in)/ from investing activities	(398)	(141)	2,582	(15)
Net cash (used in)/ from financing activities	(7,322)	5,296	(20,748)	(19,672)
Net (decrease)/ increase in cash and cash equivalents	(7,372)	(3,694)	18,049	387
Cash and cash equivalents at the beginning of the financial years/period	24,633	17,261	13,567	31,616
Cash and cash equivalents at the end of the financial years/period⁽¹⁾	17,261	13,567	31,616	32,003

Note:

(1) Cash and cash equivalents exclude deposits pledged with licensed banks.

FYE 2021**Net cash from operating activities**

For FYE 2021, we recorded net operating cash inflow of RM0.35 million after taking into consideration our operating profit of RM5.99 million and the following working capital changes:

- (i) decrease in trade and other payables of RM1.98 million, mainly attributable to payment made to suppliers and subcontractors during the last quarter of FYE 2021;
- (ii) decrease in net contract balances of RM0.63 million for invoices issued in FYE 2021 for the work done in FYE 2020;
- (iii) decrease in amount due to related parties of RM1.46 million, attributable to payment made to CBH Projects (Construction) Sdn Bhd for the subcontracting works provided for our projects in year 2017 and 2018;
- (iv) income tax paid of RM3.17 million; and
- (v) income tax refund of RM0.29 million

Net cash used in investing activities

For FYE 2021, we recorded a net cash outflow of RM0.40 million for our investing activities, mainly attributable to the cash payment of RM0.63 million for the purchase of 2 units of motor vehicles.

The cash outflow was offset by the interest received from fixed deposit with licensed banks of RM0.26 million during FYE 2021.

Net cash used in financing activities

For FYE 2021, we recorded a net cash outflow of RM7.32 million for our financing activities, mainly due to the following:

- (i) placement of fixed deposits pledged with licensed banks of RM4.83 million from internally generated fund, as security for our project financing;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) payment of dividends of RM2.10 million, in respect of FYE 2021; and
- (ii) net repayment of lease liabilities of RM0.55 million.

The cash outflow was partially offset by the drawdown of bankers' acceptance of RM0.26 million for payment to our suppliers.

FYE 2022**Net cash used in operating activities**

For FYE 2022, we recorded net operating cash outflow of RM8.85 million after taking into consideration our operating profit of RM33.61 million and the following working capital changes:

- (i) increase in trade and other receivables of RM29.75 million, mainly due to the increase in retention sum and invoices billed to customers in line with the increase in revenue recorded in FYE 2022;
- (ii) increase in trade and other payables of RM12.07 million, which was in line with higher material consumed and subcontractors' costs incurred to support our revenue growth in FYE 2022;
- (iii) increase in net contract balances of RM16.12 million mainly for 7 projects for which we had recognised the revenue for the work done in FYE 2022 but the invoices have yet to be issued;
- (iv) decrease in amount due to related party of RM0.12 million, attributable to payment made to CBH Projects (Construction) Sdn Bhd for the subcontracting works provided for our projects; and
- (v) income tax paid of RM8.67 million.

Net cash used in investing activities

For FYE 2022, we recorded a net cash outflow of RM0.14 million for our investing activities, mainly attributable to cash payment of RM0.22 million for additions of property, plant and equipment of RM0.48 million (comprising office equipment (mainly computers) of RM0.18 million and 2 units of motor vehicles of RM0.29 million). The remaining balance of RM0.26 million was financed by hire purchase arrangement.

Net cash from financing activities

For FYE 2022, we recorded a net cash inflow of RM5.30 million from our financing activities, mainly due to the following:

- (i) withdrawal of fixed deposits with licensed banks of RM6.41 million; and
- (ii) drawdown of bankers' acceptance of RM5.54 million which was used for payment to our suppliers.

The cash inflow was partially offset by the following:

- (i) repayment of bankers' acceptance of RM4.00 million;
- (ii) payment of dividends of RM2.00 million, in respect of FYE 2022;
- (iii) repayment of lease liabilities of RM0.55 million; and
- (iv) interest paid of RM0.10 million.

12. FINANCIAL INFORMATION (Cont'd)**FYE 2023****Net cash from operating activities**

For FYE 2023, we recorded net operating cash inflow of RM36.22 million after taking into consideration our operating profit of RM56.90 million and the following working capital changes:

- (i) increase in trade and other receivables of RM7.15 million, mainly due to the increase in retention sum and invoices billed to customers in line with the increase in revenue recorded in FYE 2023;
- (ii) increase in trade and other payables of RM11.48 million, which was in line with higher material consumed and subcontractors' costs incurred to support our revenue growth in FYE 2023;
- (iii) increase in net contract balances of RM15.14 million mainly for 11 projects for which we had recognised the revenue for the work done in FYE 2023 and the invoices have yet to be issued;
- (iv) income tax paid of RM11.71 million;
- (v) income tax refund of RM1.46 million; and
- (vi) interest received of RM0.35 million.

Net cash from investing activities

For FYE 2023, we recorded a net cash inflow of RM2.58 million from our investing activities, mainly attributable to the following:

- (i) proceeds of RM3.00 million from the disposal of quoted securities in Bursa Securities in FYE 2023;
- (ii) proceeds of RM0.32 million from disposal of 1 unit of motor vehicle; and
- (ii) interest received from fixed deposit with licensed bank of RM0.16 million during FYE 2023.

The cash inflow was offset by the following:

- (i) cash payment of RM0.33 million mainly for the additional property, plant and equipment of RM1.73 million (mainly comprising 7 units of motor vehicles of RM1.51 million). While the remaining balance was financed by hire purchase arrangement of RM1.40 million; and
- (ii) net cash outflow from winding up of CBH Projects Engineering of RM0.66 million.

Net cash used in financing activities

For FYE 2023, we recorded a net cash outflow of RM20.75 million for our financing activities, mainly due to the following:

- (i) payment of dividends of RM12.12 million, in respect of FYE 2023;
- (ii) placement of fixed deposits pledged with licensed banks of RM7.65 million as security for our project financing;
- (iii) repayment of bankers' acceptance of RM3.04 million;

12. FINANCIAL INFORMATION (Cont'd)

- (iv) repayment of lease liabilities of RM0.41 million; and
- (v) repayment of term loans of RM0.14 million.

The cash outflow was offset by the following:

- (i) repayment of advances from Quay Holdings of RM1.45 million; and
- (ii) drawdown of bankers' acceptance of RM1.26 million which was used for payment to our suppliers.

FPE 2024**Net cash from operating activities**

For FPE 2024, we recorded net operating cash inflow of RM20.07 million after taking into consideration our operating profit of RM44.25 million and the following working capital changes:

- (i) increase in trade and other receivables of RM6.47 million, mainly attributable to the increased invoices billed to customers which was in tandem with higher revenue in FPE 2024 towards the end of FPE 2024 and higher prepayment in relation to our IPO expenses in FPE 2024;
- (ii) decrease in trade and other payables of RM28.99 million, mainly attributable to timely payments to our suppliers and subcontractors towards the end of FPE 2024. Our trade payables turnover period improved from 91 days for FYE 2023 to 53 days for FPE 2024;
- (iii) decrease in net contract assets of RM19.94 million for invoices issued in FPE 2024 for the works done in FYE 2023; and
- (iv) income tax paid of RM8.94 million and interest received of RM0.28 million.

Net cash used in investing activities

For FPE 2024, we recorded a net cash outflow of RM0.02 million from our investing activities, attributable to the following:

- (i) cash payment of RM0.21 million for acquisition of 4 units of motor vehicles costs at RM0.53 million. The remaining balance of RM0.32 million was financed by hire purchase arrangement; and
- (ii) cash payment of RM0.15 million for office equipment, mainly computers and software for employees' use.

The cash outflows were offset by the proceed from disposal of property, plant and equipment of RM0.12 million for 4 units of motor vehicles, and interest received of RM0.24 million.

Net cash used in financing activities

For FPE 2024, we recorded a net cash outflow of RM19.67 million for our financing activities, mainly due to the following:

- (i) payment of dividends of RM21.00 million, in respect of FYE 2023; and
- (ii) net repayment of lease liabilities of RM0.30 million.

The cash outflow was partially offset by the withdrawal of fixed deposits pledged with licensed banks of RM1.68 million.

12. FINANCIAL INFORMATION (Cont'd)**12.4 BORROWINGS**

We utilise banking facilities such as term loans to finance the acquisition of our properties, bankers' acceptance for payment to our suppliers and letter of credit for the purchase of materials. In addition, we also utilise hire purchase to finance the purchase of motor vehicles which are classified under lease liabilities. Further, lease liabilities also arise from our rental obligation for our offices, stores and staff accommodation which is the financial obligation for the payments required by a lease and discounted to present value.

All of our borrowings (excluding lease liabilities arising from rented offices, stores and staff accommodation) are secured, interest-bearing and denominated in RM. Our total outstanding borrowings as at 31 August 2024 stood at RM1.66 million, details of which are set out below:

	Purpose	Tenure	Interest rate (% per annum)	Audited as at 31 August 2024 (RM'000)
Interest bearing short-term borrowings, payable within 1 year:				
Lease liabilities	To finance the purchase of motor vehicles	5 years	2.05% to 3.33%	378
Interest bearing long-term borrowings, payable after 1 year:				
Lease liabilities	To finance the purchase of motor vehicles	5 years	2.05% to 3.33%	1,277
Total borrowings				1,655
Pro forma gearing (times)				
After the Public Issue and utilisation of the proceeds raised from our Public Issue ⁽¹⁾				0.01

Note:

- (1) Computed based on our Pro Forma Combined Statements of Financial Position after the Public Issue and utilisation of the proceeds raised from our Public Issue.

Our pro forma gearing ratio is expected to decrease from 0.02 times (before the Public Issue) to 0.01 times (after the Public Issue) due to the increase in shareholders' funds arising from the issuance of new Shares pursuant to the Public Issue. Thereafter, the gearing ratio will remain at 0.01 times (after the utilisation of proceeds).

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12. FINANCIAL INFORMATION (Cont'd)

The following table sets out the maturities of our term loans and lease liabilities:

	Audited			
	31 December			31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Bankers' acceptance	258	1,773	-	-
Bank overdraft	259	278	-	-
Term loans:				
Within the next 12 months	38	38	-	-
After the next 12 months	138	100	-	-
Lease liabilities:				
Within the next 12 months	532	361	346	378
After the next 12 months	354	241	1,246	1,277

As at the LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency.

Our total bank guarantees as at 31 August 2024 stood at RM39.35 million, details as set out below. All our bank guarantees are secured, interest-bearing and denominated in RM.

	Purpose	Tenure	Commission rate (% per annum)	As at 31 August 2024 (RM'000)	As at the LPD (RM'000)
Bank guarantees	Performance guarantees ⁽²⁾ for projects carried out by our Group	2 to 30 months	1.20	39,347	39,068

Notes:

- (1) *In conjunction with our Listing, we have applied to the financiers and subsequently obtained 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.*
- (2) *The performance guarantees are issued to our customers or at the request of our customers, as security for the performance of contractual obligations under the projects awarded.*

The liabilities in respect of the bank guarantees will only crystallise and become payable following a call by our customers of the performance guarantees in accordance with the terms and conditions of such contracts. During the Financial Years Under Review and FPE 2024, we did not experience any call of the performance guarantees issued to our customers.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout the Financial Years Under Review and FPE 2024 and up to the LPD.

As at the LPD, neither our Company nor any of our subsidiaries is 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 Financial Years Under Review and FPE 2024, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

12. FINANCIAL INFORMATION (Cont'd)**12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

As at the LPD, save as disclosed in Section 12.4 above, we do not have or utilise any other financial instruments or have any other treasury policies.

All our financial instruments are used for working capital purposes including the payment to our suppliers for the purchase of materials and bank guarantee for projects' purposes.

As at the LPD, save for our bank guarantee, letter of credit and hire purchase facilities which are based on fixed rates, all our other facilities with licensed financial institutions are based on base financing rate plus or minus a rate which varies depending on the type of facility.

12.6 MATERIAL CAPITAL COMMITMENTS, CAPITAL INVESTMENTS AND DIVESTITURES, MATERIAL LITIGATION AND CONTINGENT LIABILITY**12.6.1 Material capital commitments**

As at the LPD, we do not have any material capital commitments.

12.6.2 Capital investments and divestitures

Our Group's capital investments for the Financial Years Under Review, FPE 2024 and up to the LPD are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024	1 September 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
At cost:					
Motor vehicles	634 ⁽¹⁾	295 ⁽²⁾	1,507 ⁽⁵⁾	534 ⁽⁷⁾	-
Office equipment	27	184 ⁽³⁾	204 ⁽⁶⁾	154 ⁽⁸⁾	44
Furniture and fittings	1	5	18	19	7
Machineries	-	1	-	-	-
Rented shoplot and hostel	27	-	-	206	162
Investment properties	-	3,762 ⁽⁴⁾	-	-	-
Total	689	4,247	1,729	913	213

Notes:

- (1) Purchased 1 unit of delivery truck and 1 unit of passenger car for business purposes.
- (2) Purchased 1 unit of delivery truck and 1 unit of passenger car for business purposes.
- (3) Mainly purchased 1 unit of cable calculation software and 23 units of laptops and computers.
- (4) Purchased 2 units of serviced residence at Ampang Hilir, Kuala Lumpur.
- (5) Purchased 7 units of passenger cars for business purposes.
- (6) Mainly purchased 31 units of laptops and computers.
- (7) Purchased 2 units of pickup trucks and 2 units of passenger cars for business purposes.
- (8) Mainly purchased 17 units of laptops and computers.

The investments set out above were financed by our Group's internally generated funds and banking facilities.

12. FINANCIAL INFORMATION (Cont'd)

Our Group's capital divestitures for the Financial Years Under Review, FPE 2024 and up to the LPD are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024	1 September 2024 up to the LPD
	RM'000	RM'000	RM'000		RM'000
At cost:					
Motor vehicles	-	-	580 ⁽¹⁾	653 ⁽³⁾	-
Investment properties	-	-	8,748 ⁽²⁾	508 ⁽⁴⁾	-
Total	-	-	9,328	1,161	-

Notes:

- (1) Disposal of 1 unit of passenger car.
- (2) Disposal of 8 units of investment properties. Please refer to Section 12.13 of this Prospectus for further details on the said investment properties.
- (3) Disposal of 4 units of passenger cars.
- (4) Disposal of 1 unit of investment property. Please refer to Section 12.13 of this Prospectus for further details on the said investment property.

12.6.3 Material litigation

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at the LPD.

12.6.4 Contingent liability

Save as disclosed below, there are no contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our business and financial as at the LPD:

(a) Potential liquidated damage incurred for the failure to complete our projects in a reliable and timely basis

The contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract. The calculation mechanism for the liquidated damages is generally set forth in the contract.

Delays in a project may occur from time to time due to various unforeseen factors such as shortage of manpower, delays by subcontractors, industrial accidents, delay in delivery of materials and local weather conditions. If there is any delay on our part in completion of a project, we may be liable to pay liquidated damages under the contract.

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12. FINANCIAL INFORMATION (Cont'd)

As at the LPD, our Group has 7 contracts which has passed the contractual contract period. Notwithstanding the above, we have not received any claim for liquidated damages against us from the customers for the 7 overdue contracts. Completion of the contract within the contractual contract period may be beyond our control and in circumstances where the delay is not due to our fault, our customers usually do not impose the liquidated damages on us. However, in the event that our customers decided to impose the liquidated damages on us, we may be liable to pay liquidated damages to our customers. The potential aggregate liquidated damages as at the LPD for the 7 overdue contracts are as tabulated below:

Project details/ scope	Commencement date	Expected completion date⁽¹⁾	Contract sum (RM million)	Potential liquidated damages as at the LPD (RM million)	Remarks
Design and built of a 275 kV substation for a data centre at Sedenak Tech Park, Johor (comprising stages 1, 2 and 3)	July 2023	May 2024 (for stage 1) / May 2025 (for stages 2 and 3)	192.35	19.23	Stage 1 of the project was delayed mainly due to supply disruption on certain equipment. Stage 1 of the project was energised and completed in July 2024. Instruction for commencement of stages 2 and 3 of this project was given by customer in September 2024. The project is expected to be completed by May 2025.
Electrical services for an apartment at Kuala Lumpur	June 2023	August 2024	1.54	0.86	The project was delayed due to slow work progress at site. The project is expected to be completed by March 2025 based on management's estimates.
Supply, delivery, install, testing and commissioning for electrical services for 3 hypermarkets at Selangor	October 2022	April 2023	1.35	2.99	The project was delayed due to changes in project scope and requirements instructed by project consultant. The project is expected to be completed by June 2025 based on management's estimates.
Electrical engineering works for a 132 kV substation for a data centre at Johor	September 2023	July 2024	18.30	2.20	The project was delayed due to delay in finalisation of design and delivery of equipment. The project was completed on 9 November 2024.

12. FINANCIAL INFORMATION (Cont'd)

Project details/ scope	Commencement date	Expected completion date⁽¹⁾	Contract sum (RM million)	Potential liquidated damages as at the LPD (RM million)	Remarks
Electrical engineering works for a data centre at Johor	July 2023	July 2024	26.26	3.15	The project was delayed due to the project is in the process of testing and commissioning performed by third-party who is appointed by the customer. The project is expected to be completed by February 2025 based on management's estimates.
Electrical engineering works for a hotel at Kuala Lumpur	March 2024	July 2024	4.27	0.28	The project was delayed due to changes in project design and requirements instructed by customer. The project is expected to be completed by May 2025 based on management's estimates.
Electrical engineering works for a hotel at Kuala Lumpur	October 2022	September 2024	1.22	0.58	The project was delayed due to the site is not ready for final installation of M&E system. The project is expected to be completed by May 2025 based on management's estimates.
Total			245.29	29.29	

Note:

(1) Based on the date of completion stated in the letter of award and EOT granted by our customers.

Notwithstanding that we have not received any claim for liquidated damages against us for the abovementioned contracts, there is no assurance that there will not be any claims for liquidated damages for the existing deferred projects, which in turn will have an adverse impact on our reputation, business, financial condition and results of operations.

Notwithstanding that our Group has not obtained any official EOT for our 7 overdue contracts, we have been in constant communication with our customers on the causation of the delay and propose our expected project timeline based on the causation.

12. FINANCIAL INFORMATION (Cont'd)

Our Board, after taking into consideration our track record with the above customers and the constant communication with our customers, is of the view that the potential liquidated damages are unlikely to be imposed by our customers. In the event the said liquidated damages were to be imposed by our customers, our Group are still profitable based on our Group's PBT for the FYE 2023. The potential liquidated damages as at the LPD of RM29.29 million represents 63.73% and 72.77% of our Group's PBT for the FYE 2023 of RM45.96 million and FPE 2024 of RM40.25 million and in the event the said liquidated damages were to be imposed by our customers, the financial condition of our Group will be materially impacted. As at the LPD, the Group has not made any provision for potential imposition of liquidated damages for the projects stated above as we have not received any claims for liquidated damages from the customers.

(b) Potential liabilities in the event of failure to deliver the project

As at the LPD, we recorded bank guarantees amounting to RM39.07 million as disclosed in Section 12.4 of this Prospectus.

Our Directors confirm that 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 or position.

12.7 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the Financial Years Under Review and FPE 2024 are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Trade receivables turnover (days) ⁽¹⁾	67	35	42	30
Trade payables turnover (days) ⁽²⁾	44	48	91	53
Current ratio (times) ⁽³⁾	2.40	2.20	2.19	2.86
Gearing ratio (times) ⁽⁴⁾	0.03	0.04	0.02	0.02

Notes:

- (1) Computed based on average trade receivables (including amounts due from related parties which are trade in-nature) (excluding retention sum) as at Financial Years Under Review and FPE 2024 divided by the revenue for the year/period, multiplied by 365 days for Financial Years Under Review and 244 days for the FPE 2024.
- (2) Computed based on average trade payables (including amounts due to related parties which are trade in-nature) (excluding retention sum) as at Financial Years Under Review and FPE 2024 divided by total cost of sales for the year/period, multiplied by 365 days for Financial Years Under Review and 244 days for the FPE 2024.
- (3) Computed based on total current assets divided by total current liabilities as at the respective FYE/FPE.
- (4) Computed based on total interest-bearing borrowings divided by equity attributable to owner as at the respective FYE/FPE.

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12. FINANCIAL INFORMATION (Cont'd)**12.7.1 Trade receivables turnover**

Our average trade receivables' turnover period (in days) for Financial Years Under Review and FPE 2024 is stated as below:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables as at 1 January ⁽¹⁾	15,168	9,649	25,568	23,106
Closing trade receivables as at 31 December/ 31 August ⁽¹⁾	9,649	25,568	23,106	20,006
Average trade receivables	12,409	17,609	24,337	21,556
Revenue	67,575	180,120	207,954	178,225
Average trade receivables turnover period (days)	67	35	42	30

Note:

- (1) Including amounts due from related parties which are trade in-nature and excluding retention sum (after the associated impairment).

The normal credit period granted by our Group to our customers are between 30 days and 60 days from the date of our invoice, but this may be extended in certain cases after taking into consideration the background and credit-worthiness of the customer, payment history of the customer and our relationship with the customer. We use ageing analysis to monitor the credit quality of our trade receivables. There is no effect on our average turnover days over the Financial Years Under Review and FPE 2024 whether the engagement of our Group as main contractor or sub-contractor.

Our average trade receivables turnover periods for Financial Years Under Review and FPE 2024 were 67 days, 35 days, 42 days and 30 days respectively.

For FYE 2021, our average trade receivables turnover period was 67 days attributable to outstanding debts from a main contractor customer amounting to RM2.80 million. Such outstanding was settled in May 2022.

For FYE 2022, our average trade receivables turnover period decreased from 67 days in FYE 2021 to 35 days mainly due to our Group's efforts to follow up closely on collections and lower trade receivables as at 31 December 2022 as a result of a contra amount of RM5.00 million for an outstanding balance owing by Yong Tai Berhad group of companies pursuant to the debt settlement agreement between Yong Tai Berhad and CBH Engineering of RM5.00 million via its quoted shares on Bursa Securities.

