10. RELATED PARTY TRANSACTIONS

10.1 MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed below, there are no other material related party transactions entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, substantial shareholders and/or persons connected to them for the FYE Under Review, FPE 2024 and from 1 August 2024 up to the LPD:

Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
			FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**	**1 August 2024 up to the LPD**
			RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Winstar Aluminium and Anzen	Chua Boon Hong and Lee Yong Zhi, our Company's Executive Directors and substantial shareholders, are also directors and shareholders of Anzen	Purchase of safe care products such as face masks(1)	2,168 (represents 3.21% of our Group's total purchases for the FYE 2021)	591 (represents 0.63% of our Group's total purchases for the FYE 2022)	118 (represents 0.10% of our Group's total purchases for the FYE 2023)	25 (represents 0.03% of our Group's total purchases for the FPE 2024	2
MIM Industry and Anzen		Purchase of safe care products such as face masks(1)	329 (represents 0.49% of our Group's total purchases for the FYE 2021)	6 (represents 0.01% of our Group's total purchases for the FYE 2022)	1 (represent less than 0.01% of our Group's total purchases for the FYE 2023)	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Transacting parties	Nature of relationship	Nature of transaction	Transaction value FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000	1 August 2024 up to the LPD RM'000
Winstar Solar and Fabulous Sunview	Fabulous Sunview is our indirect substantial shareholder	(i) Provision of solar PV system installation services and sales of solar PV mounting structures and related accessories(2)	-	-	2,144 (represents 1.40% of our Group's total revenue for the FYE 2023)	5,014 (represents 0.05% of our Group's total revenue for the FPE 2024)	3,490
		(ii) Sponsorship payment for Fabulous Sunview's annual dinner	-	-	-	20 (represents 0.19% of our Group's total administrative expenses for the FPE 2024)	-
Winstar Aluminium and Fabulous Sunview	Fabulous Sunview is our indirect substantial shareholder	(i) Sales of solar PV mounting structures and related accessories(2)	-	-	66 (represents 0.04% of our Group's total revenue for the FYE 2023)	16 (represents 0.01% of our Group's total revenue for the FPE 2024)	-
		(ii) Sponsorship payment for Fabulous Sunview's annual dinner and brand film campaign	-	-	-	80 (represents 0.76% of our Group's total administrative expenses for the FPE 2024)	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
			FYE 2021	FYE 2022	FYE 2023	FPE 2024	1 August 2024 up to the LPD
Winstar Aluminium and Mestron Engineering Sdn Bhd	Mestron Engineering Sdn Bhd is a subsidiary of Mestron Holdings Berhad, a former substantial shareholder of Winstar Aluminium	Purchase of extruded aluminium profiles(3)	-	7,105 (represents 7.61% of our Group's total purchases for the FYE 2022)	4,878 (represents 3.95% of our Group's total purchases for the FYE 2023)	-	-

Notes:

(1) The safe care products were purchased for our Group's trading activities in view of the COVID-19 pandemic.

(2) Recurrent related party transaction.

(3) After the disposal of the 10.00% equity interest in Winstar Aluminium by Mestron Holdings Berhad to Vafe System which was completed on 8 February 2024, any subsequent transactions between Mestron Engineering Sdn Bhd with our Group will no longer be deemed as related party transactions.

Our Board confirms that all the related party transactions outlined above were transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group as the related party transactions outlined above were transacted at prevailing market rates similar to our other customers and suppliers.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if such related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such recurrent related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and our non-interested shareholders, and to mitigate any potential conflict of interest situations, our Audit and Risk Management Committee will, among others, supervise and monitor any related party transactions and/or recurrent related party transactions and the terms thereof, and report to our Board for further action. Where necessary, our Board will make appropriate disclosure in our annual report with regard to any recurrent related party transactions entered into by us.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

10.2 RELATED PARTY TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

There are no related party transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party to in respect of the FYE Under Review and up to the LPD.

10.3 MATERIAL LOANS AND FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF RELATED PARTIES

Our Board has confirmed that there are no outstanding material loans and financial assistance made by us to or for the benefit of any related parties during the FYE Under Review and up to the LPD.

10.4 MATERIAL LOANS AND FINANCIAL ASSISTANCE FROM RELATED PARTIES TO OUR GROUP

Save as disclosed below, our Board has confirmed that there are no outstanding material loans and financial assistance made by any related parties to our Group during the FYE Under Review, FPE 2024 and from 1 August 2024 up to the LPD:

			Transaction value				
Parties	**Nature of relationship**	**Nature of transaction**	**FYE 2021**	**FYE 2022**	**FYE 2023**	**FPE 2024**	**1 August 2024 up to the LPD**
			RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Chua Nyok Chong and Winstar Aluminium	Chua Nyok Chong is our Group's Non-Independent Executive Vice Chairman and substantial shareholder	Advances received from substantial shareholder for working capital	-	900 (represents 1.63% of our Group's NA as at 31 December 2022)	-	-	-

The abovementioned advances made by Chua Nyok Chong to Winstar Aluminium were not made on an arm's length basis as it was provided free of interest. As at the date of this Prospectus, all advances made by the related parties to or for the benefit of our Group have been fully settled. Moving forward, we will not be receiving any such financial assistance to or for the benefit of our Group from our related parties.

For the FYE Under Review and FPE 2024, Chua Nyok Chong, Chua Boon Hong, Khoo Nee Cheng and Lee Yong Zhi, who are our Promoters, substantial shareholders and Key Senior Management, have extended personal guarantees for financing facilities granted to our Group.

In conjunction with our Listing, we have written to our financiers to seek approval for the release and/or discharge of the personal guarantees by substituting the same with corporate guarantees from our Company (as the case may be). As at the LPD, we have received conditional approvals from all of our financiers, namely RHB Bank, Public Bank, UOB Bank, Maybank Islamic, Hong Leong Bank, Hong Leong Islamic Bank Berhad, AmBank, BMW Group Financial Services Malaysia and Affin Bank Berhad, (subject to, among others, our Listing) for the substitution of the said personal guarantees with corporate guarantees from our Company.

10.5 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.5.1 Audit and Risk Management Committee review

Our Audit and Risk Management Committee will review related party transactions and conflicts of interest situations that may arise within our Company or our Group. Our Audit and Risk Management Committee also reviews any transaction, procedure or course of conduct that raises questions on management integrity, including our related party transactions. In reviewing the related party transactions, the following, among others, will be considered:

(a) the rationale and the cost/benefit to our Company is first considered;

(b) where possible, comparative quotes will be taken into consideration;

(c) that the transactions are based on normal commercial terms and are not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and

(d) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

10.5.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. Prior to entering into a commercial contract, agreement, or transaction, the relevant head of department must identify whether it constitutes a related party transaction. All related party transactions must be reviewed by our Audit and Risk Management Committee to confirm that it is a related party transaction. Our Audit and Risk Management Committee will monitor the cumulative value of the transactions, and where the transaction reaches the relevant threshold, our Company is required to comply with the obligations under the Listing Requirements. It is the policy of our Group that an announcement of a related party transaction and/or conflict of interest must be made to Bursa Securities in accordance with the Listing Requirements as soon as possible after the terms of the transaction have been agreed upon. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are fair and reasonable and are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms which are not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders. In respect of our Directors' interests in companies carrying on similar business, our Directors will also be required to abstain from deliberations and voting on resolutions pertaining to matters and/or transactions where a conflict of interest may arise.

11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES WHICH ARE CARRYING ON A SIMILAR TRADE AS OUR GROUP OR WHICH ARE OUR CUSTOMERS AND/OR OUR SUPPLIERS

As at the LPD, save as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in any entities which are carrying on a similar trade as our Group, which are customers or suppliers of our Group:

No.	Entity	Principal activities	Nature	Nature of interest in the entity
1.	Anzen	Manufacturer, wholesaler, and retailer of safety and protective equipment, pharmaceuticals and other related products.	Supplier	Chua Boon Hong and Lee Yong Zhi, who are our Executive Directors and substantial shareholders, are also directors and shareholders of Anzen.
2.	Fabulous Sunview	EPCC of solar PV facilities and other renewable energy facilities, provision of solar PV construction and installation services, and associated services and products	Customer	Fabulous Sunview is our indirect substantial shareholder.
3.	JKY Sink	Trading and manufacturing of sink and other related products.	(a) Customer; (b) Supplier; and (c) Landlord for our workers' accommodation	Lee Yong Zhi, who is our Executive Director and substantial shareholder, is also a shareholder of JKY Sink.

Notwithstanding the above, our Board is of the view that the interests of Chua Boon Hong and Lee Yong Zhi in Anzen, the interests of Lee Yong Zhi in JKY Sink, and our Group's transactions with Fabulous Sunview do not give rise to any existing or potential conflict of interest situation after taking into consideration the following:

11.1.1 Anzen

(a) Anzen and our Group do not have similar nature of businesses;

(b) We are not dependent on Anzen as our supplier as our Group's purchases from Anzen represents approximately 3.70%, 0.64%, 0.10% and 0.03% of our Group's total purchases for the FYEs 2021, 2022, 2023 and FPE 2024, respectively;

(c) All purchases from Anzen are transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group and are comparable to those purchased from third parties;

(d) The involvement of Chua Boon Hong and Lee Yong Zhi in Anzen will not affect their commitment and responsibilities to our Group as they are not involved in the day-to-day management of Anzen given that Anzen has its own independent and standalone management team to undertake its day-to-day management and operations; and

(e) As at the LPD, Chua Boon Hong and Lee Yong Zhi have ceased business operation of Anzen and intend to wind up Anzen in FYE 2025 as they do not intend to continue its business.

11.1.2 Fabulous Sunview

(a) We are not dependent on Fabulous Sunview as our customer as our Group's sales to Fabulous Sunview represents approximately 1.44% and 0.06% of our Group's total revenue for the FYE 2023 and FPE 2024, respectively. There were no sales to Fabulous Sunview for the FYEs 2021 and 2022; and

(b) All sales to Fabulous Sunview are transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group and are comparable to those sold to third parties.

11.1.3 JKY Sink

(a) JKY Sink and our Group do not have similar nature of businesses;

(b) The value transacted with JKY Sink for FYEs 2021, 2022, 2023, FPE 2024 and the period from 1 August 2024 up to the LPD is only RM10,634, RM1,200, RM5,400, RM12,600 and RM10,800, respectively, for the sale of safe care products in FYEs 2021 and 2022, purchase of wooden pallets in FYE 2023 and rental of worker's accommodation for the period from 15 April 2024 up to the LPD;

(c) All transactions with JKY Sink are transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group and are comparable to those of third parties; and

(d) The involvement of Lee Yong Zhi in JKY Sink will not affect his commitment and responsibilities to our Group as he is not involved in the day-to-day management of JKY Sink given that JKY Sink has its own independent and standalone management team to undertake its day-to-day management and operations.

Moving forward, our Audit and Risk Management Committee will supervise any actual conflict of interest or potential conflict of interest situations that may arise within our Company or our Group including such transaction, procedure or course that raises questions on management integrity. Our Audit and Risk Management Committee will also ensure that any such transactions are carried out on terms that are not detrimental to our Group.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transactions and the terms thereof and report to our Board for further action. Please refer to Section 10.5 of this Prospectus for the procedures to be taken to ensure that related party transactions (if any) are undertaken on an arm's length basis.

11.2 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

(i) TA 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 Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter for our Listing.

(ii) Teh & Lee has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing.

(iii) Eco Asia Capital Advisory Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest situation in its capacity as the Financial Adviser for our Listing. Its scope of work as the Financial Adviser (which is intended to complement the role of TA Securities) includes the following:

(a) to jointly advise with TA Securities on our Group's restructuring, equity and corporate structure in preparation for our IPO;

(b) to jointly advise with TA Securities on the listing scheme including the offering structure (optimal public shareholding spread and Bumiputera equity requirement), IPO pricing and valuation in relation to our IPO;

(c) to participate as a member of the due diligence working group for the purpose of due diligence exercise as required for our IPO;

(d) to assist our Group in reviewing of the management discussion and analysis on the financial position and results of operations of our Group for the FYE Under Review;

(e) to assist our Group in compiling information and documents for our IPO;

(f) to assist in reviewing this Prospectus and submission documents to the relevant authorities and other agencies or bodies in respect of our IPO and Listing;

(g) to assist in reviewing other relevant public documents prepared by the relevant advisers in relation to our IPO;

(h) to liaise with all professional advisers involved in our IPO;

(i) to attend to relevant meetings with us and the professionals and advisers in relation to our IPO; and

(j) to assess and advise other issues relevant to our IPO.

(iv) UHY Malaysia has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest situation in its capacity as the Auditors and Reporting Accountants for our Listing.

(v) Protégé has given its written confirmation that, as at the date of this Prospectus, that there is no existing or potential conflict of interest situation in its capacity as the IMR for our Listing.

12.1 HISTORICAL FINANCIAL INFORMATION

Our Group's historical audited financial information comprise the combined statements of financial position, combined statements of profit or loss and other comprehensive income and combined statements of cash flows for the FYE Under Review and the FPE 2024. The historical financial information of our Group for the FPE 2023 is prepared based on the historical combined unaudited financial statements of our Group. The historical audited financial information for the FYE Under Review and the FPE 2024 as well as the historical unaudited financial information for the FPE 2023 have been prepared in accordance with the MFRS and the IFRS.

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 12.2 of this Prospectus and the Accountants' Report included in Section 13 of this Prospectus.

12.1.1Combined 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 the FYE Under Review, FPE 2023 and FPE 2024, which have been extracted from the Accountants' Report:

	Audited			**Unaudited**	**Audited**
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	89,755	109,910	153,685	77,760	107,984
Cost of sales	(71,490)	(88,620)	(123,331)	(63,794)	(89,155)
GP	**18,265**	**21,290**	**30,354**	**13,966**	**18,829**
Other income	805	1,355	673	197	115
Administrative expenses	(13,477)	(13,300)	(16,283)	(8,645)	(10,536)
Changes on impairment of financial instruments	(81)	(116)	216	-	377
Profit from operations	**5,512**	**9,229**	**14,960**	**5,518**	**8,785**
Finance costs	(1,783)	(1,873)	(3,245)	(1,818)	(2,115)
PBT	**3,729**	**7,356**	**11,715**	**3,700**	**6,670**
Tax expense	(1,104)	(2,093)	(3,698)	(1,168)	(1,817)
PAT	**2,625**	**5,263**	**8,017**	**2,532**	**4,853**
Other comprehensive income:					
Revaluation gain on land and buildings, net of tax	-	-	11,456	-	-
Total other comprehensive income	**-**	**-**	**11,456**	**-**	**-**
Total comprehensive income	**2,625**	**5,263**	**19,473**	**2,532**	**4,853**
PAT attributable to:					
- Owners of our Company	2,625	5,263	8,017	2,532	4,853
- Non-controlling interests	-	-	-	-	-
	2,625	**5,263**	**8,017**	**2,532**	**4,853**

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited			Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total comprehensive income attributable to:					
- Owners of our Company	2,625	5,263	19,473	2,532	4,853
- Non-controlling interests	-	-	-	-	-
	2,625	**5,263**	**19,473**	**2,532**	**4,853**
Supplementary financial information					
EBIT[(1)]	5,443	9,157	14,817	5,477	8,731
EBITDA[(1)]	8,742	12,588	18,883	7,647	11,198
GP margin[(2)] (%)	20.35	19.37	19.75	17.96	17.44
PBT margin[(3)] (%)	4.15	6.69	7.62	4.76	6.18
PAT margin[(4)] (%)	2.92	4.79	5.22	3.26	4.49
Basic and diluted EPS[(5)] (sen)	1.12	2.25	3.43	1.08	2.08
Effective tax rate[(6)] (%)	29.61	28.45	31.57	31.57	27.24

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	*2,625*	*5,263*	*8,017*	*2,532*	*4,853*
Less: Interest income	*(69)*	*(72)*	*(143)*	*(41)*	*(54)*
Add:					
Finance costs	*1,783*	*1,873*	*3,245*	*1,818*	*2,115*
Taxation	*1,104*	*2,093*	*3,698*	*1,168*	*1,817*
EBIT	***5,443***	***9,157***	***14,817***	***5,477***	***8,731***
Add:					
Depreciation of PPE	*1,607*	*1,724*	*2,233*	*1,197*	*1,422*
Depreciation of right-of-use assets	*1,657*	*1,666*	*1,788*	*947*	*1,019*
Depreciation of investment properties	*35*	*41*	*45*	*26*	*26*
EBITDA	***8,742***	***12,588***	***18,883***	***7,647***	***11,198***

(2) Calculated based on GP over revenue.

(3) Calculated based on PBT over revenue.

(4) Calculated based on PAT over revenue.

(5) Calculated based on PAT divided by 233,450,000 Shares in issue upon completion of the Acquisition but before our IPO. There is no dilution of EPS.

(6) Calculated based on income tax expenses over PBT.

12.1.2 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, 2023 and 31 July 2024 which have been extracted from the Accountants' Report.

	Audited			
	As at 31 December			As at 31 July
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
PPE	12,580	11,989	15,552	15,686
Right-of-use assets	31,871	30,487	48,912	48,377
Investment properties	1,918	2,807	2,762	2,736
Goodwill on consolidation	93	93	93	93
Total non-current assets	**46,462**	**45,376**	**67,319**	**66,892**
Current assets				
Inventories	34,650	46,895	58,601	68,854
Trade receivables	27,552	23,862	46,398	54,501
Other receivables	4,403	2,367	1,619	3,122
Contract assets	-	-	383	1,232
Tax recoverable	161	216	293	173
Fixed deposits with licensed banks	2,563	5,305	3,525	3,794
Cash and bank balances	3,535	3,592	5,379	11,061
Total current assets	**72,864**	**82,237**	**116,198**	**142,737**
Total assets	**119,326**	**127,613**	**183,517**	**209,629**
Equity				
Share capital	8,060	8,060	8,060	8,060
Reserves	5,343	5,343	16,799	16,799
Retained earnings	36,494	41,757	47,774	52,628
Total equity/ Net assets	**49,897**	**55,160**	**72,633**	**77,487**
Non-current liabilities				
Bank borrowings	12,932	13,184	21,629	19,197
Lease liabilities[(1)]	838	478	2,714	2,273
Deferred tax liabilities	2,946	3,264	6,296	6,051
Total non-current liabilities	**16,716**	**16,926**	**30,639**	**27,521**

	Audited			
	As at 31 December			As at 31 July
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Trade payables	12,435	17,537	39,045	41,351
Other payables	11,253	9,570	6,496	2,939
Bank borrowings	27,543	27,172	33,132	57,693
Lease liabilities(1)	1,445	546	1,102	1,115
Tax payables	37	702	470	1,523
Total current liabilities	**52,713**	**55,527**	**80,245**	**104,621**
Total liabilities	**69,429**	**72,453**	**110,884**	**132,142**
Total equity and liabilities	**119,326**	**127,613**	**183,517**	**209,629**

Note:

(1) Lease liabilities comprise of:

	Audited			
	As at 31 December			*As at 31 July*
	2021	*2022*	*2023*	*2024*
	RM'000	*RM'000*	*RM'000*	*RM'000*
Non-current				
Hire purchase	*664*	*422*	*608*	*534*
Rental lease arrangement	*174*	*56*	*2,106*	*1,739*
	838	***478***	***2,714***	***2,273***
Current				
Hire purchase	*890*	*429*	*373*	*331*
Rental lease arrangement	*555*	*117*	*729*	*784*
	1,445	***546***	***1,102***	***1,115***
Total lease liabilities	***2,283***	***1,024***	***3,816***	***3,388***

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and segmental analysis of our combined financial statements for the FYE Under Review, FPE 2023 and FPE 2024 should be read with the Accountants' Report included in Section 13 of this Prospectus.

The management's discussion and analysis contains data derived from our audited and unaudited combined financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ considerably from those projected in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Prospectus, particularly the risk factors as disclosed in Section 5 of this Prospectus.

There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in. For further details on the accounting policies of our Group, see Note 3 of the Accountants' Report as disclosed in Section 13 of this Prospectus.

12.2.1 Overview of our operations

(i) Principal activities

Our Group is principally involved in the extrusion of aluminium profiles and fabrication of aluminium ladders as well as aluminium solar PV mounting structures and related accessories. We are also involved in the trading and distribution of building materials and provision of solar PV system installation services. Please refer to Section 7 of this Prospectus for our Group's detailed business overview.

(ii) Revenue recognition

Revenue is recognised when our Group satisfies a performance obligation by transferring promised goods or services to the customer, which is when the customer obtains control of such goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue from the sale of goods

Revenue is recognised at a point in time upon delivery of goods where control of the goods has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

Revenue from our aluminium extrusion segment is derived from aluminium extrusion activities to produce extruded aluminium profiles, for our customers mainly in the construction and property development industries. We also serve customers from manufacturing industry as well as wholesalers. Depending on the quality and finishing requirements of our customers, the extruded aluminium profiles may undergo additional secondary processing, namely anodising or powder coating. Our revenue in this segment also includes fabrication and assembly of aluminium ladders which we will then distribute under our own "Asteri" brand or as an OEM for hardware wholesalers. In addition, our revenue in this segment includes the fabrication of aluminium solar PV mounting structures and related accessories, which we started in early 2024.

Revenue from our trading and distribution of building materials segment is derived from the trading and distribution of extruded aluminium profiles, stainless-steel products, aluminium products, silicone sealants, ironmongery products, among others, for our customers mainly in the construction and property development industries. We also serve customers from manufacturing industry as well as wholesalers.

Revenue from solar PV system installation services

Revenue is recognised over time as the customers simultaneously received and consumed the benefits provided by our Group's performance, and our Group has a present right to payment for the services.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

Revenue from our solar PV system installation services segment is derived from the provision of installation services of solar PV system to our customer in the solar PV industry. We are involved in the scheduling of project timeline, managing progress claims and overseeing project execution progress while the installation work is subcontracted.

(iii) Cost of sales

Aluminium extrusion segment

Our cost of sales for the aluminium extrusion segment mainly comprises of the following:

(a) Raw materials

Raw materials cost mainly consist of purchases of aluminium billets and surface finishing materials.

(b) Direct labour

Direct labour cost mainly consist of salaries/wages and statutory contributions paid to our production workers.

(c) Factory overheads

Factory overheads cost mainly consist of depreciation for PPE, depreciation of right-of-use assets, upkeep expenses and utilities charges.

Trading and distribution of building materials segment

Our cost of sales for trading and distribution of building materials segment mainly comprises of purchases of extruded aluminium profiles, stainless-steel products, aluminium products, silicone sealants, ironmongery products, among others, from manufacturers and wholesaler suppliers.

Solar PV system installation services segment

Our cost of sales for solar PV system installation services segment comprises of subcontractors' fee.

(iv) Other income

Other income mainly includes rental income, gain on disposal of PPE, gain on disposal of right-of-use assets, gain on disposal of assets held for sale, insurance claim, wages subsidy and interest income.

(v) Administrative expenses

Administrative expenses mainly comprise staff costs, directors' remuneration, depreciation of right-of-use assets, depreciation of PPE, travelling expenses, professional fees, upkeep expenses and utility charges.

(vi) Finance costs

Finance costs mainly comprise interest expenses on bank guarantee, bank overdrafts, bankers' acceptance, lease liabilities and term loans.

(vii) Recent developments

Save for the Acquisition, there were no other significant events subsequent to our Group's audited combined financial statements for FPE 2024.

(viii) Exceptional or extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the FYE Under Review and FPE 2024. In addition, our audited combined financial statements for the FYE Under Review and FPE 2024 were not subjected to any audit qualifications by our auditors.

12.2.2 Significant factors affecting our financial condition and results of operations

Section 5 of this Prospectus details a number of risk factors relating to our business and industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect revenue and profits include but are not limited to the following:

(i) Dependency on our major supplier

Our Group is dependent on our major supplier, Formosa, for the supply of aluminium billets for our aluminium extrusion activities. Formosa has been a supplier of our Group for approximately 20 years as at the LPD and had contributed approximately 49.70%, 45.31%, 43.40% and 42.56% of our Group's total purchases for the FYEs 2021, 2022, 2023 and FPE 2024, respectively.

While there are local and overseas suppliers of aluminium billets, our aluminium billets are sourced almost exclusively from Formosa. For the FYE Under Review and FPE 2024, other suppliers accounted for less than 1.00% of our total purchases of aluminium billets. We have not entered into any long-term supply agreement with Formosa for the supply of aluminium billets at a fixed price or at a minimum quantity per year due to the fluctuations in our raw material prices. Our production output and production costs remain dependent on a stable and adequate supply of aluminium billets at competitive prices for our Group to maintain our profit margins. If we are unable to procure aluminium billets in the quantities or at prices that we require, our production output and profit margins may be adversely affected. During the FYE Under Review and FPE 2024, we have not experienced any material disruptions in terms of the supply of aluminium billets from Formosa.

Although we have identified other suppliers for the supply of aluminium billets, we have continued to purchase most of our aluminium billets from Formosa as our longstanding working relationship has afforded us with a consistent supply of aluminium billets at terms which are more favourable than those offered by other suppliers. Notwithstanding, we do not foresee any difficulty in having to source for aluminium billets from other suppliers as these raw materials are commodities which are readily available and can be sourced both locally and internationally.