For FYE 2023, our Group's trade receivables turnover period increased from 35 days in FYE 2022 to 42 days in FYE 2023 due to more invoices billed towards the end of FYE 2023.

For FPE 2024, our average trade receivables turnover period decreased from 42 days in FYE 2023 to 30 days mainly due to our Group's efforts to follow up closely on collections.

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12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our trade receivables as at 31 August 2024 is as follows:

	Trade receivables at 31 August 2024		Amount collected subsequent from 1 September 2024 up to LPD		Trade receivables net of subsequent collections	
	RM'000	Percentage of trade receivables	RM'000	Percentage collected	RM'000	Percentage of trade receivables net of subsequent collections
	(a)	(a)/total of (a)	(b)	(b) / (a)	(c) = (a)-(b)	(c)/total of (c)
Neither past due nor impaired	17,285	86.40	(17,268)	(99.90)	17	1.37
Past due but not impaired:						
• 1 to 30 days	954	4.77	(779)	(81.66)	175	14.06
• 31 to 60 days	251	1.25	(251)	(100.00)	-	0.00
• 61 to 90 days	173	0.87	(99)	(57.23)	74	5.94
• More than 90 days	1,343	6.71	(364)	(27.10)	979	78.63
	2,721	13.60	(1,493)	(54.90)	1,228	98.63
Total	20,006	100.00	(18,761)	(93.80)	1,245	100.00

In FPE 2024, our trade receivables that were more than 90 days amounted to RM1.34 million mainly consists of amount owing by 3 customers with outstanding amount of RM1.06 million, representing 79.10% of trade receivables of more than 90 days. We experienced slow collections in these trade receivables as our customers required longer time needed to process the claims from their customers, prior to making subsequent payments to us. For information purposes, there is no impairment made on RM1.06 million as our Group is trying to collect back from the construction company customers.

As at the LPD, the collection status of the said 3 customers for the amount owing more than 90 days are as follows:

	Amount owing more than 90 days	
	As at 31 August 2024	Collection subsequent from 1 September 2024 up to LPD
	RM'000	RM'000
Customer 1	218	218
Customer 2	546	123
Customer 3	299	-
Total	1,063	341

Our Group are closely following up with customer 1 and customer 3 while customer 2 had mutually agreed with our Group to have payments settlement via instalments. As at the LPD, RM1.25 million of the outstanding trade receivables as at 31 August 2024 has yet to be collected.

12. FINANCIAL INFORMATION (Cont'd)

Our Group's management closely monitors the recoverability of the overdue trade receivables on a regular basis, and when appropriate, provide for specific impairment of these trade receivables. As at 31 August 2024, total allowance for impairment losses recorded at RM11.49 million (i.e. collective impairment of RM0.16 million and individual impairment of RM11.33 million). The individual impairment mainly consists impairment made for 3 customers where the outstanding amounts was pending for finalisation of account of more than a year and project halted by a project owner as at 31 August 2024. The Board is of the view that the remaining trade receivables are recoverable and save for those impairments made during Financial Years Under Review and FPE 2024, there is no further provision for impairment required after taking into consideration our Group's relationships with the customers as well as efforts made to improve collections with various credit control measures to reduce the potential exposure on credit risk. Such efforts include conducting regular meetings with customers and issuance of letter of reminders to customers.

Our Group has not encountered any major disputes with our debtors. No further allowance for impairment was provided as there were no doubtful receivables other than those impaired for Financial Years Under Review and FPE 2024.

12.7.2 Trade payables turnover

Our average trade payables' turnover period (in days) for Financial Years Under Review and FPE 2024 is stated as below:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Opening trade payables as at 1 January ⁽¹⁾	5,189	8,343	28,541	42,260
Closing trade payables as at 31 December/ 31 August ⁽¹⁾	8,343	28,541	42,260	12,073
Average trade payables	6,766	18,442	35,401	27,167
Cost of sales	55,440	138,626	140,642	124,881
Average trade payables turnover period (days)	44	48	91	53

Note:

(1) Including amounts due to related parties which are trade in-nature and excluding retention sum.

The normal credit terms granted by suppliers and subcontractors to our Group ranges from cash term to 120 days from the date of supplier's invoice.

Our trade payables turnover periods for Financial Years Under Review and FPE 2024 were between 44 days and 91 days which were within the credit terms granted by our suppliers and subcontractors.

Our Group's trade payables turnover period rose to 48 days in FYE 2022 from 44 days in FYE 2021 due to higher invoices issued by suppliers towards the end of FYE 2022. Our Group's trade payables turnover period further rose to 91 days in FYE 2023 from 48 days in FYE 2022 mainly due to higher invoices issued by suppliers and subcontractors towards the end of FYE 2023 as well as amounts due to CBH Projects Engineering of RM4.38 million. Our Group's trade payables turnover period decreased from 91 days in FYE 2023 to 53 days in FPE 2024 attributable to timely payments made to our suppliers and subcontractors.

We have established a long-standing relationship with our suppliers and subcontractors, and we have not encountered any issue in spite of the slower payment to them. Our suppliers and subcontractors have allowed a longer period for payment in view of our established relationship with them, our payment history and our credentials.

12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our trade payables as at 31 August 2024 is as follows:

	Trade payables as at 31 August 2024		Amount paid subsequent from 1 September 2024 up to LPD		Trade payables net of subsequent payment	
	RM'000	Percentage of trade payables	RM'000	Percentage paid	RM'000	Percentage of trade payables net of subsequent payments
	(a)	(a)/total of (a)	(b)	(b)/(a)	(c) = (a)-(b)	(c)/total of (c)
Not past due	6,946	57.53	(6,796)	97.84	150	3.28
Past due						
• 1 to 30 days	306	2.54	(306)	100.00	-	-
• 31 to 60 days	46	0.38	(46)	100.00	-	-
• 61 to 90 days	1	0.01	(1)	100.00	-	-
• More than 90 days	4,774	39.54	(348)	7.29	4,426	96.72
	5,127	42.47	(701)	13.67	4,426	96.72
Total	12,073	100.00	(7,497)	62.10	4,576	100.00

As at the LPD, we have paid RM7.50 million or 62.10% of our trade payables as at 31 August 2024. Our Group has yet to make payment for trade payables exceeding credit period of RM4.43 million as at the LPD, mainly amount owing to CBH Projects Engineering of RM4.38 million due to subcontractors' costs of RM4.38 million owing to CBH Projects Engineering. The outstanding sum of RM4.38 million has been offset via the dividend in specie received from CBH Projects Engineering on 3 December 2024 as part return of capital to contributory under Rules 102 of the Companies (Winding up) Rules 1972 Nevertheless, as at the LPD, there are no disputes in respect of our trade payables and we are not aware of any legal action initiated by our suppliers or subcontractors to demand for payment.

12.7.3 Current ratio

Our current ratio throughout Financial Years Under Review and FPE 2024 are as follows:

	Audited			
	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Current assets	68,706	95,707	138,239	129,121
(Current liabilities)	28,685	43,488	63,217	45,223
Net current assets	40,021	52,219	75,022	83,898
Current ratio (times)	2.40	2.20	2.19	2.86

Our current ratio ranged from 2.19 times to 2.86 times as at the end of respective financial years/period.

12. FINANCIAL INFORMATION (Cont'd)

Our current ratio decreased from 2.40 times as at 31 December 2021 to 2.20 times as at 31 December 2022 mainly due to higher trade payables of RM21.55 million which was in line with higher subcontractors' costs and purchases in FYE 2022 as well as lower fixed deposit with licensed bank of RM8.61 million and lower cash and bank balances of RM1.47 million for working capital purposes.

Our current ratio decreased from 2.20 times as at 31 December 2022 to 2.19 times as at 31 December 2023 mainly due to higher trade payables of RM9.59 million which was in line with higher subcontractors' costs and purchases in FYE 2023, amount due to related parties of RM4.88 million. The reduction in current ratio was cushioned by the higher fixed deposits with licensed banks as security for our project financing and cash and bank balances resulting from higher internally generated fund in FYE 2023.

Our current ratio increased from 2.19 times as at 31 December 2023 to 2.86 times as at 31 August 2024 mainly due to lower trade payables of RM29.79 million in FPE 2024.

Nevertheless, the current ratio of above 1 times indicates that our Group is capable of meeting our current obligations as our current assets which can be readily converted to cash, together with our cash in the bank are enough to meet immediate current liabilities.

12.7.4 Gearing ratio

Our gearing ratio throughout Financial Years Under Review and FPE 2024 are as follows:

	Audited			
	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Total loan and borrowings (including lease liabilities)	1,579	2,791	1,592	1,825
Equity attributable to owner	45,913	64,883	78,431	88,087
Gearing ratio (times)	0.03	0.04	0.02	0.02

Our gearing ratio ranged from 0.02 times to 0.04 times as at the end of respective financial years/period.

The low gearing ratio of our Group as at the end of respective Financial Years Under Review and FPE 2024 was mainly attributable to the increase in total equity as a result of the PAT recorded in Financial Years Under Review and FPE 2024.

12.8 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

There were no government, economic, fiscal or monetary policies or factors which have materially affected our operation and financial performance during Financial Years Under Review and FPE 2024.

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 adversely and materially affect our operations are set out in Section 9 of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)**12.9 IMPACT OF INFLATION**

Our Group is of the view that the current inflation rate does not have a material impact on our business, financial condition or results of our operation. However, any significant increase in future inflation may adversely affect our Group's operations and performance if we are unable to pass on the higher costs to our customers.

12.10 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS**12.10.1 Impact of foreign exchange rates**

Our purchases denominated in local and foreign currencies are as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchases denominated in:								
RM	34,619	96.98	79,483	100.00	79,277	100.00	67,122	99.74
USD	1,077	3.02	-	-	-	-	111	0.16
RMB	-	-	-	-	-	-	62	0.09
AUD	-	-	-	-	-	-	4	0.01
Total purchases	35,696	100.00	79,483	100.00	79,277	100.00	67,299	100.00

Save for FYE 2021 and FPE 2024, our purchase of materials was denominated in RM. For FYE 2021, Our purchases of materials from our overseas suppliers were denominated in USD contributed 3.02% of our total purchases while the remaining 96.98% was purchased from local suppliers. For FPE 2024, our purchases of materials from our overseas suppliers were denominated in USD, RMB and AUD contributed 0.26% of our total purchases while the remaining 99.74% was purchased from local suppliers. If our Group switches to purchase materials from overseas suppliers in the future, the weakening of the RM against USD may lead to higher costs of supplies for our Group. In the event that we are unable to pass the increase in cost to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin from higher cost of supplies.

Notwithstanding the above, there is no assurance that any fluctuation in foreign exchange rates would not have an impact on our financial performance.

12.10.2 Impact of interest rates

Interest coverage ratio measures the number of times a company can make its interest payments with its EBIT. The interest coverage ratio for the past Financial Years Under Review and FPE 2024 are as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Total loan and borrowings (including lease liabilities) as at 31 December	1,579	2,791	1,592	1,825
EBIT	4,966	27,610	45,485	39,776
Finance costs	74	77	40	54
Interest coverage ratio (times) ⁽¹⁾	67.11	358.57	1,137.13	736.59

Note:

(1) Computed based on EBIT divided by finance costs.

12. FINANCIAL INFORMATION (Cont'd)

Our interest coverage ratio was between 67.11 times and 1,137.13 times for the Financial Years Under Review and FPE 2024 which indicates that we have been able to generate sufficient EBIT to meet our interest servicing obligations.

Our financial results for Financial Years Under Review and FPE 2024 were not materially affected by fluctuations in interest rates. However, any major increase in interest rates would raise the cost of borrowings and finance costs for our working capital, which may have an adverse effect on our performance.

12.10.3 Impact of commodity prices

The materials that we usually purchase may contain metal such as copper and aluminium where such metal material prices fluctuate based on market demand. Therefore, our material purchase prices may fluctuate based on the change in metal material prices. Nevertheless, these materials and equipment that we usually purchase are widely available in Malaysia and from a large base of suppliers. Notwithstanding, in the event there is an increase in commodity prices, it may have an adverse impact on our GP margin.

It is our strategy to always provide sufficient buffer in our budgeted cost which allows better planning for potential cost overruns that may arise due to increased price of raw materials as well as power equipment. The buffers in our budgeted project cost had been sufficient to contain the price fluctuations in commodity prices such as copper (being a raw material in the manufacturing of copper cables) and aluminium for the Financial Years Under Review and FPE 2024. The quantum of these buffers is subject to project scope and raw material requirement. We generally purchase materials on a project basis. We have good business relationships with our suppliers, which has contributed to our purchasing and cost efficiency.

12.11 ORDER BOOK

Details of our order book are as follows:

Project details	As at 31 August 2024	As at the LPD
	RM' 000	RM' 000
Substation	167,162	155,976
Industrial	99,827	41,397
Commercial	5,075	5,921
Residential	124	397
Total	272,188	203,691

The above order book relates to the contract value of projects secured as at the LPD, for which our Group has yet to commence works for newly secured project and remaining unrecognised revenue for ongoing projects as at the LPD. This order book will be recognised as revenue in FYE 2024 (RM53.68 million) and FYE 2025 (RM150.01 million), based on the expected progress of each project.

Our order book of RM203.69 million as at the LPD represents 1.34 times of our average revenue of RM151.88 million, calculated based on our audited annual revenues for Financial Years Under Review.

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12. FINANCIAL INFORMATION (Cont'd)

12.12 TREND INFORMATION

Based on our track record for the past Financial Years Under Review and FPE 2024, including our segmental analysis of revenue and profitability, we wish to highlight the following:

- (i) more than 70.00% of our revenue was derived from substation and industrial building projects. We expect that this business activity to continue contributing significantly to our revenue in the future;
- (ii) all our revenue is derived from Malaysia. We expect this trend to continue;
- (iii) the main components of our cost of sales are material consumed and subcontractors' costs which accounted for more than 80.00% of our total cost of sales during Financial Years Under Review and FPE 2024. We expect this trend to continue; and
- (iv) we achieved an average GP margin of 25.00% for Financial Years Under Review and FPE 2024. Moving forward, our GP margin will depend on, amongst others, our continued ability to manage our costs efficiently and price our services competitively.

As at the LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (i) 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 other than those discussed in Section 12.2 of this Prospectus;
- (ii) 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 Section 12.2 of this Prospectus;
- (iii) 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 Section 12.2 of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Section 12.2 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given the positive outlook of the electricity supply market in Malaysia as set out in the IMR Report in Section 8 of this Prospectus, our Group's competitive advantages as set out in Section 7.5 of this Prospectus and our Group's intention to implement the business strategies as set out in Section 7.19 of this Prospectus.

12.13 DIVIDEND POLICY

Our Company does not have any formal dividend policy. As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, and consent from our financiers as set out in the respective facility agreements, 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. Generally, consent from the financier is required for any payment or declaration of such dividend as prescribed in the respective facility agreement.

12. FINANCIAL INFORMATION (Cont'd)

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board.

Dividends declared and paid by our subsidiaries, during Financial Years Under Review, FPE 2024 and up to the LPD were as follows:

	FYE 2021 ⁽¹⁾	FYE 2022 ⁽²⁾	FYE 2023 ⁽³⁾	FPE 2024 ⁽³⁾	1 September 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared in respect of	800	2,000	40,500	-	-
Dividends paid	2,100	2,000	12,115	21,000	-
Dividends paid in specie	-	-	6,885	500	-

Notes:**(1) FYE 2021**

(a) RM1.30 million declared in respect of FYE 2020 and paid in FYE 2021; and

(b) RM0.80 million declared in respect of FYE 2021 and paid in FYE 2021.

(2) FYE 2022

RM2.00 million declared in respect of FYE 2022 and paid in FYE 2022.

(3) FYE 2023

RM40.50 million declared in respect of FYE 2023 of which:

(a) RM12.11 million was paid in cash in FYE 2023;

(b) RM21.00 million was paid in cash in FPE 2024; and

(c) RM7.39 million of the dividend in specie for 9 units of investment property were deemed paid in FYE 2023 upon entering into their respective sale and purchase agreements (SPA). 8 units of investment properties were deemed as disposals in FYE 2023 due to transfer of control, risk and rewards to the purchaser upon execution of the respective SPAs. The remaining 1 unit of investment property was deemed as disposal in FPE 2024 upon the terms and conditions stated in the SPA fulfilled in May 2024. RM6.89 million has been satisfied via dividend in specie for 8 units of investment properties in FYE 2023 and RM0.50 million has been satisfied via dividend in specie for 1 unit of investment property in FPE 2024.

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12. FINANCIAL INFORMATION (Cont'd)

The 9 units of investment properties have been valued by an independent valuer. The 6 units of investment properties which the transfers of ownership have been completed are as follows:

No.	Location	Property type	Tenure	Existing usage	Total Area (Square feet)	Market value (RM'000)	Date of valuation
1	No. 32, 32A & 32B, Laluan Klebang 22, Klebang Perdana, 31200 Chemor, Perak Darul Ridzuan	Shop office	Freehold	Vacant	1,399	1,295	14 October 2023
2	Unit No. G-08, Ground Floor, Menara Mutiara Majestic, No. 15, Jalan Othman, Seksyen 3, 46000 Petaling Jaya, Selangor Darul Ehsan	Shop unit	99-year leasehold expiring on 3 February 2074	Rented out	237	150	17 October 2023
3	Unit No. B-B-05-02, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur	Condominium	Freehold	Under construction	1,012	1,100	18 October 2023
4	Unit No. B-B-05-03, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur	Condominium	Freehold	Under construction	1,012	1,100	18 October 2023
5	Unit No. A-B-07-02, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur	Condominium	Freehold	Under construction	1,012	1,100	18 October 2023
6	Unit No. A-D-07-01, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur	Condominium	Freehold	Under construction	1,632	1,600	18 October 2023

12. FINANCIAL INFORMATION (Cont'd)

The 3 units of investment properties which are pending completion of the transfers of ownership are as follows:

No.	Location	Property type	Tenure	Existing usage	Total Area (Square feet)	Market value (RM'000)	Date of valuation
1	Unit No. 16-23A, Amaya Maluri, Jalan Jejaka 2, Taman Maluri, 55100 Kuala Lumpur	Service apartment	99-year leasehold expiring on 11 December 2105	Rented out	657	500	16 October 2023
2	Unit No. 17-08 (17-8), The Pines Hotel, Jalan Tun Sri Lanang, 75100 Melaka	Condotel unit	Freehold	Rented out	495	270	18 October 2023
3	Unit No. 17-10 (17-10), The Pines Hotel, Jalan Tun Sri Lanang, 75100 Melaka	Condotel unit	Freehold	Rented out	495	270	18 October 2023

The dividends above were satisfied via investment properties and internal funds sourced from the cash and bank balances of the respective subsidiaries. The dividends will not affect the execution and implementation of our future plans or business strategies. Together with the IPO proceeds, we believe that we have sufficient funding of cash from operations and bank borrowings for the funding requirement for our operations and our expansion plans.

Further, we do not intend to declare any dividends from the date of this Prospectus up to the point of our Listing.

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12. FINANCIAL INFORMATION (Cont'd)**12.14 CAPITALISATION AND INDEBTEDNESS**

The table below summarises our capitalisation and indebtedness as at 31 October 2024 and after adjusting for the effects of the Public Issue including the utilisation of the proceeds raised from the Public Issue.

	Unaudited	
	As at 31 October 2024	After our IPO and utilisation of proceeds
	RM'000	RM'000
Capitalisation		
Shareholders' equity	57,143	138,064
Total capitalisation	57,143	138,064
Indebtedness		
Current		
<u>Secured and guaranteed</u>		
Bank overdraft	100	100
Lease liabilities ⁽¹⁾	382	382
<u>Unsecured and unguaranteed</u>		
Lease liabilities ⁽²⁾	118	118
Non-current		
<u>Secured and guaranteed</u>		
Lease liabilities ⁽¹⁾	1,212	1,212
<u>Unsecured and unguaranteed</u>		
Lease liabilities ⁽²⁾	90	90
<u>Secured and guaranteed</u>		
Financial guarantee extended to third parties in respect of project contract works	39,068	39,068
Total indebtedness	40,970	40,970
Total indebtedness (excluding lease liabilities on right-of-use assets and financial guarantee)	1,694	1,694
Total capitalisation and indebtedness	98,113	179,034
Gearing ratio⁽³⁾	0.03	0.01

Notes:

- (1) Secured and guaranteed lease liabilities comprise of hire purchase.
- (2) Unsecured and unguaranteed lease liabilities comprise of lease liabilities on right-of-use assets.
- (3) Gearing ratio calculated based on total indebtedness (excluding lease liabilities on right-of-use assets and financial guarantee) divided by total capitalisation.

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13. ACCOUNTANTS' REPORT



The Board of Directors
CBH Engineering Holding Berhad
No. 12, Jalan Anggerik Vanilla AD 31/AD
Kota Kemuning, 40460 Shah Alam
Selangor Darul Ehsan

TGS TW PLT
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Dear Sirs,

Reporting Accountants' opinion on the Financial Information (as defined herein) contained in the Accountants' Report of CBH Engineering Holding Berhad ("the Company" or "CBH")

Opinion

We have audited the accompanying combined financial statements ("Financial Information") of the Company and its subsidiaries (collectively known as "the combining entities" or "CBH Group") which comprise the combined statements of financial position as at 31 August 2024, 31 December 2023, 31 December 2022, 31 December 2021 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the combining entities for the financial years ended 31 December 2023, 31 December 2022, 31 December 2021 and for the financial period ended 31 August 2024 and material accounting policy information and other explanatory notes, as set out on pages 5 to 69.

This Financial Information has been prepared for inclusion in the prospectus for CBH Group in connection with the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad. This report is prepared for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying Financial Information give a true and fair view of the combined financial position of the combining entities as at 31 August 2024, 31 December 2023, 31 December 2022, 31 December 2021 and of their financial performance and of their cash flows for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 and for the financial period ended 31 August 2024 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and Paragraph 10.04 of Chapter 10, Part II Division 1, Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia.

13. ACCOUNTANTS' REPORT (Cont'd)

**Basis for opinion**

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

Independence and other ethical responsibilities

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

Responsibilities of the Directors for the financial information

The Directors of the Company are responsible for the preparation of the Financial Information of the combining entities that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of Financial Information of the combining entities that are free from material misstatement, whether due to fraud or error.

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

Reporting accountants' responsibilities for the audit of the financial information

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

13. ACCOUNTANTS' REPORT (Cont'd)

**Reporting accountants' responsibilities for the audit of the financial information (Cont'd)**

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

- Identify and assess the risks of material misstatement of the Financial Information of the combining entities, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the combining entities' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the combining entities' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the Financial Information of the combining entities or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the combining entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Information of the combining entities, including the disclosures, and whether the Financial Information of the combining entities represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Financial Information of the combining entities or business activities within the combining entities to express an opinion on the Financial Information of the combining entities. We are responsible for the direction, supervision and performance of the combining entities audit. We remain solely responsible for our audit opinion.

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

13. ACCOUNTANTS' REPORT (Cont'd)



Restriction on distribution and use

This report is made solely to the Company to comply with Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the prospectus of the Company to be issued in relation to the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for no other purposes. We do not assume responsibility to any other person for the content of this report.

Other matters

The significant event occurring after the end of the financial period ended 31 August 2024 is disclosed in Notes 1(d) and 37 to the combined financial statements.

The comparative information in respect of the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity, combined statements of cash flows and related notes to the combined financial statements for the financial period ended 31 August 2023 has not been audited.

A handwritten signature in black ink, appearing to be 'TGS'.

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

A handwritten signature in black ink, appearing to be 'Kuan Jun Xian'.

KUAN JUN XIAN
03758/06/2025 J
Chartered Accountant

KUALA LUMPUR
4 December 2024

13. ACCOUNTANTS' REPORT (Cont'd)

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT
31 AUGUST 2024, 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021

	Note	← Audited →			
		31.8.2024 RM	31.12.2023 RM	31.12.2022 RM	31.12.2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	2,573,034	2,165,938	1,397,295	1,702,506
Investment properties	5	-	-	8,875,728	5,160,820
Deferred tax assets	6	2,973,000	2,038,000	732,000	447,000
Other investment	7	-	-	2,000,000	-
		5,546,034	4,203,938	13,005,023	7,310,326
Current assets					
Trade receivables	8	45,516,835	44,607,920	43,250,050	20,148,382
Contract assets	9	38,175,760	48,734,540	30,208,369	17,147,383
Other receivables	10	3,575,338	1,996,720	1,297,164	1,054,209
Amount due from related parties	11	-	-	1,477,686	1,475,267
Amount due from a Director	12	-	-	-	39,544
Tax recoverable		253,898	5,120	1,997,019	1,281,017
Fixed deposits with licensed banks	13	13,018,038	14,660,635	6,956,514	15,570,639
Cash and bank balances	14	28,581,471	28,233,525	10,520,030	11,989,711
		129,121,340	138,238,460	95,706,832	68,706,152
Asset held for sale	15	-	451,475	-	-
		129,121,340	138,689,935	95,706,832	68,706,152
Total assets		134,667,374	142,893,873	108,711,855	76,016,478
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16(a)	20	10	-	-
Invested equity	16(b)	2,100,000	2,100,000	2,100,000	2,092,500
Retained earnings		85,987,358	76,330,681	62,783,038	43,819,911
		88,087,378	78,430,691	64,883,038	45,912,411
Non-controlling interest ("NCT")		-	-	-	926,050
Total equity		88,087,378	78,430,691	64,883,038	46,838,461

13. ACCOUNTANTS' REPORT (Cont'd)

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF FINANCIAL POSITION AS AT
31 AUGUST 2024, 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021 (CONT'D)**

Note	← Audited →				
	31.8.2024 RM	31.12.2023 RM	31.12.2022 RM	31.12.2021 RM	
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES					
Non-current liabilities					
Loans and borrowings	17	-	-	99,926	138,162
Lease liabilities	18	1,356,860	1,246,415	241,150	353,638
		<u>1,356,860</u>	<u>1,246,415</u>	<u>341,076</u>	<u>491,800</u>
Current liabilities					
Trade payables	19	12,049,991	41,838,973	32,247,287	10,698,759
Contract liabilities	9	15,042,080	5,510,483	1,464,749	52,602
Other payables	20	9,883,450	9,080,943	7,205,527	16,686,067
Amount due to related parties	11	4,384,297	4,884,297	-	121,177
Amount due to Directors	12	-	-	77,002	40,671
Loans and borrowings	17	-	-	2,088,715	554,677
Lease liabilities	18	467,772	346,463	361,068	532,264
Tax payable		3,395,546	1,555,608	43,393	-
		<u>45,223,136</u>	<u>63,216,767</u>	<u>43,487,741</u>	<u>28,686,217</u>
Total liabilities		<u>46,579,996</u>	<u>64,463,182</u>	<u>43,828,817</u>	<u>29,178,017</u>
Total equity and liabilities		<u>134,667,374</u>	<u>142,893,873</u>	<u>108,711,855</u>	<u>76,016,478</u>

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

13. ACCOUNTANTS' REPORT (Cont'd)

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIODS ENDED
31 AUGUST 2024 AND 31 AUGUST 2023 AND FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021**

		Audited	Unaudited	Audited	Audited	Audited
		1.1.2024	1.1.2023	1.1.2023	1.1.2022	1.1.2021
		to	to	to	to	to
	Note	31.8.2024	31.8.2023	31.12.2023	31.12.2022	31.12.2021
		RM	RM	RM	RM	RM
Revenue	21	178,224,654	78,752,062	207,954,088	180,120,010	67,575,333
Cost of sales		<u>(124,880,727)</u>	<u>(57,587,786)</u>	<u>(140,641,874)</u>	<u>(138,626,039)</u>	<u>(55,439,806)</u>
Gross profit		53,343,927	21,164,276	67,312,214	41,493,971	12,135,527
Other income	22	243,301	1,061,120	1,108,665	148,984	125,551
Administrative expenses		(9,672,229)	(6,103,594)	(11,183,449)	(8,874,308)	(7,014,430)
Other expenses	23	-	(1,232)	(6,049,641)	(3,181,502)	(700)
Net loss on impairment of financial assets		<u>(4,138,900)</u>	<u>(411,810)</u>	<u>(5,702,793)</u>	<u>(1,976,963)</u>	<u>(279,229)</u>
Profit from operations		39,776,099	15,708,760	45,484,996	27,610,182	4,966,719
Finance income	24	529,752	277,647	514,666	201,227	341,613
Finance costs	24	<u>(54,406)</u>	<u>(20,544)</u>	<u>(39,716)</u>	<u>(77,280)</u>	<u>(74,054)</u>
Profit before tax	25	40,251,445	15,965,863	45,959,946	27,734,129	5,234,278
Taxation	26	<u>(9,594,768)</u>	<u>(3,746,788)</u>	<u>(12,912,303)</u>	<u>(7,689,552)</u>	<u>(1,653,278)</u>
Profit for the financial years, representing total comprehensive income for the financial years		<u>30,656,677</u>	<u>12,219,075</u>	<u>33,047,643</u>	<u>20,044,577</u>	<u>3,581,000</u>
Total comprehensive income attributable to:						
Owners of the combining entities		30,656,677	12,219,075	33,047,643	20,044,577	3,530,152
NCI		-	-	-	-	50,848
		<u>30,656,677</u>	<u>12,219,075</u>	<u>33,047,643</u>	<u>20,044,577</u>	<u>3,581,000</u>
Earnings per share:						
Basic (sen)	27	<u>1.63</u>	<u>0.65</u>	<u>1.76</u>	<u>1.07</u>	<u>0.19</u>
Diluted (sen)	27	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>

* There are no dilutive earnings per share as the combining entities do not have any dilutive instruments for the financial periods/years.

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

13. ACCOUNTANTS' REPORT (Cont'd)

CBH ENGINEERING HOLDING BERHAD

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2024 AND 31 AUGUST 2023 AND FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021**

	Note	Share capital RM	Invested equity RM	Retained earnings RM	Total RM	NCI RM	Total equity RM
Audited							
At 1 January 2021		-	2,092,500	42,344,759	44,437,259	920,202	45,357,461
Profit for the financial year, representing total comprehensive income for the financial year		-	-	3,530,152	3,530,152	50,848	3,581,000
Transactions with owners:							
Dividends to owners	28	-	-	(2,055,000)	(2,055,000)	-	(2,055,000)
Dividends paid to NCI		-	-	-	-	(45,000)	(45,000)
At 31 December 2021		-	2,092,500	43,819,911	45,912,411	926,050	46,838,461
At 1 January 2022		-	2,092,500	43,819,911	45,912,411	926,050	46,838,461
Profit for the financial year, representing total comprehensive income for the financial year		-	-	20,044,577	20,044,577	-	20,044,577
Transactions with owners:							
Dividends to owners	28	-	-	(2,000,000)	(2,000,000)	-	(2,000,000)
Increase in stake in combining entities		-	7,500	918,550	926,050	(926,050)	-
At 31 December 2022		-	2,100,000	62,783,038	64,883,038	-	64,883,038

13. ACCOUNTANTS' REPORT (Cont'd)

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2024 AND 31 AUGUST 2023 AND FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021 (CONT'D)**

	Note	Share capital RM	Invested equity RM	Retained earnings RM	Total RM	NCI RM	Total equity RM
Audited (Cont'd)							
At 1 January 2023		-	2,100,000	62,783,038	64,883,038	-	64,883,038
Profit for the financial year, representing total comprehensive income for the financial year		-	-	33,047,643	33,047,643	-	33,047,643
Transactions with owners:							
Issuance of shares	16(a)	10	-	-	10	-	10
Dividends to owners	28	-	-	(19,500,000)	(19,500,000)	-	(19,500,000)
At 31 December 2023		10	2,100,000	76,330,681	78,430,691	-	78,430,691
At 1 January 2024		10	2,100,000	76,330,681	78,430,691	-	78,430,691
Profit for the financial period, representing total comprehensive income for the financial period		-	-	30,656,677	30,656,677	-	30,656,677
Transactions with owners:							
Issuance of shares	16(a)	10	-	-	10	-	10
Dividends to owners	28	-	-	(21,000,000)	(21,000,000)	-	(21,000,000)
At 31 August 2024		20	2,100,000	85,987,358	88,087,378	-	88,087,378

13. ACCOUNTANTS' REPORT (Cont'd)

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2024 AND 31 AUGUST 2023 AND FOR THE
FINANCIAL YEARS ENDED 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021 (CONT'D)**

	Note	Share capital RM	Invested equity RM	Retained earnings RM	Total RM	NCI RM	Total equity RM
Unaudited							
At 1 January 2023		-	2,100,000	62,783,038	64,883,038	-	64,883,038
Profit for the financial period, representing total comprehensive income for the financial period		-	-	12,219,075	12,219,075	-	12,219,075
Transaction with owners:							
Dividends to owners	28	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
At 31 August 2023		-	2,100,000	74,002,113	76,102,113	-	76,102,113

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

13. ACCOUNTANTS' REPORT (Cont'd)**CBH ENGINEERING HOLDING BERHAD**
(Incorporated in Malaysia)**COMBINED STATEMENTS OF CASH FLOWS**
FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2024 AND 31 AUGUST 2023
AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2023,
31 DECEMBER 2022 AND 31 DECEMBER 2021

Note	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Cash flows from operating activities					
Profit before tax	40,251,445	15,965,863	45,959,946	27,734,129	5,234,278
Adjustments for:					
Depreciation of property, plant and equipment	506,184	400,288	620,530	790,208	706,291
Depreciation of investment properties	-	31,396	43,166	47,092	47,091
Bad debts written off	-	-	52,203	181,500	-
Property, plant and equipment written off	-	1,232	1,232	2	700
(Gain)/Loss on disposal of property, plant and equipment	(122,497)	-	15,333	-	-
Loss on disposal of investment properties	-	-	1,405,991	-	-
Loss on winding up a subsidiary	-	-	4,574,882	-	-
Gain on disposal of other investment	-	(1,000,000)	(1,000,000)	-	-
Gain on disposal of asset held for sale	(48,525)	-	-	-	-
Fair value loss of other investment	-	-	-	3,000,000	-
Allowance for/(Reversal of) expected credit loss on:					
- contract asset	152,573	571,051	658,828	752,421	-
- trade receivables	3,986,327	(159,241)	5,043,965	1,224,542	278,721
- other receivables	-	-	-	-	508
Rental concession	-	-	-	-	(7,500)
Interest income	(529,752)	(277,647)	(514,666)	(201,227)	(341,613)
Interest expenses	54,406	20,544	39,716	77,280	74,054
Operating profit before working capital changes	44,250,161	15,553,486	56,901,126	33,605,947	5,992,530
Changes in working capital:					
Receivables	(6,473,860)	(6,689,107)	(7,153,594)	(29,750,665)	6,110
Payables	(28,986,475)	(7,752,811)	11,476,102	12,067,988	(1,981,960)
Net contract balances	19,937,804	31,004,452	(15,139,265)	(16,119,260)	634,052
Related parties	-	27,786	27,788	(123,596)	(1,460,043)
Director	-	-	-	39,544	(39,544)
	(15,522,531)	16,590,320	(10,788,969)	(33,885,989)	(2,841,385)
Cash generated from/(used in) operations	28,727,630	32,143,806	46,112,157	(280,042)	3,151,145
Interest received	286,628	188,261	352,709	80,563	78,539
Tax paid	(8,938,608)	(5,081,040)	(11,712,667)	(8,668,737)	(3,172,368)
Tax refund	-	1,463,028	1,463,028	21,576	290,416
Net cash from/(used in) operating activities	20,075,650	28,714,055	36,215,227	(8,846,640)	347,732
Cash flows from investing activities					
Acquisition of property, plant and equipment	A (380,699)	(82,020)	(328,838)	(218,099)	(662,150)
Acquisition of investment properties	B -	-	-	(44,000)	-
Proceed from disposal of asset held for sale	C -	-	-	-	-
Proceed from disposal of other investment	-	3,000,000	3,000,000	-	-
Proceed from disposal of investment properties	D -	-	90,096	-	-
Proceed from disposal of property, plant and equipment	122,500	-	323,000	-	-
Net cash outflow from winding up a subsidiary	-	-	(664,137)	-	-
Interest received	243,124	89,386	161,957	120,664	263,074
Net cash (used in)/from investing activities	(15,075)	3,007,366	2,582,078	(141,435)	(399,076)

13. ACCOUNTANTS' REPORT (Cont'd)

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2024 AND 31 AUGUST 2023
AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2023,
31 DECEMBER 2022 AND 31 DECEMBER 2021 (CONT'D)

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Cash flows from financing activities					
(Repayments to)/Advances from Directors	-	(77,002)	(77,002)	36,331	13,856
(Repayment to)/Advance from related parties	-	(127)	1,449,900	-	-
Dividend paid	(21,000,000)	(1,000,000)	(12,115,000)	(2,000,000)	(2,100,000)
Drawdown of bankers' acceptance	150,000	1,265,000	1,265,000	5,543,000	258,000
Interest paid	(54,406)	(20,544)	(39,716)	(77,280)	(74,054)
Withdrawal/(Placement) of fixed deposits pledged with licensed banks	1,681,750	531,749	(7,646,055)	6,408,216	(4,832,870)
Proceeds from issuance of shares	10	-	10	-	-
Repayments of lease liabilities	(300,830)	(272,733)	(409,240)	(550,584)	(548,863)
Repayments of term loans	-	(24,820)	(138,178)	(37,394)	(35,743)
Repayments of bankers' acceptance	(150,000)	(2,975,000)	(3,038,000)	(4,028,000)	-
Net cash (used in)/from financing activities	<u>(19,673,476)</u>	<u>(2,573,477)</u>	<u>(20,748,281)</u>	<u>5,294,289</u>	<u>(7,319,674)</u>
Net cash increase/(decrease) in cash and cash equivalents	387,099	29,147,944	18,049,024	(3,693,786)	(7,371,018)
Cash and cash equivalents at beginning of the financial periods/years	<u>31,615,788</u>	<u>13,566,764</u>	<u>13,566,764</u>	<u>17,260,550</u>	<u>24,631,568</u>
Cash and cash equivalents at end of the financial periods/years	<u><u>32,002,887</u></u>	<u><u>42,714,708</u></u>	<u><u>31,615,788</u></u>	<u><u>13,566,764</u></u>	<u><u>17,260,550</u></u>
Cash and cash equivalents at end of the financial periods/years comprise:					
Cash and bank balances	28,581,471	39,357,894	28,233,525	10,520,030	11,989,711
Fixed deposits with licensed banks	13,018,038	6,457,382	14,660,635	6,956,514	15,570,639
Bank overdraft	-	-	-	(277,463)	(259,267)
	<u>41,599,509</u>	<u>45,815,276</u>	<u>42,894,160</u>	<u>17,199,081</u>	<u>27,301,083</u>
Less: Fixed deposits pledge with licensed banks	(9,596,622)	(3,100,568)	(11,278,372)	(3,632,317)	(10,040,533)
	<u><u>32,002,887</u></u>	<u><u>42,714,708</u></u>	<u><u>31,615,788</u></u>	<u><u>13,566,764</u></u>	<u><u>17,260,550</u></u>

NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
A. Acquisition of property, plant and equipment					
Total acquisition of property, plant and equipment	913,283	82,020	1,728,738	484,999	688,750
Less: Acquisition by means of lease liabilities	(532,584)	-	(1,399,900)	(266,900)	(26,600)
Total cash used in acquisition of property, plant and equipment	<u><u>380,699</u></u>	<u><u>82,020</u></u>	<u><u>328,838</u></u>	<u><u>218,099</u></u>	<u><u>662,150</u></u>

13. ACCOUNTANTS' REPORT (Cont'd)**CBH ENGINEERING HOLDING BERHAD**

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2024 AND 31 AUGUST 2023
AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2023,
31 DECEMBER 2022 AND 31 DECEMBER 2021 (CONT'D)**

NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

Note	Audited	Unaudited	Audited	Audited	Audited
	1.1.2024 to 31.8.2024 RM	1.1.2023 to 31.8.2023 RM	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM
B. Acquisition of investment properties					
Total acquisition of investment properties	-	-	-	3,762,000	-
Less: Settlement against contract asset	-	-	-	(3,718,000)	-
Total cash used in acquisition of investment properties	-	-	-	44,000	-
C. Proceed from disposal of asset held for sale					
Total proceed from disposal of asset held for sale	500,000	-	-	-	-
Less: Repayment to related party	(500,000)	-	-	-	-
Total cash proceed	-	-	-	-	-
D. Proceed from disposal of investment properties					
Total proceed from disposal of investment properties	-	-	6,975,096	-	-
Less: Dividend in specie	-	-	(6,885,000)	-	-
Total cash proceed	-	-	90,096	-	-
E. Repayment froms/(to) related parties					
Gross advance froms/(to) related parties	(500,000)	(127)	1,949,900	-	-
Less: Dividend in specie	-	-	(500,000)	-	-
Add: Settlement against asset held for sale	500,000	-	-	-	-
Total cash repayment from/(to) related parties	-	(127)	1,449,900	-	-
F. Dividend paid					
Dividend paid	(21,000,000)	(1,000,000)	(19,500,000)	(2,000,000)	(2,100,000)
Less: Dividend in specie	-	-	7,385,000	-	-
Total cash payment	(21,000,000)	(1,000,000)	(12,115,000)	(2,000,000)	(2,100,000)
G. Cash outflows for leases as a lessee					
<u>Included in net cash from/(used in) operating activities</u>					
Payment relating to short-term leases	25	1,035,567	492,839	961,140	363,397
Payment relating to low value asset	25	-	4,640	4,860	16,857
		1,035,567	497,479	966,000	380,254
<u>Included in net cash (used in)/from financing activities</u>					
Payment of lease liabilities		300,830	272,733	409,240	550,584
Payment on interest of lease liabilities		54,350	14,012	31,878	29,674
		355,180	286,745	441,118	580,258
		1,390,747	784,224	1,407,118	960,512
H. Acquisition of other investment					
Total acquisition of other investment	-	-	-	5,000,000	-
Less: Settlement against trade receivables	-	-	-	(5,000,000)	-
Total cash used in acquisition of other investment	-	-	-	-	-

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

13. ACCOUNTANTS' REPORT (Cont'd)**CBH ENGINEERING HOLDING BERHAD**
(Incorporated in Malaysia)**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. Corporate information****(a) Introduction**

This report has been prepared solely to comply with the Prospectus Guidelines - Equity issued by the Securities Commission of Malaysia and for inclusion in the prospectus of CBH Engineering Holding Berhad ("the Company") ("CBH") in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (hereinafter defined as "the Listing") and should not be relied upon for any other purposes.

(b) Background

The Company was incorporated on 18 December 2023 as a private limited liability company and domiciled in Malaysia under the name of CBH Engineering Holding Sdn. Bhd.. With effect from 27 May 2024, the Company was converted into a public limited liability company and assumed its current name of CBH Engineering Holding Berhad.

The registered office of the Company is located at No. D-09-02, Level 9, EXSIM Tower, Millerz Square @ Old Klang Road, Megan Legasi, No. 357, Jalan Kelang Lama, 58000 Kuala Lumpur. The principal place of business of the Company is located at No. 12, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor Darul Ehsan.

(c) Principal activities

The Company's principal activity is investment holding.

The details of the subsidiaries as of the date of this report are as follows:

Name of company	Audited 31.8.2024 %	Audited 31.12.2023 %	Audited 31.12.2022 %	Audited 31.12.2021 %	Date of incorporation	Principal activities
CBH Engineering Sdn. Bhd. ("CBH Engineering")	100	100	100	100	16 August 1990	Electrical wiring contractor and supply of electrical items.
CBH Maintenance Sdn. Bhd. ("CBH Maintenance")	100	100	100	92.50	18 March 2013	Electrical wiring contractors and supply of electrical items.

13. ACCOUNTANTS' REPORT (Cont'd)**1. Corporate information (Cont'd)****(c) Principal activities (Cont'd)**

The details of the subsidiaries as of the date of this report are as follows: (Cont'd)

Name of company	Audited 31.8.2024 %	Audited 31.12.2023 %	Audited 31.12.2022 %	Audited 31.12.2021 %	Date of incorporation	Principal activities
CBH M&E Engineering Sdn. Bhd. ("CBH M&E")	100	100	100	100	18 December 2013	Mechanical and electrical engineering works.
Subsidiary of CBH Engineering						
CBH Projects Engineering Sdn. Bhd. ("CBH Projects Engineering")*	-	-	100	100	29 April 2014	Electrical wiring contractor.