However, there is no assurance that we will be able to procure our aluminium billets from other suppliers at favourable prices and/or in a timely manner. Any major disruption or sudden cessation of supply from our suppliers for any reason may result in a shortage of supply of aluminium billets which may affect our Group's production schedule and the delivery of our products to our customers or result in our Group having to pay a higher cost for aluminium billets which consequently, may materially and adversely affect our Group's business operations, financial performance and future growth.

(ii) Fluctuation in raw material prices

Our main raw material, namely aluminium billets, is sourced from local suppliers. For the FYEs 2021, 2022, 2023 and FPE 2024, aluminium billets accounted for approximately 48.47%, 44.28%, 42.19% and 41.26% of our Group's total purchases, respectively. Hence, we require a consistent supply of aluminium billets from our suppliers to meet the orders from our customers.

The fluctuations in the price of aluminium billets are mainly caused by the fluctuations in the price of its raw materials, namely aluminium, which is a globally traded commodity and is mainly priced in USD. The price of aluminium is affected by numerous factors beyond our control, such as global economic and political conditions, supply and demand, inventory levels maintained by suppliers, potential disruptions in the supply chain and currency exchange rates.

In the ordinary course of business, we maintain inventories of aluminium billets of up to two weeks supply to minimise any delays and potential disruptions in the supply chain. Occasionally, we commit to purchase aluminium billets in bulk of up to 1,000 tonnes when prices are favourable through purchase orders and arrange for periodic delivery based on schedules determined by us.

We also maintain inventory of work-in-progress products (i.e., products that are partially finished before undergoing further processing into finished goods in our aluminium extrusion segment) as well as finished goods made from aluminium such as aluminium ladders and extruded aluminium profiles under the trading and distribution of building materials segment.

We may be impacted by fluctuations in the price of aluminium if the market price of aluminium is higher at the time of purchase and lower at the time of the sale to our customers as we price our aluminium products according to the global price of aluminium. We are generally able to pass on any increase in raw material price to our customers. However, our profitability may be adversely affected if we are unable to do so on a timely basis, or should we decide not to do so in order to maintain our competitive pricing. Therefore, there can be no assurance that any fluctuations in the price of aluminium will not affect the future profitability of our Group.

(iii) Competition risk

Our Group competes with both existing industry players and new market entrants in terms of, amongst others, pricing, delivery times, product and service offerings, customer service, and relationships with suppliers and customers.

Notwithstanding that we are able to capitalise on our competitive advantages such as our established track record and reputation in the aluminium extrusion market, our comprehensive operational facilities, our offering of a wide range of products, as well as our experienced Key Senior Management, there can be no assurance that we will be able to continue to effectively compete with our competitors as some of our competitors may have a longer operating history, better financial resources, stronger technical capabilities, higher quality of products and services, as well as better relationship with customers. In the event that we are unable to compete effectively or are unable to adapt to changing market conditions and trends in a timely manner, we may experience loss of market share and our business operations and financial performance may be adversely affected.

(iv) Risk of inadequate insurance coverage

Our business operations involve risks and hazards including, but not limited to, workplace and other accidents, wilful property damage, theft, fire, flood and other natural disasters which may cause loss of or damage to our products and/or significant damage to our manufacturing facilities, storage and offices, thus disrupting and affecting our business operations. We have purchased insurance policies to mitigate various risks that are relevant to our business and operations which include, among others, all risks, fire, flood, and burglary.

Nevertheless, our insurance coverages are subject to certain limitations and exclusion in terms of claimable amount and insurable events. There can be no assurance that our existing insurance policies will be sufficient to cover all potential damages. Furthermore, we may also face an increase in insurance premiums and/or deductibles or a reduced coverage and/or additional exclusions in relation to our existing insurance policies. Where losses, damages or liabilities are uninsured, not covered under our insurance policies, or where the insurance coverage is insufficient, we may have to bear such losses, damages or liabilities and consequently our business operations and financial performance may suffer a material adverse impact.

12.2.3 Revenue

(a) Analysis of revenue by business segments

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Core business										
Aluminium extrusion[(1)]	56,528	62.98	62,925	57.25	87,936	57.22	44,651	57.42	68,004	62.98
Trading and distribution of building materials[(2)]	33,227	37.02	46,985	42.75	64,640	42.06	33,024	42.47	37,494	34.72
Non-core business										
Solar PV system installation services[(3)]	-	-	-	-	1,109	0.72	85	0.11	2,486	2.30
Total	**89,755**	**100.00**	**109,910**	**100.00**	**153,685**	**100.00**	**77,760**	**100.00**	**107,984**	**100.00**

Notes:

(1) Includes extrusion of aluminium profiles that can be used by our customers to fabricate into various building materials such as window and door frames, industrial materials, kitchen cabinets, among others. In addition, we also fabricate and assemble aluminium ladders from the aluminium profiles that we extruded. Starting in early 2024, we also began to fabricate aluminium solar PV mounting structures and related accessories from the aluminium profiles that we extruded. The table below sets out the breakdown of our aluminium extrusion segment revenue:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Extruded aluminium profiles	48,129	85.14	54,768	87.04	78,761	89.57	39,638	88.77	(i)61,190	89.98
Aluminium ladders	8,399	14.86	8,157	12.96	9,175	10.43	5,013	11.23	6,445	9.48
Aluminium solar PV mounting structures and related accessories	-	-	-	-	-	-	-	-	369	0.54
Total	**56,528**	**100.00**	**62,925**	**100.00**	**87,936**	**100.00**	**44,651**	**100.00**	**68,004**	**100.00**

Subnote:

(i) Includes extruded aluminium profiles for rails of solar PV systems.

(2) The table below sets out the breakdown of our trading and distribution of building materials segment revenue:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Extruded aluminium profiles(i)	3,468	10.44	13,481	28.69	16,733	25.89	9,538	28.88	7,294	19.45
Stainless-steel products(ii)	4,919	14.80	5,484	11.67	12,562	19.43	6,575	19.91	10,673	28.47
Aluminium products(iii)	7,874	23.70	8,706	18.53	16,637	25.73	6,810	20.62	8,093	21.58
Silicone sealants(iv)	4,690	14.11	8,027	17.09	10,006	15.48	5,373	16.27	6,852	18.27
Ironmongery products(v)	4,947	14.89	6,848	14.57	4,807	7.44	2,492	7.55	2,450	6.54
Others(vi)	7,329	22.06	4,439	9.45	3,895	6.03	2,236	6.77	2,132	5.69
Total	**33,227**	**100.00**	**46,985**	**100.00**	**64,640**	**100.00**	**33,024**	**100.00**	**37,494**	**100.00**

Subnotes:

(i) *Represents sales of extruded aluminium profiles purchased from our suppliers. The sales of extruded aluminium profiles purchased from our suppliers represent 5.78%, 17.64%, 15.99%, 17.60% and 9.69% of our Group's total sales of extruded aluminium profiles (including aluminium ladders) for the FYEs 2021, 2022, 2023, FPE 2023 and (including aluminium ladders as well as aluminium solar PV mounting structures and related accessories) for the FPE 2024, respectively.*

(ii) *Mainly include stainless-steel tubes, hollows, flat sheet.*

(iii) *Mainly include aluminium flat sheet, chequered plates, panels, as well as solar PV mounting structure and accessories (for FYE 2023 only).*

(iv) *Represent various types and brands of silicone sealants.*

(v) *Mainly include window and door accessories such as floor spring, handles, door hinges, door lock.*

(vi) *Mainly include packaging items, safe care products, PVC gaskets, glass hardware and accessories such as netting, joint clips.*

(3) *Represents provision of installation services for solar PV system, where we are involved in the scheduling of project timeline, managing progress claims and overseeing project execution progress while the installation work is subcontracted.*

The table below sets out the breakdown of the volume sold by our Group for the FYE Under Review, FPE 2023 and FPE 2024:

	Unit	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
Aluminium extrusion						
- *Extruded aluminium profiles*	Tonne	2,166.20	2,438.66	4,381.15	2,249.28	3,313.53
- *Aluminium ladders*	Step	1,192,476	812,014	1,012,448	456,160	530,609
- *Aluminium solar PV mounting structures and related accessories*	Piece	-	-	-	-	11,252
Trading and distribution of building materials						
- *Extruded aluminium profiles*	Tonne	210.51	676.10	941.25	516.76	419.47
- *Stainless-steel products*	Tonne	197.82	347.77	1,045.50	312.20	603.14
- *Aluminium products*	Piece	2,920,929	2,251,067	2,274,212	1,246,279	1,549,148
- *Silicone sealants*	Piece	588,649	855,143	1,079,858	574,956	768,573
- *Ironmongery products*	Piece	292,671	332,977	200,150	111,866	173,006
- *Others*	Piece	767,429	451,731	389,282	199,312	210,129
Solar PV system installation services	Project	-	-	3	1	4

Our revenue was mainly derived from the aluminium extrusion segment which comprise of extrusion of aluminum profiles as well as fabrication and assembly of aluminium ladders and aluminium solar PV mounting structures and related accessories, contributing between 57.22% and 62.98% of our total revenue during the FYE Under Review, FPE 2023 and FPE 2024. Revenue contribution from the trading and distribution of building materials segment are ranging between 34.72% and 42.75% during the FYE Under Review, FPE 2023 and FPE 2024.

Our Group's expansion into the provision of solar PV system installation services began with the emergence of Vafe System, a subsidiary of Sunview Group Berhad, as Winstar Aluminium's corporate shareholder. The Sunview Group are involved in the provision of EPCC of solar PV facilities, solar PV construction and installation services, as well as solar power generation and supply. The relationship between the Winstar Group and the Sunview Group has enabled our Group's venture into the provision of solar PV system installation services segment in FYE 2023. In providing solar PV system installation services, we are involved in the scheduling of project timeline, managing progress claims and overseeing project execution progress while the installation work is subcontracted. Revenue contribution from the solar PV system installation services is ranging between 0.11% and 2.30% during FYE 2023, FPE 2023 and FPE 2024.

(b) Commentaries on revenue by business segment

Comparison between FYE 2021 and FYE 2022

Our Group's revenue increased by RM20.15 million or 22.45% from RM89.76 million in FYE 2021 to RM109.91 million in FYE 2022, as further explained below:

Aluminium extrusion segment

Revenue generated from our aluminium extrusion segment increased by RM6.40 million or 11.32% from RM56.53 million in FYE 2021 to RM62.93 million in FYE 2022. The overall increase was mainly due to the increase in sales of our extruded aluminium profiles by RM6.64 million or 13.80% in FYE 2022 as compared to FYE 2021, whilst revenue generated from the sale of aluminium ladders was fairly consistent in both FYEs 2021 and 2022.

The increase in our revenue generated from extruded aluminium profiles was mainly due to the increase in sales volume by 272.46 tonnes or 12.58%, from 2,166.20 tonnes in FYE 2021 to 2,438.66 tonnes in FYE 2022. The increase was mainly attributable to higher sales to some of our top 5 customers, namely Kerjaya Prospek Group and Hitti Aluminium Sdn Bhd which operate in the property development and construction industries. The overall increase in our sales volume was also partially led by the gradual revival of many construction projects in Malaysia after recovering from the COVID-19 pandemic. Our extruded aluminium profiles were used by them to fabricate into window and door frames as well as other industrial materials such as equal channels and hollows for their property development/construction projects.

Trading and distribution of building materials segment

Revenue generated from our trading and distribution of building materials segment increased by RM13.76 million or 41.41% from RM33.23 million in FYE 2021 to RM46.99 million in FYE 2022, mainly due to the following:

(i) increase in revenue from the trading and distribution of extruded aluminium profiles by RM10.01 million or 288.47%, from RM3.47 million in FYE 2021 to RM13.48 million in FYE 2022, mainly due to the increase in sales volume of extruded aluminium profiles by 465.59 tonnes or 221.17%, from 210.51 tonnes in FYE 2021 to 676.10 tonnes in FYE 2022. Similar to the increase in revenue from the sales of internally extruded aluminium profiles in our aluminium extrusion segment, the increase in sales volume of the extruded aluminium profiles in our trading and distribution of building materials segment was also mainly derived from our top 5 customers, namely Kerjaya Prospek Group and Hitti Aluminium Sdn Bhd coupled with the gradual revival of many construction projects in Malaysia after recovering from the COVID-19 pandemic. Due to production capacity constraints, we fulfilled our customers' demands for extruded aluminium profiles by purchasing them from other suppliers through our trading and distribution of building materials segment; and

(ii) increase in revenue from the trading and distribution of silicone sealants by RM3.34 million or 71.22%, from RM4.69 million in FYE 2021 to RM8.03 million in FYE 2022, mainly due to the increase in sales volume of silicone sealants by 266,494 pieces or 45.27%, from 588,649 pieces in FYE 2021 to 855,143 pieces in FYE 2022, as we actively encouraged our customers who purchased our extruded aluminium profiles to also purchase silicone sealants, which are commonly used in the installation of the finished aluminium products.

Comparison between FYE 2022 and FYE 2023

Our Group's revenue increased by RM43.78 million or 39.83% from RM109.91 million in FYE 2022 to RM153.69 million in FYE 2023, as further explained below:

Aluminium extrusion segment

Revenue generated from our aluminium extrusion segment increased by RM25.01 million or 39.74% from RM62.93 million in FYE 2022 to RM87.94 million in FYE 2023. The overall increase was mainly due to an increase in sales of our extruded aluminium profiles by RM23.99 million or 48.80% in FYE 2023 as compared to FYE 2022. The increase in revenue from our aluminium extrusion segment was also partially contributed by the sales of aluminium ladders which had increased by RM1.02 million or 12.50% in FYE 2023 as compared to FYE 2022.

The increase in our revenue generated from extruded aluminium profiles was mainly due to the increase in sales volume of by 1,942.49 tonnes or 79.65%, from 2,438.66 tonnes in FYE 2022 to 4,381.15 tonnes in FYE 2023. The increase was mainly attributable to higher sales to our top 5 customers, namely Hitti Aluminium Sdn Bhd and KD Facade Sdn Bhd which operate in the construction industry. Our extruded aluminium profiles were used by them to fabricate into window and door frames as well as other industrial materials such as equal channels and hollows for their construction projects.

Trading and distribution of building materials segment

Revenue generated from our trading and distribution of building materials segment increased by RM17.65 million or 37.56% from RM46.99 million in FYE 2022 to RM64.64 million in FYE 2023, mainly due to the following:

(i) increase in revenue from the trading and distribution of aluminium products by RM7.93 million or 91.04%, from RM8.71 million in FYE 2022 to RM16.64 million in FYE 2023 mainly due to the introduction of a new type of aluminium panel, i.e. fencing panel to our customers in the construction industry as well as the supply of solar PV mounting structures to Fabulous Sunview;

(ii) increase in revenue from the trading and distribution of stainless-steel products by RM7.08 million or 129.20%, from RM5.48 million in FYE 2022 to RM12.56 million in FYE 2023, mainly due to the increase in sales volume of stainless-steel products by 697.73 tonnes or 200.63%, from 347.77 tonnes in FYE 2022 to 1,045.50 tonnes in FYE 2023. The increase in sales volume was mainly derived from one of our top 5 customers, Lynox Industries Sdn Bhd, who is involved in the manufacturing of stainless-steel pipe and tube solutions; and

(iii) increase in revenue from the trading and distribution of extruded aluminium profiles by RM3.25 million or 24.11%, from RM13.48 million in FYE 2022 to RM16.73 million in FYE 2023, mainly due to the increase in sales volume of extruded aluminium profiles by 265.15 tonnes or 39.22%, from 676.10 tonnes in FYE 2022 to 941.25 tonnes in FYE 2023. The increase in sales volume was mainly derived from our existing customers in the construction industry. Due to production capacity constraints, we fulfilled our customers' demands for extruded aluminium profiles by purchasing them from other suppliers through our trading and distribution of building materials segment.

Solar PV system installation services segment

We have begun to provide solar PV system installation services since July 2023 and generated revenue of RM1.11 million from three projects in Selangor and Pahang. The revenue contributed by this segment represents 0.72% of our Group's total revenue in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our Group's revenue increased by RM30.22 million or 38.86% from RM77.76 million in FPE 2023 to RM107.98 million in FPE 2024, as further explained below:

Aluminium extrusion segment

Revenue generated from our aluminium extrusion segment increased by RM23.35 million or 52.30% from RM44.65 million in FPE 2023 to RM68.00 million in FPE 2024. The overall increase was mainly due to the increase in sales of our extruded aluminium profiles by RM21.55 million or 54.36% in FPE 2024 as compared to FPE 2023. The increase in revenue from our aluminium extrusion segment was also partially contributed by the sales of aluminium ladders which had increased by RM1.44 million or 28.74% in FPE 2024 as compared to FPE 2023. Additionally, our recent expansion into the fabrication of aluminium solar PV mounting structures and related accessories in early 2024 has contributed revenue of RM0.37 million in FPE 2024.

The increase in our revenue generated from extruded aluminium profiles was mainly due to the increase in sales volume by 1,064.25 tonnes or 47.32%, from 2,249.28 tonnes in FPE 2023 to 3,313.53 tonnes in FPE 2024. The increase was mainly attributable to higher sales to our existing customers, namely SA Aluminium & Glass Sdn Bhd and Kerjaya Prospek Group which operate in the construction and property development industries. Our extruded aluminium profiles were used by them to fabricate into window and door frames as well as other industrial materials such as equal channels and hollows for their construction/property development projects.

The increase in our revenue generated from aluminium ladders was mainly due to the increase in sales volume by 74,449 steps or 16.32%, from 456,160 steps in FPE 2023 to 530,609 steps in FPE 2024. The increase was mainly attributable to higher sales to one of our top 5 customers, namely Sunway Winstar Sdn Bhd which operates as a wholesaler.

Trading and distribution of building materials segment

Revenue generated from our trading and distribution of building materials segment increased by RM4.47 million or 13.54% from RM33.02 million in FPE 2023 to RM37.49 million in FPE 2024, mainly due to the following:

(i) increase in revenue from the trading and distribution of stainless-steel products by RM4.09 million or 62.16%, from RM6.58 million in FPE 2023 to RM10.67 million in FPE 2024, mainly due to the increase in sales volume of stainless-steel products by 290.94 tonnes or 93.19%, from 312.20 tonnes in FPE 2023 to 603.14 tonnes in FPE 2024. The increase in sales volume was mainly derived from one of our top 5 customers, Sunway Winstar Sdn Bhd. The increase in sales volume was also contributed by the expanded customer base especially from the construction industry and among wholesalers;

(ii) increase in revenue from the trading and distribution of silicone sealants by RM1.48 million or 27.56%, from RM5.37 million in FPE 2023 to RM6.85 million in FPE 2024, mainly due to the increase in sales volume of silicone sealants by 193,617 pieces or 33.68%, from 574,956 pieces in FPE 2023 to 768,573 pieces in FPE 2024, as we actively encouraged our customers who purchased our extruded aluminium profiles from us to also purchase silicone sealants, which are commonly used in the installation of the finished aluminium products; and

(iii) increase in revenue from the trading and distribution of aluminium products by RM1.28 million or 18.80%, from RM6.81 million in FPE 2023 to RM8.09 million in FPE 2024, mainly due to the increase in sales volume of aluminium products by 302,869 pieces or 24.30%, from 1,246,279 pieces in FPE 2023 to 1,549,148 pieces in FPE 2024. The increase in sales volume was mainly attributable to the expanded customer base especially from the construction industry.

However, the overall increase in the revenue generated from our trading and distribution of building materials segment was partially offset by the decrease in revenue from the trading and distribution of extruded aluminium profiles by RM2.25 million or 23.58%, from RM9.54 million in FPE 2023 to RM7.29 million in FPE 2024, mainly due to the decrease in sales volume of the extruded aluminium profiles by 97.29 tonnes or 18.83% from 516.76 tonnes in FPE 2023 to 419.47 tonnes in FPE 2024. The decrease in sales volume was mainly due to our ability to fulfill our customers' demands through our supply of internally extruded aluminium profiles from our aluminium extrusion segment.

Solar PV system installation services segment

Revenue generated from our solar PV system installation services segment increased by RM2.40 million or 2,666.67% from RM0.09 million in FPE 2023 to RM2.49 million in FPE 2024. The increase in revenue was mainly due to higher number of projects secured in FPE 2024 as compared to FPE 2023, as we only began offering solar PV system installation services since July 2023. In FPE 2024, we generated revenue from four different projects located in Pahang, Selangor and Johor.

(c) Analysis of revenue by geographical region

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>**Core business**</u>										
Aluminium extrusion										
West Malaysia										
- Central region	46,504	51.81	52,472	47.74	74,441	48.44	37,439	48.14	56,834	52.63
- Southern region	5,597	6.24	7,101	6.46	9,634	6.27	5,044	6.49	7,424	6.88
- Northern region	2,766	3.08	2,504	2.28	3,469	2.26	1,933	2.49	2,750	2.55
- Eastern region	429	0.48	439	0.40	112	0.07	29	0.04	420	0.39
East Malaysia	1,232	1.37	409	0.37	280	0.18	206	0.26	576	0.53
	56,528	**62.98**	**62,925**	**57.25**	**87,936**	**57.22**	**44,651**	**57.42**	**68,004**	**62.98**
Trading and distribution of building materials										
West Malaysia										
- Central region	28,817	32.11	38,063	34.64	46,433	30.21	23,542	30.27	26,912	24.92
- Southern region	3,161	3.52	6,434	5.85	13,745	8.95	7,228	9.30	8,111	7.51
- Northern region	749	0.83	1,968	1.79	2,733	1.78	1,196	1.54	764	0.71
- Eastern region	143	0.16	389	0.35	1,202	0.78	826	1.06	1,634	1.51
East Malaysia	357	0.40	131	0.12	527	0.34	232	0.30	73	0.07
	33,227	**37.02**	**46,985**	**42.75**	**64,640**	**42.06**	**33,024**	**42.47**	**37,494**	**34.72**

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Non-core business										
Solar PV system installation services										
West Malaysia										
- Central region	-	-	-	-	825	0.54	-	-	205	0.19
- Southern region	-	-	-	-	-	-	-	-	1,461	1.35
- Eastern region	-	-	-	-	284	0.18	85	0.11	820	0.76
	-	**-**	**-**	**-**	**1,109**	**0.72**	**85**	**0.11**	**2,486**	**2.30**
Total	**89,755**	**100.00**	**109,910**	**100.00**	**153,685**	**100.00**	**77,760**	**100.00**	**107,984**	**100.00**

All our sales are derived from Malaysia and are denominated in RM. Our revenue from each geographical region changes from year to year due to the different level of demand from our customers and purchase orders received from our existing and new customers during the FYE Under Review and FPE 2024.

(d) Commentaries on revenue by geographical locations

Comparison between FYE 2021 and FYE 2022

Our Group's revenue increased by RM20.15 million or 22.45% from RM89.76 million in FYE 2021 to RM109.91 million in FYE 2022. The increase was mainly derived from revenue generated from:

(i) our customers located in the Central region, for both trading and distribution of building materials segment and aluminium extrusion segment, which increased by RM9.25 million and RM5.97 million, respectively. During FYE 2022, we mainly focus on serving and growing our customers base in the Central region as our Ijok Manufacturing Facility and retail outlets cum warehouses are all located within the Central region; and

(ii) our customers located in the Southern region, for both trading and distribution of building materials segment and aluminium extrusion segment, which increased by RM3.27 million and RM1.50 million, respectively. The increase was mainly due to greater demand of building materials and extruded aluminium profiles from our existing customers in the construction industry within the Southern region following the gradual revival of many construction projects in Malaysia after recovering from the COVID-19 pandemic.

Comparison between FYE 2022 and FYE 2023

Our Group's revenue increased by RM43.78 million or 39.83% from RM109.91 million in FYE 2022 to RM153.69 million in FYE 2023. The increase was mainly derived from revenue generated from:

(i) our customers located in the Central region, for both aluminium extrusion segment and trading and distribution of building materials segment, which increased by RM21.97 million and RM8.37 million, respectively. During FYE 2023, we continue to focus on serving and growing our customers base in the Central region in view of the near geographical proximity with our Ijok Manufacturing Facility and retail outlets cum warehouses; and

(ii) our customers located in the Southern region, for both trading and distribution of building materials segment and aluminium extrusion segment, which increased by RM7.31 million and RM2.53 million, respectively. The increase was mainly due to greater demand of building materials and extruded aluminium profiles from our existing customers in the manufacturing industry in particular, Lynox Industries Sdn Bhd, one of our top 5 customers, and construction industry within the Southern region.

Comparison between FPE 2023 and FPE 2024

Our Group's revenue increased by RM30.22 million or 38.86% from RM77.76 million in FPE 2023 to RM107.98 million in FPE 2024. The increase was mainly derived from revenue generated from our customers located in the Central region, for both aluminium extrusion segment and trading and distribution of building materials segment, which increased by RM19.39 million and RM3.37 million, respectively. During FPE 2024, we continued to focus on serving and growing our customers base in the Central region in view of the near geographical proximity with our Ijok Manufacturing Facility and retail outlets cum warehouses.

12.2.4 Cost of sales

(a) Analysis of cost of sales by components

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
<u>**Core business**</u>										
Aluminium extrusion										
Raw materials consumed[(1)]	36,768	51.43	41,194	46.48	56,272	45.63	29,224	45.81	47,571	53.36
Direct labour cost	2,180	3.05	2,225	2.51	3,569	2.89	1,866	2.93	2,382	2.67
Factory overhead cost[(2)]	4,512	6.31	5,234	5.91	7,143	5.79	3,981	6.24	4,292	4.81
	43,460	**60.79**	**48,653**	**54.90**	**66,984**	**54.31**	**35,071**	**54.98**	**54,245**	**60.84**
Trading and distribution of building materials										
Net purchases of building materials[(3)]	28,030	39.21	39,967	45.10	55,404	44.93	28,650	44.91	32,797	36.79
	28,030	**39.21**	**39,967**	**45.10**	**55,404**	**44.93**	**28,650**	**44.91**	**32,797**	**36.79**
<u>**Non-core business**</u>										
Solar PV system installation services										
Subcontractors' fee	-	-	-	-	943	0.76	73	0.11	2,113	2.37
	-	**-**	**-**	**-**	**943**	**0.76**	**73**	**0.11**	**2,113**	**2.37**
Total	**71,490**	**100.00**	**88,620**	**100.00**	**123,331**	**100.00**	**63,794**	**100.00**	**89,155**	**100.00**

Notes:

(1) Mainly includes aluminium billets and surface finishing materials.

Our average purchase price per tonne of aluminium billets for the FYE Under Review, FPE 2023 and FPE 2024 are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
RM	11,495	13,667	11,972	11,950	12,837

The historical average global price per tonne of aluminium for the FYE Under Review, FPE 2023 and FPE 2024 are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
USD*	2,475	2,707	2,252	2,305	2,370
RM^	10,260	11,912	10,282	10,331	11,184

Subnotes:

* *Source: London Metal Exchange*

^ *Converted based on the average USD:RM exchange rate of 4.1456, 4.4005, 4.5658, 4.4818 and 4.7191 during the FYEs 2021, 2022, 2023, FPE 2023 and FPE 2024, respectively.*

(2) Mainly includes depreciation of PPE, depreciation of right-of use assets, utilities charges, liquified petroleum gas charges, upkeep expenses, security charges, insurance expenses and other miscellaneous factory expenses.

(3) Represents purchases of the building materials such as extruded aluminium profiles, stainless-steel products, aluminium products, silicone sealants, ironmongery products, and others from the suppliers for trading purposes, net-off inventory movement during the respective financial year/ period.

(b) Commentaries on cost of sales

Comparison between FYE 2021 and FYE 2022

Our Group's total cost of sales increased by RM17.13 million or 23.96% from RM71.49 million in FYE 2021 to RM88.62 million in FYE 2022, as further explained below:

Aluminium extrusion segment

Cost of sales from our aluminium extrusion segment increased by RM5.19 million or 11.94% from RM43.46 million in FYE 2021 to RM48.65 million in FYE 2022, mainly due to the following:

(i) increase in raw materials consumed by RM4.42 million or 12.02% from RM36.77 million in FYE 2021 to RM41.19 million in FYE 2022 mainly attributed to the increase in consumption of aluminium billets in line with the overall increase in aluminium extrusion sales volume. In addition, an increase in our average purchase price per tonne of aluminium billets by 18.90% has also contributed to the increase in our raw materials cost. The increase in our average purchase price per tonne of aluminium billets was in line with the increase in average global price per tonne of aluminium (in RM) by 16.10% in FYE 2022;

(ii) increase in factory overhead cost by RM0.72 million or 15.96% from RM4.51 million in FYE 2021 to RM5.23 million in FYE 2022 mainly due to the following:

   (a) increase in the liquefied petroleum gas charges and utilities charges by RM0.14 million and RM0.13 million, respectively, in line with the overall increase in aluminium extrusion sales volume; and

   (b) increase in depreciation of PPE by RM0.13 million, mainly due to the purchase of additional moulds as well as plant and machineries during FYE 2022.

Trading and distribution of building materials segment

Cost of sales from our trading and distribution of building materials segment increased by RM11.94 million or 42.60% from RM28.03 million in FYE 2021 to RM39.97 million in FYE 2022, mainly due to the increase in the purchases of building materials such as extruded aluminium profiles and silicone sealants to meet the increase in sales volume of these products.

The increase in purchase of extruded aluminium profiles was due to production capacity constraints in our aluminium extrusion segment, which was addressed by purchasing them from other suppliers through our trading and distribution of building materials segment. This had resulted in an increase in the purchase of extruded aluminium profiles by RM8.56 million in FYE 2022 as compared to FYE 2021.

Comparison between FYE 2022 and FYE 2023

Our Group's total cost of sales increased by RM34.71 million or 39.17% from RM88.62 million in FYE 2022 to RM123.33 million in FYE 2023, as further explained below:

Aluminium extrusion segment

Cost of sales from our aluminium extrusion segment increased by RM18.33 million or 37.68% from RM48.65 million in FYE 2022 to RM66.98 million in FYE 2023, due to the following:

(i) increase in raw materials consumed by RM15.08 million or 36.61% from RM41.19 million in FYE 2022 to RM56.27 million in FYE 2023 mainly attributed to the increase in consumption of aluminium billets in line with the overall increase in aluminium extrusion sales volume. However, the overall increase in our raw materials cost was partially offset by the decrease in our average purchase price per tonne of aluminium billets by 12.40%, which is in line with the decrease in average global price per tonne of aluminium (in RM) by 13.68% in FYE 2023;

(ii) increase in factory overhead cost by RM1.91 million or 36.52% from RM5.23 million in FYE 2022 to RM7.14 million in FYE 2023 mainly due to the following:

   (a) increase in the utilities charges and liquefied petroleum gas charges by RM0.61 million and RM0.48 million, respectively, in line with the overall increase in aluminium extrusion sales volume;

   (b) increase in depreciation of PPE by RM0.38 million, mainly due to the purchase of additional moulds as well as plant and machineries during FYE 2023; and

(c) increase in the upkeep expenses by RM0.33 million mainly due to the purchase of more machinery spare parts and more frequent maintenance on our machineries as a result of greater volume of extrusion activities.

(iii) increase in direct labour cost by RM1.35 million or 60.81% from RM2.22 million in FYE 2022 to RM3.57 million in FYE 2023 mainly due to the increase in the number of production workers from 56 in FYE 2022 to 95 in FYE 2023 coupled with the increase in production workers' basic salary from RM1,200 to RM1,500 in compliance with the Minimum Wages Order 2022.

Trading and distribution of building materials segment

Cost of sales from our trading and distribution of building materials segment increased by RM15.43 million or 38.60% from RM39.97 million in FYE 2022 to RM55.40 million in FYE 2023, mainly due to the increase in the purchases of building materials such as stainless-steel products, aluminium products and extruded aluminium profiles in line with the increase in the sales volume of these products.

The increase in purchase of extruded aluminium profiles was due to production capacity constraints in our aluminium extrusion segment, which was addressed by purchasing them from other suppliers through our trading and distribution of building materials segment. This had resulted in an increase in the purchase of extruded aluminium profiles by RM3.03 million in FYE 2023 as compared to FYE 2022.

Solar PV system installation services segment

We have commenced our solar PV system installation services since July 2023 and incurred cost of sales of RM0.94 million in FYE 2023. Cost of sales for this segment represent subcontractors' fee paid for solar PV system installation works.

Comparison between FPE 2023 and FPE 2024

Our Group's total cost of sales increased by RM25.37 million or 39.77% from RM63.79 million in FPE 2023 to RM89.16 million in FPE 2024, as further explained below:

Aluminium extrusion segment

Cost of sales from our aluminium extrusion segment increased by RM19.18 million or 54.69% from RM35.07 million in FPE 2023 to RM54.25 million in FPE 2024, mainly due to the increase in raw materials consumed by RM18.35 million. The increase was mainly attributable to the increase in consumption of aluminium billets in line with the overall increase in aluminium extrusion sales volume. In addition, an increase in our average purchase price per tonne of aluminium billets by 7.42% had also contributed to the increase in our raw materials cost. The increase in our average purchase price per tonne of aluminium billets was in line with the increase in average global price per tonne of aluminium (in RM) by 8.26% in FPE 2024.

Trading and distribution of building materials segment

Cost of sales from our trading and distribution of building materials segment increased by RM4.15 million or 14.49% from RM28.65 million in FPE 2023 to RM32.80 million in FPE 2024, mainly due to the increase in the purchases of building materials such as stainless-steel products, silicone sealants and aluminium products to fulfil the increase in demand for these products.

Solar PV system installation services segment

Cost of sales from our solar PV system installation services segment increased by RM2.04 million or 2,914.29% from RM0.07 million in FPE 2023 to RM2.11 million in FPE 2024, mainly due to higher subcontractors' fee incurred in line with the increase in our revenue from this segment during FPE 2024.

12.2.5 GP and GP margin

(a) Analysis of GP and GP margin by business segments

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Core business										
Aluminium extrusion	13,068	23.12	14,272	22.68	20,952	23.83	9,580	21.46	13,759	20.23
Trading and distribution of building materials	5,197	15.64	7,018	14.94	9,236	14.29	4,374	13.24	4,697	12.53
Non-core business										
Solar PV system installation services	-	-	-	-	166	14.97	12	14.12	373	15.00
Total	**18,265**	**20.35**	**21,290**	**19.37**	**30,354**	**19.75**	**13,966**	**17.96**	**18,829**	**17.44**

(b) Commentaries on GP and GP margin

Comparison between FYE 2021 and FYE 2022

Our Group's GP increased by RM3.02 million or 16.53% from RM18.27 million in FYE 2021 to RM21.29 million in FYE 2022. However, our Group's GP margin has decreased marginally by 0.98%, from 20.35% in FYE 2021 to 19.37% in FYE 2022, due to lower GP margin derived from both of our aluminium extrusion segment and trading and distribution of building materials segment.

Aluminum extrusion segment

GP derived from our aluminum extrusion segment increased by RM1.20 million or 9.18% from RM13.07 million in FYE 2021 to RM14.27 million in FYE 2022 in line with the overall increase in our aluminium extrusion segment revenue.

However, GP margin from our aluminum extrusion segment decreased marginally by 0.44%, from 23.12% in FYE 2021 to 22.68% in FYE 2022, as the overall increase in our aluminium extrusion cost (in particular the increase in our average purchase price per tonne of aluminium billets) was not entirely transferred to our customers in order to remain competitive.

Trading and distribution of building materials segment

GP derived from our trading and distribution of building materials segment increased by RM1.82 million or 35.00%, from RM5.20 million in FYE 2021 to RM7.02 million in FYE 2022 in line with the overall increase in our trading and distribution of building materials segment revenue.

However, GP margin from our trading and distribution of building materials segment decreased marginally by 0.70%, from 15.64% in FYE 2021 to 14.94% in FYE 2022, mainly due to the difference in product mix sold (i.e. increase in proportion of extruded aluminium profiles sold which yielded lower GP margin during FYE 2022 as a result of higher average purchase price per tonne of extruded aluminium profiles).

Comparison between FYE 2022 and FYE 2023

Our Group's GP increased by RM9.06 million or 42.56% from RM21.29 million in FYE 2022 to RM30.35 million in FYE 2023. Our Group's GP margin has also improved marginally by 0.38%, from 19.37% in FYE 2022 to 19.75% in FYE 2023.

Aluminium extrusion segment

GP derived from our aluminum extrusion segment increased by RM6.68 million or 46.81% from RM14.27 million in FYE 2022 to RM20.95 million in FYE 2023 in line with the overall increase in our aluminium extrusion segment revenue.

GP margin from our aluminum extrusion segment had also increased by 1.15% from 22.68% in FYE 2022 to 23.83% in FYE 2023, mainly due to cost savings arising from lower average purchase price per tonne of aluminium billets at RM11,972.00 in FYE 2023 as compared to RM13,667.00 in FYE 2022, which was not entirely passed on to our customers.

Trading and distribution of building materials segment

GP derived from our trading and distribution of building materials segment increased by RM2.22 million or 31.62% from RM7.02 million in FYE 2022 to RM9.24 million in FYE 2023 in line with the overall increase in our trading and distribution of building materials segment revenue.

However, GP margin from our trading and distribution of building materials segment decreased marginally by 0.65% from 14.94% in FYE 2022 to 14.29% in FYE 2023, mainly due to the difference in product mix sold (i.e. increase in proportion of lower margin products sold such as stainless-steel products and aluminium products) during FYE 2023.

Solar PV system installation services segment

GP derived from our solar PV system installation services segment was RM0.17 million in FYE 2023, which accounted for less than 1.00% of our Group's GP in FYE 2023. GP margin for this segment stood at 14.97% in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our Group's GP increased by RM4.86 million or 34.79% from RM13.97 million in FPE 2023 to RM18.83 million in FPE 2024. However, our Group's GP margin decreased marginally by 0.52%, from 17.96% in FPE 2023 to 17.44% in FPE 2024, mainly due to lower GP margin derived from our aluminium extrusion segment and trading and distribution of building materials segment.

Aluminium extrusion segment

GP derived from our aluminum extrusion segment increased by RM4.18 million or 43.63% from RM9.58 million in FPE 2023 to RM13.76 million in FPE 2024 in line with the overall increase in our aluminium extrusion segment revenue.

However, GP margin from our aluminium extrusion segment decreased by 1.23%, from 21.46% in FPE 2023 to 20.23% in FPE 2024, as the overall increase in our aluminium extrusion cost (in particular the increase in our average purchase price per tonne of aluminium billets) was not entirely transferred to our customers in order to remain competitive.

Trading and distribution of building materials segment

GP derived from our trading and distribution of building materials segment increased by RM0.33 million or 7.55% from RM4.37 million in FPE 2023 to RM4.70 million in FPE 2024 in line with the overall increase in our trading and distribution of building materials segment revenue.

However, GP margin from our trading and distribution of building materials segment decreased marginally by 0.71% from 13.24% in FPE 2023 to 12.53% in FPE 2024, mainly due to the difference in product mix sold (i.e. increase in proportion of lower margin products sold such as stainless-steel products and silicone sealants) during FPE 2024.

Solar PV system installation services segment

GP derived from our solar PV system installation services segment increased by RM0.36 million or 3,600.00% from RM0.01 million in FPE 2023 to RM0.37 million in FPE 2024 in line with the overall increase in our solar PV system installation services segment revenue.

GP margin from our solar PV system installation services segment also increased marginally by 0.88% from 14.12% in FPE 2023 to 15.00% in FPE 2024, mainly due to the slightly higher margins derived from projects secured in FPE 2024.

12.2.6 Other income

(a) Analysis of other income

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gain on disposal of PPE	(1)486	60.37	-	-	10	1.49	10	5.08	-	-
Gain on disposal of investment properties(2)	18	2.24	-	-	-	-	-	-	-	-
Gain on disposal of right-of-use assets(3)	-	-	239	17.64	-	-	-	-	-	-
Gain on disposal of assets held for sale(4)	50	6.21	-	-	-	-	-	-	-	-
Insurance claims	-	-	(5)260	19.19	(6)99	14.71	(6)99	50.25	-	-
Interest income	69	8.57	72	5.31	143	21.25	41	20.81	54	46.95
Recovery of bad debt written off	-	-	-	-	381	56.61	27	13.71	33	28.70
Rental income from investment properties(7)	64	7.95	12	0.89	40	5.94	20	10.15	25	21.74
Reversal of provision for flood expenses(8)	-	-	736	54.32	-	-	-	-	-	-
Others	(9)118	14.66	(10)36	2.65	(11)-	(11)-	-	-	(12)3	2.61
Total	**805**	**100.00**	**1,355**	**100.00**	**673**	**100.00**	**197**	**100.00**	**115**	**100.00**

Notes:

(1) Relates to gain on disposal of two 1½-storey factories located in Kepong, Kuala Lumpur. The said factories were previously used as warehouses for our Group, which has since relocated to our Kepong Facility.

(2) Relates to gain on disposal of a 2-storey superlink terrace house located in Ayer Keroh, Melaka.

(3) Relates to gain on disposal of three units of motor vehicles.

(4) Relates to gain on disposal of a 3-storey shop office located in Klang, Selangor.

(5) Relates to the flood incident at our Ijok Manufacturing Facility on 19 December 2021. This represents the difference between the actual insurance claim approved of RM1.77 million in FYE 2022 and the initial provision for insurance claim receivable of RM1.51 million made in FYE 2021. The difference was due to additional claims submitted by us subsequent to the initial provision for insurance claim receivable made in FYE 2021. The insurance claim approved of RM1.77 million also includes claim for damages to inventories in addition to claim for repair costs in relation to our factory premise, and machineries and equipment.

(6) Consists of the following:

(i) insurance claims of RM0.06 million received for burglary at our Kepong Facility on 12 December 2022; and

(ii) net insurance claim of RM0.04 million for damage to the perimeter fence, drainage and its concrete base at our Ijok Manufacturing Facility, which represents the difference between the actual insurance claim received of RM0.19 million in FYE 2023 and the accrual for repair expenses made in FYE 2022 of RM0.15 million.

(7) Consist of rental income received from the rental of a 3-storey shop office, two service apartments, a 2-storey linked house and a SOHO, all located within Selangor and Kuala Lumpur. The occupancy rates of these properties fluctuated throughout the FYE Under Review and FPE 2024, and therefore, their rental rates were adjusted accordingly based on demand and market rates of the comparable properties within the vicinity.

(8) Subsequent to the flood incident at our Ijok Manufacturing Facility on 19 December 2021, our Group had made a provision for repair costs in relation to our factory premise, and machineries and equipment amounting to RM0.85 million during FYE 2021. However, the actual repair cost was only RM0.11 million, which has led to a reversal of the aforementioned provision amounting to RM0.74 million in FYE 2022.

(9) Mainly consist of wages subsidy received from Social Security Organisation under the National People's Well-Being and Economic Recovery Package during the COVID-19 pandemic.

(10) Mainly consist of funds claimed from the Accountant General's Department of Malaysia for unclaimed deposit for electricity placed with TNB pertaining to a property tenanted by our Group prior to the FYE Under Review.

(11) Negligible.

(12) Mainly consist of reversal of lease expenses as a result of early termination of tenancy for staff accommodations located in Ijok.

(b) Commentaries on other income

Comparison between FYE 2021 and FYE 2022

Our other income increased by approximately RM0.55 million or 67.90% from RM0.81 million in FYE 2021 to RM1.36 million in FYE 2022. The increase was mainly due to the following reasons:

(a) reversal of provision for flood expenses of RM0.74 million;

(b) insurance claim received of RM0.26 million for the flood incident happened in FYE 2021; and

(c) one-off gain on disposal of right-of-use asset comprising three units of motor vehicles amounting to RM0.24 million.

The overall increase in other income was partially offset by the non-recurrence of one-off gain on disposal of property plant and equipment, investment properties and assets held for sale received in FYE 2021 amounting to RM0.49 million, RM0.02 million and RM0.05 million, respectively, as well as the non-recurrence of wages subsidy received from the government in FYE 2021 amounting to RM0.12 million.

Comparison between FYE 2022 and FYE 2023

Our other income decreased by RM0.69 million or 50.74% from RM1.36 million in FYE 2022 to RM0.67 million in FYE 2023. The decrease was mainly due to the following reasons:

(a) non-recurrence of the reversal of the one-off provision for flood expenses that took place in FYE 2022 amounting to RM0.74 million;

(b) non-recurrence of the one-off gain on disposal of right-of-use asset that took place in FYE 2022 amounting to RM0.24 million; and

(c) decrease in insurance claim by RM0.16 million.

The overall decrease in other income was partially offset by the recovery of bad debt written off of RM0.38 million from several debtors as well as increase in interest income by RM0.07 million due to higher interest earned from our bank balance and fixed deposit placed with the financial institutions throughout FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our other income decreased by RM0.08 million or 40.00% from RM0.20 million in FPE 2023 to RM0.12 million in FPE 2024. The decrease was mainly due to the non-recurrence of the one-off insurance claims of RM0.10 million which received in FPE 2023.

However, the overall decrease in other income was partially offset by the increase in interest income by RM0.01 million due to higher interest earned from our bank balance and fixed deposit placed with the financial institutions throughout FPE 2024.

12.2.7 Administrative expenses

(a) Analysis of administrative expenses

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Advertisement and exhibition	20	0.15	149	1.12	199	1.22	141	1.63	215	2.04
Audit fee	89	0.66	105	0.79	144	0.88	90	1.04	137	1.30
Bad debts written off	44	0.33	204	1.53	-	-	-	-	52	0.49
Commission	247	1.83	496	3.73	491	3.02	255	2.95	293	2.78
Depreciation of PPE	535	3.97	521	3.92	670	4.11	308	3.56	378	3.59
Depreciation of right-of-use assets(1)	1,233	9.15	1,241	9.33	1,395	8.57	726	8.40	973	9.24
Depreciation of investment properties	35	0.26	41	0.31	45	0.28	26	0.30	26	0.25
Directors' remuneration	2,026	15.03	1,631	12.26	1,674	10.28	1,120	12.96	1,045	9.92
Entertainment	36	0.27	71	0.53	106	0.65	55	0.64	68	0.64
Insurance	161	1.19	153	1.15	255	1.57	98	1.13	123	1.17
Inventory written down	49	0.36	78	0.59	-	-	-	-	-	-
Loss on flood(2)	950	7.05	-	-	-	-	-	-	-	-
Loss on stolen cash(3)	-	-	88	0.66	-	-	-	-	-	-
Medical fee	137	1.02	40	0.30	43	0.26	26	0.30	34	0.32
Petrol, parking and toll	420	3.12	421	3.17	517	3.18	259	3.00	368	3.49
Postage, printing and stationery	87	0.65	117	0.88	138	0.85	79	0.91	96	0.91
Professional fees	114	0.84	560	4.21	1,128	6.93	687	7.95	912	8.66
Staff costs	6,296	46.72	6,157	46.29	7,437	45.67	3,607	41.72	4,407	41.83
Staff welfare	73	0.54	92	0.69	181	1.11	154	1.78	94	0.89
Travelling and accommodation	58	0.43	47	0.35	186	1.14	148	1.71	66	0.63
Upkeep expenses	295	2.19	312	2.35	695	4.27	378	4.37	403	3.82

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Utilities charges	278	2.06	251	1.89	254	1.56	139	1.61	142	1.35
Others(4)	294	2.18	525	3.95	725	4.45	349	4.04	704	6.68
Total	**13,477**	**100.00**	**13,300**	**100.00**	**16,283**	**100.00**	**8,645**	**100.00**	**10,536**	**100.00**

Notes:

(1) Mainly relates to our leasehold land and factory located in Ijok and rental lease arrangement for our retail outlets cum warehouses and staff accommodations located in Ijok, Kepong, Klang and Puchong as well as motor vehicles and machineries purchased under finance leases arrangement, which are all classified as right-of-use assets under MFRS 16 'Leases'.

(2) Following the flood incident at our Ijok Manufacturing Facility on 19 December 2021, certain inventories and machineries were damaged with an estimated loss of RM0.95 million, after taking into account the accrual for machineries repair cost and factory cleaning cost of RM0.85 million and loss of inventories of RM1.61 million, netting off the provision of insurance claim receivable of RM1.51 million.

(3) Relates to the burglary at our Kepong Facility on 12 December 2022.

(4) Mainly consists of quit rent and assessment, PPE written off, stamp duty, levies, permits and licences, security fees, and other miscellaneous expenses.

(b) Commentaries on administrative expenses

Comparison between FYE 2021 and FYE 2022

Our administrative expenses decreased slightly by RM0.18 million or 1.34% from RM13.48 million in FYE 2021 to RM13.30 million in FYE 2022. This was mainly due to the following reasons:

(a) non-recurrence of the one-off loss on flood incident of RM0.95 million that happened in FYE 2021;

(b) decrease in directors' remuneration by RM0.40 million due to the resignation of three directors in Winstar Aluminium, namely Khoo Chai Pek, Khoo Chai Heng and Peng Gai Hock on 10 March 2022 following Vision Star Marketing Sdn Bhd's ("**Vision Star**") gradual disposal of their investment in Winstar Aluminium since FYE 2022, in line with the intention of the shareholders of Vision Star to exit the aluminium extrusion business and to realise their investment in Winstar Aluminium.

Both Khoo Chai Heng and Peng Gai Hock are related to our Promoters as Khoo Chai Heng is the father of Khoo Nee Cheng, our Promoter, substantial shareholder and CMO whilst Peng Gai Hock is the father-in-law of Lee Yong Zhi, our Promoter, substantial shareholder, Non-Independent Executive Director and COO; and

(c) decrease in medical fee by RM0.10 million mainly due to reduced COVID-19 test expenses incurred in FYE 2022 following the subdue of the disease.

However, the impact of the decrease in the abovementioned administrative expenses was partially offset by the following:

(a) increase in professional fees by RM0.45 million mainly due to consultancy fee incurred for application of permit for the extension on our Ijok Manufacturing Facility, legal fee in relation to the new banking facilities agreement, lawyer retainer fee in relation to general legal issues, legal compliance, commercial and employment contract, one-off legal fee incurred for the preparation of sales and purchase agreement for the purchase of our investment property, a 2-storey linked house located in Selangor and professional fee incurred for long outstanding debts collection paid to licensed debt recovery firm;

(b) increase in commission by RM0.25 million, which was in line with the increase in our revenue in FYE 2022;

(c) increase in bad debt written off by RM0.16 million mainly due to non-recoverable of long outstanding balances from two customers; and

(d) increase in advertisement and exhibition expenses by RM0.13 million mainly due to increase in billboard advertisement, marketing video production and participation in exhibitions to promote our products and raise our brand awareness.