* On 20 December 2023, CBH Projects Engineering was liquidated by way of a member's voluntary winding up pursuant to Section 439 (1)(b) of the Companies Act 2016 in Malaysia. Lim Sin Han was appointed as liquidator of CBH Projects Engineering for the purpose of winding-up.

The effects of the winding up of CBH Projects Engineering on the statements of financial position of the Group as at the date of winding up are as follows:

	Audited RM
Amount due from related party	4,384,295
Cash and bank balances	664,137
Other payables	(9,000)
Tax payable	(464,550)
Total net assets on winding up	<u>4,574,882</u>
Loss on winding up	<u>(4,574,882)</u>
	-
Less: Cash and cash equivalents	<u>(664,137)</u>
Net cash outflow on winding up	<u><u>(664,137)</u></u>

(d) Acquisition

The CBH Group has been formed pursuant to the completion of the acquisition of its subsidiaries by the Company prior to the listing and quotation on the ACE Market of Bursa Malaysia Securities Berhad.

The Company entered into conditional Share Sale Agreements on 24 May 2024 to acquire the entire equity interest in CBH Engineering, CBH Maintenance and CBH M&E for a total purchase consideration of RM57,142,553 to be satisfied by the issuance of 1,582,896,193 ordinary shares in the Company at an issue price of RM0.0361 per share.

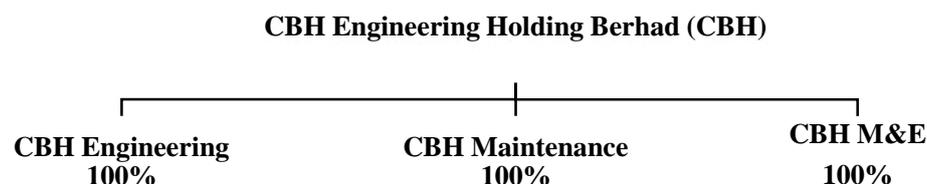
13. ACCOUNTANTS' REPORT (Cont'd)

1. Corporate information (Cont'd)

(d) Acquisition (Cont'd)

The acquisition was completed on 23 October 2024 and consolidated using merger method of accounting.

Following the completion of the acquisitions of CBH Engineering, CBH Maintenance and CBH M&E, the combining entities structure of the Company is as follows:



(e) Auditors

The combined financial statements of CBH Group reflect the financial information of CBH, CBH Engineering and its subsidiary, CBH Maintenance and CBH M&E.

The relevant financial period/years of the audited financial statements used for the purpose of the combined financial statements (“Relevant Financial Period/Years”) and the auditors are as follows:

Company	Relevant Financial Period/Years	Auditors
CBH	FPE 31 August 2024	TGS TW PLT
	FPE 31 December 2023	TGS TW PLT
CBH Engineering	FPE 31 August 2024	TGS TW PLT
	FYE 31 December 2023	TGS TW PLT
	FYE 31 December 2022	TGS TW PLT
	FYE 31 December 2021	TGS TW PLT
CBH Maintenance	FPE 31 August 2024	TGS TW PLT
	FYE 31 December 2023	TGS TW PLT
	FYE 31 December 2022	TGS TW PLT
	FYE 31 December 2021	TGS TW PLT
CBH M&E	FPE 31 August 2024	TGS TW PLT
	FYE 31 December 2023	TGS TW PLT
	FYE 31 December 2022	TGS TW PLT
	FYE 31 December 2021	TGS TW PLT
CBH Projects Engineering	FPE 19 December 2023	TGS TW PLT
	FYE 31 December 2022	TGS TW PLT
	FYE 31 December 2021	TGS TW PLT

FYE - Financial Year Ended
FPE - Financial Period Ended

13. ACCOUNTANTS' REPORT (Cont'd)**1. Corporate information (Cont'd)****(e) Auditors (Cont'd)**

The audited financial statements of CBH, CBH Engineering and its subsidiary, CBH Maintenance and CBH M&E for the Relevant Financial Period/Years reported above were not subject to any qualification or modification.

2. Basis of preparation**(a) Statement of compliance**

The combined financial statements of the combining entities have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 1(c) to this report, which were under common control throughout the reporting years by virtue of common controlling shareholders.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the reporting period/years.

The combined financial statements of the combining entities have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

Adoption of new and amended standards

During the financial period, the combining entities have adopted the following new and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

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

The adoption of the amendments to MFRS did not have any significant impact on the combined financial statements of the combining entities.

13. ACCOUNTANTS' REPORT (Cont'd)**2. Basis of preparation (Cont'd)****(a) Statement of compliance (Cont'd)****Standards issued but not yet effective**

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

	<u>Effective dates for financial periods beginning on or after</u>
Amendments to MFRS 121 Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7 Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements - Volume 11 Amendments to MFRS 1 Amendments to MFRS 7 Amendments to MFRS 9 Amendments to MFRS 10 Amendments to MFRS 107	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountabilities Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The combining entities intend to adopt the above new and amendments to MFRSs when they become effective.

The initial applications of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the combined financial statements of the combining entities.

13. ACCOUNTANTS' REPORT (Cont'd)

2. Basis of preparation (Cont'd)
(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

The following are the judgements made by management in the process of applying the combining entities' accounting policies that have the most significant effect on the amounts recognised in the combined financial statements.

Classification between investment properties and property, plant and equipment

The combining entities have developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the combining entities would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

2. Basis of preparation (Cont'd)**(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Judgements (Cont'd)**Determining the lease term of contracts with renewal and termination options - combining entities as lessee (Cont'd)

The combining entities have several lease contracts that include extension and termination options. The combining entities apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the combining entities reassess the lease term if there is a significant event or change in circumstances that is within its control and affect its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

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

Satisfaction of performance obligations in relation to contracts with customers

The combining entities are required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The combining entities recognise revenue over time in the following circumstances:

- (i) the customer simultaneously receives and consumes the benefits provided by the combining entities' performance as the combining entities perform;
- (ii) the combining entities does not create an asset with an alternative use to the combining entities and have an enforceable right to payment for performance completed to date; and
- (iii) the combining entities' performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

13. ACCOUNTANTS' REPORT (Cont'd)

2. Basis of preparation (Cont'd)**(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Judgements (Cont'd)**Satisfaction of performance obligations in relation to contracts with customers (Cont'd)

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the combining entities assess each contract with customers to determine when the performance obligation of the combining entities under the contract is satisfied.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment and investment properties

The combining entities regularly review the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amounts at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 5 to the combined financial statements respectively.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 34(c) to the combined financial statements regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instruments. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

13. ACCOUNTANTS' REPORT (Cont'd)

2. Basis of preparation (Cont'd)**(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Key sources of estimation uncertainty (Cont'd)**Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the combining entities evaluate based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 9 to the combined financial statements.

Deferred tax assets

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

Provision for expected credit loss of financial assets at amortised cost

The combining entities review the recoverability of their receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The combining entities use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on combining entities' past history, existing market conditions at the end of each reporting period.

13. ACCOUNTANTS' REPORT (Cont'd)

2. Basis of preparation (Cont'd)**(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Key sources of estimation uncertainty (Cont'd)**Provision for expected credit loss of financial assets at amortised cost (Cont'd)

The combining entities use a provision matrix to calculate expected credit loss for receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the combining entities' historical observed default rates. The combining entities will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The carrying amounts at the reporting date for receivables are disclosed in Notes 8, 10, 11 and 12 to the combined financial statements.

Discount rate used in leases

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

Income taxes

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

3. Material accounting policies

The combining entities apply the material accounting policies set out below, consistently throughout all periods presented in the combined financial statements unless otherwise stated.

(a) Basis of consolidation**(i) Consolidation**

The combined financial statements include the audited financial statements of CBH Engineering Holding Berhad and all of its subsidiaries made up to the end of the financial year.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the combined financial statements reflect external transactions and balances only. The result of subsidiaries acquired or disposed of during the financial year are included in or excluded from the profit or loss from the effective date in which control is transferred to the combining entities or in which control ceases respectively.

The combined financial statements of the combining entities for the financial year were prepared in manner similar to the "pooling of interest" method or merger method. Such manner of presentation reflects the economic substance of the combining entities, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationship were not established.

(ii) Common control business combination outside the scope of MFRS 3

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, and accordingly the accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

In applying merger accounting, combined financial statements items of the combining entities or business for the reporting years in which the common control combination occurs, and for any comparative years disclosed, are included in the combined financial statements of the entity as if the combination had occurred from the date when the combining entities first came under the control of the controlling party or parties prior to the common control combination.

13. ACCOUNTANTS' REPORT (Cont'd)

3. Material accounting policies (Cont'd)**(a) Basis of consolidation (Cont'd)**

- (ii) Common control business combination outside the scope of MFRS 3 (Cont'd)

A single uniform set of accounting policies is adopted by the entity. Therefore, the entity recognised the assets, liabilities and equity of the combining entities or business at the carrying amounts in the combined financial statements of the controlling party or parties to the common control combination.

The carrying amounts are included as if such combined financial statements had been prepared by the controlling party, including adjustment required for conforming the entity's accounting policies and applying those policies to all years presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or business, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the entity

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On combination, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in merger reserve.

- (iii) NCI

NCI at the reporting period, being the portion of the net assets of subsidiary to equity interests that are not owned by the combining entities, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity, separately from equity attributable to the equity shareholders of the combining entities. NCI in the results of the combining entities are presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between the NCI and the equity shareholders of the combining entities.

13. ACCOUNTANTS' REPORT (Cont'd)**3. Material accounting policies (Cont'd)****(a) Basis of consolidation (Cont'd)****(iii) NCI (Cont'd)**

Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Transactions with NCI that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

(b) Property, plant and equipment**(i) Recognition and measurement**

Property, plant and equipment, are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefit associated with the item will flow to the combining entities and the cost of the item can be measured reliably.

(ii) Depreciation

Depreciation is recognised on straight line method basis to write off the cost of each asset to its residual value over its estimated useful life. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Motor vehicles	20%
Office equipment	10% to 33%
Furniture and fittings	10%
Machineries	10%
Renovation	10%
Electrical installation	10%
Shoplot	Over the lease term
Hostel	Over the lease term

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

13. ACCOUNTANTS' REPORT (Cont'd)**3. Material accounting policies (Cont'd)****(b) Property, plant and equipment (Cont'd)****(iii) Derecognition**

Property, plant and equipment are derecognised upon 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 net carrying amount recognised in profit or loss.

(c) Investment properties

Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses. The building under construction is not depreciated until it is ready for its intended use.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Freehold shoplot	50 years
Freehold condotel	50 years
Leasehold shoplot	54 years
Leasehold condominium	92 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

(d) Leases**(i) Lease and non lease components**

At inception or on reassessment of a contract that contains a lease component, the combining entities allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the combining entities are a lessee, it has elected not to separate non-lease components and will instead account the lease and non-lease components as a single lease component.

(ii) Recognition exemption

The combining entities have elected not to recognised right-of-use assets and liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The combining entities recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

13. ACCOUNTANTS' REPORT (Cont'd)**3. Material accounting policies (Cont'd)****(d) Leases (Cont'd)****(iii) Depreciation**

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Motor vehicles	20%
Shoplot	Over the lease term
Hostel	Over the lease term

(e) Financial instruments

At the reporting date, the combining entities carry financial assets at fair value through profit or loss ("FVTPL") and financial assets at amortised cost on their combined statements of financial position. The combining entities' financial assets at FVTPL are other investments and financial assets at amortised cost are trade and other receivables, amount due from related parties, amount due from a Director and fixed deposits with licensed banks and cash and bank balances.

At the reporting date, the combining entities carry only financial liabilities at amortised cost on their combined statements of financial position. The combining entities' financial liabilities at amortised cost include trade and other payables, loans and borrowings, lease liabilities, amount due to Directors and amount due to related parties.

(f) Revenue recognition**(i) Revenue from contracts with customers**

The combining entities recognise revenue from the following major sources:

(a) Revenue from construction contracts

The combining entities recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to combining entities due to contractual restriction and combining entities has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

13. ACCOUNTANTS' REPORT (Cont'd)

3. Material accounting policies (Cont'd)**(f) Revenue recognition (Cont'd)****(i) Revenue from contracts with customers (Cont'd)****(a) Revenue from construction contracts (Cont'd)**

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract i.e. based on the proportion of construction cost incurred for work performed up to the end of reporting period as a percentage of the estimated total cost of construction of the contract.

The combining entities becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). Combining entities previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, combining entities recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

(ii) Dividend income

Dividend income is recognised when the combining entities' right to receive payment is established.

(iii) Interest income

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

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

13. ACCOUNTANTS' REPORT (Cont'd)

4. Property, plant and equipment

	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Machineries RM	Renovation RM	Electrical installation RM	Shoplot RM	Hostel RM	Total RM
Audited Cost									
At 1 January 2021	3,039,378	604,333	108,644	37,400	519,048	78,950	722,226	-	5,109,979
Additions	634,000	26,743	1,407	-	-	-	-	26,600	688,750
Written off	-	(2,800)	-	-	-	-	-	-	(2,800)
At 31 December 2021	3,673,378	628,276	110,051	37,400	519,048	78,950	722,226	26,600	5,795,929
Additions	294,601	184,259	4,589	1,550	-	-	-	-	484,999
Written off	-	(33,400)	-	-	-	-	-	-	(33,400)
Expiration of lease contract	-	-	-	-	-	-	(253,763)	-	(253,763)
At 31 December 2022	3,967,979	779,135	114,640	38,950	519,048	78,950	468,463	26,600	5,993,765
Additions	1,507,211	203,747	17,780	-	-	-	-	-	1,728,738
Disposal	(580,000)	-	-	-	-	-	-	-	(580,000)
Written off	(35,605)	(88,325)	-	-	-	-	-	-	(123,930)
Expiration of lease contract	-	-	-	-	-	-	(468,463)	(26,600)	(495,063)
At 31 December 2023	4,859,585	894,557	132,420	38,950	519,048	78,950	-	-	6,523,510
Additions	534,250	154,374	19,075	-	-	-	107,594	97,990	913,283
Disposal	(652,710)	-	-	-	-	-	-	-	(652,710)
At 31 August 2024	4,741,125	1,048,931	151,495	38,950	519,048	78,950	107,594	97,990	6,784,083

13. ACCOUNTANTS' REPORT (Cont'd)

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

	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Machineries RM	Renovation RM	Electrical installation RM	Shoplot RM	Hostel RM	Total RM
Audited (Cont'd)									
Accumulated depreciation									
At 1 January 2021	2,227,584	511,387	61,624	8,658	258,080	59,213	262,686	-	3,389,232
Charge for the financial year	418,222	36,546	9,620	3,740	44,458	7,895	181,377	4,433	706,291
Written off	-	(2,100)	-	-	-	-	-	-	(2,100)
At 31 December 2021	2,645,806	545,833	71,244	12,398	302,538	67,108	444,063	4,433	4,093,423
Charge for the financial year	455,352	74,589	9,420	3,818	44,458	7,895	181,376	13,300	790,208
Written off	-	(33,398)	-	-	-	-	-	-	(33,398)
Expiration of lease contract	-	-	-	-	-	-	(253,763)	-	(253,763)
At 31 December 2022	3,101,158	587,024	80,664	16,216	346,996	75,003	371,676	17,733	4,596,470
Charge for the financial year	350,595	101,799	10,183	3,895	44,458	3,946	96,787	8,867	620,530
Disposal	(241,667)	-	-	-	-	-	-	-	(241,667)
Written off	(35,604)	(87,094)	-	-	-	-	-	-	(122,698)
Expiration of lease contract	-	-	-	-	-	-	(468,463)	(26,600)	(495,063)
At 31 December 2023	3,174,482	601,729	90,847	20,111	391,454	78,949	-	-	4,357,572
Charge for the financial period	312,629	116,299	6,789	2,597	29,639	-	28,432	9,799	506,184
Disposal	(652,707)	-	-	-	-	-	-	-	(652,707)
At 31 August 2024	2,834,404	718,028	97,636	22,708	421,093	78,949	28,432	9,799	4,211,049
Carrying amount									
At 31 August 2024	1,906,721	330,903	53,859	16,242	97,955	1	79,162	88,191	2,573,034
At 31 December 2023	1,685,103	292,828	41,573	18,839	127,594	1	-	-	2,165,938
At 31 December 2022	866,821	192,111	33,976	22,734	172,052	3,947	96,787	8,867	1,397,295
At 31 December 2021	1,027,572	82,443	38,807	25,002	216,510	11,842	278,163	22,167	1,702,506

13. ACCOUNTANTS' REPORT (Cont'd)**4. Property, plant and equipment (Cont'd)**

- (a) Including in net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Hostel	88,191	-	8,867	22,167
Shoplot	79,162	-	96,787	278,163
Motor vehicles	1,752,139	1,636,786	379,886	401,314
	<u>1,919,492</u>	<u>1,636,786</u>	<u>485,540</u>	<u>701,644</u>

- (b) Depreciation charge of right-of-use assets are as follows:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Hostel	9,799	8,867	8,867	13,300	4,433
Shoplot	28,432	64,526	96,787	181,376	181,377
Motor vehicles	278,896	83,717	250,310	316,026	355,564
	<u>317,127</u>	<u>157,110</u>	<u>355,964</u>	<u>510,702</u>	<u>541,374</u>

- (c) Additions to the right-of-use assets during the financial period/years are as follows:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Hostel	97,990	-	-	-	26,600
Shoplot	107,594	-	-	-	-
Motor vehicles	394,250	-	1,507,211	294,601	-
	<u>599,834</u>	<u>-</u>	<u>1,507,211</u>	<u>294,601</u>	<u>26,600</u>

- (d) The net carrying amount of motor vehicle amounted to RMNil (31.12.2023: RMNil, 31.12.2022: RM95 and 31.12.2021: RM474) and RM1 (31.12.2023: RM1, 31.12.2022: RM1 and 31.12.2021: RM1) is registered in the name of a Director and an employee respectively and are held in trust on behalf of the combining entities.

13. ACCOUNTANTS' REPORT (Cont'd)

5. Investment properties

	Freehold shoplot RM	Freehold condotel RM	Leasehold shoplot RM	Leasehold condominium RM	Building under construction RM	Total RM
Audited						
Cost						
At 1 January 2021/31 December 2021	1,298,000	599,576	195,000	508,600	2,893,696	5,494,872
Additions	-	-	-	-	3,762,000	3,762,000
At 31 December 2022	1,298,000	599,576	195,000	508,600	6,655,696	9,256,872
Disposals	(1,298,000)	(599,576)	(195,000)	-	(6,655,696)	(8,748,272)
Transfer to asset held for sale	-	-	-	(508,600)	-	(508,600)
At 31 December 2023/31 August 2024	-	-	-	-	-	-
Accumulated depreciation						
At 1 January 2021	101,676	66,952	77,331	41,002	-	286,961
Charge for the financial year	25,960	11,991	3,611	5,529	-	47,091
At 31 December 2021	127,636	78,943	80,942	46,531	-	334,052
Charge for the financial year	25,960	11,992	3,611	5,529	-	47,092
At 31 December 2022	153,596	90,935	84,553	52,060	-	381,144
Charge for the financial year	23,797	10,993	3,311	5,065	-	43,166
Disposals	(177,393)	(101,928)	(87,864)	-	-	(367,185)
Transfer to asset held for sale	-	-	-	(57,125)	-	(57,125)
At 31 December 2023/31 August 2024	-	-	-	-	-	-
Carrying amount						
At 31 December 2023/31 August 2024	-	-	-	-	-	-
At 31 December 2022	1,144,404	508,641	110,447	456,540	6,655,696	8,875,728
At 31 December 2021	1,170,364	520,633	114,058	462,069	2,893,696	5,160,820

13. ACCOUNTANTS' REPORT (Cont'd)**5. Investment properties (Cont'd)**

Investment properties comprises leased to third parties. No contingent rents are charged.

(a) Investment properties of the combining entities amount to RMNil (31.12.2023: RMNil, 31.12.2022: RM508,641 and 31.12.2021: RM520,633) have been pledged to secure banking facilities granted to the combining entities as disclosed in Note 17 to the combined financial statements.

(b) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Rental income	-	23,080	35,441	30,963	25,165
Direct operating expenses	-	14,838	18,748	21,879	22,449

(c) Fair value measurement of investment properties

The fair value of the investment properties of the combining entities were estimated by the Directors based on recent transacted prices in the market of properties with similar condition and location. In estimating the fair value of the investment properties, the highest and best use of the investment properties is its current use. The fair values are within Level 3 of the fair value hierarchy.

Fair value measurements of the investment properties were categorise as follows:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Level 3				
Recurring fair value measurements:				
Freehold shoplot	-	-	1,445,000	1,445,000
Freehold condotel	-	-	640,000	640,000
Leasehold shoplot	-	-	110,447	145,200
Leasehold condominium	-	-	456,540	462,069
	-	-	2,651,987	2,692,269

13. ACCOUNTANTS' REPORT (Cont'd)**5. Investment properties (Cont'd)**

(c) Fair value measurement of investment properties (Cont'd)

Level 3 Fair value

Level 3 fair values of land and buildings have been generally estimated by the Directors based on the recent transacted prices in the market of land and buildings with similar condition and location. In estimating the fair value of investment properties, the highest and best use of investment properties as its current use.

6. Deferred tax assets/(liabilities)

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
At beginning of the financial years	2,038,000	732,000	447,000	580,000
Recognised in profit or loss	935,000	1,306,000	285,000	(133,000)
At end of the financial period/years	<u>2,973,000</u>	<u>2,038,000</u>	<u>732,000</u>	<u>447,000</u>
Deferred tax assets	3,125,000	2,138,000	789,000	500,000
Deferred tax liabilities	(152,000)	(100,000)	(57,000)	(53,000)
	<u>2,973,000</u>	<u>2,038,000</u>	<u>732,000</u>	<u>447,000</u>

The component of deferred tax assets/(liabilities) during the financial period/years are as follows:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Property, plant and equipment	(152,000)	(100,000)	(57,000)	(53,000)
Provision	3,086,000	2,138,000	769,000	312,000
Unutilised business losses	39,000	-	20,000	188,000
	<u>2,973,000</u>	<u>2,038,000</u>	<u>732,000</u>	<u>447,000</u>

7. Other investment

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
At FVTPL				
Quoted shares				
At beginning of the financial year	-	2,000,000	-	-
Additions	-	-	5,000,000	-
Disposal	-	(2,000,000)	-	-
Fair value loss for the financial year	-	-	(3,000,000)	-
At end of the financial years	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (Cont'd)**7. Other investment (Cont'd)**

Other investments consist of investment in quoted shares in Malaysia.

During the financial period/year, the Company recognises fair value loss of RMNil (31.12.2023: RMNil, 31.12.2022: RM3,000,000 and 31.12.2021: RMNil) for investment in quoted shares classified as FVTPL as there were significant decline in the fair value of this investment below its cost.

The fair value of quoted investments are measured based on the period/year end quoted prices in active markets.

8. Trade receivables

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Trade receivables	20,866,278	23,974,337	26,524,602	10,466,501
Retention sum	36,142,699	28,139,398	19,192,563	10,954,637
	<u>57,008,977</u>	<u>52,113,735</u>	<u>45,717,165</u>	<u>21,421,138</u>
Less: Allowance for ECLs	(11,492,142)	(7,505,815)	(2,467,115)	(1,272,756)
	<u>45,516,835</u>	<u>44,607,920</u>	<u>43,250,050</u>	<u>20,148,382</u>

Trade receivables are non-interest bearing and the normal credit term ranged from 30 to 60 (31.12.2023: 30 to 60, 31.12.2022: 30 to 60 and 31.12.2021: 30 to 60) days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for ECLs are as follows:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
At beginning of the financial period/years	7,505,815	2,467,115	1,272,756	994,035
Allowance for ECLs	3,986,327	5,043,965	1,224,542	278,721
Written off	-	(5,265)	(30,183)	-
At end of the financial period/years	<u>11,492,142</u>	<u>7,505,815</u>	<u>2,467,115</u>	<u>1,272,756</u>

13. ACCOUNTANTS' REPORT (Cont'd)**8. Trade receivables (Cont'd)**

The following tables provide information about the exposure to credit risk and allowance for ECLs for trade receivables:

	Gross amount RM	ECLs RM	Net amount RM
Audited			
31.8.2024			
Not past due	42,491,166	(6,571)	42,484,595
Past due:			
Less than 30 days	642,114	(713)	641,401
30 to 60 days	277,611	(252)	277,359
60 to 90 days	339,675	-	339,675
Past due more than 90 days	13,258,411	(11,484,606)	1,773,805
	<u>57,008,977</u>	<u>(11,492,142)</u>	<u>45,516,835</u>
Audited			
31.12.2023			
Not past due	48,035,466	(5,200,219)	42,835,247
Past due:			
Less than 30 days	402,067	(810)	401,257
30 to 60 days	164,789	-	164,789
60 to 90 days	1,300	-	1,300
Past due more than 90 days	3,510,113	(2,304,786)	1,205,327
	<u>52,113,735</u>	<u>(7,505,815)</u>	<u>44,607,920</u>
Audited			
31.12.2022			
Not past due	26,591,937	(90,485)	26,501,452
Past due:			
Less than 30 days	14,236,790	(62,067)	14,174,723
30 to 60 days	248,941	(1,725)	247,216
60 to 90 days	164,282	(161,000)	3,282
Past due more than 90 days	4,475,215	(2,151,838)	2,323,377
	<u>45,717,165</u>	<u>(2,467,115)</u>	<u>43,250,050</u>
Audited			
31.12.2021			
Not past due	13,084,395	(38,663)	13,045,732
Past due:			
Less than 30 days	691,272	(1,907)	689,365
30 to 60 days	319,079	(2,277)	316,802
60 to 90 days	725,490	(7,473)	718,017
Past due more than 90 days	6,600,902	(1,222,436)	5,378,466
	<u>21,421,138</u>	<u>(1,272,756)</u>	<u>20,148,382</u>

13. ACCOUNTANTS' REPORT (Cont'd)**9. Contract assets/(liabilities)**

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Construction contracts				
At beginning of financial period/years	43,224,057	28,743,620	17,094,781	17,728,833
Revenue recognised during the financial period/years	177,426,384	205,291,542	177,454,579	65,996,252
	<u>220,650,441</u>	<u>234,035,162</u>	<u>194,549,360</u>	<u>83,725,085</u>
Less: Progress billings during the financial period/years	(197,364,188)	(190,152,277)	(165,053,319)	(66,630,304)
	<u>23,286,253</u>	<u>43,882,885</u>	<u>29,496,041</u>	<u>17,094,781</u>
Less: Allowance for ECLs during financial period/years	(152,573)	(658,828)	(752,421)	-
At end of financial period/years	<u>23,133,680</u>	<u>43,224,057</u>	<u>28,743,620</u>	<u>17,094,781</u>
Presented as:				
Contract assets	38,175,760	48,734,540	30,208,369	17,147,383
Contract liabilities	(15,042,080)	(5,510,483)	(1,464,749)	(52,602)
	<u>23,133,680</u>	<u>43,224,057</u>	<u>28,743,620</u>	<u>17,094,781</u>

Movements in the allowance for ECLs are as follows:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
At beginning of financial period/years	1,411,249	752,421	-	-
Allowance for ECLs	152,573	658,828	752,421	-
At end of the financial period/years	<u>1,563,822</u>	<u>1,411,249</u>	<u>752,421</u>	<u>-</u>

The following tables provide information about the exposure to credit risk and allowance for ECLs for contract assets as the combining entities are expected to have similar risk nature with trade receivables:

	Gross amount RM	ECLs RM	Net amount RM
Audited			
31.8.2024			
Not past due	38,175,760	-	38,175,760
Individually impaired	1,563,822	(1,563,822)	-
	<u>39,739,582</u>	<u>(1,563,822)</u>	<u>38,175,760</u>

13. ACCOUNTANTS' REPORT (Cont'd)**9. Contract assets/(liabilities) (Cont'd)**

The following tables provide information about the exposure to credit risk and allowance for ECLs for contract assets as the combining entities are expected to have similar risk nature with trade receivables: (Cont'd)

	Gross amount RM	ECLs RM	Net amount RM
Audited			
31.12.2023			
Not past due	48,734,540	-	48,734,540
Individually impaired	1,411,249	(1,411,249)	-
	<u>50,145,789</u>	<u>(1,411,249)</u>	<u>48,734,540</u>
Audited			
31.12.2022			
Not past due	30,208,369	-	30,208,369
Individually impaired	752,421	(752,421)	-
	<u>30,960,790</u>	<u>(752,421)</u>	<u>30,208,369</u>
Audited			
31.12.2021			
Not past due	<u>17,147,383</u>	-	<u>17,147,383</u>

The contract assets primarily relate to the combining entities' right to consideration for work performed but not yet billed at the reporting date for its milestones billing are attained. The contract assets will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customer for construction contract, which revenue is recognised over time during the constructions activities.

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting year:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Construction revenue	<u>324,389,247</u>	<u>285,115,083</u>	<u>127,439,282</u>	<u>256,990,775</u>

13. ACCOUNTANTS' REPORT (Cont'd)**9. Contract assets/(liabilities) (Cont'd)**

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially satisfied) at the reporting date:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
2022	-	-	-	175,120,391
2023	-	-	82,393,553	79,135,084
2024	108,108,420	170,079,997	45,045,729	2,735,300
2025 onwards	<u>216,280,827</u>	<u>115,035,086</u>	<u>-</u>	<u>-</u>

The combining entities applies the practical expedient in MFRS 15 *Revenue from Contracts with Customers* on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

10. Other receivables

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Non-trade receivables	1,193,171	1,164,443	1,030,087	788,849
Less: Allowance for ECLs	-	-	(1,329)	(1,329)
	<u>1,193,171</u>	<u>1,164,443</u>	<u>1,028,758</u>	<u>787,520</u>
Deposits	581,434	327,433	251,145	266,689
Prepayment	5,712	6,928	17,261	-
Prepayment for initial public offering expenses	<u>1,795,021</u>	<u>497,916</u>	<u>-</u>	<u>-</u>
	<u><u>3,575,338</u></u>	<u><u>1,996,720</u></u>	<u><u>1,297,164</u></u>	<u><u>1,054,209</u></u>

The following table provide information about the exposure to credit risk and allowance for ECLs for other receivables:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
At beginning of financial period/ years	-	1,329	1,329	821
Allowance for ECLs for the financial period/years	-	-	-	508
Written off	-	(1,329)	-	-
At end of financial period/years	<u>-</u>	<u>-</u>	<u>1,329</u>	<u>1,329</u>

13. ACCOUNTANTS' REPORT (Cont'd)**11. Amount due from/(to) related parties**

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Amount due from a related party				
- Trade	-	-	27,786	25,367
- Non-trade	-	-	1,449,900	1,449,900
	<u>-</u>	<u>-</u>	<u>1,477,686</u>	<u>1,475,267</u>
Amount due to related parties				
- Trade	(4,384,297)	(4,384,297)	-	(121,177)
- Non-trade	-	(500,000)	-	-
	<u>(4,384,297)</u>	<u>(4,884,297)</u>	<u>-</u>	<u>(121,177)</u>

Amount due from/(to) related parties are unsecured, non-interest bearing and repayable on demand, except for credit term of 60 days (31.12.2023: 60 days, 31.12.2022: 30 days and 31.12.2021: 30 days) on trade balances.

Included in the non-trade balance of amount due to related parties is an amount of RMNil (31.12.2023: RMNil, 31.12.2022: RMNil and 31.12.2021: RM1,000,000) bearing interest rate at Nil (31.12.2023: Nil, 31.12.2022: Nil and 31.12.2021: 5.64%).

12. Amount due from/(to) Directors

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Amount due from a Director				
- Trade	-	-	-	39,544
	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,544</u>
Amount due to Directors				
- Non-trade	-	-	(77,002)	(40,671)
	<u>-</u>	<u>-</u>	<u>(77,002)</u>	<u>(40,671)</u>

Amounts due from/(to) Directors are unsecured, non-interest bearing and repayable on demand, except for credit term of Nil (31.12.2023: Nil, 31.12.2022: Nil and 31.12.2021: 30 days) on trade balance.

13. Fixed deposits with licensed banks

The effective interest rate receivable on the fixed deposits with licensed banks of the combining entities are ranged from 1.90% to 2.85% (31.12.2023: 2.05% to 3.00%, 31.12.2022: 1.25% to 2.40% and 31.12.2021: 1.00% to 1.80%) per annum.

The maturity period of the fixed deposits of the combining entities are between 30 to 90 (31.12.2023: 30 to 180, 31.12.2022: 30 to 180 and 31.12.2021: 30 to 180) days.

Included in the fixed deposits with licensed banks is an amount of RM9,596,622 (31.12.2023: RM11,278,372, 31.12.2022: RM3,632,317 and 31.12.2021: RM10,040,533) pledged to licensed banks as security for banking facilities granted to the combining entities.

13. ACCOUNTANTS' REPORT (Cont'd)**14. Cash and bank balances**

Included in the cash and bank balances are short-term deposits amounted to RM22,190,000 (31.12.2023: RM16,100,000, 31.12.2022: RM1,100,000 and 31.12.2021: RM2,700,000) bearing interest rate range from 2.00% to 2.40% (31.12.2023: 2.00% to 2.40%, 31.12.2022: 1.95% and 31.12.2021: 0.95% to 1.15%) per annum. The maturity period of the short-term deposits are between 4 to 7 (31.12.2023: 3 to 8, 31.12.2022: 7 and 31.12.2021: 4 to 7) days.

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

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
United States Dollar ("USD")	327	327	327	327

15. Asset held for sale

	Leasehold condominium RM
Audited	
At 1 January 2021/31 December 2021/31 December 2022	-
Transfer from investment properties	451,475
At 31 December 2023	451,475
Disposal	(451,475)
At 31 August 2024	-

On 11 December 2023, CBH Engineering entered into Sale and Purchase Agreement ("SPA") with a related party to transfer its leasehold condominium through dividend in specie amounting to RM500,000 declared on 30 November 2023. As at 31 December 2023, the Conditions Precedent as set out in the SPA has yet to be fulfilled.

On 31 May 2024, the conditions precedent as set out in the SPA has been fulfilled.

16. Share capital/Invested equity**(a) Share capital**

	Audited 31.8.2024 Units	Number of ordinary shares		Audited 31.12.2021 Units
	Audited 31.12.2023 Units	Audited 31.12.2022 Units		
At beginning of financial period/years	100	-	-	-
Issuance of ordinary shares	100	100	-	-
At end of the financial period/years	200	100	-	-

13. ACCOUNTANTS' REPORT (Cont'd)**16. Share capital/Invested equity (Cont'd)****(a) Share capital (Cont'd)**

	Amount			
	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
At beginning of financial period/years	10	-	-	-
Issuance of ordinary shares	10	10	-	-
At end of the financial period/years	20	10	-	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the combining entities. All ordinary shares rank equally with regards to the combining entities' residual assets.

(b) Invested equity

	Number of ordinary shares			
	Audited 31.8.2024 Units	Audited 31.12.2023 Units	Audited 31.12.2022 Units	Audited 31.12.2021 Units
Issued and fully paid				
At beginning of financial period/years	2,100,000	2,100,000	2,092,500	2,092,500
Increase in stake in combining entities	-	-	7,500	-
At end of the financial period/years	2,100,000	2,100,000	2,100,000	2,092,500

	Amount			
	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Issued and fully paid				
At beginning of financial period/years	2,100,000	2,100,000	2,092,500	2,092,500
Increase in stake in combining entities	-	-	7,500	-
At end of the financial period/years	2,100,000	2,100,000	2,100,000	2,092,500

Invested equity comprised the aggregate number of issued and paid-up ordinary shares of CBH Engineering, CBH Maintenance and CBH M&E.

13. ACCOUNTANTS' REPORT (Cont'd)**17. Loans and borrowings**

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Secured				
Bankers' acceptance	-	-	1,773,000	258,000
Bank overdraft	-	-	277,463	259,267
Term loans	-	-	138,178	175,572
	<u>-</u>	<u>-</u>	<u>2,188,641</u>	<u>692,839</u>
Non-current				
Term loans	-	-	99,926	138,162
Current				
Bankers' acceptance	-	-	1,773,000	258,000
Bank overdraft	-	-	277,463	259,267
Term loans	-	-	38,252	37,410
	<u>-</u>	<u>-</u>	<u>2,088,715</u>	<u>554,677</u>
	<u>-</u>	<u>-</u>	<u>2,188,641</u>	<u>692,839</u>

The repayment term of loans and borrowings as follows:

- (i) The term loans are repayable by Nil (31.12.2023: 120, 31.12.2022: 120 and 31.12.2021: 120) monthly instalments;
- (ii) Bankers' acceptance are repayable not more than 91 days; and
- (iii) Bank overdrafts facilities are repayable on demand.

The loans and borrowings are secured by the followings:

- (i) First party legal charge over the investment properties of the combining entities, as disclosed in Note 5 to the combined financial statements;
- (ii) First party legal charge over a property of a related party;
- (iii) Corporate guarantee by a related party;
- (iv) Pledged of fixed deposits with licensed banks as disclosed in Note 13 to the combined financial statements;
- (v) Jointly and several guaranteed by certain Directors of the combining entities.

The average effective interest rates per annum are as follows:

	Audited 31.8.2024 %	Audited 31.12.2023 %	Audited 31.12.2022 %	Audited 31.12.2021 %
Bankers' acceptance	-	1.25	1.25	1.25
Bank overdraft	-	7.70	6.95	5.84 - 6.84
Term loans	<u>-</u>	<u>4.82</u>	<u>3.82 - 4.57</u>	<u>3.57</u>

13. ACCOUNTANTS' REPORT (Cont'd)**18. Lease liabilities**

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Non-current	1,356,860	1,246,415	241,150	353,638
Current	467,772	346,463	361,068	532,264
	<u>1,824,632</u>	<u>1,592,878</u>	<u>602,218</u>	<u>885,902</u>

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

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Within 1 year	541,479	413,104	380,480	558,208
Between 1 - 5 years	1,448,027	1,354,345	260,219	361,944
More than 5 years	6,500	-	2,856	-
	<u>1,996,006</u>	<u>1,767,449</u>	<u>643,555</u>	<u>920,152</u>
Less: Future finance charges	(171,374)	(174,571)	(41,337)	(34,250)
Present value of lease liability	<u>1,824,632</u>	<u>1,592,878</u>	<u>602,218</u>	<u>885,902</u>

The combining entities leases various properties and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

19. Trade payables

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Third parties	7,689,374	37,875,979	28,541,342	8,221,919
Retention sums	4,360,617	3,962,994	3,705,945	2,476,840
	<u>12,049,991</u>	<u>41,838,973</u>	<u>32,247,287</u>	<u>10,698,759</u>

Credit terms of trade payables of the combining entities ranged from 0 to 120 days (31.12.2023: 0 to 120, 31.12.2022: 0 to 120 and 31.12.2021: 0 to 120) days depending on the terms of the contracts.

The foreign currency profile of trade payables are as follows:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Singapore Dollar ("SGD")	-	33,955	-	-
USD	-	-	-	65,179
	<u>-</u>	<u>33,955</u>	<u>-</u>	<u>65,179</u>

13. ACCOUNTANTS' REPORT (Cont'd)**20. Other payables**

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Non-trade payables	125,488	226,155	308,737	309,253
Accruals	9,757,962	8,850,188	6,892,190	3,677,414
Deposit received	-	4,600	4,600	12,699,400
	<u>9,883,450</u>	<u>9,080,943</u>	<u>7,205,527</u>	<u>16,686,067</u>

21. Revenue

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.08.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Revenue from contracts with customers:					
Project contract works	177,833,154	77,853,312	206,812,678	178,992,150	66,977,567
Maintenance and miscellaneous works	391,500	898,750	1,141,410	1,127,860	597,766
	<u>178,224,654</u>	<u>78,752,062</u>	<u>207,954,088</u>	<u>180,120,010</u>	<u>67,575,333</u>
Timing of revenue recognition:					
Over time	177,426,384	77,435,048	205,291,542	177,454,579	65,996,252
At point in time	798,270	1,317,014	2,662,546	2,665,431	1,579,081
	<u>178,224,654</u>	<u>78,752,062</u>	<u>207,954,088</u>	<u>180,120,010</u>	<u>67,575,333</u>

22. Other income

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Gain on disposal of asset held for sale	48,525	-	-	-	-
Gain on disposal of other investment	-	1,000,000	1,000,000	-	-
Gain on disposal of property, plant and equipment	122,497	-	-	-	-
Realised gain on foreign exchange	779	-	-	-	16,820
Rental concession	-	-	-	-	7,500
Rental income	10,156	23,080	35,441	30,963	25,165
	<u>10,156</u>	<u>23,080</u>	<u>35,441</u>	<u>30,963</u>	<u>25,165</u>

13. ACCOUNTANTS' REPORT (Cont'd)**23. Other expenses**

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Bad debts written off	-	-	52,203	181,500	-
Fair value loss on other investment	-	-	-	3,000,000	-
Loss on disposal of investment properties	-	-	1,405,991	-	-
Loss on disposal of property, plant and equipments	-	-	15,333	-	-
Loss on winding up a subsidiary	-	-	4,574,882	-	-
Property, plant and equipment written off	-	1,232	1,232	2	700
	<u>-</u>	<u>1,232</u>	<u>1,232</u>	<u>2</u>	<u>700</u>

24. Finance income/Finance costs

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Finance income					
- bank balances	286,628	188,261	352,709	80,563	78,539
- fixed deposits with licensed banks	243,124	89,386	161,957	120,664	263,074
	<u>529,752</u>	<u>277,647</u>	<u>514,666</u>	<u>201,227</u>	<u>341,613</u>
Finance cost					
Interest expense:					
- bankers' acceptance	-	-	-	1,527	-
- bank overdraft	56	1,121	1,121	4,801	172
- lease liabilities	54,350	14,012	31,878	29,674	47,913
- term loans	-	5,411	6,717	7,295	8,945
- related parties	-	-	-	33,983	17,024
	<u>54,406</u>	<u>20,544</u>	<u>39,716</u>	<u>77,280</u>	<u>74,054</u>

13. ACCOUNTANTS' REPORT (Cont'd)**25. Profit before tax**

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Auditors' remuneration					
- current	159,000	46,500	69,500	46,000	36,500
- under provision of prior years	-	-	-	2,000	-
Allowance for/(Reversal of) ECLs					
- contract assets	152,573	571,051	658,828	752,421	-
- trade receivables	3,986,327	(159,241)	5,043,965	1,224,542	278,721
- other receivables	-	-	-	-	508
Depreciation of property, plant and equipment	506,184	400,288	620,530	790,208	706,291
Depreciation of investment properties	-	31,396	43,166	47,092	47,091
Leases expenses:					
- low value asset (a)	-	4,640	4,860	16,857	17,520
- short-term leases (a)	1,035,567	492,839	961,140	363,397	231,585

- (a) The combining entities lease various properties, tool and equipment and motor vehicles with contract terms of not more than one year. These leases are short-term lease and lease of low value asset. The combining entities have elected not to recognise right-of-use assets and lease liabilities for these leases.