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM2.98 million or 22.41% from RM13.30 million in FYE 2022 to RM16.28 million in FYE 2023. This was mainly due to the following reasons:

(a) increase in staff costs by RM1.28 million mainly due to salary increments and recruitment of 37 new employees for various departments such as operation, sales, marketing and finance & accounting in FYE 2023. On the same note, there were also 13 employees who resigned during FYE 2023;

(b) increase in professional fees by RM0.57 million mainly due to legal fee in relation to the preparation of four new banking facilities agreements;

(c) increase in upkeep expenses by RM0.39 million as higher repair and maintenance cost incurred to repair the canopy gutter and roof of our buildings, as well as additional monthly charges from the IT consultant to maintain our business process management software;

(d) increase in depreciation of right-of-use assets by RM0.16 million mainly due to addition of one leased warehouse and three leased staff accommodations in FYE 2023;

(e) increase in depreciation of PPE by RM0.15 million due to the purchase of computers, computer software, office equipment as well as furniture and fittings in FYE 2023;

(f) increase in travelling and accommodation expenses by RM0.14 million mainly due to travel to China for participation in exhibitions to explore new product opportunities and keep abreast of latest industry trends; and

(g) increase in staff welfare by RM0.09 million mainly attributable to the purchase of new company uniform for the employees as well as increase in staff refreshments and meal allowances.

Comparison between FPE 2023 and FPE 2024

Our administrative expenses increased by RM1.89 million or 21.85% from RM8.65 million in FPE 2023 to RM10.54 million in FPE 2024. This was mainly due to the following reasons:

(a) increase in staff costs by RM0.80 million mainly due to salary increments and the recruitment of 6 new employees for our various departments such as operation, sales, marketing and finance & accounting in FPE 2024. On the same note, there was also 2 employees who resigned during FPE 2024;

(b) increase in depreciation of right-of-use assets by RM0.24 million mainly due to the acquisition of Lot 904 and leased of three staff accommodations since second half of 2023;

(c) increase in professional fee by RM0.22 million mainly due to professional fee incurred in relation to the application for certificate of fitness for a few machineries in Ijok Manufacturing Facility; and

(d) increase in petrol, parking and toll expenses by RM0.11 million, in line with the increase in our revenue in FPE 2024.

12.2.8 Finance costs

(a) Analysis of finance costs

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bank guarantees	8	0.45	8	0.43	8	0.25	5	0.27	5	0.23
Bank overdrafts	481	26.98	537	28.67	690	21.26	465	25.58	365	17.26
Bankers' acceptance	461	25.85	647	34.54	1,135	34.98	649	35.70	820	38.77
Lease liabilities	232	13.01	87	4.65	183	5.64	72	3.96	111	5.25
Term loans	601	33.71	594	31.71	1,229	37.87	627	34.49	814	38.49
Total	**1,783**	**100.00**	**1,873**	**100.00**	**3,245**	**100.00**	**1,818**	**100.00**	**2,115**	**100.00**

(b) Commentaries on finance costs

Comparison between FYE 2021 and FYE 2022

Our finance costs increased by RM0.09 million or 5.06% from RM1.78 million in FYE 2021 to RM1.87 million in FYE 2022. The increase was mainly due to increase in bankers' acceptance interest and bank overdrafts interest by RM0.19 million and RM0.06 million, respectively following higher utilisation of these facilities to finance our working capital requirements.

However, the aforesaid impact was partially offset by the decrease in lease liabilities interest by RM0.14 million mainly due to the full settlement of the finance leases for five units of machineries in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our finance costs increased by RM1.38 million or 73.80% from RM1.87 million in FYE 2022 to RM3.25 million in FYE 2023. The increase was mainly attributable to the following:

(a) increase in term loans interest by RM0.64 million due to drawdown of four additional term loans. These term loans are mainly utilised to fund the working capital requirements, for the repayment of former directors' advances and for the purchase of Lot 904; and

(b) increase in bankers' acceptance interest and bank overdrafts interest by RM0.49 million and RM0.15 million, respectively following higher utilisation of these facilities to finance our working capital requirements.

Comparison between FPE 2023 and FPE 2024

Our finance costs increased by RM0.30 million or 16.48% from RM1.82 million in FPE 2023 to RM2.12 million in FPE 2024. The increase was mainly attributable to the following:

(a) increase in term loans interest by RM0.18 million due to drawdown of four additional term loans during the second half of 2023. These term loans were mainly utilised to fund our Group's working capital requirements, for the repayment of a director's advances and for the acquisition of Lot 904; and

(b) increase in bankers' acceptance interest by RM0.17 million, following the higher utilisation of this facility to finance our Group's working capital requirements.

12.2.9 Taxation

(a) Analysis of taxation

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
Income tax expense (RM'000)	1,104	2,093	3,698	1,168	1,817
Effective tax rate (%)(1)	29.61	28.45	31.57	31.57	27.24
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00

Note:

(1) Our Group's effective tax rate is calculated by dividing our Group's total income tax expense for the financial year/ period over PBT for the corresponding financial year/ period.

(b) Commentaries on taxation

Our Group's effective tax rate of 29.61% for the FYE 2021, 28.45% for the FYE 2022, 31.57% for the FYE 2023 and 27.24% for the FPE 2024 were higher than the statutory tax rate of 24.00%, mainly due to certain expenses incurred which were not deductible for tax purposes such as depreciation for non-qualifying PPE (i.e. motor vehicles and renovation), investment properties and right-of-use assets as well as professional fees and entertainment expenses.

The increase in effective tax rate from 28.45% in FYE 2022 to 31.57% in FYE 2023 was also due to the under provision of deferred taxation in prior years by RM0.87 million.

12.2.10PBT, PAT, PBT margin and PAT margin

(a) Analysis of PBT, PAT, PBT margin and PAT margin

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
PBT (RM'000)	3,729	7,356	11,715	3,700	6,670
PAT (RM'000)	2,625	5,263	8,017	2,532	4,853
PBT margin (%)	4.15	6.69	7.62	4.76	6.18
PAT margin (%)	2.92	4.79	5.22	3.26	4.49

(b) Commentaries on PBT, PAT, PBT margin and PAT margin

Comparison between FYE 2021 and FYE 2022

Our Group recorded an increase in PBT by RM3.63 million or 97.32% from RM3.73 million in FYE 2021 to RM7.36 million in FYE 2022 and increase in PAT by RM2.63 million or 100.00% from RM2.63 million in FYE 2021 to RM5.26 million in FYE 2022. The increase in both PBT and PAT was in line with the increase in GP by RM3.02 million coupled with the increase in other income mainly derived from the reversal of provision for flood expenses of RM0.74 million and insurance claim of RM0.26 million.

Our PBT margin improved from 4.15% in FYE 2021 to 6.69% in FYE 2022, whereas our PAT margin improved from 2.92% in FYE 2021 to 4.79% in FYE 2022 despite a marginal decrease in our GP margin by 0.98% in FYE 2022. The improvement of our PBT margin and PAT margin was mainly due to our relatively consistent administrative expenses recorded in FYE 2022 as compared to FYE 2021, notwithstanding a 22.45% increase in our revenue in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our Group recorded an increase in PBT by RM4.36 million or 59.24% from RM7.36 million in FYE 2022 to RM11.72 million in FYE 2023 and increase in PAT by RM2.76 million or 52.47% from RM5.26 million in FYE 2022 to RM8.02 million in FYE 2023. The increase in both PBT and PAT were in line with the increase in GP by RM9.06 million in FYE 2023. However, the increase in GP was partially offset by the increase in administrative expenses and finance costs by RM2.98 million and RM1.38 million, respectively in FYE 2023.

Our PBT margin improved from 6.69% in FYE 2022 to 7.62% in FYE 2023, whereas our PAT margin improved from 4.79% in FYE 2022 to 5.22% in FYE 2023. The improvement of our PBT margin and PAT margin was partially attributable to the marginal increase in our GP margin by 0.38% coupled with lower rate of increase in our administrative expenses at 22.41% as compared to the rate of increase in our revenue at 39.83% in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our Group recorded an increase in PBT by RM2.97 million or 80.27% from RM3.70 million in FPE 2023 to RM6.67 million in FPE 2024 and increase in PAT by RM2.32 million or 91.70% from RM2.53 million in FPE 2023 to RM4.85 million in FPE 2024. The increase in both PBT and PAT were in line with the increase in GP by RM4.86 million in FPE 2024. However, the increase in GP was partially offset by the increase in administrative expenses and finance costs by RM1.89 million and RM0.30 million, respectively in FPE 2024.

Our PBT margin improved from 4.76% in FPE 2023 to 6.18% in FPE 2024, whereas our PAT margin improved from 3.26% in FPE 2023 to 4.49% in FPE 2024 despite a marginal decrease in our GP margin by 0.52% in FPE 2024. The improvement of our PBT margin and PAT margin was mainly due to the lower rate of increase in our administrative expenses at 21.85% as compared to the rate of increase in our revenue at 38.86% in FPE 2024.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

Our business operations have been financed through a combination of internal and external sources of funds. Internal sources comprise shareholders' equity and cash generated from business operations while external sources are credits granted by our suppliers and banking facilities from financial institutions such as term loans, finance leases as well as trade facilities such as bank overdrafts and bankers' acceptance. The principal utilisation of these funds is for our business operations and growth.

Based on our audited combined statement of financial position as at 31 July 2024, our Group has cash and bank balances of RM11.06 million, with gearing ratio recorded at 1.00 times and current ratio recorded at 1.36 times. Nevertheless, our Group recorded negative cash and cash equivalents at the end of the FYEs 2021, 2022 and 2023, mainly due to the utilisation of bank overdrafts facilities to finance the working capital of our Group. As at 31 July 2024, we have unutilised bank overdrafts and bankers' acceptance facilities of RM11.07 million and RM17.60 million, respectively.

Despite of the negative cash and cash equivalents at the end of the FYEs 2021, 2022 and 2023, our Board is of the view that we will have adequate working capital to meet our present and foreseeable requirements for at least 12 months from the date of this Prospectus, taking into consideration of the following:

(i) our existing cash and bank balances;

(ii) our expected future cash flows to be generated from our operations;

(iii) as at the LPD, we have unutilised bank overdrafts and bankers' acceptance facilities of RM4.50 million and RM0.14 million, respectively that may be utilised by us to fund our operations; and

(iv) proceeds expected to be raised from our Public Issue for working capital amounting to RM6.24 million.

12.3.2 Cash flow

The table below sets forth a summary of our Group's cash flow for the FYE Under Review and FPE 2024:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Net cash from/(used in) operating activities	649	7,072	2,102	(12,165)
Net cash from/(used in) investing activities	2,019	(1,948)	(8,855)	(1,863)
Net cash (used in)/ from financing activities	(4,587)	(3,285)	11,471	14,526
Net (decrease)/increase in cash and cash equivalents	**(1,919)**	**1,839**	**4,718**	**498**
Cash and cash equivalents at the beginning of the financial year/period	(5,006)	(6,925)	(5,086)	(368)
Cash and cash equivalents at the end of the financial year/period	**(6,925)**	**(5,086)**	**(368)**	**130**
Cash and cash equivalents at the end of the financial year/period comprises:				
Fixed deposits with licensed banks	2,563	5,305	3,525	3,794
Cash and bank balances	3,535	3,592	5,379	11,061
Bank overdrafts	(10,460)	(8,678)	(5,747)	(10,931)
	(4,362)	219	3,157	3,924
Less: Fixed deposits pledged to licensed banks	(2,563)	(5,305)	(3,525)	(3,794)
Total	**(6,925)**	**(5,086)**	**(368)**	**130**

FYE 2021

Net cash from operating activities

Our Group recorded net cash from operating activities of RM0.65 million in FYE 2021. Our collections of RM94.61 million was mostly offset by our payments of RM93.96 million. Such payments were mainly for:

(i) payment to trade suppliers of RM80.02 million;

(ii) staff costs and Directors' remunerations of RM11.10 million;

(iii) interest paid of RM1.78 million; and

(iv) income tax paid of RM1.02 million.

Net cash from investing activities

Our Group recorded net cash from investing activities of RM2.02 million in FYE 2021, mainly due to the proceeds received from the disposal of:

(i) properties comprising two units of 1½-storey factories located in Kepong, Kuala Lumpur at RM2.03 million;

(ii) investment property comprising one unit of 2-storey superlink terrace house located in Ayer Keroh, Melaka at RM0.34 million; and

(iii) assets held for sale comprising one unit of 3-storey shop office located in Klang, Selangor at RM1.23 million.

The aforesaid net cash from investing activities was partially offset by the purchase of plant and machineries, office equipment, furniture and fittings as well as computers amounting to RM0.87 million and payment for the land conversion premium for Lot 903 Facility amounting to RM0.71 million.

Net cash used in financing activities

Our Group recorded net cash used in financing activities of RM4.59 million in FYE 2021, mainly due to the following:

(i) net repayment of term loans of RM2.56 million;

(ii) repayment of lease liabilities of RM2.36 million;

(iii) repayment of advances from directors amounting to RM1.47 million; and

(iv) increase in placement of fixed deposits pledged with financial institutions of RM0.04 million.

The aforesaid net cash used in financing activities was partially offset by net drawdown of bankers' acceptance at RM1.84 million.

FYE 2022

Net cash from operating activities

Our Group recorded net cash from operating activities of RM7.07 million in FYE 2022. Our collections of RM113.83 million was partially offset by our payments of RM106.76 million. Such payments were mainly for:

(i) payment to trade suppliers of RM93.72 million;

(ii) staff costs and Directors' remunerations of RM9.93 million;

(iii) interest paid of RM1.87 million; and

(iv) income tax paid of RM1.19 million.

Net cash used in investing activities

Our Group recorded net cash used in investing activities of RM1.95 million in FYE 2022, mainly due to the purchase of:

(i) plant and machineries, renovation and electrical installation, office equipment, furniture and fittings as well as computer amounted to RM1.18 million;

(ii) investment properties comprising one unit of 2-storey linked house located in Selangor and one unit of SOHO located in Kuala Lumpur amounted to RM0.93 million collectively; and

(iii) right-of-use assets comprising one motor vehicle amounted to RM0.08 million.

The aforesaid net cash used in investing activities was partially offset by the proceeds received from the disposal of three motor vehicles amounting to RM0.24 million.

Net cash used in financing activities

Our Group recorded net cash used in financing activities of RM3.29 million in FYE 2022, mainly due to the following:

(i) increase in placement of fixed deposit pledged with financial institutions of RM2.74 million;

(ii) repayment of lease liabilities of RM1.46 million;

(iii) net repayment of term loans of RM0.96 million; and

(iv) repayment of advances from directors amounting to RM0.75 million.

The aforesaid net cash used in financing activities were partially offset by a net drawdown of bankers' acceptance amounting to RM2.62 million.

FYE 2023

Net cash from operating activities

Our Group recorded net cash from operating activities of RM2.10 million in FYE 2023. Our collections of RM133.13 million was partially offset by our payments of RM131.03 million. Such payments were mainly for:

(i) payments to trade suppliers of RM112.00 million;

(ii) staff costs and Directors' remunerations of RM13.21 million;

(iii) interest paid of RM3.25 million; and

(iv) income tax paid of RM2.50 million.

Net cash used in investing activities

Our Group recorded net cash used in investing activities of RM8.86 million in FYE 2023, mainly due to the purchase of:

(i) moulds, plant and machineries, renovation and electrical installation, office equipment, furniture and fittings as well as computer amounted to RM5.26 million; and

(ii) right-of-use assets comprising Lot 904, two motor vehicles as well as additional lease of one warehouse and three staff accommodations, amounted to a total of RM3.60 million.

Net cash from financing activities

Our Group recorded net cash from financing activities of RM11.47 million in FYE 2023, mainly due to the following:

(i) net drawdown of four new term loans amounting to a total of RM9.97 million;

(ii) net drawdown of banker's acceptance of RM7.36 million; and

(iii) withdrawal of fixed deposit pledged with financial institutions of RM1.78 million.

The aforesaid net cash from financing activities were partially offset by the repayment of advances from former directors of RM3.23 million and the repayment of advances from directors of RM1.03 million, payment of dividend of RM2.00 million as well as repayment of lease liabilities of RM1.38 million.

FPE 2024

Net cash used in operating activities

Our Group recorded net cash used in operating activities of RM12.17 million in FPE 2024. Our collections of RM100.35 million was offset by our payments of RM112.52 million. Such payments were mainly for:

(i) payments to trade suppliers of RM101.03 million;

(ii) staff costs and Directors' remunerations of RM8.42 million;

(iii) interest paid of RM2.12 million; and

(iv) income tax paid of RM0.90 million.

We recorded net cash used in operating activities in FPE 2024, mainly due to the increase in our inventories and trade receivables by RM10.25 million and RM8.10 million, respectively. The increase in our inventories was mainly arising from the purchase of aluminium billets and other building materials towards the end of FPE 2024 to ensure sufficient stock levels in anticipation of greater customer orders in the second half of the financial year ending 2024. The increase in our trade receivables was mainly due to higher sales transactions closer to the end of the FPE 2024 where payment has yet to be collected from customers as at 31 July 2024.

Net cash used in investing activities

Our Group recorded net cash used in investing activities of RM1.86 million in FPE 2024, due to the purchase of:

(i) moulds, plant and machineries, renovation and electrical installation, office equipment, computer and software, office equipment, furniture and fittings, among others, amounted to RM1.63 million; and

(ii) right-of-use assets consist of construction cost for Lot 903 and the purchase of a new motor vehicle, amounted to a total of RM0.23 million.

Net cash from financing activities

Our Group recorded net cash from financing activities of RM14.53 million in FPE 2024, mainly due to the net drawdown of bankers' acceptance of RM19.16 million.

The aforesaid net cash from financing activities was partially offset by the net repayment of term loans of RM2.21 million, repayment of advances obtained from a director of RM1.47 million, repayment of lease liabilities of RM0.68 million and increase in placement of fixed deposit pledged with financial institutions of RM0.27 million.

12.4 BORROWINGS

As at 31 July 2024, our Group's total outstanding borrowings (excluding lease liabilities in relation to current rental lease arrangement of RM0.78 million and non-current rental lease arrangement of RM1.74 million) stood at RM77.76 million, all of which were interest-bearing and denominated in RM. Details of our borrowings are set out below:

Type of borrowings	Purpose	Total drawdown limit	Tenure	Maturity	Interest rate (per annum)	Payable within 12 months	Payables after 12 months	Total
		RM'000				RM'000	RM'000	RM'000
Term loan	To finance working capital	2,500	7 years	December 2029	7.95%	463	1,606	2,069
Term loan	To part finance the purchase of land, Lot 903 Facility	2,180	12 years	December 2032	4.59%	188	1,453	1,641
Term loan	To finance the purchase of Kepong Facility	5,208	12 years	November 2026	6.89%	434	609	1,043
Term loan	To finance working capital	1,000	5 years	April 2026	3.50%	212	178	390
Term loan	To finance the purchase of keyman insurance	200	5 years	December 2025	4.59%	44	17	61
Term loan	To finance the purchase of keyman insurance	100	5 years	July 2029	4.59%	22	66	88
Term loan	To part finance the purchase of land, Ijok Manufacturing Facility	16,000	12 years	February 2029	5.18%	923	5,335	6,258
Term loan	To repay directors' advances	5,000	7 years	June 2030	5.88%	959	3,288	4,247
Term loan	To finance working capital	5,000	7 years	March 2030	6.70%	837	3,401	4,238
Term loan	To part finance the purchase of land, Lot 904	3,200	20 years	October 2043	4.40%	28	3,100	3,128
Term loan	To finance the purchase of life insurance/takaful contribution financing	(1)500	10 years	June 2033	6.89%	56	144	200
Bank overdrafts	To finance working capital	22,000	Repayable on demand	Repayable on demand	7.64% - 8.02%	10,931	-	(2)10,931
Bankers' acceptances	To finance working capital	60,200	120 days – 150 days	Repayable on maturity date	5.15% - 5.78%	42,596	-	(2)42,596

Type of borrowings	Purpose	Total drawdown limit	Tenure	Maturity	Interest rate (per annum)	Payable within 12 months	Payables after 12 months	Total
		RM'000				**RM'000**	**RM'000**	**RM'000**
Hire purchase	To purchase motor vehicles	1,088	5 years	April 2024 to July 2028	2.24% - 3.46%	174	328	502
Hire purchase	To purchase a machinery	600	5 years	May 2028	2.80%	157	206	363
						58,024	**19,731**	**77,755**

Notes:

(1) Our Group is only required to drawdown RM0.25 million for the purchase of the life insurance.

(2) Our Group utilises bank overdrafts and bankers' acceptances as part of our working capital management strategy. We leverage on these banking facilities for payments to suppliers for the purchase of aluminium billets and other building materials and therefore increases in tandem with the increase of our purchases.

During the FYE Under Review, FPE 2024 and as at the LPD:

(i) we do not have any borrowings which are non-interest bearing or in foreign currency;

(ii) we have not defaulted on payments of principal sums and/or interests in respect of any borrowings;

(iii) neither our Company nor our subsidiaries are in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans which can materially affect our financial position and operations; and

(iv) we have not experienced any clawback or reduction in the facilities granted to us by our lenders.

12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

Save as disclosed in Section 12.4 above, we do not have nor utilise any other financial instruments or have any treasury policies. All our financial instruments are used for the purchase of properties, motor vehicles and plant and machineries and working capital purpose to conduct our business. As at 31 July 2024, save for the finance lease liabilities which are based on fixed rates, all our other facilities with licensed banks are based on base rate plus or minus a rate which varies depending on the type of facility.

12.6 MATERIAL CAPITAL COMMITMENTS, MATERIAL LITIGATION AND CONTINGENT LIABILITIES

12.6.1 Material capital commitments

Save as disclosed below, and as at the LPD, we do not have any other material capital commitment:

	RM'000
Approved and contracted for:	
Construction of Lot 903 Facility	14,294
Approved but not contracted for:	
Purchase of new aluminium press machines and equipment	9,550
Total	**23,844**

The construction of Lot 903 Facility will be funded by bank borrowings and internally generated fund, whilst the purchase of new aluminium press machines and equipment will be fully financed by the IPO proceeds. Please refer to Section 4.6 of this Prospectus for further details.

12.6.2 Material litigations and contingent liability

As at LPD, 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 financial performance, position or profitability. As at LPD, our Directors confirm that there are no contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect our Group's financial performance, position or profitability.

12.7 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the FYE Under Review and FPE 2024 are as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Trade receivables turnover[(1)] (days)	122	85	83	100
Trade payables turnover[(2)] (days)	80	59	84	94
Inventory turnover[(3)] (days)	184	159	156	150
Current ratio[(4)] (times)	1.38	1.48	1.45	1.36
Gearing ratio[(5)] (times)	0.84	0.75	0.77	1.00

Notes:

(1) Computed based on average trade receivables at the beginning and end of the respective financial year/ period over total revenue of the respective financial year/ period and multiplied by 365 days for each of the FYE Under Review and 213 days for FPE 2024.

(2) Computed based on average trade payables at the beginning and end of the respective financial year/ period over total purchases of the respective financial year/ period and multiplied by 365 days for each of the FYE Under Review and 213 days for FPE 2024.

(3) Computed based average inventories at the beginning and end of the respective financial year/ period over total purchases of the respective financial year/ period and multiplied by 365 days for each of the FYE Under Review and 213 days for FPE 2024.

(4) Computed based on currents assets over current liabilities.

(5) Computed based on total borrowings and lease liabilities (excluding lease liabilities in relation to rental lease arrangement) over total equity.

(a) Trade receivables turnover

The table below sets forth a summary of our Group's trade receivables turnover period for the FYE Under Review and FPE 2024:

	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade receivables	32,264	27,552	23,862	46,398
Closing trade receivables	27,552	23,862	46,398	54,501
Average trade receivables	29,908	25,707	35,130	50,500
Revenue	89,755	109,910	153,685	107,894
Trade receivables turnover (days)	122	85	83	100

The normal credit period granted by us to our customers is between 30 to 90 days from the last day of the month in which the invoices were issued. However, we also grant exceptional credit period of up to 120 days to a few of our long-standing customers. Credit terms are assessed and approved on a case-by-case basis after taking into consideration, amongst others, the background, credit-worthiness and payment history of the customer as well as our relationship with the customer.

Our trade receivables turnover days improved from 122 days in FYE 2021 to 85 days in FYE 2022 and subsequently to 83 days in FYE 2023. We have put in efforts to improve our collection processes and procedures through close monitoring and follow up actions with trade debtors so as to reduce the risk of default.

The trade receivables turnover period of 122 days in FYE 2021 is higher as compared to the normal credit period of between 30 to 90 days, mainly attributable to longer collection period from customers that were affected by the COVID-19 pandemic in which we have granted them longer payment terms and/or installment plans.

Our trade receivables turnover days increased from 83 days in FYE 2023 to 100 days in FPE 2024, mainly due to higher volume of sales transactions which had taken place closer to the end of FPE 2024 where payment has yet to be collected from customers as at 31 July 2024.

The ageing analysis of our Group's trade receivables as at 31 July 2024 is as follows:

	Trade receivables as at 31 July 2024		**Amount collected from 1 August 2024 up to the LPD**		**Balance trade receivables as at the LPD**	
	A	**A/ total of A**	**B**	**B / A**	**C = A - B**	**C/ total of C**
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Neither past due nor impaired	44,313	81.31	27,088	61.13	17,225	76.34
	44,313	**81.31**	**27,088**	**61.13**	**17,225**	**76.34**
Past due but not impaired:						
- 1 to 30 days	4,857	8.91	2,100	43.24	2,757	12.22
- 31 to 60 days	2,467	4.53	1,621	65.71	846	3.75
- 61 to 90 days	1,087	1.99	141	12.97	946	4.19
- More than 90 days	1,777	3.26	987	55.54	790	3.50
	10,188	**18.69**	**4,849**	**47.60**	**5,339**	**23.66**
Total	**54,501**	**100.00**	**31,937**	**58.60**	**22,564**	**100.00**

Our Group's total trade receivables past due as at 31 July 2024 is RM10.19 million, representing 18.69% of our total trade receivables as at 31 July 2024. Subsequent to 31 July 2024 and up to the LPD, we have collected RM4.85 million, representing 47.60% of the total trade receivables past due as at 31 July 2024.