26. Taxation

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Tax expenses recognised in profit or loss					
Current tax					
- Current financial years provision	10,799,000	3,823,000	14,216,515	7,934,743	1,387,000
- (Over)/Under provision in previous financial years	(269,232)	1,788	1,788	39,809	133,278
	<u>10,529,768</u>	<u>3,824,788</u>	<u>14,218,303</u>	<u>7,974,552</u>	<u>1,520,278</u>
Deferred tax					
- Originating and reversal of temporary differences	(935,000)	(78,000)	(1,306,000)	(285,000)	133,000
	<u>(935,000)</u>	<u>(78,000)</u>	<u>(1,306,000)</u>	<u>(285,000)</u>	<u>133,000</u>
	<u>9,594,768</u>	<u>3,746,788</u>	<u>12,912,303</u>	<u>7,689,552</u>	<u>1,653,278</u>

13. ACCOUNTANTS' REPORT (Cont'd)**26. Taxation (Cont'd)**

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the combining entities are as follows:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Profit before tax	40,251,445	15,965,863	45,959,946	27,734,129	5,234,278
At Malaysian statutory rate of 24% (31.12.2023, 31.12.2022 and 31.12.2021: 24%)	9,660,347	3,831,807	11,030,387	6,656,191	1,256,227
Change in tax rate for the first and and second tranche of chargeable income	(45,000)	(45,000)	(45,000)	(62,543)	(42,000)
Expenses not deductible for tax purposes	279,243	110,456	2,180,577	1,045,794	208,021
Income not subject to tax	(41,045)	(240,000)	(240,000)	-	-
Movement of deferred tax assets not recognised	10,455	87,737	(15,449)	10,301	97,752
(Over)/Under provision in previous financial years	(269,232)	1,788	1,788	39,809	133,278
	<u>9,594,768</u>	<u>3,746,788</u>	<u>12,912,303</u>	<u>7,689,552</u>	<u>1,653,278</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Audited 31.8.2024 RM	Unaudited 31.8.2023 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Property, plant and equipment	(2,006)	(10,318)	(8,689)	(6,058)	(53,727)
Provision	197,073	18,270	10,371	18,270	8,871
Unutilised business losses	244,718	807,283	397,210	441,714	399,787
Unabsorbed capital allowances	2,671	13,598	-	9,338	65,411
	<u>442,456</u>	<u>828,833</u>	<u>398,892</u>	<u>463,264</u>	<u>420,342</u>

The unabsorbed capital allowances do not expire under current tax legislation of Malaysia. Unutilised business losses for which no deferred tax asset was recognised will expire at the following year of assessment ("YA"):

	Audited 31.8.2024 RM	Unaudited 31.8.2023 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
YA 2028	-	264,599	220,095	264,599	264,599
YA 2029	-	177,115	177,115	177,115	-
YA 2031	-	-	-	-	135,188
YA 2033	-	365,569	-	-	-
YA 2034	244,718	-	-	-	-
	<u>244,718</u>	<u>807,283</u>	<u>397,210</u>	<u>441,714</u>	<u>399,787</u>

13. ACCOUNTANTS' REPORT (Cont'd)**26. Taxation (Cont'd)****Unrecognised deferred tax assets (Cont'd)**

In accordance with the provision of Finance Act 2018, the unutilised business losses could be carried forward for a maximum of seven consecutive years of assessment. Any balance of the unutilised business losses at the end of the seventh year shall be disregarded.

The Finance Act 2021 stated that the time frame to carry forward unutilised business losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. The other temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset.

27. Earnings per shareBasic earnings per share

The basic earnings per share are calculated based on the profit for the financial periods/years attributable to owners of the combining entities and the enlarged number of ordinary shares in issue during the financial years as follows:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Profit attributable to owners of the combining entities	30,656,677	12,219,075	33,047,643	20,044,577	3,530,152
Enlarged number of ordinary shares (units)	1,880,896,393	1,880,896,393	1,880,896,393	1,880,896,393	1,880,896,393
Basic earnings per ordinary share (sen)	1.63	0.65	1.76	1.07	0.19

Diluted earnings per share

There are no diluted earnings per share as the combining entities do not have any dilutive potential ordinary shares outstanding as at the end of the reporting date.

13. ACCOUNTANTS' REPORT (Cont'd)**28. Dividends**

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Dividends recognised as distribution to owners of the combine entities					
CBH Engineering:					
<u>In respect of financial year ended</u>					
<u>31 December 2023</u>					
- An interim single-tier dividend of RM1.00 per ordinary share declared on 2 August 2023 and paid on 3 August 2023	-	1,000,000	1,000,000	-	-
- An interim single-tier dividend of RM3.00 per ordinary share declared on 30 November 2023 and paid on 18 December 2023	-	-	3,000,000	-	-
- An interim single-tier dividend of RM3.00 per ordinary share declared on 30 November 2023 and paid on 20 December 2023	-	-	3,000,000	-	-
- An interim single-tier dividend of RM5.115 per ordinary share declared on 30 November 2023 and paid on 22 December 2023	-	-	5,115,000	-	-
- An interim single-tier dividend in specie of RM7.385 per ordinary share declared on 30 November 2023 and paid on 11 December 2023	-	-	7,385,000	-	-
- An interim single-tier dividend of RM5.50 per ordinary share declared on 20 February 2024 and paid on 21 February 2024	5,500,000	-	-	-	-
- An interim single-tier dividend of RM10.00 per ordinary share declared on 9 May 2024 and paid on 21 May 2024 and 25 May 2024	10,000,000	-	-	-	-
<u>In respect of financial year ended</u>					
<u>31 December 2022</u>					
- An interim single-tier dividend of RM1.00 per ordinary share declared and paid on 5 July 2022	-	-	-	1,000,000	-
- An interim single-tier dividend of RM1.00 per ordinary share declared and paid on 12 July 2022	-	-	-	1,000,000	-

13. ACCOUNTANTS' REPORT (Cont'd)

28. Dividends (Cont'd)

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
CBH Engineering: (Cont'd)					
<u>In respect of financial year ended</u> <u>31 December 2021</u>					
- An interim single-tier dividend of RM0.50 per ordinary share declared and paid on 5 October 2021	-	-	-	-	500,000
<u>In respect of financial year ended</u> <u>31 December 2020</u>					
- An interim single-tier dividend of RM1.00 per ordinary share declared and paid on 20 April 2021	-	-	-	-	1,000,000
CBH Maintenance:					
<u>In respect of financial year ended</u> <u>31 December 2023</u>					
- An interim single-tier dividend of RM55.00 per ordinary share declared on 20 February 2024 and paid on 21 February 2024	5,500,000	-	-	-	-
<u>In respect of financial year ended</u> <u>31 December 2021</u>					
- An interim single-tier dividend of RM3.00 per ordinary share declared and paid on 20 April 2021	-	-	-	-	300,000
<u>In respect of financial year ended</u> <u>31 December 2020</u>					
- An final single-tier dividend of RM3.00 per ordinary share declared on 11 January 2021 and paid on 12 January 2021	-	-	-	-	300,000
	<u>21,000,000</u>	<u>1,000,000</u>	<u>19,500,000</u>	<u>2,000,000</u>	<u>2,100,000</u>

13. ACCOUNTANTS' REPORT (Cont'd)**29. Capital commitment, contingent liabilities and financial guarantee**

	Audited 31.8.2024 RM	Unaudited 31.8.2023 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Capital commitment					
<u>Authorised and contracted for:</u>					
Investment properties	-	-	-	264,000	308,000

Contingent liabilities

As at the reporting date, the combining entities have projects which passed the contractual completion date as stated in the contractual agreement. No Liquidated Ascertained Damages ("LAD") or claims or faces any legal action from the contract customers as at the reporting date.

In view of the uncertainty and there is no revised completion date to estimate the LAD amount, the combining entities are of the view that it is not probable that an outflow of resources economic benefits will be required to settle the potential obligations. Accordingly, the combining entities have not make any provision in the combined financial statements.

	Audited 31.8.2024 RM	Unaudited 31.8.2023 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Financial guarantee					
<u>Secured:</u>					
Financial guarantee extended to contract customers in respect of project contract works	39,346,640	6,544,535	32,375,437	781,122	1,740,450

30. Staff costs

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Salaries, wages and other emoluments	12,817,872	7,253,622	13,538,781	10,972,222	8,101,754
Defined contribution plans	954,517	508,526	905,484	1,138,267	888,913
Social contribution plans	81,188	52,088	85,136	76,105	60,449
Other benefits	959,052	836,414	867,260	970,885	432,452
	<u>14,812,629</u>	<u>8,650,650</u>	<u>15,396,661</u>	<u>13,157,479</u>	<u>9,483,568</u>

13. ACCOUNTANTS' REPORT (Cont'd)

30. Staff costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the combining entities during the financial years as below:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Salaries, fee and other emoluments	1,753,071	1,428,688	2,367,190	2,167,352	1,732,568
Defined contribution plans	48,352	94,659	173,698	223,454	204,265
Social contribution plans	772	3,090	4,635	4,008	3,695
Directors' fee	63,425	1,000,000	1,000,000	1,000,000	675,000
	<u>1,865,620</u>	<u>2,526,437</u>	<u>3,545,523</u>	<u>3,394,814</u>	<u>2,615,528</u>

31. Reconciliation of liabilities arising from financing activities

The table below shows the details changes in the liabilities of the combining entities arising from financing activities, including both cash and non-cash changes:

	At 1.1.2024 RM	Drawdown RM	Audited Repayment RM	Rental Concession RM	At 31.8.2024 RM
Bankers' acceptance	-	150,000	(150,000)	-	-
Lease liabilities	1,592,878	532,584	(300,830)	-	1,824,632
	<u>1,592,878</u>	<u>532,584</u>	<u>(300,830)</u>	<u>-</u>	<u>1,824,632</u>

	At 1.1.2023 RM	Drawdown RM	Audited Repayment RM	Rental Concession RM	At 31.12.2023 RM
Term loans	138,178	-	(138,178)	-	-
Bankers' acceptance	1,773,000	1,265,000	(3,038,000)	-	-
Lease liabilities	602,218	1,399,900	(409,240)	-	1,592,878
	<u>602,218</u>	<u>1,399,900</u>	<u>(409,240)</u>	<u>-</u>	<u>1,592,878</u>

	At 1.1.2022 RM	Drawdown RM	Audited Repayment RM	Rental Concession RM	At 31.12.2022 RM
Term loans	175,572	-	(37,394)	-	138,178
Bankers' acceptance	258,000	5,543,000	(4,028,000)	-	1,773,000
Lease liabilities	885,902	266,900	(550,584)	-	602,218
	<u>885,902</u>	<u>266,900</u>	<u>(550,584)</u>	<u>-</u>	<u>602,218</u>

13. ACCOUNTANTS' REPORT (Cont'd)**31. Reconciliation of liabilities arising from financing activities (Cont'd)**

The table below shows the details changes in the liabilities of the combining entities arising from financing activities, including both cash and non-cash changes: (Cont'd)

	Audited				
	At	Drawdown	Repayment	Rental Concession	At
	1.1.2021				31.12.2021
	RM	RM	RM	RM	RM
Term loans	211,315	-	(35,743)	-	175,572
Bankers' acceptance	-	258,000	-	-	258,000
Lease liabilities	1,415,665	26,600	(548,863)	(7,500)	885,902
	<u>1,415,665</u>	<u>26,600</u>	<u>(548,863)</u>	<u>(7,500)</u>	<u>885,902</u>
	Unaudited				
	At	Drawdown	Repayment	Rental Concession	At
	1.1.2023				31.8.2023
	RM	RM	RM	RM	RM
Term loans	138,178	-	(24,820)	-	113,358
Bankers' acceptance	1,773,000	1,265,000	(2,975,000)	-	63,000
Lease liabilities	602,218	-	(272,733)	-	329,485
	<u>602,218</u>	<u>1,265,000</u>	<u>(272,733)</u>	<u>-</u>	<u>329,485</u>

32. Related party disclosures**(a) Identifying related parties**

For the purposes of these combined financial statements, parties are considered to be related to the combining entities if the combining entities have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the combining entities and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the combining entities either directly or indirectly. The key management personnel comprise the Directors and management personnel of the combining entities, having authority and responsibility for planning, directing and controlling the activities of the combining entities directly or indirectly.

13. ACCOUNTANTS' REPORT (Cont'd)**32. Related party disclosures (Cont'd)****(b) Significant related party transactions**

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the combined financial statements, the significant related party transactions of the combining entities are as follows:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Transactions with related parties					
Project cost charged by	-	-	-	(201,315)	(24,241)
Loan interest charged by	-	-	-	(33,983)	(17,024)
Income from renewable energy charged to	-	-	-	-	25,367
Office rental charged by	(64,000)	(64,000)	(96,000)	(90,000)	(86,250)
Rental charged by	(6,800)	(6,800)	(10,200)	-	-
Administrative expenses charge by	-	(1,627)	(1,627)	(6,307)	(127)
Professional fee charged by	-	(5,000)	(50,310)	-	(250)
Disposal of property, plant and equipment	67,000	-	-	-	-
Transactions with a Director					
Rental charged by	(64,000)	(60,000)	(90,000)	(90,000)	(86,250)
Rental charged by (right of use assets)	(4,000)	-	(1,500)	-	-
Income from renewable energy charged to	-	-	-	-	39,544
Transaction with a company in which a person connected to a Director has interest					
Project cost charged by	-	-	-	4,200	-

(c) Remuneration of key management personnel

The remuneration of the Directors are disclosed in Note 30 to the combined financial statements. The emoluments of key management personnel are as follows:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Salaries, fee and other emoluments	2,155,238	272,420	754,876	389,500	334,875
Defined contribution plans	110,384	35,652	121,279	47,700	35,892
Social contribution plans	2,317	776	1,546	1,002	924
	<u>2,267,939</u>	<u>308,848</u>	<u>877,701</u>	<u>438,202</u>	<u>371,691</u>

13. ACCOUNTANTS' REPORT (Cont'd)**33. Segment information****(a) Business segments**

For management purposes, the combining entities are predominantly involved in electrical wiring contractors and supply of electrical items.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the combined financial statements.

Information about operating segments has not been reported separately as the combining entities' revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment.

(b) Geographic information

No disclosure on geographical segment information as the combining entities predominantly operates in Malaysia.

(c) Information about major customers

The following are major customers with revenue equal to or more than 10% of the combined entities' total revenue:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Electrical wiring contractors					
Customer A	50,844,014	44,620,927	79,427,686	-	-
Customer B	-	15,687,316	25,872,925	153,597,304	-
Customer C	-	-	-	-	45,121,949
Customer D	89,124,988	-	55,206,396	-	-
Customer E	25,283,734	-	-	-	-
	<u>165,252,736</u>	<u>60,308,243</u>	<u>160,507,007</u>	<u>153,597,304</u>	<u>45,121,949</u>

34. Financial instruments**(a) Classification of financial instruments**

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost.

13. ACCOUNTANTS' REPORT (Cont'd)**34. Financial instruments (Cont'd)****(a) Classification of financial instruments (Cont'd)**

The following table analyses the financial assets and liabilities in the combined statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
At FVTPL				
Financial assets				
Other investments	-	-	2,000,000	-
At amortised costs				
Financial assets				
Trade receivables	45,516,835	44,607,920	43,250,050	20,148,382
Other receivables	1,774,605	1,491,876	1,279,903	1,054,209
Amount due from related parties	-	-	1,477,686	1,475,267
Amount due from a Director	-	-	-	39,544
Fixed deposits with licensed banks	13,018,038	14,660,635	6,956,514	15,570,639
Cash and bank balances	28,581,471	28,233,525	10,520,030	11,989,711
	<u>88,890,949</u>	<u>88,993,956</u>	<u>63,484,183</u>	<u>50,277,752</u>
	<u>88,890,949</u>	<u>88,993,956</u>	<u>65,484,183</u>	<u>50,277,752</u>
At amortised costs				
Financial liabilities				
Trade payables	12,049,991	41,838,973	32,247,287	10,698,759
Other payables	9,883,450	9,080,943	7,205,527	16,686,067
Amount due to related parties	4,384,297	4,884,297	-	121,177
Amount due to Directors	-	-	77,002	40,671
Loans and borrowings	-	-	2,188,641	692,839
Lease liabilities	1,824,632	1,592,878	602,218	885,902
	<u>28,142,370</u>	<u>57,397,091</u>	<u>42,320,675</u>	<u>29,125,415</u>

(b) Financial risk management objectives and policies

The combining entities' financial risk management policy is to ensure that adequate financial resources are available for the development of the combining entities' operations whilst managing their credit, liquidity and market risks. The combining entities operate within clearly defined guidelines that are approved by the Board and the combining entities' policy is not to engage in speculative transactions.

13. ACCOUNTANTS' REPORT (Cont'd)

34. Financial instruments (Cont'd)**(b) Financial risk management objectives and policies (Cont'd)**

The following sections provide details regarding the combining entities' exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the combining entities if a customer or counterparty to a financial instrument fails to meet their contractual obligations. The combining entities' exposure to credit risk arises principally from trade receivables, other receivables, amount due from a related parties, amount due from a Director, fixed deposits with licensed banks and cash and bank balances. There are no significant changes as compared to previous financial years.

The combining entities have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The combining entities provide financial guarantees to banks for banking facilities granted to the companies in which the Directors have interests. The combining entities monitor on an ongoing basis the results of the related parties and repayments made by the related parties.

At each reporting date, the combining entities assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when combining entities determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the combined statements of financial position as at the reporting date represent the combining entities' maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities to the companies in which the Directors have interests.

There are no significant changes as compared to previous financial years.

13. ACCOUNTANTS' REPORT (Cont'd)**34. Financial instruments (Cont'd)****(b) Financial risk management objectives and policies (Cont'd)****(i) Credit risk (Cont'd)***Credit risk concentration*

As at the end of the financial years, the combined entities have 2 (31.12.2023: 3, 31.12.2022: 2 and 31.12.2021: 3) major customers and accounted for approximately 70% (31.12.2023: 74%, 31.12.2022: 85% and 31.12.2021: 73%) of the combined entities' trade receivables outstanding.

(ii) Liquidity risk

Liquidity risk refers to the risk that the combining entities will encounter difficulty in meeting their financial obligations as they fall due. The combining entities' exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The combining entities' funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The combining entities finance their liquidity through internally generated cash flows and minimise liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the combining entities can be required to pay.

	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited					
31.8.2024					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Trade payables	12,049,991	-	-	12,049,991	12,049,991
Other payables	9,883,450	-	-	9,883,450	9,883,450
Amount due to related parties	4,384,297	-	-	4,384,297	4,384,297
Lease liabilities	541,479	1,448,027	6,500	1,996,006	1,824,632
	<u>26,859,217</u>	<u>1,448,027</u>	<u>6,500</u>	<u>28,313,744</u>	<u>28,142,370</u>
Financial guarantees*	39,346,640	-	-	39,346,640	-

13. ACCOUNTANTS' REPORT (Cont'd)**34. Financial instruments (Cont'd)****(b) Financial risk management objectives and policies (Cont'd)****(ii) Liquidity risk (Cont'd)**

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the combining entities can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited					
31.12.2023					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Trade payables	41,838,973	-	-	41,838,973	41,838,973
Other payables	9,080,943	-	-	9,080,943	9,080,943
Amount due to related parties	4,884,297	-	-	4,884,297	4,884,297
Lease liabilities	413,104	1,354,345	-	1,767,449	1,592,878
	<u>56,217,317</u>	<u>1,354,345</u>	<u>-</u>	<u>57,571,662</u>	<u>57,397,091</u>
Financial guarantees*	32,375,437	-	-	32,375,437	-
Audited					
31.12.2022					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Trade payables	32,247,287	-	-	32,247,287	32,247,287
Other payables	7,205,527	-	-	7,205,527	7,205,527
Amount due to Directors	77,002	-	-	77,002	77,002
Term loans	44,688	105,216	-	149,904	138,178
Bankers' acceptance	1,773,000	-	-	1,773,000	1,773,000
Bank overdraft	277,463	-	-	277,463	277,463
Lease liabilities	380,480	260,219	2,856	643,555	602,218
	<u>42,005,447</u>	<u>365,435</u>	<u>2,856</u>	<u>42,373,738</u>	<u>42,320,675</u>
Financial guarantees*	781,122	-	-	781,122	-
Audited					
31.12.2021					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Trade payables	10,698,759	-	-	10,698,759	10,698,759
Other payables	16,686,067	-	-	16,686,067	16,686,067
Amount due to related parties	121,177	-	-	121,177	121,177
Amount due to Directors	40,671	-	-	40,671	40,671
Term loans	44,688	149,904	-	194,592	175,572
Bankers' acceptance	258,000	-	-	258,000	258,000
Bank overdraft	259,267	-	-	259,267	259,267
Lease liabilities	558,208	361,944	-	920,152	885,902
	<u>28,666,837</u>	<u>511,848</u>	<u>-</u>	<u>29,178,685</u>	<u>29,125,415</u>
Financial guarantees*	1,740,450	-	-	1,740,450	-

13. ACCOUNTANTS' REPORT (Cont'd)**34. Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

* Based on the maximum amount that can be called for under the financial guarantee contract.

The combining entities have issue performance bonds, advance payment bonds and tender bonds granted by financial institutions to their contract customers in respect of contract works. At end of the reporting period, there was no indication that the combining entities would default on the project which require the payment made to their contract customers.

(iii) Market risk

(a) Foreign currency risk

The combine entities are exposed to foreign currency risk on transactions that and denominated in currency other than the respective functional currency of the combine entities. The currency giving rise to the risk is SGD and USD.

The combined entities have not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the net exposure to foreign currency is monitored from time to time by management.

The carrying amounts of the combine entities' foreign currency denominated financial assets and financial liabilities at end of the reporting periods are as follows:

	Denominated SGD RM	Denominated USD RM	Total RM
Audited 31.8.2024			
Cash and bank balances	-	327	327
Audited 31.12.2023			
Cash and bank balances	-	327	327
Trade payables	(33,955)	-	(33,955)
	(33,955)	327	(33,628)
Audited 31.12.2022			
Cash and bank balances	-	327	327
Audited 31.12.2021			
Cash and bank balances	-	327	327
Trade payables	-	(65,179)	(65,179)
	-	(64,852)	(64,852)

13. ACCOUNTANTS' REPORT (Cont'd)**34. Financial instruments (Cont'd)****(b) Financial risk management objectives and policies (Cont'd)****(iii) Market risk (Cont'd)****(a) Foreign currency risk (Cont'd)**Foreign currency sensitivity analysis

Foreign currency risk arises from the combined entities have a RM functional currency. The exposure to currency risk of the combined entities which do not have a RM functional currency is not materials and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the combined entities' profit before tax to a reasonable possible change in the SGD and USD, with all other variables held constant.

	Audited 31.8.2024 RM	Effect on profit before tax		Audited 31.12.2021 RM
		Audited 31.12.2023 RM	Audited 31.12.2022 RM	
SGD Strengthen 1% (31.12.2023, 31.12.2022 and 31.12.2021: 1%)	-	(340)	-	-
Weakened 1% (31.12.2023, 31.12.2022 and 31.12.2021: 1%)	-	340	-	-
USD Strengthen 1% (31.12.2023, 31.12.2022 and 31.12.2021: 1%)	3	3	3	(649)
Weakened 1% (31.12.2023, 31.12.2022 and 31.12.2021: 1%)	(3)	(3)	(3)	649
	<u>(3)</u>	<u>(3)</u>	<u>(3)</u>	<u>649</u>

(b) Interest rate risk

The combining entities' fixed rate deposits placed with a licensed bank and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The combining entities' variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The combining entities manage their interest rate risk of their deposits with a licensed financial institution by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

13. ACCOUNTANTS' REPORT (Cont'd)**34. Financial instruments (Cont'd)****(b) Financial risk management objectives and policies (Cont'd)****(iii) Market risk (Cont'd)****(b) Interest rate risk (Cont'd)**

The combining entities manage their interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The combining entities constantly monitor their interest rate risk by reviewing their debts portfolio to ensure favourable rates are obtained. The combining entities do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the combining entities' significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Fixed rate instrument				
<u>Financial assets</u>				
Fixed deposit with licensed bank	13,018,038	14,660,635	6,956,514	15,570,639
Cash and bank balances	22,190,000	16,100,000	1,100,000	2,700,000
	<u>35,208,038</u>	<u>30,760,635</u>	<u>8,056,514</u>	<u>18,270,639</u>
<u>Financial liabilities</u>				
Bankers' acceptance	-	-	(1,773,000)	(258,000)
Lease liabilities	(1,824,632)	(1,592,878)	(602,218)	(885,902)
	<u>(1,824,632)</u>	<u>(1,592,878)</u>	<u>(2,375,218)</u>	<u>(1,143,902)</u>
	<u>33,383,406</u>	<u>29,167,757</u>	<u>5,681,296</u>	<u>17,126,737</u>
Floating rate instrument				
<u>Financial liabilities</u>				
Amount due to related parties	-	-	-	(1,000,000)
Term loans	-	-	(138,178)	(175,572)
Bank overdraft	-	-	(277,463)	(259,267)
	<u>-</u>	<u>-</u>	<u>(415,641)</u>	<u>(1,434,839)</u>

13. ACCOUNTANTS' REPORT (Cont'd)**34. Financial instruments (Cont'd)****(b) Financial risk management objectives and policies (Cont'd)****(iii) Market risk (Cont'd)****(b) Interest rate risk (Cont'd)****Interest rate risk sensitivity analysis**Fair value sensitivity analysis for fixed rate instruments

The combining entities do not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flows sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the combining entities' profit before tax by RMNil (31.12.2023: RMNil, 31.12.2022: RM4,156 and 31.12.2021: RM14,348), arising mainly as a result of lower/higher interest expense on floating rate borrowings. This analysis assumed that all other variables remain constant. The assumed movement in basis points for the interest rate sensitivity analysis based on the currently observable market environment.

(c) Market price risk

Market price risk is the risk that the fair value or future cash flows of the combined entities' financial instruments will fluctuate because of changes in market prices (Other than interest or exchange rates).

The combined entities is exposed to equity price risk arising from its investment in quoted instruments. These investments are listed on Bursa Malaysia and are classified as financial assets at FVTPL.

Management of the combined entities monitors investments in quoted instruments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by Board of Directors of the combined entities.

Market price risk sensitivity analysis

At the reporting date, if the various stock indices had been 1% higher/lower, with all other variables held constant, the Company's profit before tax would have been RMNil (31.12.2023: RMNil, 31.12.2022: RM20,000 and 31.12.2021: RMNil) higher/lower, arising as a result of higher/lower fair value gain on held for trading investments in equity instruments.

13. ACCOUNTANTS' REPORT (Cont'd)**34. Financial instruments (Cont'd)**

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value, together with their fair values and carrying amounts shown in the combined statements of financial position.

	Fair value of financial instrument carried at fair value Level 1 RM	Total fair value RM	Carrying amount RM
Audited			
31.12.2022			
<u>Financial asset</u>			
Other investment	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

13. ACCOUNTANTS' REPORT (Cont'd)

34. Financial instruments (Cont'd)**(c) Fair value of financial instruments (Cont'd)****(iii) Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

35. Capital management

The combining entities manages its capital to ensure that entities within the combining entities will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the combining entities may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The combining entities manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the combining entities at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

13. ACCOUNTANTS' REPORT (Cont'd)**36. Material partly-owned combined entity**

The combining entities' objective when managing capital are to safeguard the combining entities' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Name of company	Proportion of ownership interest and voting rights held by NCI			
	Audited 31.8.2024 %	Audited 31.12.2023 %	Audited 31.12.2022 %	Audited 31.12.2021 %
CBH Maintenance	-	-	-	7.5

Name of company	Loss allocated to NCI			
	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
CBH Maintenance	-	-	-	50,848

Name of company	Carrying amount of NCI			
	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
CBH Maintenance	-	-	-	926,050

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

(i) Summarised statement of financial position

	CBH Maintenance RM
Audited 31.12.2021	
Non-current asset	271,040
Current assets	13,250,029
Non-current liability	(62,526)
Current liabilities	(1,111,206)
Net assets	<u>12,347,337</u>

13. ACCOUNTANTS' REPORT (Cont'd)**36. Material partly-owned combined entity (Cont'd)**

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

	CBH Maintenance RM
Audited	
31.12.2021	
Revenue	4,898,573
Profit for the financial year, representing total comprehensive income for the financial year	<u>677,972</u>

(iii) Summarised statement of cash flow

	CBH Maintenance RM
Audited	
31.12.2021	
Net cash used in operating activities	(1,048,126)
Net cash from investing activity	126,049
Net cash used in financing activities	<u>(771,247)</u>
Net decrease in cash and cash equivalents	<u>(1,693,324)</u>

37. Subsequent event

On 3 December 2024, the combining entities received dividend in specie amounting to RM4,384,297 from CBH Projects Engineering as part return of capital to contributory under Rules 102 of the Companies (Winding up) Rules 1972.

13. ACCOUNTANTS' REPORT (Cont'd)

CBH ENGINEERING HOLDING BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being the two Directors of the combining entities, do hereby state that, in the opinion of the Directors, the combined financial statements set out on pages 5 to 69 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the combined financial position of the combining entities as at 31 August 2024, 31 December 2023, 31 December 2022 and 31 December 2021 and of their combined financial performance and cash flows for the financial years ended 31 December 2023, 31 December 2022, 31 December 2021 and financial periods ended 31 August 2024 and 31 August 2023.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 4 December 2024.



CHEAH BOON HWA



CHEAH BOON HUAT

KUALA LUMPUR

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION



The Board of Directors
CBH Engineering Holding Berhad
No. 12, Jalan Anggerik Vanilla AD 31/AD
Kota Kemuning, 40460 Shah Alam
Selangor Darul Ehsan

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants
Unit E-16-2B, Level 16, ICON Tower (East)
No.1, Jalan 1/68F, Jalan Tun Razak
50400 Kuala Lumpur
Tel: +603 9771 4326
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Email: tgsaudit@tgs-tw.com
www.tgs-tw.com

Dear Sirs,

CBH ENGINEERING HOLDING BERHAD (“CBH” OR “THE COMPANY”) REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024

We have completed our assurance engagement to report on the compilation of Pro Forma Combined Statements of Financial Position of CBH Engineering Holding Berhad and of its subsidiaries (collectively known as “the combining entities” or “CBH Group”) as at 31 August 2024.

The applicable criteria on the basis of which the Board have compiled the Pro Forma Combined Statements of Financial Position are described in the notes thereon to the Pro Forma Combined Statements of Financial Position. The Pro Forma Combined Statements of Financial Position is prepared in accordance with the requirements of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia (“Prospectus Guidelines”) and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysia Institute of Accountants (“Guidance Note”) (“Applicable Criteria”).

The Pro Forma Combined Statements of Financial Position have been compiled by the Directors for illustrative purposes only and for inclusion into the prospectus of CBH Group in connection with the listing of and quotation for the entire enlarged issued share capital of CBH Group on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing”).

As part of this process, information about the combining entities’ combined financial position has been extracted by the Directors from the audited statements of financial position of the combining entities as at 31 August 2024, on which was reported by us to the members of the combining entities on 4 December 2024 without any modification.

Directors’ Responsibility for the Pro Forma Combined Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis of the Applicable Criteria.

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)


Our Independence and Quality Control

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

Our firm applies *International Standard on Quality Management (“ISQM”) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the Pro Forma Combined Statements of Financial Position have been properly compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (“ISAE”) 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Combined Statements of Financial Position.

The purpose of the Pro Forma Combined Statements of Financial Position included in the Prospectus is solely to illustrate the impact of a significant event or transaction or unadjusted financial information on the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors of the Company in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:-

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Combined Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)



Our Responsibility (Cont'd)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the combining entities, the event or transaction in respect of which the Pro Forma Combined Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria.

Other Matter

This report has been prepared solely for the purpose of inclusion in the Prospectus of CBH Engineering Holding Berhad in connection with the Listing. It is not intended to be used for any other purposes. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'TGS TW PLT'.

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

A handwritten signature in black ink, appearing to be 'Kuan Jun Xian'.

KUAN JUN XIAN
03758/06/2025 J
Chartered Accountant

Kuala Lumpur
4 December 2024

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

**CBH ENGINEERING HOLDING BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024**

The Pro Forma Combined Statements of Financial Position of CBH Group as at 31 August 2024 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 31 August 2024, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position.

	Note	At 31.8.2024	Adjustments for Acquisition/Material Subsequent Transaction	Proforma I After Acquisition	Adjustments for Public Issue	Proforma II After Public Issue	Adjustments for Utilisation of Proceeds	Proforma III After Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
ASSETS								
Non-current assets								
Property, plant and equipment	3.01	-	2,573,034	2,573,034	-	2,573,034	-	2,573,034
Deferred tax assets	3.02	-	2,973,000	2,973,000	-	2,973,000	-	2,973,000
Total non-current assets		-		5,546,034		5,546,034		5,546,034
Current assets								
Trade receivables	3.03	-	45,516,835	45,516,835	-	45,516,835	-	45,516,835
Contract assets	3.04	-	38,175,760	38,175,760	-	38,175,760	-	38,175,760
Other receivables	3.05	1,795,021	1,780,317	3,575,338	-	3,575,338	(1,795,021)	1,780,317
Tax recoverable	3.06	-	253,898	253,898	-	253,898	-	253,898
Fixed deposits with licensed banks	3.07	-	13,018,038	13,018,038	-	13,018,038	-	13,018,038
Cash and bank balances	3.08	20	28,581,451	28,581,471	83,440,000	112,021,471	(3,904,979)	108,116,492
Total current assets		1,795,041		129,121,340		212,561,340		206,861,340
Total assets		1,795,041		134,667,374		218,107,374		212,407,374



14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

**CBH ENGINEERING HOLDING BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024 (CONT'D)**

The Pro Forma Combined Statements of Financial Position of CBH Group as at 31 August 2024 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 31 August 2024, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position. (Cont'd)

	Note	At 31.8.2024	Adjustments for Acquisition/Material Subsequent Transaction	Proforma I After Acquisition	Adjustments for Public Issue	Proforma II After Public Issue	Adjustments for Utilisation of Proceeds	Proforma III After Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES								
EQUITY								
Share capital	3.09	20	57,142,553	57,142,573	83,440,000	140,582,573	(2,518,794)	138,063,779
Merger deficit	3.10	-	(55,042,553)	(55,042,553)	-	(55,042,553)	-	(55,042,553)
(Accumulated losses)/Retained earnings	3.11	(87,505)	90,459,160	90,371,655	-	90,371,655	(3,181,206)	87,190,449
Total equity		(87,485)		92,471,675		175,911,675		170,211,675
LIABILITIES								
Non-current liabilities								
Lease liabilities	3.12	-	1,356,860	1,356,860	-	1,356,860	-	1,356,860
Total non-current liabilities		-		1,356,860		1,356,860		1,356,860



14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

**CBH ENGINEERING HOLDING BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024 (CONT'D)**

The Pro Forma Combined Statements of Financial Position of CBH Group as at 31 August 2024 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 31 August 2024, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position. (Cont'd)

	Note	At 31.8.2024	Adjustments for Acquisition/Material Subsequent Transaction	Proforma I After Acquisition	Adjustments for Public Issue	Proforma II After Public Issue	Adjustments for Utilisation of Proceeds	Proforma III After Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES (CONT'D)								
LIABILITIES (CONT'D)								
Current liabilities								
Lease liabilities	3.12	-	467,772	467,772	-	467,772	-	467,772
Trade payables	3.13	-	12,049,991	12,049,991	-	12,049,991	-	12,049,991
Other payables	3.14	66,425	9,817,025	9,883,450	-	9,883,450	-	9,883,450
Amount due to related parties	3.15	1,816,101	(1,816,101)	-	-	-	-	-
Contract liabilities	3.16	-	15,042,080	15,042,080	-	15,042,080	-	15,042,080
Tax payable	3.17	-	3,395,546	3,395,546	-	3,395,546	-	3,395,546
Total current liabilities		1,882,526		40,838,839		40,838,839		40,838,839
Total liabilities		1,882,526		42,195,699		42,195,699		42,195,699
Total equity and liabilities		1,795,041		134,667,374		218,107,374		212,407,374
Issued ordinary share capital (Unit)		200	1,582,896,193	1,582,896,393	298,000,000	1,880,896,393	-	1,880,896,393
Net assets per share attributable to owners of CBH Engineering Holding Berhad (RM)		(437.43)		0.06		0.09		0.09
Lease liabilities and Borrowings		-		1,824,632		1,824,632		1,824,632
Gearing ratio (times)		-		0.02		0.01		0.01



14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

CBH ENGINEERING HOLDING BERHAD**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024 (CONT'D)****1. BASIS OF PREPARATION**

The Pro Forma Combined Statements of Financial Position of CBH Group has been prepared for illustrative purposes and on the assumptions that all the transactions mentioned as per Note 2 to the Pro Forma Combined Statements of Financial Position had taken place on 31 August 2024.

The Pro Forma Combined Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the audited financial statements of the combining entities for the financial period ended 31 August 2024 and in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Prospectus Guidelines, except for the adoption of the following new accounting policy:

Merger method of accounting

The Pro Forma Combined Statements of Financial Position are combined using the merger method as these companies are under the common control by the same party both before and after the acquisition of CBH Engineering Sdn. Bhd. ("CBH Engineering"), CBH Maintenance Sdn. Bhd. ("CBH Maintenance") and CBH M&E Engineering Sdn. Bhd. ("CBH M&E"). When the merger method is used, the difference between the cost of investment recorded by the Group and the share capital of the subsidiaries are accounted for as merger deficit in the Pro Forma Combined Statements of Financial Position.

CBH Engineering, CBH Maintenance and CBH M&E are regarded as a continuing entity resulting from the reorganisation exercise because the management of CBH Engineering, CBH Maintenance and CBH M&E, which participated in the reorganisation exercise was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

2. LISTING SCHEME**(i) Pro Forma I****Acquisition**

The Acquisition entailed acquiring the entire equity interest of CBH Engineering, CBH Maintenance, and CBH M&E, for a total purchase consideration of RM57,142,553, which was satisfied via the issuance of 1,582,896,193 new shares at an issue price of RM0.0361 per share. This was based on the net assets of CBH Engineering, CBH Maintenance, and CBH M&E as of 31 December 2023 and adjusted for dividends declared subsequent to 31 December 2023 by CBH Engineering, amounting to RM15,500,000, and by CBH M&E, amounting to RM5,500,000, respectively.

The acquisition was completed on 23 October 2024.

Material Subsequent Transactions

On 3 December 2024, the combining entities received dividend in specie amounting to RM4,384,297 from CBH Projects Engineering as part return of capital to contributory under Rules 102 of the Companies (Winding up) Rules 1972.



14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
CBH ENGINEERING HOLDING BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024
2. LISTING SCHEME (CONT'D)
(ii) Pro Forma II: Public Issue

The Public Issue involves a public issue of 298,000,000 new ordinary shares in CBH Engineering Holding Berhad at an issue price of RM0.28 per share.

In conjunction with the initial public offering ("IPO"), the Company would list and quote of its enlarged issued share capital comprising 1,880,896,393 ordinary shares in CBH Engineering Holding Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

(iii) Pro Forma III: Utilisation of Proceeds

Gross proceeds from the Public Issue of RM83,440,000 are expected to be utilised as follows:

Details of use of proceeds	Estimated timeframe for the use of proceeds upon Listing	RM	% of total gross proceeds from the Public Issue
Business expansion:			
- Procurement of equipment and components for future projects	36 months ⁽¹⁾	38,504,000	46.15%
- Payment to subcontractors for future projects	18 months ⁽¹⁾	18,480,000	22.15%
- Bank guarantees for future projects	36 months ⁽¹⁾	17,300,000	20.73%
- Recruitment of engineers and other personnel	24 months ⁽¹⁾	3,456,000	4.14%
Estimated listing expenses*	1 month ⁽¹⁾	5,700,000	6.83%
Total estimated proceeds		83,440,000	100.00%

⁽¹⁾ From the date of listing of the shares.

* The listing expenses are estimated at RM5,700,000 and will be set off against the share capital and profit or loss accordingly. The apportionment is disclosed in Notes 3.09 and 3.11.

As at 31 August 2024, the Group has paid RM1,795,021 of listing expenses and is recognised in the prepayment. The said prepayment will be subsequently debited against share capital and/or expensed off to the combined statements of profit or loss and other comprehensive income upon completion of the IPO.



14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

CBH ENGINEERING HOLDING BERHAD**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024****3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION****3.01 PROPERTY, PLANT AND EQUIPMENT**

The movements in property, plant and equipment are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	<u>2,573,034</u>
As per Pro Forma I to III	<u><u>2,573,034</u></u>

3.02 DEFERRED TAX ASSETS

The movements in deferred tax assets are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	<u>2,973,000</u>
As per Pro Forma I to III	<u><u>2,973,000</u></u>

3.03 TRADE RECEIVABLES

The movements in trade receivables are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	<u>45,516,835</u>
As per Pro Forma I to III	<u><u>45,516,835</u></u>

3.04 CONTRACT ASSETS

The movements in contract assets are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	<u>38,175,760</u>
As per Pro Forma I to III	<u><u>38,175,760</u></u>



14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

CBH ENGINEERING HOLDING BERHAD**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024****3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.05 OTHER RECEIVABLES**

The movements other receivables are as follows:

	RM
At 31 August 2024	1,795,021
Pursuant to Acquisition	<u>1,780,317</u>
As per Pro Forma I to II	3,575,338
Pursuant to Utilisation of Proceeds - Estimated listing expenses	<u>(1,795,021)</u>
As per Pro Forma III	<u><u>1,780,317</u></u>

3.06 TAX RECOVERABLE

The movements in tax recoverable are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	<u>253,898</u>
As per Pro Forma I to III	<u><u>253,898</u></u>

3.07 FIXED DEPOSITS WITH LICENSED BANK

The movements in fixed deposits with licensed banks are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	<u>13,018,038</u>
As per Pro Forma I to III	<u><u>13,018,038</u></u>



14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

CBH ENGINEERING HOLDING BERHAD**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024****3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.08 CASH AND BANK BALANCES**

The movements in cash and bank balances are as follows:

	RM
At 31 August 2024	20
Pursuant to Acquisition	<u>28,581,451</u>
As per Pro Forma I	28,581,471
Pursuant to Public Issue	<u>83,440,000</u>
As per Pro Forma II	112,021,471
Pursuant to Utilisation of Proceeds	
- Listing expenses	<u>(3,904,979)</u>
As per Pro Forma III	<u><u>108,116,492</u></u>

3.09 SHARE CAPITAL

The movements in share capital are as follows:

	RM
At 31 August 2024	20
Pursuant to Acquisition	<u>57,142,553</u>
As per Pro Forma I	57,142,573
Pursuant to Public Issue	<u>83,440,000</u>
As per Pro Forma II	140,582,573
Pursuant to Utilisation of Proceeds	
Less: Estimated listing expenses*	<u>(2,518,794)</u>
As per Pro Forma III	<u><u>138,063,779</u></u>

* The estimated listing expenses of RM2,518,794 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM3,181,206 that is attributable to the Listing will be expensed off to profit and loss.



14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

CBH ENGINEERING HOLDING BERHAD**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024****3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.10 MERGER DEFICIT**

The movements in merger deficit are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	<u>(55,042,553)</u>
As per Pro Forma I to III	<u><u>(55,042,553)</u></u>

3.11 (ACCUMULATED LOSSES)/RETAINED EARNINGS

The movements in (accumulated losses)/retained earnings are as follows:

	RM
At 31 August 2024	(87,505)
Pursuant to Acquisition	86,074,863
Pursuant to Material Subsequent Transaction	<u>4,384,297</u>
As per Pro Forma I to II	90,371,655
Pursuant to Utilisation of Proceeds	
- Estimated listing expenses*	<u>(3,181,206)</u>
As per Pro Forma III	<u><u>87,190,449</u></u>

* The estimated listing expenses of RM2,518,794 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM3,181,206 that is attributable to the Listing will be expensed off to profit and loss.