Overall, subsequent to 31 July 2024 and up to the LPD, we have collected a total of RM31.94 million, representing 58.60% of our Group's total trade receivables as at 31 July 2024.

We have not encountered any major disputes with our customers. With respect to our overdue trade receivables, we have generally been able to collect payments eventually as evidenced by our subsequent collections of past due trade receivables after 31 July 2024. We are following up closely with the customers on the status of outstanding payment via reminder letters, emails or calls. Our management is of the view of that these overdue trade receivables are recoverable and we are closely monitoring the recoverability of our overdue trade receivables on a regular basis, and when required, provide for impairment of these trade receivables.

Generally, we will assess the adequacy of impairment loss allowance on overall trade receivables balance at every reporting period and the need for bad debts written-off and/or impairment loss allowance is made based on our customers' historical payment track records. Our impairment on trade receivables and bad debts written-off for the FYE 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
Impairment losses on trade receivables	205	320	144	339
Reversal of impairment losses on trade receivables	(124)	(204)	(360)	(716)
Net changes on impairment of financial instruments	**81**	**116**	**(216)**	**(377)**
Bad debts written off	44	204	-	52

The impairment losses on trade receivables for the FYE Under Review and FPE 2024 consists of specific allowance and lifetime expected credit loss allowance. The impairment losses on trade receivables of RM0.21 million in FYE 2021 and RM0.14 million in FYE 2023 was mainly in relation to lifetime expected credit loss allowance from all trade receivables, considering the probability of default. The impairment losses on trade receivables of RM0.32 million in FYE 2022 and RM0.34 million in FPE 2024 was mainly in relation to specific allowance for several customers with long outstanding more than 12 months.

The reversal of impairment losses on trade receivables of RM0.12 million in FYE 2021 and RM0.20 million in FYE 2022 was due to the reversal of lifetime expected credit loss allowance from all trade receivables, following a decreased probability of default risk. The reversal of impairment losses on trade receivables of RM0.36 million in FYE 2023 and RM0.72 million in FPE 2024 was mainly due to the recovery of previously impaired receivables from several customers, including those impaired during the FYE Under Review and prior to FYE 2021.

The increase in bad debts written off from RM0.04 million in FYE 2021 to RM0.20 million in FYE 2022 was attributable to long outstanding trade receivables that were non-recoverable from two customers in our aluminium extrusion segment. The bad debts written off of RM0.05 million in FPE 2024 was attributable to a long outstanding trade receivable that was non-recoverable from a customer in our aluminium extrusion segment.

(b) Trade payables turnover

The table below sets forth a summary of our Group's trade payables turnover period for the FYE Under Review and FPE 2024:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Opening trade payables	17,022	12,435	17,537	39,045
Closing trade payables	12,435	17,537	39,045	41,351
Average trade payables	14,729	14,986	28,291	40,198
Total purchases during the financial year/ period	67,555	93,406	123,383	90,621
Trade payables turnover (days)	80	59	84	94

The normal credit term granted to us by our suppliers ranges from 30 to 90 days from the last day of the month in which the invoices were issued.

Our Group's trade payables turnover days have improved from 80 days in FYE 2021 to 59 days in FYE 2022. The improvement was mainly due to prompt payments to our suppliers in December 2022 in view of the Chinese New Year festival falling in January 2023. Our trade payables turnover days normalised to 84 days in FYE 2023, which is within the normal credit terms granted by our suppliers.

Our Group's trade payables turnover days increased from 84 days in FYE 2023 to 94 days in FPE 2024, mainly due to the opening trade payables for FYE 2023 were significantly lower at RM17.54 million compared to the opening balance for the FPE 2024 of RM39.05 million. In addition, the higher trade payable turnover days in FPE 2024 was also due to the increase in purchases of aluminium billets and other building materials which had taken place towards the end of the FPE 2024, where the majority of these trade payables were not due for payment.

The ageing analysis of our Group's trade payables as at 31 July 2024 is as follows:

	Trade payables as at 31 July 2024		Amount paid from 1 August 2024 up to the LPD		Balance trade payables as at the LPD	
	A	A/ total of A	B	B / A	C = A - B	C/ total of C
	RM'000	%	RM'000	%	RM'000	%
Within credit period	33,871	81.91	32,241	95.19	1,630	45.33
Exceed credit period						
- 1 to 30 days	5,603	13.55	4,573	81.62	1,030	28.64
- 31 to 60 days	586	1.42	196	33.45	390	10.85
- 61 to 90 days	1,032	2.50	719	69.67	313	8.70
- More than 90 days	259	0.62	26	10.04	233	6.48
	7,480	18.09	5,514	73.72	1,966	54.67
Total	**41,351**	**100.00**	**37,755**	**91.30**	**3,596**	**100.00**

Our Group's total trade payables past due as at 31 July 2024 is RM7.48 million, representing 18.09% of total trade payables. Subsequent to 31 July 2024 and up to the LPD, we have made payments of RM37.76 million, representing 91.30% of the total payables as at 31 July 2024, of which RM5.51 million were relating to trade payables past due as at 31 July 2024.

As at the LPD, there are no disputes with our suppliers in respect of total outstanding trade payables and no legal action has been initiated by our suppliers to demand for payment.

(c) Inventories turnover

The table below sets forth a summary of our Group's inventories turnover period for the FYE Under Review and FPE 2024:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening inventories	33,604	34,650	46,895	58,601
Closing inventories	34,650	46,895	58,601	68,854
Average inventories	34,127	40,773	52,748	63,728
Total purchases during the financial year/ period	67,555	93,406	123,383	90,621
Inventory turnover (days)	184	159	156	150

Our Group's inventories for the FYE Under Review and FPE 2024 comprise the following:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	**RM'000**	**RM'000**	**RM'000**
Raw materials	3,228	2,284	3,036	4,771
Packing materials	77	45	73	72
Work-in-progress	1,320	2,228	896	1,133
Finished goods(1)	30,074	42,416	54,596	62,878
	34,699	46,973	58,601	68,854
Less: Inventories written down(2)	(49)	(78)	-	-
Total	**34,650**	**46,895**	**58,601**	**68,854**

Notes:

(1) The composition of the finished goods based on our Group's revenue segments are as follows:

	FYE 2021	*FYE 2022*	*FYE 2023*	*FPE 2024*
	RM'000	*RM'000*	*RM'000*	*RM'000*
Aluminium extrusion segment	*17,184*	*18,743*	*19,408*	*20,651*
Trading and distribution of building materials segment	*12,890*	*23,673*	*35,188*	*42,227*
	30,074	***42,416***	***54,596***	***62,878***

(2) Mainly relating to the write down of safe care products which have expired.

Our inventories consist of the following:

(i) Raw materials comprising, among others, aluminium billets, surface finishing materials and other related raw materials for the aluminium extrusion segment;

(ii) Packing materials such as packing papers, tapes and stretch films for the packing of the aluminium profiles and ladders in our aluminum extrusion segment as well as for the packing of the building materials in our trading and distribution of building materials segment;

(iii) Work-in-progress refers to the products that are partially finished before undergoing further processing into finished goods in our aluminium extrusion segment; and

(iv) Finished goods for both our trading and distribution of building materials segment and aluminium extrusion segment, before delivery to our customers.

In the ordinary course of business, we maintain inventories of our main raw material, namely aluminium billets, of up to two weeks supply to minimise any delays and potential disruptions in the supply chain. However, the quantity of aluminium billets purchased for the two weeks supply may fluctuate depending on the production requirements. We commit to purchase aluminium billets in bulk when prices are favourable and arrange for periodic delivery based on schedules determined by us. In addition, we also make ad-hoc orders for aluminium billets when we receive bulk orders from our customers. This is to ensure that we purchase sufficient raw materials after taking into consideration our production capacity and output to meet our scheduled delivery timeline. Meanwhile, we also review the inventory level of our other raw materials to ensure that we maintain sufficient level of raw materials inventory at all times.

The increase in our Group's raw materials inventories by RM1.74 million or 57.24% from RM3.04 million as at 31 December 2023 to RM4.77 million as at 31 July 2024 was mainly due to higher production capacity, as a result of our 1,800 UST extruder beginning to operate two shifts per day starting 1 March 2024, which led to a higher consumption of raw materials. In addition, an increase in our average purchase price per tonne of aluminium billets by 7.23% in FPE 2024 as compared to FYE 2023 also contributed to the increase in the value of our raw materials inventories as at 31 July 2024.

For our trading goods in our trading and distribution of building materials segment, we will usually compute the monthly average sales volume for the past 12 months and maintain three months of inventory in our facilities. Where the opportunity arises, we may also purchase trading goods at more than required quantity at more favourable terms and pricing.

Our inventory turnover days improved from 184 days in FYE 2021 to 159 days in FYE 2022, 156 days in FYE 2023 and subsequently to 150 days in FPE 2024 following the gradual economic recovery subsequent to COVID-19 pandemic, in line with the increase in our revenue in FYE 2022, FYE 2023 and FPE 2024.

(d) Current ratio

Our Group's current ratio throughout the FYE Under Review and FPE 2024 is as follows:

	Audited			
	As at 31 December			**As at 31 July**
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets	72,864	82,237	116,198	142,737
Current liabilities	52,713	55,527	80,245	104,621
Current ratio (times)	1.38	1.48	1.45	1.36

Our current ratio for the FYE Under Review and FPE 2024 ranging from 1.36 times to 1.48 times demonstrates our Group's ability to meet our short-term obligations.

Our current ratio had improved from 1.38 times as at 31 December 2021 to 1.48 times as at 31 December 2022. This was mainly attributable to the increase in our current assets by RM9.38 million or 12.87%, without a corresponding increase in current liabilities. The increase in current assets was mainly due to the increase in inventories by RM12.25 million or 35.35% from RM34.65 million as at 31 December 2021 to RM46.90 million as at 31 December 2022.

Our current ratio decreased marginally from 1.48 times as at 31 December 2022 to 1.45 times as at 31 December 2023. Despite our current assets increased by RM33.96 million or 41.29%, the increase was offset by the increase in our current liabilities of RM24.72 million or 44.52%. The increase in current assets was mainly due to the increase in trade receivables and inventories by RM22.54 million and RM11.70 million, respectively. The increase in current liabilities was mainly due to the increase in trade payables by RM21.51 million or 122.63% from RM17.54 million as at 31 December 2022 to RM39.05 million as at 31 December 2023.

Our current ratio decreased from 1.45 times as at 31 December 2023 to 1.36 times as at 31 July 2024. Despite the increase in our current assets by RM26.54 million or 22.84% from 31 December 2023 to 31 July 2024, the increase was partially offset by the increase in our current liabilities by RM24.37 million or 30.37% during the same period. The increase in current assets was mainly due to the increase in inventories, trade receivables as well as cash and bank balances by RM10.25 million, RM8.10 million and RM5.68 million, respectively. The increase in current liabilities was mainly due to the increase in bank borrowings by RM24.56 million which was partially offset by the decrease in other payables by RM3.56 million.

(e) Gearing ratio

Our Group's gearing ratio throughout the FYE Under Review and FPE 2024 is as follows:

	Audited			
	As at 31 December			**As at 31 July**
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowings[(1)]	42,029	41,207	55,741	77,755
Total equity	49,897	55,160	72,633	77,487
Gearing ratio (times)	0.84	0.75	0.77	1.00

Note:

(1) Total borrowings include:

	Audited			
	As at 31 December			***As at 31 July***
	2021	***2022***	***2023***	***2024***
	RM'000	***RM'000***	***RM'000***	***RM'000***
Bank overdrafts	*10,460*	*8,678*	*5,747*	*10,931*
Bankers' acceptance	*13,457*	*16,081*	*23,438*	*42,596*
Term loans	*16,558*	*15,597*	*25,576*	*23,363*
Hire purchase	*1,554*	*851*	*980*	*865*
	42,029	***41,207***	***55,741***	***77,755***

Our Group's gearing ratio improved from 0.84 times as at 31 December 2021 to 0.75 times as at 31 December 2022 mainly due to the increase in our total equity, as a result of the higher PAT achieved by our Group in FYE 2022.

Our Group's gearing ratio increased from 0.75 times as at 31 December 2022 to 0.77 times as at 31 December 2023 mainly due to the increase in total borrowings by RM14.53 million. The increase in total borrowings was mainly attributable to additional term loans drawdown and increase in the utilisation of bankers' acceptance during FYE 2023. The increase in total borrowings was offset by the increase in total equity attributable to owners of the Company of RM17.47 million, arising from revaluation surplus of our leasehold land and buildings (pursuant to the revaluation exercise that was carried out as part of our Group's policy of revaluing its land and buildings every three years) and higher PAT achieved by our Group in FYE 2023.

Our Group's gearing ratio increased from 0.77 times as at 31 December 2023 to 1.00 times as at 31 July 2024, mainly due to the increase in total borrowings by RM22.02 million, from RM55.74 million as at 31 December 2023 to RM77.76 million as at 31 July 2024. The increase in total borrowings was mainly attributable to higher utilisation of short-term facilities, include bankers' acceptance, which increased by RM19.16 million, from RM23.44 million as at 31 December 2023 to RM42.60 million as at 31 July 2024 and bank overdrafts, which increased by RM5.18 million, from RM5.75 million as at 31 December 2023 to RM10.93 million as at 31 July 2024. These short-term facilities were utilised to finance our Group's working capital requirements, mainly for the purchase of raw materials and building materials. Our raw materials consumed in aluminium extrusion segment increased by RM18.35 million or 62.80% from RM29.22 million in FPE 2023 to RM47.57 million in FPE 2024 while our net purchases of building materials in our trading and distribution of building materials segment increased by RM4.15 million or 14.49% from RM28.65 million in FPE 2023 to RM32.80 million in 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 financial performance during the FYE 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 5 of this Prospectus.

12.9 IMPACT OF INFLATION

Our financial performance during the FYE Under Review and FPE 2024 was not significantly affected by the impact of inflation. However, there is no assurance that our business will not be adversely affected by the impact of inflation in the future.

12.10 IMPACT OF FOREIGN EXCHANGE RATE, INTEREST RATES AND/OR COMMODITY PRICES

(a) Impact of foreign exchange rate

Our Group's financial results for the FYE Under Review and FPE 2024 were not affected by fluctuations in foreign exchange rates as our transactions are solely denominated in RM. We are currently not exposed to foreign currency risk and any unfavourable foreign currency exchange rate fluctuations would not affect our business operations and financial performance.

(b) Impact of interest rates

Our exposure to interest rate risks relates primarily to our borrowings from banks. We manage our net exposure to interest rate risks by obtaining financing at acceptable borrowing costs and by monitoring the changes in interest rates on an ongoing basis. We do not enter into interest rate hedging transactions as the cost involved outweighs the potential risk impact of interest rate fluctuation.

A sensitivity analysis performed on our Group based on our outstanding floating rate bank borrowings as at 31 July 2024 indicates that our PBT for FPE 2024 would increase or decrease by RM0.38 million, as a result of increase or decrease in interest rates by 0.50% on these borrowings, assuming all other variables remain constant.

Our financial results for the FYE Under Review and FPE 2024 were not materially affected by fluctuations in interest rates.

(c) Impact of commodity prices

Aluminium billets are the key raw material for our aluminium extrusion segment. As aluminium is one of the major commodities traded around the globe, the prices of aluminium are susceptible to disruptions in the supply chain, changes in global economic conditions, geopolitical tensions, trade restrictions, fluctuations in foreign exchange rates, and other external factors. The fluctuation in the price of aluminium billets will have an impact on our Group's profit margins.

12.11 TREND INFORMATION

Based on our track record for the FYE Under Review and FPE 2024, including our segmental analysis of revenue and profitability, the following trends may continue to affect our business:

(a) our revenue was mainly derived from the aluminium extrusion segment, contributing between 57.22% and 62.98% of our Group's total revenue during the FYE Under Review and FPE 2024. We expect this segment to continue contributing significantly to our revenue in the future. Moving forward, our financial performance is likely to move in tandem with the performance of our customers mainly in the construction and property development industries;

(b) the main components of our cost of sales are net purchases of raw materials for our aluminium extrusion segment and net purchases of building materials for our trading and distribution of building materials segment, which accounted for 90.14% to 91.58% of our total cost of sales during the FYE Under Review and FPE 2024. Moving forward, our cost of sales is expected to fluctuate in tandem with our revenue segmentation. Our cost of sales is dependent on amongst others, the availability and price fluctuation of raw materials and finished goods; and

(c) we achieved a GP margin of 20.35%, 19.37%, 19.75% and 17.44% for the FYEs 2021, 2022, 2023 and FPE 2024, respectively. We expect to maintain our GP margin within the similar range in the future. This would depend on, amongst others, our continued ability to manage our costs efficiently and our revenue segmentation in the future.

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:

(a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations, other than those discussed in this section and Section 5 of this Prospectus;

(b) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in this section and Section 5 of this Prospectus;

(c) 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 this section and Section 5 of this Prospectus;

(d) material capital commitments for capital expenditure as set out in Section 12.6 of this Prospectus; and

(e) 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 5 of this Prospectus.

Save as disclosed in Section 12.2, there are no other factors which are likely to have a material effect on our financial condition and results of operations or cause our Group's historical financial statements to be not necessarily indicative of our future financial performance.

Thus, our Board is optimistic about the future prospects of our Group given the positive outlook of the aluminium industry in Malaysia as set out in the IMR Report in Section 8 of this Prospectus, our Group's competitive strengths as set out in Section 7.5 of this Prospectus as well as our Group's future plans and business strategies as set out in Section 7.20 of this Prospectus.

12.12 SIGNIFICANT CHANGES

There are no significant changes that have occurred which may have a material effect on our financial position and results of operations subsequent to the FPE 2024 and up to the LPD.

12.13 ORDER BOOK

Aluminium extrusion and trading and distribution of building materials segments

Generally, we do not maintain an order book for both our aluminium extrusion and trading and distribution of building materials segments. Our sales are mainly based on purchase orders received from customers with specifications and quantity required on an ongoing basis.

As at the LPD, the unbilled purchase orders for both our aluminium extrusion and trading and distribution of building materials segments stood at approximately RM24.10 million and RM1.82 million, respectively, and is expected to be fully recognised by the first quarter of 2025.

Save for unbilled purchase orders of RM0.79 million from Fabulous Sunview for the purchase of aluminium solar PV mounting structures in our aluminium extrusion segment, none of our unbilled purchase orders is secured from related party.

Solar PV system installation services segment

Details of our unbilled order book for our solar PV system installation services segment are as follows:

Project details	As at 31 July 2024	As at the LPD
	RM'000	RM'000
Large scale solar PV projects	4,527	4,026
	4,527	**4,026**

The above unbilled order book relates to contract value which are on-going less revenue recognised up to 31 July 2024 or the LPD, as the case may be.

As at the LPD, our Group's entire unbilled order book of RM4.03 million is awarded by Fabulous Sunview. Majority of our projects take between three to twelve months to complete. Barring any unforeseen circumstances such as any time extension by our customers, we expect majority of our order book as at the LPD to be recognised as revenue by the fourth quarter of 2024 and the remaining to be fully recognised as revenue in FYE 2025.

In the event of any delays in the actual progress of the projects due to variation orders or any unforeseen circumstances such as shortage of materials or labour in the market, the recognition of the unbilled order book may extend beyond FYE 2025.

12.14 DIVIDEND POLICY

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends from our subsidiaries, present or future. It is the policy of our Board in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth.

We target to declare dividends of 30.00% of our audited consolidated PAT of each financial year. Our Board will take into account various factors including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant before recommending the dividends.

The future dividends proposed and declared, may vary depending on the financial performance and cash flows and operations of our Group. Save for certain banking restrictive covenants which our subsidiary is subject to, there are no other specific legal, financial, or economic restrictions imposed on our subsidiaries and our Company.

The dividends declared and paid for the FYE 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**
Dividends declared and paid	-	(1)2,000	-	-

Note:

(1) Paid on 30 August 2023.

The dividends paid are funded by internally generated funds. Our Board do not foresee that dividends paid would affect the execution and implementation of our future plans or strategies moving forward.

Save for the above, there are no dividends declared and paid for the FYE Under Review and FPE 2024. Our Company has no intention to declare any further dividends up to the completion of our Listing.

The level of dividends should also not be treated as an indication of our Group's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future.

12.15 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness:

(a) based on the latest unaudited financial information as at 30 September 2024; and

(b) after adjusting for the effects of acquisition of Winstar Aluminium, Public Issue and utilisation of proceeds.

	(1)As at 30 September 2024	(2)After acquisition of Winstar Aluminium	After Public Issue	(3)After Public Issue and utilisation of proceeds
	RM'000	**RM'000**	**RM'000**	**RM'000**
Indebtedness				
Current				
Secured and guaranteed:				
Bank borrowings				
- Term loans	-	4,190	4,190	4,190
- Bank overdrafts	-	16,224	16,224	16,224
- Bankers' acceptance	-	51,439	51,439	51,439
Lease liabilities (under hire purchase arrangement)	-	304	304	304
Unsecured and unguaranteed:				
Lease liabilities(4)	-	788	788	788
	-	**72,945**	**72,945**	**72,945**
Non-current				
Secured and guaranteed:				
Bank borrowings				
- Term loans	-	18,511	18,511	18,511
Lease liabilities (under hire purchase arrangement)	-	503	503	503
Unsecured and unguaranteed:				
Lease liabilities(4)	-	1,606	1,606	1,606
	-	**20,620**	**20,620**	**20,620**
Secured:				
Financial guarantees(5)	-	550	550	550
Total indebtedness	**-**	**94,115**	**94,115**	**94,115**

12. FINANCIAL INFORMATION *(Cont'd)*

	(1)As at 30 September 2024	(2)After acquisition of Winstar Aluminium	After Public Issue	(3)After Public Issue and utilisation of proceeds
	RM'000	**RM'000**	**RM'000**	**RM'000**
Capitalisation				
Share capital	(6)-	72,370	92,162	90,971
Invested capital	-	(64,309)	(64,309)	(64,309)
Reserves	-	16,799	16,799	16,799
Retained earnings	(76)	54,505	54,505	51,696
Total capitalisation	**(76)**	**79,365**	**99,157**	**95,157**
Total capitalisation and indebtedness	**N/A**	**173,480**	**193,272**	**189,272**
Gearing ratio(7) (times)	**N/A**	**1.19**	**0.95**	**0.99**

Notes:

(1) Represents the unaudited combined financial information of Winstar.

(2) After adjusting for the acquisition of 8,060,000 ordinary shares in Winstar Aluminium, representing the entire equity interest in Winstar Aluminium by Winstar.

(3) The proceeds from public issue of RM19.79 million, of which RM9.55 million will be allocated for purchase of machineries, RM6.24 million for working capital and RM4.00 million for estimated listing expenses.

(4) Lease liabilities in respect of tenancies for buildings. The lease liabilities arose from the recognition of right-of-use assets in accordance with MFRS 16 Leases.

(5) Consist of secured bank guarantees in favour of TNB.

(6) Represents RM2 share capital of Winstar.

(7) Calculated based on the total indebtedness divided by the total capitalisation.

12.16 REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION

UHY

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

12 November 2024

The Board of Directors
Winstar Capital Berhad
Lot 901 & 902, Batu 29
Jalan Kepong, Ijok
45600 Batang Berjuntai
Selangor Darul Ehsan

Dear Sirs,

WINSTAR CAPITAL BERHAD ("WINSTAR" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024

We have completed our assurance engagement to report on the compilation of Pro Forma Statements of Financial Position of Winstar and its subsidiaries (the "Group") as at 31 July 2024 and the related notes prepared by the Board of Directors of the Company for inclusion in the prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of Winstar on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing").

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Statements of Financial Position are described in the notes thereon to the Pro Forma Statements of Financial Position. The Pro Forma Statements of Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Statements of Financial Position have been compiled by the Board of Directors of the Company to illustrate the impact of the events or transactions as set out in the notes thereon to the Pro Forma Statements of Financial Position as if the events have occurred or the transactions have been undertaken on 31 July 2024. As part of this process, information about the Group's financial position has been extracted by the Board of Directors of the Company from the Group's audited combined statements of financial position as at 31 July 2024.

The Board of Directors' Responsibilities

The Board of Directors of the Company is responsible for compiling the Pro Forma Statements of Financial Position on the basis as set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Management 1 (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 management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as set out in the notes there onto the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the Pro Forma Statements of Financial Position on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Statements of Financial Position.

The purpose of Pro Forma Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction 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.

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Reporting Accountants' Responsibilities (Cont'd)

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis set out in notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines, involving performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the Pro Forma Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Statements of Financial Position has been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

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- 4 -

Other Matter

This letter has been prepared solely for the purpose of inclusion in the prospectus of Winstar, in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

UHY Malaysia
Firm Number: AF 1411
Chartered Accountants

TAN GIM-HENG
Approved Number: 03195/09/2025 J
Chartered Accountant

KUALA LUMPUR
12 NOVEMBER 2024

WINSTAR CAPITAL BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024

1. **Introduction**

The pro forma combined statements of financial position of Winstar Capital Berhad ("Winstar" or the "Company") and its combining entities (hereinafter collectively referred to as the "Group") has been compiled by the Directors of Winstar, for illustrative purposes only, for inclusion in the prospectus of Winstar (the "Prospectus") in connection with the initial public offering ("IPO") and the listing of and quotation for of the entire enlarged share capital of Winstar on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (the "Listing").

2. **Basis of Preparation**

2.1 The pro forma combined statements of financial position as at 31 July 2024 has been compiled based on the audited financial statements of the Group for the financial period ended ("FPE") 31 July 2024:

Companies	Relevant Financial Period
Winstar	FPE 31 July 2024
Winstar Aluminium Manufacturing Sdn. Bhd.	FPE 31 July 2024
MIM Industry Sdn. Bhd.	FPE 31 July 2024
Winstar Solar Sdn. Bhd.	FPE 31 July 2024
Establish Trading Sdn. Bhd.	FPE 31 July 2024

Winstar was incorporated in Malaysia under the Companies Act 2016 on 15 December 2023 as a private limited liability company under the name of Winstar Capital Sdn. Bhd. and domiciled in Malaysia. On 14 June 2024, the Company was converted into a public limited company and assumed its present name, Winstar Capital Berhad. The Company was incorporated to facilitate the Listing.

As at 31 July 2024, Winstar was dormant. However, the financial position of Winstar has been factored in the Pro Forma Combined Statements of Financial Position.

The audited financial statements of the Group for the FPE 31 July 2024 were prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

2.2 The pro forma combined statements of financial position of the Group have been presented on a manner consistent with both the format of the audited financial statements and accounting policies adopted by the Group in the preparation of its audited financial statements for the FPE 31 July 2024.

2.3 The audited financial statements of the Group for the FPE 31 July 2024 were reported without any modifications and were not subject to any audit qualifications and disclaimer of opinions.

2.4 The pro forma combined statements of financial position of the Group, of which the Directors of Winstar are solely responsible, have been prepared to illustrate that the pro forma combined statements of financial position of the Group as at 31 July 2024 have been adjusted for based on the assumption that the events and transactions as disclosed in Notes 3, 4 and 5 to the pro forma combined statements of financial position have occurred on 31 July 2024.

WINSTAR CAPITAL BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)

2. **Basis of Preparation (Cont'd)**

2.5 The Group is regarded as a continuing entity resulting from the acquisition exercise as this business combination involves entities or business which are ultimately controlled by the same parties before and after the business combination. The pro forma combined statements of financial position of the Group has been applied the merger method of accounting on a restrospective basis and restated its comparative as if the consolidation had taken place before the start of the earliest year presented in the financial statements.

Under the merger method,

(i) the assets and liabilities of the acquired entities are recognised and measured in the combined financial statements at the pre-combination carrying amounts.
(ii) the retained earnings and other equity balances of the acquired entities immediately before the business combination are those of the Group.
(iii) if the cost of merger is lower than the nominal value of the share capital of the subsidiaries, a credit balance will arise and be treated as merger reserve in the pro forma combined statements of financial position.
(iv) if the cost of merger is exceeding the nominal value of the share capital of the subsidiaries, a debit balance will arise and be treated as merger deficit in the pro forma combined statements of financial position.

Inter-company transactions, balances and unrealised gain or losses on transactions between Group companies are eliminated.

2.6 The pro forma combined statements of financial position of the Group has been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the Group and does not purport to predict the future financial position and results of the Group.

3. **Acquisition**

On 13 June 2024, Winstar has entered into a conditional share sale agreement with Winstar Aluminium Manufacturing Sdn. Bhd. ("Winstar Aluminium Manufacturing") Vendors (as listed in the table below) to acquire the entire equity interest in Winstar Aluminium Manufacturing comprising 8,060,000 ordinary shares for a total purchase consideration of RM72,369,499 only ("Acquisition"). The purchase consideration for the Acquisition will be satisfied by the issuance of 233,449,998 new ordinary shares in Winstar ("Winstar Shares") to the Winstar Aluminium Manufacturing Vendors at an issue price of RM0.31 each, details of which are as follows:

Winstar Aluminium Manufacturing Vendors	No. of Winstar Aluminium Manufacturing shares acquired	% of share capital in Winstar Aluminium Manufacturing	Purchase consideration RM	No. of new Winstar shares to be issued
Chua Nyok Chong	2,916,610	36.18	26,183,285	84,462,209
Chua Boon Hong	967,000	12.00	8,684,340	28,014,000
Lee Yong Zhi	948,459	11.77	8,517,890	27,477,065
Khoo Nee Cheng	809,931	10.05	7,273,134	23,461,725
Vafe System Sdn. Bhd.	2,418,000	30.00	21,710,850	70,034,999
Total	8,060,000	100.00	72,369,499	233,449,998

WINSTAR CAPITAL BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)

3. **Acquisition (Cont'd)**

The Acquisition was completed on 30 October 2024 and Winstar Aluminium Manufacturing became a wholly-owned subsidiary of Winstar. Please refer to Section 6.1.2 of the Prospectus for the details of the Acquisition.

4. **Listing Scheme**

(a) Public Issue and Offer for Sale

The Public Issue of 56,550,000 Issue Shares and Offer for Sale of 17,400,000 Offer Shares, representing 25.50% of the enlarged issued share capital of Winstar, at an issue price of RM0.35 per IPO Share, is subject to the clawback and reallocation provisions as set out in the Prospectus and will be allocated in the following manner:

(i) Allocation via balloting to the Malaysian Public

14,500,000 IPO Shares, representing 5.00% of the enlarged issued share capital, will be made available for application by the Malaysian Public investors through a balloting process as follows:

(a) 7,250,000 IPO Shares representing 2.50% of the enlarged issued share capital will be made available to the Bumiputera Malaysian Public;

(b) 7,250,000 IPO Shares representing 2.50% of the enlarged issued share capital will be made available to the Malaysian Public.

(ii) Eligible Persons

15,950,000 IPO Shares, representing 5.50% of the enlarged issued share capital will be reserved for application by the eligible Directors, employees and persons who have contributed to the success of the Goup under the Pink Form Allocations.

(iii) Private placement to selected investors

43,500,000 IPO Shares (comprising 26,100,000 Issue Shares and 17,400,000 Offer Shares), representing 15.00% of the enlarged issued share capital, will be made available by way of private placement to selected investors.

The offer to sale does not have any impact on the pro forma statements of financial position as at 31 July 2024.

The Public Issue will increase the issued share capital by RM18,601,575[(1)] comprising 56,550,000 Winstar Shares.

Note:

(1) After deducting the estimated listing expenses of approximately RM1,190,925 which is directly attributable to the IPO and set-off against the Winstar's share capital.

WINSTAR CAPITAL BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)

4. **Listing Scheme (Cont'd)**

(b) Listing of and Quotation for Winstar Shares on the ACE Market of Bursa Securities

In conjunction with the Listing, the Company's entire enlarged issued share capital of RM90,971,076 comprising 290,000,000 Winstar Shares will be listed and quoted on the ACE Market of Bursa Securities.

5. **Utilisation of Proceeds from IPO**

The gross proceeds from the IPO of RM19,792,500 are intended to be utilised as follows:

Utilisation of proceeds	**Amount of proceeds**		**Estimated timeframe for utilisation from listing date**
	RM	**%**	
Capital expenditure for the purchase of new aluminium extrusion press machines and equipment[(a)]	9,550,400	48.25	Within 24 months
Working capital requirements	6,242,100	31.54	Within 12 months
Estimated listing expenses[(b)]	4,000,000	20.21	Within two months
Total	19,792,500	100.00	

(a) As at the latest practicable date ("LPD"), the Group has yet to enter into any contractual binding arrangements or issue any purchase orders in relation to the capital expenditure for the purchase of new aluminium extrusion press machines and equipment. However, the allocation of the proceed has been factored in the Pro Forma Combined Statements of Financial Position.

(b) An amount of RM4.0 million is allocated to meet the estimated cost of Listing. The following summaries the estimated expenses incidental to Listing to be borne by the Group:

	RM
Professional fees[(i)]	2,650,000
Underwriting, placement and brokerage fees	654,675
Fee payables to authorities[(ii)]	75,150
Printing, advertising fees and contingencies[(iii)]	620,175
	4,000,000

WINSTAR CAPITAL BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)

5. **Utilisation of Proceeds from IPO (Cont'd)**

(b) An amount of RM4.0 million is allocated to meet the estimated cost of Listing. The following summaries the estimated expenses incidental to Listing to be borne by the Group: (Cont'd)

(i) Comprising advisory fees for, amongst others, the adviser, solicitors, reporting accountants, independent market researcher, independent internal control review consultant and issuing house.

(ii) Comprising fees payable to authorities such as the processing fee, listing fee, registration fee for the Prospectus and lodgement fee of the Prospectus.

(iii) Other incidental or related expenses in connection with the IPO.

If the actual listing expenses are higher than the earmarked amount, the shortfall will be funded out of the amount allocated for working capital purposes. Conversely, if the actual listing expenses are lower than the earmarked amount, the surplus will be used for working capital purposes.

The Group will bear all expenses and fees incidental to the Listing, which include underwriting commission, placement fees, brokerage fee under retail offering, professional fees, authorities' fees, advertising and other fees, the aggregate of which is estimated to be approximately RM4,000,000. As at 31 July 2024, RM889,805 has been paid. A total of RM1,190,925 will be directly attributable to the Public Issue and as such will be debited against the share capital in equity and the remaining estimated listing expenses of RM2,809,075 will be expensed off to the statements of profit or loss and other comprehensive income pursuant to MFRS 132 Financial Instruments: Presentation. Any difference arising from the utilisation as set out above will be adjusted accordingly with the working capital requirements.

WINSTAR CAPITAL BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)

6. **Pro Forma Combined Statements of Financial Position as at 31 July 2024**

The pro forma combined statements of financial position of the Winstar and its combining entities (the "Group") as at 31 July 2024 have been prepared for illustrative purposes only to show the effects of the events and transactions as mentioned in Notes 3, 4 and 5 to the Pro Forma Combined Statements of Financial Position on the assumption that these events and transactions were completed on 31 July 2024, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position.

		Audited		Pro Forma I		Pro Forma II		Pro Forma III
	Note	Group 31.07.2024 RM	Adjustments for Acquisition RM	After Acquisition RM	Adjustments for Public Issue RM	After Pro Forma I and after Public Issue RM	Adjustments for Utilisation of Proceeds RM	After Pro Forma II and after Utilisation of Proceeds RM
NON-CURRENT ASSETS								
Property, plant and equipment	6.2	15,686,534	-	15,686,534	-	15,686,534	9,550,400	25,236,934
Right-of-use assets		48,377,126	-	48,377,126	-	48,377,126	-	48,377,126
Investment properties		2,735,895	-	2,735,895	-	2,735,895	-	2,735,895
Goodwill on consolidation		92,728	-	92,728	-	92,728	-	92,728
		66,892,283		66,892,283		66,892,283		76,442,683
CURRENT ASSETS								
Inventories		68,853,796	-	68,853,796	-	68,853,796	-	68,853,796
Trade receivables		54,501,293	-	54,501,293	-	54,501,293	-	54,501,293
Other receivables	6.3	3,122,153	-	3,122,153	-	3,122,153	(889,805)	2,232,348
Contract assets		1,231,898	-	1,231,898	-	1,231,898	-	1,231,898
Tax recoverable		172,931	-	172,931	-	172,931	-	172,931
Fixed deposits with licensed banks		3,794,125	-	3,794,125	-	3,794,125	-	3,794,125
Cash and bank balances	6.4	11,060,961	-	11,060,961	19,792,500	30,853,461	(12,660,595)	18,192,866
		142,737,157		142,737,157		162,529,657		148,979,257
TOTAL ASSETS		209,629,440		209,629,440		229,421,940		225,421,940

WINSTAR CAPITAL BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)

6. **Pro Forma Combined Statements of Financial Position as at 31 July 2024 (Cont'd)**

The pro forma combined statements of financial position of the Winstar and its combining entities (the "Group") as at 31 July 2024 have been prepared for illustrative purposes only to show the effects of the events and transactions as mentioned in Notes 3, 4 and 5 to the Pro Forma Combined Statements of Financial Position on the assumption that these events and transactions were completed on 31 July 2024, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position. (Cont'd)

		Audited		Pro Forma I		Pro Forma II		Pro Forma III
	Note	Group 31.07.2024 RM	Adjustments for Acquisition RM	After Acquisition RM	Adjustments for Public Issue RM	After Pro Forma I and after Public Issue RM	Adjustments for Utilisation of Proceeds RM	After Pro Forma II and after Utilisation of Proceeds RM
EQUITY								
Share capital	6.5(i)	2	72,369,499	72,369,501	19,792,500	92,162,001	(1,190,925)	90,971,076
Invested capital	6.5(ii)	8,060,000	(8,060,000)	-	-	-	-	-
Merger reserve	6.6	-	(64,309,499)	(64,309,499)	-	(64,309,499)	-	(64,309,499)
Reserves		16,799,170	-	16,799,170	-	16,799,170	-	16,799,170
Retained earnings	6.7	52,627,600	-	52,627,600	-	52,627,600	(2,809,075)	49,818,525
TOTAL EQUITY		77,486,772		77,486,772		97,279,272		93,279,272
NON-CURRENT LIABILTIES								
Bank borrowings		19,196,724	-	19,196,724	-	19,196,724	-	19,196,724
Lease liabilities		2,273,344	-	2,273,344	-	2,273,344	-	2,273,344
Deferred tax liabilities		6,050,542	-	6,050,542	-	6,050,542	-	6,050,542
		27,520,610		27,520,610		27,520,610		27,520,610

WINSTAR CAPITAL BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)

6. **Pro Forma Combined Statements of Financial Position as at 31 July 2024 (Cont'd)**

The pro forma combined statements of financial position of the Winstar and its combining entities (the "Group") as at 31 July 2024 have been prepared for illustrative purposes only to show the effects of the events and transactions as mentioned in Notes 3, 4 and 5 to the Pro Forma Combined Statements of Financial Position on the assumption that these events and transactions were completed on 31 July 2024, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position. (Cont'd)

	Note	Audited Group 31.07.2024 RM	Adjustments for Acquisition RM	Pro Forma I After Acquisition RM	Adjustments for Public Issue RM	Pro Forma II After Pro Forma I and after Public Issue RM	Adjustments for Utilisation of Proceeds RM	Pro Forma III After Pro Forma II and after Utilisation of Proceeds RM
CURRENT LIABILTIES								
Trade payables		41,350,851	-	41,350,851	-	41,350,851	-	41,350,851
Other payables		2,940,426	-	2,940,426	-	2,940,426	-	2,940,426
Bank borrowings		57,692,697	-	57,692,697	-	57,692,697	-	57,692,697
Lease liabilities		1,114,952	-	1,114,952	-	1,114,952	-	1,114,952
Tax payable		1,523,132	-	1,523,132	-	1,523,132	-	1,523,132
		104,622,058		104,622,058		104,622,058		104,622,058
TOTAL LIABILITIES		132,142,668		132,142,668		132,142,668		132,142,668
		209,629,440		209,629,440		229,421,940		225,421,940
No. of ordinary shares assumed to be in issue ^		2		233,450,000		290,000,000		290,000,000
Net assets ("NA")		77,486,772		77,486,772		97,279,272		93,279,272
NA per share (RM)		38,743,386.00		0.33		0.34		0.32
Borrowings		80,277,717		80,277,717		80,277,717		80,277,717
Gearing (times) #		1.04		1.04		0.83		0.86

WINSTAR CAPITAL BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)

6. **Pro Forma Combined Statements of Financial Position as at 31 July 2024 (Cont'd)**

The pro forma combined statements of financial position of the Winstar and its combining entities (the "Group") as at 31 July 2024 have been prepared for illustrative purposes only to show the effects of the events and transactions as mentioned in Notes 3, 4 and 5 to the Pro Forma Combined Statements of Financial Position on the assumption that these events and transactions were completed on 31 July 2024, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position. (Cont'd)

^ Pursuant to Section 74 of the Companies Act, 2016 (the "Act"), all shares issued before or upon the commencement of this Act shall have no par or nominal value.

Calculated based on borrowings divided by net assets.

6.1 **Notes to Pro Forma Combined Statements of Financial Position**

Pro Forma I

Pro forma I incorporates the effects of Acquisition by Winstar as disclosed in Note 3 to the pro forma combined statements of financial position.

Pro Forma II

Pro forma II incorporates the effects of Pro Forma I and Public Issue set out in Note 4 to the pro forma combined statements of financial position.

Pro Forma III

Pro forma III incorporates the effects of Pro Forma II and utilisation of proceeds set out in Note 5 to the pro forma combined statements of financial position.

6.2 **Properties, Plant and Equipment**

	RM
As at 31 July 2024/As per Pro Forma I and II	15,686,534
Purchase of new aluminium extrusion press machines and equipment^	9,550,400
As per Pro Forma III	25,236,934

^ As at the latest practicable date ("LPD"), the Group has yet to enter into any contractual binding arrangements or issue any purchase orders in relation to the capital expenditure for the purchase of new aluminium extrusion press machines and equipment. However, the allocation of the proceed has been factored in the Pro Forma Combined Statements of Financial Position.

WINSTAR CAPITAL BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)

6. Pro Forma Combined Statements of Financial Position as at 31 July 2024 (Cont'd)

6.3 Other Receivables

	RM
As at 31 July 2024/As per Pro Forma I and II	3,122,153
Prepayment for listing expenses^	(889,805)
As per Pro Forma III	2,232,348

^ As of 31 July 2024, RM889,805 of listing expenses have been recognised as deposit which will be offset against share capital upon Listing.

6.4 Cash and Bank Balances

	RM
As at 31 July 2024/As per Pro Forma I	11,060,961
Proceeds from public issue	19,792,500
As per Pro Forma II	30,853,461
Purchase of new aluminium extrusion press machines and equipment*	(9,550,400)
Estimated listing expenses^	(3,110,195)
As per Pro Forma III	18,192,866

* As at the latest practicable date ("LPD"), the Group has yet to enter into any contractual binding arrangements or issue any purchase orders in relation to the capital expenditure for the purchase of new aluminium extrusion press machines and equipment. However, the allocation of the proceed has been factored in the Pro Forma Combined Statements of Financial Position.

^ As of 31 July 2024, RM889,805 of listing expenses have been recognised as deposit which will be offset against share capital upon Listing.

WINSTAR CAPITAL BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)

6. Pro Forma Combined Statements of Financial Position as at 31 July 2024 (Cont'd)

6.5 Share Capital and Invested Equity

(i) Share Capital

	Number of shares Units	RM
As at 31 July 2024	2	2
Acquisition	233,449,998	72,369,499
As per Pro Forma I	233,450,000	72,369,501
Public Issue	56,550,000	19,792,500
As per Pro Forma II	290,000,000	92,162,001
Estimated listing expenses^	-	(1,190,925)
As per Pro Forma III	290,000,000	90,971,076

^ The estimated listing expenses of RM1,190,925 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2,809,075 that are attributable to the Listing will be expensed off to the statement of profit or loss and other comprehensive income.

(ii) Invested Equity

	RM
As at 31 July 2024	8,060,000
Acquisition	(8,060,000)
As per Pro Forma I, II and III	-

6.6 Merger Reserve

	RM
As at 31 July 2024	-
Acquisition	(64,309,499)
As per Pro Forma I, II and III	(64,309,499)

6.7 Retained Earnings

	RM
As at 31 July 2024/As per Pro Forma I and II	52,627,600
Estimated listing expenses^	(2,809,075)
As per Pro Forma III	49,818,525

^ The estimated listing expenses of RM1,190,925 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2,809,075 that are attributable to the Listing will be expensed off to the statement of profit or loss and other comprehensive income.

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WINSTAR CAPITAL BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)

Approval by Board of Directors

Approved and adopted on behalf of the Board of Directors of Winstar Capital Berhad in accordance with a resolution of the Directors dated 12 NOV 2024

CHUA NYOK CHONG Director	CHUA BOON HONG Director

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WINSTAR CAPITAL BERHAD
[Registration No.: 202301049890 (1543804-K)]
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT
FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023
AND FINANCIAL PERIOD ENDED 31 JULY 2024

Registered office:
Lot 1902, 19th Floor,
Tower 1, Faber Towers,
Jalan Desa Bahagia, Taman Desa,
58100 Kuala Lumpur,
Wilayah Persekutuan.

Principal place of business:
Lot 901 & 902, Batu 29,
Jalan Kepong, Ijok,
45600 Batang Berjuntai,
Selangor.

WINSTAR CAPITAL BERHAD
(Incorporated in Malaysia)

**ACCOUNTANTS' REPORT
FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023
AND FINANCIAL PERIOD ENDED 31 JULY 2024**

INDEX
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UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

12 November 2024

The Board of Directors
Winstar Capital Berhad
Lot 901 & 902, Batu 29
Jalan Kepong, Ijok
45600 Batang Berjuntai
Selangor Darul Ehsan

Dear Sirs,

REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF WINSTAR CAPITAL BERHAD ("WINSTAR" OR "THE COMPANY")

Opinion

We have audited the accompanying combined financial statements of the Company and its combining entities as disclosed in Note 1.3 to the combined financial statements (collectively known as "Winstar Group" or "the Group"), which comprises the combined statements of financial position as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 July 2024 of the Group, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years/period then ended, and notes to the combined financial statements, including material accounting policies, as set out on pages 6 to 108.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 July 2024 and of their financial performance and their cash flows for the financial years/period then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF WINSTAR CAPITAL BERHAD ("WINSTAR" OR "THE COMPANY") (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 Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Responsibilities of the Directors for the Combined Financial Statements

The Directors of the Company are responsible for the preparation of the combined financial statements 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

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REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF WINSTAR CAPITAL BERHAD ("WINSTAR" OR "THE COMPANY") (CONT'D)

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants' 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 the combined financial statements of the Group.

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 misstatements of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF WINSTAR CAPITAL BERHAD ("WINSTAR" OR "THE COMPANY") (CONT'D)

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (Cont'd)

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

- Conclude on the appropriateness of the 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 Group's 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 combined financial statements 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 accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF WINSTAR CAPITAL BERHAD ("WINSTAR" OR "THE COMPANY") (CONT'D)

Other Matters

(a) The comparative information in respect of the combined statements of profit or loss and other comprehensive income, combined statements of cash flows and related notes to the combined financial statements of the Group for the 7 months financial period ended 31 July 2023 have not been audited.