3.12 LEASE LIABILITIES

The movements in lease liabilities are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	
- Non-current liabilities	1,356,860
- Current liabilities	<u>467,772</u>
As per Pro Forma I to III	<u><u>1,824,632</u></u>



14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

CBH ENGINEERING HOLDING BERHAD**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024****3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.13 TRADE PAYABLES**

The movements in trade payables are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	<u>12,049,991</u>
As per Pro Forma I to III	<u><u>12,049,991</u></u>

3.14 OTHER PAYABLES

The movements in other payables are as follows:

	RM
At 31 August 2024	66,425
Pursuant to Acquisition	<u>9,817,025</u>
As per Pro Forma I to III	<u><u>9,883,450</u></u>

3.15 AMOUNT DUE TO RELATED PARTIES

The movements in amount due to related parties are as follows:

	RM
At 31 August 2024	1,816,101
Pursuant to Acquisition	2,568,196
Pursuant to Material Subsequent Transaction	<u>(4,384,297)</u>
As per Pro Forma I to III	<u><u>-</u></u>



14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

CBH ENGINEERING HOLDING BERHAD**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024****3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.16 CONTRACT LIABILITIES**

The movements in contract liabilities are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	<u>15,042,080</u>
As per Pro Forma I to III	<u><u>15,042,080</u></u>

3.17 TAX PAYABLE

The movements in tax payable are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	<u>3,395,546</u>
As per Pro Forma I to III	<u><u>3,395,546</u></u>



14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

CBH ENGINEERING HOLDING BERHAD

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024 (CONT'D)

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 4 December 2024.

On behalf of the Board of Directors



Cheah Boon Hwa
Director



Cheah Boon Huat
Director



15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we have only 1 class of shares in our Company, namely, ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (b) Save for the new Shares to be issued under the Pink Form Allocations as disclosed in Section 4.3.1 of this Prospectus,
 - (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 shares of our Company or our subsidiaries; and
 - (ii) there is no scheme involving the directors and employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save as disclosed in Sections 4.3.1 and 6.3 of this Prospectus, 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 3 years immediately preceding the LPD.
- (d) Save for our Public Issue as disclosed in Section 4.3.1 of this Prospectus, there is no intention on the part of our Directors to further issue any Shares.
- (e) As at the date of this Prospectus, we do not have any outstanding warrants, options, convertible debt securities or uncalled capital.

15.2 CONSTITUTION

The following provisions are extracted from our Company's Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here, or the context otherwise requires. The following provisions extracted from our Company's Constitution are based on the Listing Requirements, the Act and the Depository Rules.

(a) Remuneration, voting and borrowing power of Directors

The provisions in our Constitution dealing with remuneration, voting and borrowing power of Directors are as follows:

Clause 93 - Directors' remuneration

The fees and benefits payable to the Directors of the Company including compensation for loss of employment of a Director or a former Director of the Company shall from time to time be approved by Members in a general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree **PROVIDED ALWAYS** that:

93.1 salaries payable to executive Director(s) may not include a commission on or percentage of turnover; and

93.2 fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover.

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15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 94 - Reimbursement of expenses

- 94.1 The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.
- 94.2 If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.

Clause 115 - Alternate Director

- 115.2 An alternate Director shall (except as regards power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such Directors' meeting at which his appointer is not present.

Clause 117 - Remuneration of Managing Director

The remuneration of a managing director or managing directors 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 include a commission on or percentage of turnover.

Clause 98 - Directors' borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company or of any related third party subject to the law, including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Clause 111 - Chairman of the Directors' meeting to have a casting vote

- 111.1 Subject to this Constitution any question arising at any meeting of the Directors shall be decided by a majority of votes, each Director having one (1) vote and a determination by a majority of the Directors shall for all purposes be deemed a determination of the Directors.
- 111.2 In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote EXCEPT where only two (2) of the Directors form a quorum and only such Directors are present at the meeting or where only two (2) of the Directors are competent to vote on the question in issue, whereupon the resolution shall be deemed not to have been passed, without affecting any other businesses at the meeting.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 113 - Disclosure of interest and restriction on discussion and voting

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by law. Subject to Section 222 of the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested **PROVIDED ALWAYS** that he has complied with Section 221 of the Act and all other relevant provisions of the Act and this Constitution.

Clause 114 - Power to vote

Without prejudice to the provisions of any other Constitution, the Act and the Listing Requirements, a Director may vote in respect of:

- (i) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security.

(b) Changes to Share Capital

The provisions in our Constitution dealing with changes in share capital are as follows:

Clause 8 - Issue of Shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, but subject to the Act, the Listing Requirements, any other statutory requirements, and to conditions, restrictions and limitations expressed in this Constitution, the Directors may allot, issue or grant rights to subscribe for or otherwise dispose of unissued shares in the Company to such persons, at such time and on such terms and conditions, with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as they deem proper, but the Directors in making any such issue of shares shall comply with the following conditions:

- (i) No Shares shall be issued at a discount except in compliance with the provisions of the Act and Listing Requirements;
- (ii) The rights attaching to shares of a class other than ordinary shares, shall be expressed in this Constitution, the respective term sheets and/or subscription agreement;
- (iii) No issue of Shares shall be made without the prior approval of the members of the Company in a general meeting; and
- (iv) No Director shall participate in a scheme that involves a new issuance of Shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director and such Director must not vote on the resolution approving the said allotment.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 52 - Power to increase capital

Subject to the Act, this Constitution, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

Clause 53 - Offer of new Shares to the existing Member

Subject to any direction to the contrary that may be given by the Company in a general meeting, any new Shares or other convertible securities of whatever kind for the time being unissued and not allotted and any new Shares or securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of the general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or securities offered and limiting a time within which the offer, if not accepted shall be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may also dispose of any new Shares or securities which (by reason of the ratio which the new Shares or Securities bear to Shares or Securities held by persons entitled to an offer of new Shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Clause 54 - Ranking of new Shares

Except so far as otherwise provided by the conditions of issue in this Constitution, any share capital raised by the creation of new Shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the allotments, the payment of calls and instalments, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Clause 55 - Power to alter capital

The Company may by ordinary resolution and subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution:

- 55.1 consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- 55.2 subdivide its share capital or any part thereof into Shares of smaller amount, subject nevertheless to the provisions of the Act and so that as between the resulting Shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such Shares;
- 55.3 cancel Shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; or

15. STATUTORY AND OTHER INFORMATION (Cont'd)

55.4 convert and/or revert and/or re-classify any class of Shares into any other class of Shares.

Clause 56 - Power to reduce capital

The Company may by special resolution, subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, reduce its share capital, any capital redemption reserve fund or any reserve account in any manner authorised by the Act and subject to any consent required by law.

(c) Transfer of shares

The provisions in our Constitution dealing with transfer of shares are as follows:

Clause 31 - Transfer of Deposited Securities

31.1 Subject to the restriction imposed by this Constitution, the Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of the Company, 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 subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

31.2 The Depository may, in its absolute discretion, refuse to register any transfer Deposited Security where the reason for transfer does not fall within any approved reasons provided for in the Rules or does not comply with the Rules.

31.3 Subject to provisions of the Act, the Listing Requirements and the Rules, there shall be no restriction on the transfer of fully paid securities except where required by law or transfer is in respect of the partly paid Shares in respect of which a call has been made and is unpaid.

Clause 32 - Transfer of Shares (Non-Deposited Securities)

32.1 Subject to the provisions of the Act and this Constitution, any Member may transfer all or any of his Shares (which is not Deposited Securities) by a duly executed and stamped instrument in writing. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the Shares transferred until the transfer is registered and the name of the transferee is entered in the Register of Members in respect thereof.

32.2 The instrument of transfer must be left for registration at the Office of the Company together with such fee not exceeding RM1.00 as the Directors from time to time may require accompanied by the certificate of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as a shareholder and retain the instrument of transfer.

32.3 Subject to the Act, the Directors may in their discretion through passing of a resolution to decline or delay registering any transfer of Shares (which is non-Deposited Security) to a person of whom they do not approve, whether or not being fully paid Shares or Shares on which the Company has a lien, within thirty (30) days from the date of receipt the instrument of transfer.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- 32.4 Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the Shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.
- 32.5 Subject to any written law, no Shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.
- 32.6 Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any Shares by the allottee thereof in favour of some other persons.
- 32.7 All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline or refuse to register shall on demand be returned to the person depositing the same. All powers of attorney granted by members for purpose, inter-alia, of transferring Shares which may be lodged, produced or exhibited to the Company or any of its proper officers shall as between the Company and the grantor of such powers be taken and deemed to continue and remain in full force and effect and the same may be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the registered office of the Company.

(d) Rights, preferences, and restrictions attached to each class of securities relating to voting, dividend, liquidation, and any special rights

The provisions in our Constitution pertaining to the rights, preferences, and restrictions attached to each class of securities including voting, dividend, liquidation, and any special rights are as follows:

Clause 8 - Issue of Shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, but subject to the Act, the Listing Requirements, any other statutory requirements, and to conditions, restrictions and limitations expressed in this Constitution, the Directors may allot, issue or grant rights to subscribe for or otherwise dispose of unissued shares in the Company to such persons, at such time and on such terms and conditions, with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as they deem proper, but the Directors in making any such issue of shares shall comply with the following conditions:

- (i) No Shares shall be issued at a discount except in compliance with the provisions of the Act and Listing Requirements;
- (ii) The rights attaching to shares of a class other than ordinary shares, shall be expressed in this Constitution, the respective term sheets and/or subscription agreement;
- (iii) No issue of Shares shall be made without the prior approval of the members of the Company in a general meeting; and

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (iv) No Director shall participate in a scheme that involves a new issuance of Shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director and such Director must not vote on the resolution approving the said allotment.

Clause 9 - Rights of preference shareholders

- 9.1 Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company has the power to issue such preference capital ranking equally with, or in priority to preference shares already issued.
- 9.2 Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, a holder of preference shares must have a right to vote in meetings of holders of their respective class of shares in each of the following circumstances:
- (i) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
 - (ii) on a proposal to reduce the Company's share capital;
 - (iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (iv) on a proposal that affects the rights attached to the preference shares;
 - (v) on a proposal to wind up the Company;
 - (vi) during the winding up of the Company; and
 - (vii) the Company shall not, without the consent of the existing preference members at a class meeting, issue further preference capital ranking in priority above preference share already issued.
- 9.3 Subject to this Constitution and/or term sheet and/or subscription agreement, a holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited financial statements, and attending general meetings.
- 9.4 The Company shall not allot any preference shares or convert any issued shares into preference shares unless in accordance with the right of the Members with respect to repayment of capital, participation in surplus assets and profits, cumulative or non-cumulative dividends, voting and priority of payment of capital and dividend in relation to other Shares and other classes of preference shares as set out in this Constitution and/or term sheet and/or subscription agreement.

Clause 10 - Repayment of preference capital

The repayment of preference share capital, other than redeemable preference shares or any alteration of preference shareholders' rights, shall 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 class meeting, consent in writing obtained from the holders of three-fourths (3/4) of the preference capital concerned within two (2) months of the class meeting shall be as valid and effectual as a special resolution carried at the meeting.

15. STATUTORY AND OTHER INFORMATION (Cont'd)**Clause 11 - Modification of class rights**

Subject to the provisions of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) 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 that class. To every such separate general meeting the provisions of this Constitution relating to general meetings shall mutatis mutandis apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) 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 apply with such adaptations as are necessary.

Clause 12 - Alteration of rights by issuance of new Shares

The rights 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 issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.

15.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer the Shares to the Minister of Finance, and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account/CDS Account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers, and privileges and be subject to all liabilities, duties, and obligations in respect of, or arising from, such Shares.

15.4 GENERAL INFORMATION

- (a) Save for the Directors' remuneration as disclosed in Section 5.2.4 of this Prospectus and dividends paid to our Promoters or substantial shareholders as disclosed in Section 5.15 of this Prospectus, 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 so paid or given, to any of our Promoters, Directors or substantial shareholders.
- (b) Save as disclosed in Section 10.1 of this Prospectus, none of our Directors or substantial shareholders has 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 procedures for application of our Shares are set out in Section 16 of this Prospectus.
- (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. STATUTORY AND OTHER INFORMATION (Cont'd)

15.5 MATERIAL CONTRACTS

As at the LPD, there is no concern on material contract (including contract that our Group's business or profitability is materially dependent on and material contract that is not in our Group's ordinary course of business) which could have a material adverse impact to our Group's business operations or financial condition.

Save as disclosed below, our Group has not entered into any material contract which is not in the ordinary course of our Group's business within the period covered by the historical financial information as disclosed in this Prospectus up to the date of this Prospectus:

- (a) sale and purchase agreement dated 11 December 2023 entered into between CBH Engineering (as the vendor) and Quay Holdings (as the purchaser) for the transfer of property referred to as Impression U-Thant Unit No. A-B-07-02, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings via the distribution of a single tier interim dividend in specie of RM1,100,000 which will be paid via transfer of the said property to Quay Holdings. CBH Engineering has also entered into a deed of assignment dated 11 January 2024 with Quay Holdings to assign and transfer CBH Engineering's rights, title, interest and benefits in Unit No. A-B-07-02, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings. The assignment was completed on 26 February 2024;
- (b) sale and purchase agreement dated 11 December 2023 entered into between CBH Engineering (as the vendor) and Quay Holdings (as the purchaser) for the transfer of property referred to as Impression U-Thant Unit No. A-D-07-01, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings via the distribution of a single tier interim dividend in specie of RM1,600,000 which will be paid via transfer of the said property to Quay Holdings. CBH Engineering has also entered into a deed of assignment dated 11 January 2024 with Quay Holdings to assign and transfer CBH Engineering's rights, title, interest and benefits in Unit No. A-D-07-01, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings. The assignment was completed on 26 February 2024;
- (c) sale and purchase agreement dated 11 December 2023 entered into between CBH Engineering (as the vendor) and Quay Holdings (as the purchaser) for the transfer of property referred to as Impression U-Thant Unit No. B-B-05-02, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings via the distribution of a single tier interim dividend in specie of RM1,100,000 which will be paid via transfer of the said property to Quay Holdings. CBH Engineering has entered into a deed of assignment dated 11 January 2024 with Quay Holdings to assign and transfer CBH Engineering's rights, title, interest and benefits in Unit No. B-B-05-02, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings. The assignment was completed on 26 February 2024;
- (d) sale and purchase agreement dated 11 December 2023 entered into between CBH Engineering (as the vendor) and Quay Holdings (as the purchaser) for the transfer of Unit No. B-B-05-03, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings via the distribution of a single tier interim dividend in specie of RM1,100,000 which will be paid via transfer of the said property to Quay Holdings. CBH Engineering has entered into a deed of assignment dated 11 January 2024 with Quay Holdings to assign and transfer CBH Engineering's rights, title, interest and benefits in Unit No. B-B-05-03, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings. The assignment was completed on 26 February 2024;
- (e) sale and purchase agreement dated 11 December 2023 entered into between CBH Engineering (as the vendor) and Quay Holdings (as the purchaser) for the transfer of No. 32, 32A & 32B, Laluan Klebang 22, Klebang Perdana, 31200 Chemor, Perak Darul Ridzuan to Quay Holdings via the distribution of a single tier interim dividend in specie of RM1,295,000 which will be paid via transfer of the said property to Quay Holdings. The assignment was completed on 14 May 2024;

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (f) settlement agreement dated 18 December 2023 entered into between CBH Engineering, Quay Holdings and Apple 99 Development Sdn Bhd (“**Apple 99**”) for the sum of RM4,590,000 owing by Apple 99 to CBH Engineering, via the transfer of the properties referred to as Impression U-Thant Unit No. A-D-07-3A and B-D-07-3A held under master title identified as Geran 79945, Lot 20010, Seksyen 89, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur by KOF Holdings Sdn Bhd (“**KOF**”), being the landowner of the land, to Quay Holdings. The settlement agreement shall be completed upon the transfer of abovementioned units by KOF to Quay Holdings;
- (g) settlement agreement dated 18 December 2023 entered into between CBH Engineering, Quay Holdings and YTB Impression Sdn Bhd (“**YTB**”) for the sum of RM1,423,800.00 owing by YTB to CBH Engineering, via the transfer of the property referred to as Impression U-Thant Unit No. B-B-07-03 held under master title identified as Geran 79945, Lot 20010, Seksyen 89, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur by KOF, being the land owner of the land, to Quay Holdings. The settlement agreement shall be completed upon the transfer of abovementioned unit by YTB to Quay Holdings;
- (h) service and revenue sharing agreement dated 1 June 2021 entered into between CBH Engineering and Alliance Steel (M) Sdn Bhd (“**ASSB**”) (collectively, referred to as the “**Parties**”) whereby ASSB has engaged CBH Engineering on an exclusive basis and CBH Engineering has accepted such engagement, to assist ASSB in their application process to obtain approval from the relevant authorities for the sale of excess electricity generated by ASSB’s manufacturing plant. As at the LPD, the service and revenue sharing agreement remains effective unless terminated by the Parties;
- (i) debt settlement agreement dated 17 May 2022 entered into between Yong Tai Berhad, PTS Impression Sdn Bhd, Apple 99, YTB Development Sdn Bhd, YTB and CBH Engineering. The total debt owing to CBH Engineering was RM8,166,524.27 and the debt settlement agreement was to settle RM5,000,000 out of the total debt via issuance of 10,000,000 new ordinary shares at RM0.50 per share by Yong Tai Berhad to CBH Engineering (“**Yong Tai Shares**”). The debt settlement was completed following the issuance of 10,000,000 Yong Tai Shares to CBH Engineering on 14 September 2022.
- (j) CBH Engineering SSA dated 24 May 2024 entered into between our Company (as the purchaser) and Quay Holdings (as the vendor) for the Acquisition of CBH Engineering. The Acquisition of CBH Engineering was completed on 23 October 2024;
- (k) CBH M&E SSA dated 24 May 2024 entered into between our Company (as the purchaser) and Quay Holdings and Soon Fong Piew (as the vendors) for the Acquisition of CBH M&E. The Acquisition of CBH M&E was completed on 23 October 2024;
- (l) CBH Maintenance SSA dated 24 May 2024 entered into between our Company (as the purchaser) and Quay Holdings and Cheah Lean Chuan (as the vendors) for the Acquisition of CBH Maintenance. The Acquisition of CBH Maintenance was completed on 23 October 2024; and
- (m) Underwriting Agreement dated 25 November 2024 between our Company and Mercury Securities as Sole Underwriter for the underwriting of 122,460,000 Underwritten Shares for an underwriting commission of 2.50% of the total value of the Underwritten Shares at our IPO Price. Please refer to Section 4.11 of this Prospectus for the salient terms of the Underwriting Agreement.

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15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.6 EXCHANGE CONTROLS

All corporations in Malaysia are required to adopt a single-tier system. As such, all dividends distributed by Malaysian corporations under this system are not taxable. Further, the Malaysian Government does not levy withholding tax on dividends payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian corporations. There is no Malaysian capital gains tax arising from the disposal of listed shares. However, in the event the capital gain arising from the disposal of listed shares is revenue in nature, such gain can be subject to income tax.

As at the date of this Prospectus, we do not have any foreign subsidiary or associated company. As such, there are no law, decree, regulation or other requirement which may affect the repatriation of capital and remittance of profits by or to our Group.

15.7 CONSENTS

- (a) The respective written consents of the Principal Adviser, Sponsor, Sole Underwriter, Sole Placement Agent, Solicitors, Company Secretaries, Share Registrar and Issuing House for the inclusion in this Prospectus of their names and all references in the form and context in which such names appear have been given before the issue of this Prospectus, and such consents have not subsequently been withdrawn;
- (b) The written consent of the External Auditors and Reporting Accountants for the inclusion in this Prospectus of its name, Accountants' Report and Reporting Accountants' Report on the compilation of Pro Forma Combined Statements of Financial Position as at 31 August 2024 and all references thereto, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus, and such consent has not subsequently been withdrawn; and
- (c) The written consent of the IMR for the inclusion in this Prospectus of its name and the IMR Report and all references thereto, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus, and such consent has not subsequently been withdrawn.

15.8 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) our Constitution;
- (b) the audited financial statements of our Group for the Financial Years Under Review and FPE 2024;
- (c) the Accountants' Report as set out in Section 13 of this Prospectus;
- (d) the Reporting Accountants' Report on the compilation of Pro Forma Combined Statements of Financial Position as at 31 August 2024 as set out in Section 14 of this Prospectus;
- (e) the IMR Report as set out in Section 8 of this Prospectus;
- (f) the material contracts as set out in Section 15.5 of this Prospectus; and
- (g) the letters of consent as set out in Section 15.7 of this Prospectus.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.9 RESPONSIBILITY STATEMENTS

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

Mercury Securities being our Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent in relation to our IPO, 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 SUMMARISED 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

Applications for our IPO Shares will be accepted and closed at the time and date stated as below:

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., ON 20 DECEMBER 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., ON 2 JANUARY 2025

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspapers within 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 the terms of 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 the 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

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.2.2 Private Placement**

Types of Application	Application Method
Application by selected investors	The Sole Placement Agent will contact the selected investors directly. They should follow the Sole Placement Agent's instructions.
Application by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Eligible persons, 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 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. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by the 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;

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (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;
 - (ii) Electronic Share Application; or
 - (iii) Internet Share Application.

16.3.3 Application by the Eligible Persons

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 on the said documents and where relevant, in this Prospectus.

The Eligible Persons who have made applications using the Pink Application Form may still apply for our IPO Shares allocated to the Malaysian Public using the White Application Form or through the Electronic Share Application or the Internet Share Application.

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 printed therein or which are illegible will not be accepted.

The FULL amount payable is RM0.28 for each IPO Share.

Payment must be made out in favour of “**TIIH SHARE ISSUE ACCOUNT NO. 786**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

- (ii) **DELIVER BY HAND AND DEPOSIT** in the issuing house drop-in box provided at 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 2 January 2025 or by such other time and date specified in any change to the time or date for the closing of the applications for our IPO shares.

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. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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.

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 following Internet Participating Financial Institutions or Participating Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malacca Securities Malaysia Sdn Bhd, Malayan Banking Berhad, Moomoo Securities Malaysia Sdn Bhd and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firms (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 or Participating Securities Firms.

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 of this Prospectus 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 anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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 IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of our IPO shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, at all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at <https://tiih.online> within one Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event this requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Sole 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 registered or correspondence address last 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).

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (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 registered or correspondence address last 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 or Participating Securities Firms 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 Participating Securities Firms (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 5th 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 Participating Securities Firms (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 or Internet Participating Financial Institution or Participating Securities Firms will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution or Internet Participating Financial Institution or Participating Securities Firms 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 registered or correspondence address last 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.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.11 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House's Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	The relevant Participating Financial Institution
Internet Share Application	The relevant Internet Participating Financial Institution or Participating Securities Firm and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as 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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