(b) This report has been prepared solely to comply with the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia and for the inclusion in the prospectus of Winstar in connection with the proposed listing of and quotation for the entire enlarged issued share capital of Winstar on the ACE Market of Bursa Securities and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

UHY Malaysia
Firm Number: AF 1411
Chartered Accountants

TAN GIM-HENG
Approved Number: 03595/09/2025 J
Chartered Accountant

KUALA LUMPUR
12 NOVEMBER 2024

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WINSTAR CAPITAL BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 JULY 2024

		Audited			
		At 31 December			At 31 July
		2021	2022	2023	2024
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	12,579,668	11,989,451	15,552,466	15,686,534
Right-of-use assets	5	31,870,679	30,486,601	48,911,592	48,377,126
Investment properties	6	1,918,456	2,807,291	2,762,199	2,735,895
Goodwill on consolidation	7	92,728	92,728	92,728	92,728
		46,461,531	45,376,071	67,318,985	66,892,283
Current Assets					
Inventories	8	34,650,273	46,894,930	58,601,310	68,853,796
Trade receivables	9	27,552,230	23,862,183	46,397,641	54,501,293
Other receivables	10	4,403,492	2,366,269	1,618,666	3,122,153
Contract assets	11	-	-	383,291	1,231,898
Tax recoverable		160,593	216,090	292,678	172,931
Fixed deposits with licensed banks	12	2,563,044	5,305,380	3,524,828	3,794,125
Cash and bank balances		3,534,512	3,592,191	5,379,578	11,060,961
		72,864,144	82,237,043	116,197,992	142,737,157
Total Assets		119,325,675	127,613,114	183,516,977	209,629,440

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

WINSTAR CAPITAL BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 JULY 2024 (CONT'D)

		Audited			
		At 31 December			At 31 July
		2021	2022	2023	2024
	Note	RM	RM	RM	RM
EQUITY					
Share capital	13	8,060,000	8,060,000	8,060,002	8,060,002
Reserves	14	5,342,917	5,342,917	16,799,170	16,799,170
Retained earnings		36,493,680	41,756,750	47,774,169	52,627,600
Total Equity		49,896,597	55,159,667	72,633,341	77,486,772
LIABILITIES					
Non-Current Liabilities					
Bank borrowings	15	12,932,342	13,183,672	21,628,959	19,196,724
Lease liabilities	16	837,722	478,429	2,713,891	2,273,344
Deferred tax liabilities	17	2,945,684	3,264,179	6,295,731	6,050,542
		16,715,748	16,926,280	30,638,581	27,520,610
Current Liabilities					
Trade payables	18	12,434,619	17,537,437	39,045,335	41,350,851
Other payables	19	11,252,851	9,569,636	6,495,063	2,940,426
Bank borrowings	15	27,543,179	27,171,692	33,132,200	57,692,697
Lease liabilities	16	1,445,389	546,465	1,102,187	1,114,952
Tax payable		37,292	701,937	470,270	1,523,132
		52,713,330	55,527,167	80,245,055	104,622,058
Total Liabilities		69,429,078	72,453,447	110,883,636	132,142,668
Total Equity and Liabilities		119,325,675	127,613,114	183,516,977	209,629,440

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

WINSTAR CAPITAL BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023 AND FINANCIAL PERIOD ENDED 31 JULY 2024

		Audited			Unaudited	Audited
		FYE 31 December			FPE 31 July	
	Note	2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
Revenue	20	89,754,556	109,909,526	153,684,717	77,760,066	107,984,336
Cost of sales		(71,489,741)	(88,619,596)	(123,331,150)	(63,793,871)	(89,154,885)
Gross profit		18,264,815	21,289,930	30,353,567	13,966,195	18,829,451
Other income		804,878	1,354,560	673,611	196,712	115,341
Administrative expenses		(13,477,569)	(13,299,572)	(16,282,574)	(8,644,580)	(10,536,768)
Changes on impairment of financial instruments		(80,511)	(116,029)	215,732	-	377,286
Profit from operations		5,511,613	9,228,889	14,960,336	5,518,327	8,785,310
Finance costs	21	(1,782,598)	(1,872,609)	(3,244,839)	(1,817,719)	(2,115,335)
Profit before taxation	22	3,729,015	7,356,280	11,715,497	3,700,608	6,669,975
Tax expense	23	(1,104,148)	(2,093,210)	(3,698,078)	(1,168,123)	(1,816,544)
Profit for the financial year/period		2,624,867	5,263,070	8,017,419	2,532,485	4,853,431

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

WINSTAR CAPITAL BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023 AND FINANCIAL PERIOD ENDED 31 JULY 2024 (CONT'D)

		Audited			**Unaudited**	**Audited**
		FYE 31 December			**FPE 31 July**	
	Note	**2021 RM**	**2022 RM**	**2023 RM**	**2023 RM**	**2024 RM**
Other comprehensive income						
Item that will not be reclassified subsequently to profit or loss						
Revaluation gain on land and buildings, net of tax		-	-	11,456,253	-	-
Total other comprehensive income for the financial year/period		-	-	11,456,253	-	-
Total comprehensive income for the financial year/period		2,624,867	5,263,070	19,473,672	2,532,485	4,853,431
Earnings per share (sen)	26					
Basic		1.12	2.25	3.43	1.08	2.08
Diluted		1.12	2.25	3.43	1.08	2.08

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

WINSTAR CAPITAL BERHAD

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023 AND FINANCIAL PERIOD ENDED 31 JULY 2024

		Non-distributable	Distributable	
	Share capital RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
Audited				
At 1 January 2024	8,060,002	16,799,170	47,774,169	72,633,341
Profit for the financial period, representing total comprehensive income for the financial period	-	-	4,853,431	4,853,431
At 31 July 2024	8,060,002	16,799,170	52,627,600	77,486,772
At 1 January 2023	8,060,000	5,342,917	41,756,750	55,159,667
Incorporation of a company	2	-	-	2
Profit for the financial year	-	-	8,017,419	8,017,419
Revaluation gain on land and buildings, net of tax	-	11,456,253	-	11,456,253
Total comprehensive income for the financial year	-	11,456,253	8,017,419	19,473,672
Dividend paid	-	-	(2,000,000)	(2,000,000)
At 31 December 2023	8,060,002	16,799,170	47,774,169	72,633,341

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

WINSTAR CAPITAL BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023 AND FINANCIAL PERIOD ENDED 31 JULY 2024 (CONT'D)

		Non-distributable	Distributable	
	Share capital RM	**Revaluation reserve RM**	**Retained earnings RM**	**Total equity RM**
Audited				
At 1 January 2022	8,060,000	5,342,917	36,493,680	49,896,597
Profit for the financial year, representing total comprehensive income for the financial year	-	-	5,263,070	5,263,070
At 31 December 2022	8,060,000	5,342,917	41,756,750	55,159,667
At 1 January 2021	8,060,000	5,342,917	33,868,813	47,271,730
Profit for the financial year, representing total comprehensive income for the financial year	-	-	2,624,867	2,624,867
At 31 December 2021	8,060,000	5,342,917	36,493,680	49,896,597

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

WINSTAR CAPITAL BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2022 AND 31 DECEMBER 2023 AND FINANCIAL PERIOD ENDED 31 JULY 2024

		Audited			Unaudited	Audited
		FYE 31 December			FPE 31 July	
		2021	2022	2023	2023	2024
	Note	RM	RM	RM	RM	RM
Cash Flows from Operating Activities						
Profit before taxation		3,729,015	7,356,280	11,715,497	3,700,608	6,669,975
Adjustments for:						
Bad debt written off		44,168	203,626	-	-	51,505
Depreciation of:						
- property, plant and equipment		1,606,684	1,723,783	2,233,242	1,197,196	1,421,571
- right-of-use assets		1,657,225	1,665,987	1,788,392	946,847	1,019,181
- investment properties		35,164	41,165	45,092	26,304	26,304
Gain on disposal of						
- property, plant and equipment		(486,292)	-	(9,999)	(9,999)	-
- right-of-use assets		-	(239,097)	-	-	-
- investment properties		(17,508)	-	-	-	-
- assets held for sale		(49,501)	-	-	-	-
Gain on lease modification		-	-	-	-	(3,602)
Impairment losses on trade receivables		204,774	319,655	143,709	-	338,447
Interest expense		1,782,598	1,872,609	3,244,839	1,817,719	2,115,335
Interest income		(69,260)	(72,465)	(143,313)	(41,010)	(53,894)
Inventories written down		49,239	78,265	-	-	-
Property, plant and equipment written off		-	41,697	8	-	77,044
Recovery of bad debt written off		-	-	(380,590)	(26,914)	(33,127)
Reversal of impairment losses on trade receivables		(124,263)	(203,626)	(359,441)	-	(715,733)
Operating profit before working capital changes		8,362,043	12,787,879	18,277,436	7,610,751	10,913,006

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

WINSTAR CAPITAL BERHAD

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2022 AND 31 DECEMBER 2023 AND FINANCIAL PERIOD ENDED 31 JULY 2024 (CONT'D)

		Audited			Unaudited	Audited
		FYE 31 December			FPE 31 July	
		2021	2022	2023	2023	2024
	Note	RM	RM	RM	RM	RM
Changes in working capital:						
Inventories		(1,095,872)	(12,322,922)	(11,706,380)	(4,961,732)	(10,252,486)
Receivables		1,210,985	5,407,615	(21,191,533)	(14,201,565)	(9,248,231)
Payables		(5,111,514)	4,166,047	22,694,725	2,395,752	221,406
Contract assets		-	-	(383,291)	(85,315)	(848,607)
		(4,996,401)	(2,749,260)	(10,586,479)	(16,852,860)	(20,127,918)
Cash generated from operations		3,365,642	10,038,619	7,690,957	(9,242,109)	(9,214,912)
Interest paid		(1,782,598)	(1,872,609)	(3,244,839)	(1,817,719)	(2,115,335)
Interest received		69,260	72,465	143,313	41,010	53,894
Tax paid		(1,022,183)	(1,185,532)	(2,495,000)	(857,500)	(903,120)
Tax refund		18,658	19,965	7,738	4,635	13,996
		(2,716,863)	(2,965,711)	(5,588,788)	(2,629,574)	(2,950,565)
Net cash from operating activities		648,779	7,072,908	2,102,169	(11,871,683)	(12,165,477)
Cash Flows from Investing Activities						
Incorporation of a company		-	-	2	-	-
Proceeds from disposal of:						
- property, plant and equipment		2,028,600	-	10,000	10,000	-
- right-of-use assets		-	239,098	-	-	-
- investment properties		344,431	-	-	-	-
- assets held for sale		1,225,001	-	-	-	-
Purchase of:						
- property, plant and equipment		(864,905)	(1,175,263)	(5,263,521)	(3,998,671)	(1,632,681)
- right-of-use assets		(714,059)	(81,910)	(3,601,554)	(46,421)	(229,915)
- investment properties		-	(930,000)	-	-	-
Net cash from/(used in) investing activities		2,019,068	(1,948,075)	(8,855,073)	(4,035,092)	(1,862,596)

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

WINSTAR CAPITAL BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2022 AND 31 DECEMBER 2023 AND FINANCIAL PERIOD ENDED 31 JULY 2024 (CONT'D)

		Audited			Unaudited	Audited
		FYE 31 December			FPE 31 July	
		2021	2022	2023	2023	2024
	Note	RM	RM	RM	RM	RM
Cash Flows from Financing Activities						
Dividend paid		-	-	(2,000,000)	-	-
Repayment to Director		(1,472,423)	(746,444)	(4,261,400)	(3,341,133)	(1,470,527)
Net changes in banker's acceptance		1,842,000	2,624,000	7,357,000	13,319,000	19,157,527
Net changes in term loan		(2,556,396)	(962,268)	9,979,292	8,442,590	(2,212,570)
Net changes in fixed deposit pledged		(41,649)	(2,742,336)	1,780,552	1,946,420	(269,297)
Repayment of lease liabilities		(2,358,615)	(1,458,217)	(1,384,656)	(245,444)	(678,982)
Net cash (used in)/from financing activities		(4,587,083)	(3,285,265)	11,470,788	20,121,433	14,526,151
Net (decrease)/increase in cash and cash equivalents		(1,919,236)	1,839,568	4,717,884	4,214,658	498,078
Cash and cash equivalents at the beginning of the financial year/period		(5,005,930)	(6,925,166)	(5,085,598)	(5,085,598)	(367,714)
Cash and cash equivalents at the end of the financial year/period		(6,925,166)	(5,085,598)	(367,714)	(870,940)	130,364
Cash and cash equivalents at the end of the financial year/period comprises:						
Fixed deposit with licensed banks	12	2,563,044	5,305,380	3,524,828	3,358,960	3,794,125
Cash and bank balances		3,534,512	3,592,191	5,379,578	3,334,883	11,060,961
Bank overdraft	15	(10,459,678)	(8,677,789)	(5,747,292)	(4,205,823)	(10,930,597)
		(4,362,122)	219,782	3,157,114	2,488,020	3,924,489
Less: Fixed deposit pledged to licensed banks		(2,563,044)	(5,305,380)	(3,524,828)	(3,358,960)	(3,794,125)
		(6,925,166)	(5,085,598)	(367,714)	(870,940)	130,364

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

WINSTAR CAPITAL BERHAD
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2022
AND 31 DECEMBER 2023 AND FINANCIAL PERIOD ENDED 31 JULY 2024 (CONT'D)**

Note to combined statements of cash flows

Cash flows for leases as a lessee

		Audited			Unaudited	Audited
		FYE 31 December			FPE 31 July	
		2021	2022	2023	2023	2024
	Note	RM	RM	RM	RM	RM
Included in net cash from operating activities:						
Interest paid in relation to lease liabilities	21	232,083	87,113	182,727	71,819	110,838
Payment relating to:						
- short-term leases	22	33,300	54,282	74,900	51,742	45,153
Included in net cash from financing activities:						
Payment of lease liabilities		2,358,615	1,458,217	1,384,656	245,444	678,982
Total cash outflows for leases		2,623,998	1,599,612	1,642,283	369,005	834,973

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

WINSTAR CAPITAL BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. General Information

1.1 Introduction

This report has been prepared solely to comply with the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of Winstar Capital Berhad ("Winstar" or "the Company") in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities")(hereinafter defined as "the Listing") and should not be relied upon for any other purposes.

1.2 Background

The Company was incorporated in Malaysia under the Companies Act 2016 on 15 December 2023 as a private limited liability company under the name of Winstar Capital Sdn. Bhd. and domiciled in Malaysia. On 14 June 2024, the Company was converted into a public limited company and assumed its present name, Winstar Capital Berhad. The Company was incorporated to facilitate the Listing.

The registered office of the Company is located at Lot 1902, 19th Floor, Tower 1, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur.

The principal place of business of the Company is located at Lot 901 & 902, Batu 29, Jalan Kepong, Ijok, 45600 Batang Berjuntai, Selangor.

1. General Information (Cont'd)

1.3 Principal activities

The principal activity of the Company is investment holding.

Details of the combining entities of Winstar are as follows:

Name of company	Date of incorporation	Principal place of business	Effective interest (%)	Principal activities
Winstar Aluminium Manufacturing Sdn. Bhd. ("Winstar Aluminium Manufacturing")	15 January 2002	Malaysia	100	Manufacturing, fabricating, processing and selling of aluminium products as well as trading and distribution of building materials.
Held by the Winstar Aluminium Manufacturing				
MIM Industry Sdn. Bhd. ("MIM")	20 January 2015	Malaysia	100	Fabrication and trading of aluminium products.
Winstar Solar Sdn. Bhd. ("WSSB")	23 March 1998	Malaysia	100	Solar photovoltaic ("PV") installation services and trading of solar PV system related materials and accessories.
Establish Trading Sdn. Bhd. ("ETSB")	24 September 2009	Malaysia	100	Trading and distribution of building materials.

There have been no significant changes in the nature of the principal activities of Winstar and its combining entities other than WSSB.

1. **General Information (Cont'd)**

1.4 Acquisition

On 13 June 2024, Winstar had entered into a conditional share sale agreement with the Winstar Aluminium Manufacturing Vendors (as listed in the table below) to acquire the entire equity interest in Winstar Aluminium Manufacturing comprising 8,060,000 ordinary shares for a total purchase consideration of RM72,369,499 only ("Acquisition"). The purchase consideration for the Acquisition will be satisfied by the issuance of 233,449,998 new Winstar Shares to the Winstar Aluminium Manufacturing Vendors at an issue price of RM0.31 each, details of which are as follows:

Winstar Aluminium Manufacturing Vendors	No. of Winstar Aluminium Manufacturing shares acquired	% of share capital in Winstar Aluminium Manufacturing	Purchase consideration RM	No. of shares to be issued
Chua Nyok Chong	2,916,610	36.18	26,183,285	84,462,209
Chua Boon Hong	967,000	12.00	8,684,340	28,014,000
Lee Yong Zhi	948,459	11.77	8,517,890	27,477,065
Khoo Nee Cheng	809,931	10.05	7,273,134	23,461,725
Vafe System Sdn. Bhd.	2,418,000	30.00	21,710,850	70,034,999
Total	8,060,000	100.00	72,369,499	233,449,998

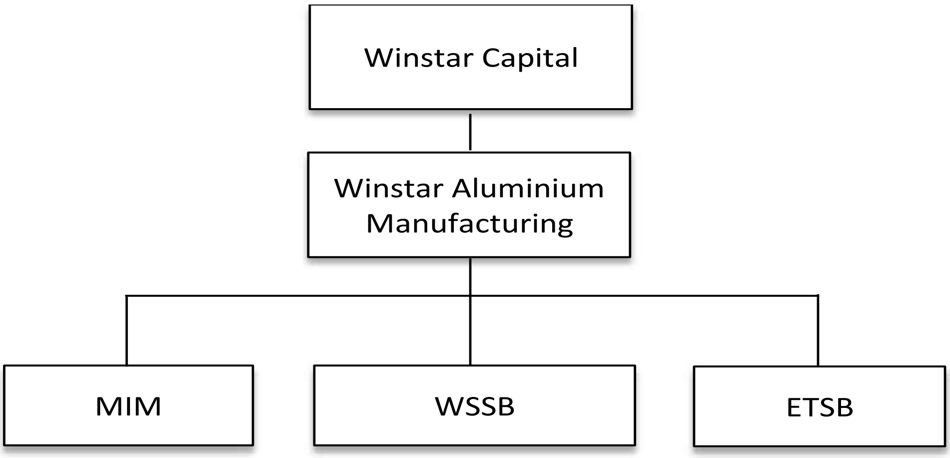
The completion of the Acquisition is conditional upon, amongst others, approvals from the Bursa Securities and any other relevant regulatory authorities in relation to the Listing.

Upon completion of the Acquisition, Winstar Aluminium Manufacturing will become a wholly-owned subsidiary of Winstar.

1. **General Information (Cont'd)**

1.4 Acquisition (Cont'd)

Following the completion of the Acquisition, the group structure of the Winstar Group will be as follows:



The Group is regarded as a continuing entity resulting from the Acquisition since the management of all the entities which took major part in the Acquisition which were controlled by the Directors and substantially under same major shareholders before and immediately after the Acquisition. Consequently, immediately after the Acquisition, there was a continuation of the control over entities' financial and operating policy decisions and risks and benefits to the ultimate shareholders that existed prior to the Acquisition. The Acquisition has been accounted for as an acquisition under common control in a manner similar to pooling of interests. Accordingly, the combined financial statements for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 and financial period ended 31 July 2024 have been prepared comprise of the financial statements of the combining entity which were under common control of the ultimate shareholders that existed prior to the Acquisition during the relevant periods or since their respective dates of incorporation.

No financial statements of Winstar were included for the financial years ended 31 December 2021 and 31 December 2022 as Winstar was only incorporated on 15 December 2023.

1. **General Information (Cont'd)**

1.5 Relevant financial period and financial years

The combined financial statements of the Group reflect the financial information of Winstar Group.

The relevant financial period and financial years ("FYE/FPE") of the audited financial statements presented for the purpose of this report ("Relevant Financial Years/Period") and the Auditors of the respective companies within the Group are as follows:

Companies	Relevant Financial Years /Period	Accounting Standards Applied	Auditors
Winstar	Financial period from 15 December 2023 (date of incorporation) to 31 December 2023	Malaysian Financial Reporting Standard ("MFRS")	UHY Malaysia^ ("UHY")
	FPE 31 July 2024	MFRS	UHY
Winstar Aluminium Manufacturing and its combining entities	FYE 31 December 2021*	Malaysia Private Entities Reporting Standard	Y K Tan, Lee & Associates
	FYE 31 December 2022	MFRS	UHY
	FYE 31 December 2023	MFRS	UHY
	FPE 31 July 2024	MFRS	UHY

^ Effective from 24 September 2024, UHY has changed its name to UHY Malaysia.

* Reaudited by UHY Malaysia, prepared in accordance with MFRS and International Financial Reporting Standards for the purpose of this report.

The audited financial statements of Winstar Aluminium Manufacturing and its combining entities for the Relevant Financial Years/Period reported above were not subject to any qualification or modification.

2. **Basis of Preparation**

(a) Statement of compliance

The combined financial statements of the Group have been prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") based on the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants in relation to the Listing.

The combined financial statements consist of the financial statements of Winstar as well as Winstar Aluminium Manufacturing and its combining entities (collectively, "the Group") as disclosed in Note 1.4 to this report, which were under common control throughout the reporting years/period by virtue of common controlling shareholders.

The combined financial statements have been prepared using financial information obtained from the records of the combining entity during the reporting years/period.

The combined financial statements of the Group have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

Adoption of new and amended standards

The Group has adopted the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements
Amendments to MFRS 7	Financial Instruments: - Disclosures
Amendments to MFRS 101	Disclosure of Accounting Policies

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

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group has not applied the following amendments to standards that have been issued by the MASB but are not yet effective for the Group:

		Effective dates for financial periods beginning on or after
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
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: 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 Group intends to adopt the above amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned amendments to standards are not expected to have any significant impacts on the combined financial statements of the Group.

2. **Basis of Preparation (Cont'd)**

(b) Functional and presentation currency

These combined financial statements of the Group are presented in Ringgit Malaysia ("RM"), which is the Group's 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 Group's 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 amount of the asset or liability affected in the future.

Judgements

The following are judgements made by management in the process of applying the Group's accounting policies that have most significant effect on the amounts recognised in the combined financial statements:

<u>Determining the lease term of contracts with renewal and termination options - the Group as lessee</u>

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

The Group has several lease contracts that include extension and termination options. The Group applies 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 Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

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 - the Group as lessee (Cont'd)

The Group includes the renewal period as part of the lease term for leases of land and 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 Group is 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 Group recognises revenue over time in the following circumstances:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(ii) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
(iii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty

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

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

The Group regularly reviews the estimated useful lives of property, plant and equipment, ROU assets 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, ROU assets and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and investment properties. The carrying amount at the reporting date for property, plant and equipment, ROU assets and investment properties are disclosed in Notes 4, 5 and 6 respectively.

Revaluation of ROU assets

Leasehold land and buildings are carried at revalued amount. Revaluation of these assets is based on the valuation performed by independent professional property valuers on 31 December 2023 with a report dated 12 January 2024. The independent professional property valuers may exercise judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in their valuation process. Judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations may materially affect these estimates and the resulting valuation estimates.

The carrying amounts of the Group's ROU assets are disclosed in Note 5.

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

Determination of transaction prices

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

There is no estimation required in determining the transaction price, as revenue from sale of goods and rendering of services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

Inventories valuation

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

Provision for expected credit loss of financial assets at amortised cost

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

The carrying amounts at the reporting date for receivables are disclosed in Notes 9, 10 and 11.

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

Discount rate used in leases

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

Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 July 2024, the Group has tax recoverable of RM172,931 (31.12.2023: RM292,678; 31.12.2022: RM216,090; 31.12.2021: RM160,593) and tax payable of RM1,523,132 (31.12.2023: RM470,270; 31.12.2022: RM701,937; 31.12.2021: RM37,292) respectively.

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

Revenue from installation of solar related materials and accessories

Installation of solar related materials and accessories 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 Group recognised installation of solar related materials and accessories revenue in profit or loss by the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that costs incurred for work performed to date bear to the estimated total costs expected to be incurred up to the completion of the installation of solar related materials and accessories. The estimated total construction and other related costs to be incurred up to the completion of installation of solar related materials and accessories are based on contracted amounts and experience and knowledge of the management to make estimates of the amounts to be incurred.

The contract assets of the Group arising from construction contracts are disclosed in Note 11.

3. **Material Accounting Policies**

The Group applies the material accounting policies set out below, consistently throughout all years presented in the combined financial statements unless otherwise stated.

(a) Basis of combination

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combination - Merger method

A business combination involving entity under common control is a business combination in which all the combining entity or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of Winstar Aluminium Manufacturing resulted in a business involving common control entity since the management of all the entity which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entity in the consolidated financial statements. The merger method of accounting on a retrospective basis and restated its comparative as if the consolidated had taken place before the state of the earliest year presented in the combined financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been affected throughout the current period. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, 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 reserves which are attributable to share capital of the merged entity, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other reserves.

3. **Material Accounting Policies (Cont'd)**

(a) Basis of combination (Cont'd)

(i) Subsidiaries (Cont'd)

Business combination – Acquisition method

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceased. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

3. **Material Accounting Policies (Cont'd)**

(a) Basis of combination (Cont'd)

(i) Subsidiaries (Cont'd)

Business combination – Acquisition method (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests 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 non-controlling interests are also recorded in equity.

3. **Material Accounting Policies (Cont'd)**

(a) Basis of combination (Cont'd)

(iii) Disposal of subsidiaries

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. Refer accounting policy Note 3(l)(i) on impairment of non-financial assets.

3. **Material Accounting Policies (Cont'd)**

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment is in accordance with Note 3(l)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss. On disposal of a revalued asset, the amounts in revaluation reserve relating to those assets are transferred to retained earnings.

3. **Material Accounting Policies (Cont'd)**

(b) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

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

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

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful life. Capital work-in-progress are not depreciated until the assets are ready for its intended use.

3. **Material Accounting Policies (Cont'd)**

(b) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold buildings	2%
Moulds, plant and machinery	10% - 25%
Motor vehicles and forklift	20%
Renovation and electrical installation	10% - 12.5%
Other assets	10% - 20%

Freehold land is not depreciated.

The moulds acquired are capitalised as property, plant and equipment as in the opinion of the directors that moulds have a life span of 5 years, therefore capitalised as fixed asset is more appropriate.

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.

(c) Leases

<u>As lessee</u>

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) on impairment of non-financial assets.

3. **Material Accounting Policies (Cont'd)**

(c) Leases (Cont'd)

As lessee (Cont'd)

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:

Leasehold lands and buildings	Over the remaining period of the lease
Motor vehicles	5 years, or over the lease term, if shorter
Plant and machinery	4 to 10 years, or over the lease term, if shorter
Lease of office, hostel and factory	Over the lease term

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option.

3. **Material Accounting Policies (Cont'd)**

(c) Leases (Cont'd)

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(d) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

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 leasehold lands and buildings are depreciated over the remaining period of the respective lease term.

3. **Material Accounting Policies (Cont'd)**

(d) Investment properties (Cont'd)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(l)(i) on impairment of non-financial assets.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(e) Financial assets

Financial assets are recognised in the combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group determine the classification of its financial assets at initial recognition, and the categories include trade and other receivables, contract assets, amounts due from related parties, fixed deposits with licensed banks and cash and bank balances.

3. **Material Accounting Policies (Cont'd)**

(e) Financial assets (Cont'd)

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group has not designated any financial assets at fair value through other comprehensive income ("FVOCI") and FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset.

A financial asset is derecognised where the contractual rights to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirely, the difference between the carrying amount and the sum of consideration received for financial instrument is recognised in profit or loss.

3. **Material Accounting Policies (Cont'd)**

(f) Financial liabilities

Financial liabilities are recognised in the combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(g) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(h) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the combined statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. **Material Accounting Policies (Cont'd)**

(i) Inventories

Raw materials and finished goods are stated at the lower of cost and net realisable.

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a weighted average basis. Cost of finished goods consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Contract assets

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings-to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with banks, bank overdraft and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

3. **Material Accounting Policies (Cont'd)**

(l) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

3. **Material Accounting Policies (Cont'd)**

(l) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. **Material Accounting Policies (Cont'd)**

(l) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Impairment for other receivables and amount due from related companies are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

(m) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

3. **Material Accounting Policies (Cont'd)**

(n) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the combined statements of profit or loss and other comprehensive income net of any reimbursement.

(o) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. **Material Accounting Policies (Cont'd)**

(o) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised goods or services to the customer, which is when the customer obtains control of the goods or services. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

(1) Revenue from sales of goods

Revenue is recognised upon delivery of goods where control of the goods has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

(2) Revenue from installation of solar related materials and accessories

Revenue is recognised over time as the customers simultaneously received and consumed the benefits provided by the Group's performance, and the Group has a present right to payment for the services.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

3. **Material Accounting Policies (Cont'd)**

(p) Revenue recognition (Cont'd)

(ii) Revenue from other source and other income

(1) Rental income

Rental income are recognised on a straight-line basis over lease term

(2) Interest income

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

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. **Material Accounting Policies (Cont'd)**

(r) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the combined statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

3. **Material Accounting Policies (Cont'd)**

(r) Income taxes (Cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. **Material Accounting Policies (Cont'd)**

(s) Fair value measurement (Cont'd)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3:	unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(t) Contingencies

Where it is not probable that an inflow or outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4. **Property, Plant and Equipment**

	Freehold lands RM	Freehold buildings RM	Moulds, plant and machinery RM	Motor vehicles and forklift RM	Renovation and electrical installation RM	Other assets RM	Total RM
Audited							
31 December 2021							
Cost							
At 1 January 2021	8,124,818	157,720	14,298,039	1,942,401	2,564,524	1,561,629	28,649,131
Additions	-	-	796,617	-	-	68,288	864,905
Disposal	(1,542,308)	-	-	-	-	-	(1,542,308)
At 31 December 2021	6,582,510	157,720	15,094,656	1,942,401	2,564,524	1,629,917	27,971,728
Accumulated depreciation							
At 1 January 2021	-	3,154	9,701,847	1,762,837	1,426,810	890,728	13,785,376
Charge for the financial year	-	3,154	1,072,006	66,683	274,578	190,263	1,606,684
At 31 December 2021	-	6,308	10,773,853	1,829,520	1,701,388	1,080,991	15,392,060
Carrying amount							
At 31 December 2021	6,582,510	151,412	4,320,803	112,881	863,136	548,926	12,579,668

4. **Property, Plant and Equipment (Cont'd)**

	Freehold lands RM	Freehold buildings RM	Moulds, plant and machinery RM	Motor vehicles and forklift RM	Renovation and electrical installation RM	Other assets RM	Total RM
Audited							
31 December 2022							
Cost							
At 1 January 2022	6,582,510	157,720	15,094,656	1,942,401	2,564,524	1,629,917	27,971,728
Additions	-	-	1,052,612	-	75,960	46,691	1,175,263
Written off	-	-	(41,697)	-	-	-	(41,697)
At 31 December 2022	6,582,510	157,720	16,105,571	1,942,401	2,640,484	1,676,608	29,105,294
Accumulated depreciation							
At 1 January 2022	-	6,308	10,773,853	1,829,520	1,701,388	1,080,991	15,392,060
Charge for the financial year	-	3,154	1,202,633	66,684	270,232	181,080	1,723,783
At 31 December 2022	-	9,462	11,976,486	1,896,204	1,971,620	1,262,071	17,115,843
Carrying amount							
At 31 December 2022	6,582,510	148,258	4,129,085	46,197	668,864	414,537	11,989,451

4. **Property, Plant and Equipment (Cont'd)**

	Freehold lands RM	Freehold buildings RM	Moulds, plant and machinery RM	Motor vehicles and forklift RM	Renovation and electrical installation RM	Other assets RM	Total RM
Audited							
31 December 2023							
Cost							
At 1 January 2023	6,582,510	157,720	16,105,571	1,942,401	2,640,484	1,676,608	29,105,294
Additions	-	-	3,046,830	-	228,101	1,988,590	5,263,521
Disposal	-	-	-	(87,825)	-	-	(87,825)
Transfer from right-of-use assets	-	-	3,781,465	110,948	-	-	3,892,413
Transfer to right-of-use assets	-	-	(800,000)	-	-	-	(800,000)
Written off	-	-	-	(180,738)	-	(286,175)	(466,913)
At 31 December 2023	6,582,510	157,720	22,133,866	1,784,786	2,868,585	3,379,023	36,906,490

4. **Property, Plant and Equipment (Cont'd)**

	Freehold lands RM	Freehold buildings RM	Moulds, plant and machinery RM	Motor vehicles and forklift RM	Renovation and electrical installation RM	Other assets RM	Total RM
Accumulated depreciation							
At 1 January 2023	-	9,462	11,976,486	1,896,204	1,971,620	1,262,071	17,115,843
Charge for the financial year	-	3,154	1,655,448	46,173	288,635	239,832	2,233,242
Disposal	-	-	-	(87,824)	-	-	(87,824)
Transfer from right-of-use assets	-	-	2,528,721	110,947	-	-	2,639,668
Transfer to right-of-use assets	-	-	(80,000)	-	-	-	(80,000)
Written off	-	-	-	(180,734)	-	(286,171)	(466,905)
At 31 December 2023	-	12,616	16,080,655	1,784,766	2,260,255	1,215,732	21,354,024
Carrying amount							
At 31 December 2023	6,582,510	145,104	6,053,211	20	608,330	2,163,291	15,552,466

4. **Property, Plant and Equipment (Cont'd)**

	Freehold lands RM	Freehold buildings RM	Moulds, plant and machinery RM	Motor vehicles and forklift RM	Renovation and electrical installation RM	Other assets RM	Total RM
Audited							
31 July 2024							
Cost							
At 1 January 2024	6,582,510	157,720	22,133,866	1,784,786	2,868,585	3,379,023	36,906,490
Additions	-	-	1,061,262	-	236,205	335,214	1,632,681
Transfer from right-of-use assets	-	-	-	234,667	-	-	234,667
Written off	-	-	(114,304)	-	-	-	(114,304)
At 31 July 2024	6,582,510	157,720	23,080,824	2,019,453	3,104,790	3,714,237	38,659,534
Accumulated depreciation							
At 1 January 2024	-	12,616	16,080,655	1,784,766	2,260,255	1,215,732	21,354,024
Charge for the financial period	-	1,839	1,092,443	-	199,506	127,783	1,421,571
Transfer from right-of-use assets	-	-	-	234,665	-	-	234,665
Written off	-	-	(37,260)	-	-	-	(37,260)
At 31 July 2024	-	14,455	17,135,838	2,019,431	2,459,761	1,343,515	22,973,000
Carrying amount							
At 31 July 2024	6,582,510	143,265	5,944,986	22	645,029	2,370,722	15,686,534

4. **Property, Plant and Equipment (Cont'd)**

(a) Assets pledged as securities to financial institution

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 15 are:

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Freehold land and buildings	6,733,922	6,730,768	6,727,614	6,725,775

5. **Right-of-use Assets**

	<Revaluation> Leasehold lands and buildings RM	<------Cost------> Motor Vehicles RM	Plant and machinery RM	Lease of office, hostel and factory RM	Total RM
Audited					
31 December 2021					
Cost					
At 1 January 2021	28,550,541	1,521,011	3,781,465	1,705,928	35,558,945
Additions	714,059	-	-	-	714,059
At 31 December 2021	29,264,600	1,521,011	3,781,465	1,705,928	36,273,004
Accumulated depreciation					
At 1 January 2021	40,811	849,335	1,345,777	509,177	2,745,100
Charge for the financial year	445,940	288,580	402,400	520,305	1,657,225
At 31 December 2021	486,751	1,137,915	1,748,177	1,029,482	4,402,325
Carrying amount					
At 31 December 2021	28,777,849	383,096	2,033,288	676,446	31,870,679

5. **Right-of-use Assets (Cont'd)**

	<Revaluation>	<---Cost---			--->
	Leasehold lands and buildings RM	**Motor Vehicles RM**	**Plant and machinery RM**	**Lease of office, hostel and factory RM**	**Total RM**
Audited					
31 December 2022					
Cost					
At 1 January 2022	29,264,600	1,521,011	3,781,465	1,705,928	36,273,004
Additions	-	281,910	-	-	281,910
Disposals	-	(347,955)	-	-	(347,955)
At 31 December 2022	29,264,600	1,454,966	3,781,465	1,705,928	36,206,959
Accumulated depreciation					
At 1 January 2022	486,751	1,137,915	1,748,177	1,029,482	4,402,325
Charge for the financial year	445,940	297,343	402,398	520,306	1,665,987
Disposals	-	(347,954)	-	-	(347,954)
At 31 December 2022	932,691	1,087,304	2,150,575	1,549,788	5,720,358
Carrying amount					
At 31 December 2022	28,331,909	367,662	1,630,890	156,140	30,486,601

5. **Right-of-use Assets (Cont'd)**

	<Revaluation>	<------------------------------Cost------------------------------>			
	Leasehold lands and buildings RM	**Motor Vehicles RM**	**Plant and machinery RM**	**Lease of office, hostel and factory RM**	**Total RM**
Audited					
31 December 2023					
Cost					
At 1 January 2023	29,264,600	1,454,966	3,781,465	1,705,928	36,206,959
Additions	4,155,791	275,021	-	3,346,582	7,777,394
Revaluation gain	12,968,734	-	-	-	12,968,734
Transfer from property, plant and equipment	-	-	800,000	-	800,000
Transfer to property, plant and equipment	-	(110,948)	(3,781,465)	-	(3,892,413)
Written off	-	-	-	(1,457,581)	(1,457,581)
At 31 December 2023	46,389,125	1,619,039	800,000	3,594,929	52,403,093
Accumulated depreciation					
At 1 January 2023	932,691	1,087,304	2,150,575	1,549,788	5,720,358
Charge for the financial year	456,434	226,321	378,146	727,491	1,788,392
Transfer from property, plant and equipment	-	-	80,000	-	80,000
Transfer to property, plant and equipment	-	(110,947)	(2,528,721)	-	(2,639,668)
Written off	-	-	-	(1,457,581)	(1,457,581)
At 31 December 2023	1,389,125	1,202,678	80,000	819,698	3,491,501
Carrying amount					
At 31 December 2023	45,000,000	416,361	720,000	2,775,231	48,911,592

5. **Right-of-use Assets (Cont'd)**

	<Revaluation>	<-----------------------------Cost------------------------------>			
	Leasehold lands and buildings RM	**Motor Vehicles RM**	**Plant and machinery RM**	**Lease of office, hostel and factory RM**	**Total RM**
Audited					
31 July 2024					
Cost					
At 1 January 2024	46,389,125	1,619,039	800,000	3,594,929	52,403,093
Additions	205,770	146,145	-	187,976	539,891
Transfer to property, plant and equipment	-	(234,667)	-	-	(234,667)
Written off	-	-	-	(212,951)	(212,951)
At 31 July 2024	46,594,895	1,530,517	800,000	3,569,954	52,495,366
Accumulated depreciation					
At 1 January 2024	1,389,125	1,202,678	80,000	819,698	3,491,501
Charge for the financial period	407,173	98,836	46,667	466,505	1,019,181
Transfer to property, plant and equipment	-	(234,665)	-	-	(234,665)
Written off	-	-	-	(157,777)	(157,777)
At 31 July 2024	1,796,298	1,066,849	126,667	1,128,426	4,118,240
Carrying amount					
At 31 July 2024	44,798,597	463,668	673,333	2,441,528	48,377,126

5. **Right-of-use Assets (Cont'd)**

(a) Assets pledged as securities to financial institution

Included in the right-of-use assets of the Group are leasehold land and buildings with carrying amount of RM44,798,597 (31.12.2023: RM45,000,000; 31.12.2022: RM28,331,909; 31.12.2021: RM28,777,849) which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 15.

(b) The net carrying amount of right-of-use assets of the Group acquired under lease arrangement are as follows:

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Motor vehicles	383,096	367,662	416,361	463,668
Plant and machinery	2,033,288	1,630,890	720,000	673,333
	2,416,384	1,998,552	1,136,361	1,137,001

Leased assets of the Group are pledged as securities for the related financing facilities.

(c) The aggregate additional costs for the right-of-use assets of the Group during the financial year/period acquired under lease financing and cash payments are as follows:

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Aggregate costs	714,059	281,910	7,777,394	539,891
Less: Lease financing	-	(200,000)	(4,175,840)	(309,976)
Cash payments	714,059	81,910	3,601,554	229,915

5. **Right-of-use Assets (Cont'd)**

(d) The remaining lease period of the leasehold land and buildings range from 59 to 81 (31.12.2023: 60 to 82; 31.12.2022: 61 to 83; 31.12.2021: 62 to 84) years.

(e) Revaluation of leasehold lands and buildings

Leasehold land and buildings of Winstar Aluminium Manufacturing were revalued on 31 December 2023 with a report dated 12 January 2024, by City Valuers & Consultants Sdn. Bhd., an independent professional valuer.

The fair value of two pieces of leasehold lands (Lot 903 and Lot 904) is within level 2 of the fair value hierarchy. The fair value was determined by based on market comparable approach that reflects recent transaction price for similar properties.

The fair value of leasehold lands and buildings (Lot 901 and Lot 902) is within level 3 of the fair value hierarchy. The fair value was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. The significant inputs include the estimated construction costs and other ancillary expenditure of approximately RM19.4 million. A slight increase in the estimated construction costs would result in a significant increase in the fair value of the buildings, and vice versa.

There has been no change to the valuation technique during the financial year/period.

There was no transfer between Level 1 and Level 2 during the financial year/period.

Had the land and buildings been carried at historical cost less accumulated depreciation and impairment loss, their carrying amounts would have been RM25,125,161 (31.12.2023: RM25,388,554; 31.12.2022: RM21,567,621; 31.12.2021: RM21,902,478) respectively.

6. **Investment Properties**

	Freehold lands and buildings RM	Leasehold lands and buildings RM	Total RM
Audited			
31 December 2021			
Cost			
At 1 January 2021	1,402,263	1,019,235	2,421,498
Disposal	-	(350,000)	(350,000)
At 31 December 2021	1,402,263	669,235	2,071,498
Accumulated depreciation			
At 1 January 2021	110,759	30,196	140,955
Charge for the financial year	28,045	7,119	35,164
Disposal	-	(23,077)	(23,077)
At 31 December 2021	138,804	14,238	153,042
Carrying amount			
At 31 December 2021	1,263,459	654,997	1,918,456
Fair value			
At 31 December 2021	2,419,792	984,996	3,404,788
31 December 2022			
Cost			
At 1 January 2022	1,402,263	669,235	2,071,498
Addition	600,000	330,000	930,000
At 31 December 2022	2,002,263	999,235	3,001,498
Accumulated depreciation			
At 1 January 2022	138,804	14,238	153,042
Charge for the financial year	34,045	7,120	41,165
At 31 December 2022	172,849	21,358	194,207
Carrying amount			
At 31 December 2022	1,829,414	977,877	2,807,291
Fair value			
At 31 December 2022	3,019,792	1,314,996	4,334,788

6. **Investment Properties (Cont'd)**

	Freehold lands and buildings RM	Leasehold lands and buildings RM	Total RM
Audited			
31 December 2023			
Cost			
At 1 January/31 December	2,002,263	999,235	3,001,498
Accumulated depreciation			
At 1 January 2023	172,849	21,358	194,207
Charge for the financial year	34,045	11,047	45,092
At 31 December 2023	206,894	32,405	239,299
Carrying amount			
At 31 December 2023	1,795,369	966,830	2,762,199
Fair value			
At 31 December 2023	2,406,150	1,030,000	3,436,150
31 July 2024			
Cost			
At 1 January/31 July	2,002,263	999,235	3,001,498
Accumulated depreciation			
At 1 January 2024	206,894	32,405	239,299
Charge for the financial period	19,860	6,444	26,304
At 31 July 2024	226,754	38,849	265,603
Carrying amount			
At 31 July 2024	1,775,509	960,386	2,735,895
Fair value			
At 31 July 2024	2,060,220	1,703,499	3,763,719

6. **Investment Properties (Cont'd)**

(a) Investment properties under leases

Certain investment properties are leasehold properties with remaining lease period range from 82 to 89 (31.12.2023: 83 to 90; 31.12.2022: 84 to 91; 31.12.2021: 85 to 92) years.

(b) Income and expenses recognised in profit and loss

The following are recognised in profit and loss in respect of investment properties.

	Audited			**Unaudited**	**Audited**
	FYE 31 December			**FPE 31 July**	
	2021	**2022**	**2023**	**2023**	**2024**
	RM	**RM**	**RM**	**RM**	**RM**
Rental income	64,292	12,200	40,200	17,600	24,700
Direct operating expenses:					
- income generating investment properties	(13,546)	(10,715)	(9,436)	(6,555)	(13,449)

(c) Fair value basis of investment properties

Fair value of investment properties is arrived by reference to market evidence of transaction prices for similar properties. The fair value is within Level 3 of the fair value hierarchy.

There were no transfers between levels during the current and previous financial years/period.

6. Investment Properties (Cont'd)

(d) Assets pledged as securities to financial institution

Included in the investment properties of the Group are freehold lands and buildings with carrying amount of RM1,344,552 (31.12.2023: RMNil; 31.12.2022: RMNil; 31.12.2021: RMNil) and leasehold lands and buildings with carrying amount of RM960,386 (31.12.2023: RMNil; 31.12.2022: RMNil; 31.12.2021: RMNil), which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 15.

7. Goodwill on Consolidation

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Cost				
At 1 January/31 December/31 July	164,581	164,581	164,581	164,581
Accumulated impairment losses				
At 1 January/31 December/31 July	71,853	71,853	71,853	71,853
Carrying amount				
At 1 January/31 December/31 July	92,728	92,728	92,728	92,728

(a) Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to Group's cash-generating units ("CGUs") identified according to business segments as follows:

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Manufacturing	92,728	92,728	92,728	92,728

7. **Goodwill on Consolidation (Cont'd)**

(b) Key assumptions used to determine the recoverable amount

The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a five years period. The key assumptions used for value in use calculations are based on future projection of the Group in Malaysia are as follows:

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Manufacturing				
Pre-tax discount rate				
(per annum)	13.90%	14.00%	11.13%	10.71%
Growth rate	8.05%	6.80%	10.00%	10.50%

The key assumptions that the Directors have used in the cash flow projections to undertake impairment testing are as follows:

(i) Growth rate - The growth rates used to estimate cash flows for the five years are based on past performance and on the Group's five-year strategic plan, taking into consideration the expected economic conditions and industry trends.

(ii) Pre-tax discount rate - The discount rate is based on the Company's weighted average cost of capital (WACC) after considering the risks associated with the specific reporting unit and the market in which it operates. The WACC is calculated using a combination of the Company's cost of equity and cost of debt.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

(c) Sensitivity to changes in assumptions

The management believes that a reasonably possible change in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

8. **Inventories**

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
At costs				
Raw materials	3,227,663	2,283,699	3,036,327	4,770,793
Packing materials	76,712	45,397	72,820	71,846
Work-in-progress	1,320,242	2,228,351	895,711	1,132,594
Finished goods	30,074,895	42,415,748	54,596,452	62,878,563
	34,699,512	46,973,195	58,601,310	68,853,796
Less:				
- Inventories written down	(49,239)	(78,265)	-	-
	34,650,273	46,894,930	58,601,310	68,853,796

The cost of inventories of the Group recognised as an expense in cost of sales during the financial years/period was RM87,041,510 (31.7.2023 - Unaudited: RM63,721,353; 31.12.2023: RM122,388,565; 31.12.2022: RM88,619,596; 31.12.2021: RM71,489,741).

9. **Trade Receivables**

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Third parties	32,276,767	28,708,986	49,622,799	56,357,930
Related parties	16,495	10,258	1,416,171	2,407,406
	32,293,262	28,719,244	51,038,970	58,765,336
Less: Accumulated impairment losses	(4,741,032)	(4,857,061)	(4,641,329)	(4,264,043)
	27,552,230	23,862,183	46,397,641	54,501,293

Trade receivables are non-interest bearing and are generally on 30 to 90 days (31.12.2023: 30 to 90 days; 31.12.2022: 30 to 90 days; 31.12.2021: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9. **Trade Receivables (Cont'd)**

Movements in the allowance for impairment losses are as follows:

	Credit impaired RM	Lifetime allowance RM	Loss allowance RM
Audited			
31 December 2021			
At 1 January 2021	3,015,383	1,645,138	4,660,521
Impairment losses recognised	566	204,208	204,774
Impairment losses reversed	-	(124,263)	(124,263)
At 31 December 2021	3,015,949	1,725,083	4,741,032
31 December 2022			
At 1 January 2022	3,015,949	1,725,083	4,741,032
Impairment losses recognised	305,171	14,484	319,655
Impairment losses reversed	-	(203,626)	(203,626)
At 31 December 2022	3,321,120	1,535,941	4,857,061
31 December 2023			
At 1 January 2023	3,321,120	1,535,941	4,857,061
Impairment losses recognised	-	143,709	143,709
Impairment losses reversed	(308,121)	(51,320)	(359,441)
At 31 December 2023	3,012,999	1,628,330	4,641,329
31 July 2024			
At 1 January 2024	3,012,999	1,628,330	4,641,329
Impairment losses recognised	338,447	-	338,447
Impairment losses reversed	(446,219)	(269,514)	(715,733)
At 31 July 2024	2,905,227	1,358,816	4,264,043

Impairment losses reversed for the Group during the financial year/period amounting to RM715,733 (31.12.2023: RM359,441; 31.12.2022: RM203,626; 31.12.2021: RM124,263) pertains to previously impaired receivables recovered during the financial year/period and adjustments to collectively impaired receivables. Included in the reversal of impairment losses is an amount of RM269,514 (31.12.2023: RM51,320; 31.12.2022: RM203,626; 31.12.2021: RM124,263) attributable to lifetime loss allowance which is assessed collectively based on customers' historical data as an assumption for possibility of default.

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

9. **Trade Receivables (Cont'd)**

A significantly lower loss allowance was recognised for certain receivables which were individually assessed where the expected realisable value of the underlying collateral was higher than the exposure at default at the reporting date.

The aged analysis of trade receivables as at the end of the reporting period:

	Gross amount RM	Loss allowance RM	Net amount RM
Audited			
31 December 2021			
Not past due nor impaired	6,868,688	(32,001)	6,836,687
Past due not impaired:			
Less than 30 days	6,459,729	(43,160)	6,416,569
31 to 60 days	5,145,377	(38,591)	5,106,786
61 to 90 days	1,902,955	(8,652)	1,894,303
More than 90 days	8,900,564	(1,602,679)	7,297,885
	22,408,625	(1,693,082)	20,715,543
	29,277,313	(1,725,083)	27,552,230
Credit impaired:			
Individually impaired	3,015,949	(3,015,949)	-
	32,293,262	(4,741,032)	27,552,230
31 December 2022			
Not past due nor impaired	8,903,718	(62,108)	8,841,610
Past due not impaired:			
Less than 30 days	5,736,493	(48,730)	5,687,763
31 to 60 days	4,654,667	(41,889)	4,612,778
61 to 90 days	2,778,135	(13,928)	2,764,207
More than 90 days	3,325,111	(1,369,286)	1,955,825
	16,494,406	(1,473,833)	15,020,573
	25,398,124	(1,535,941)	23,862,183
Credit impaired			
Individually impaired	3,321,120	(3,321,120)	-
	28,719,244	(4,857,061)	23,862,183

9. **Trade Receivables (Cont'd)**

The aged analysis of trade receivables as at the end of the reporting period: (Cont'd)

	Gross amount RM	Loss allowance RM	Net amount RM
Audited			
31 December 2023			
Not past due nor impaired	35,146,060	(743,767)	34,402,293
Past due not impaired:			
Less than 30 days	3,729,125	(273,702)	3,455,423
31 to 60 days	2,956,201	(99,948)	2,856,253
61 to 90 days	2,857,890	(103,464)	2,754,426
More than 90 days	3,336,695	(407,449)	2,929,246
	12,879,911	(884,563)	11,995,348
	48,025,971	(1,628,330)	46,397,641
Credit impaired			
Individually impaired	3,012,999	(3,012,999)	-
	51,038,970	(4,641,329)	46,397,641
31 July 2024			
Not past due nor impaired	45,277,894	(964,255)	44,313,639
Past due not impaired:			
Less than 30 days	4,879,630	(22,490)	4,857,140
31 to 60 days	2,483,890	(16,595)	2,467,295
61 to 90 days	1,099,825	(13,214)	1,086,611
More than 90 days	2,118,870	(342,262)	1,776,608
	10,582,215	(394,561)	10,187,654
	55,860,109	(1,358,816)	54,501,293
Credit impaired			
Individually impaired	2,905,227	(2,905,227)	-
	58,765,336	(4,264,043)	54,501,293

As at 31 July 2024, trade receivables of the Group amounting to RM10,187,654 (31.12.2023: RM11,995,348; 31.12.2022: RM15,020,573; 31.12.2021: RM20,715,543) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM2,905,227 (31.12.2023: RM3,012,999; 31.12.2022: RM3,321,120; 31.12.2021: RM3,015,949), relate to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

10. Other Receivables

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Other receivables	3,730,013	1,478,055	77,364	172,516
Deposits	286,823	454,748	819,031	1,946,020
Prepayments	386,656	433,466	722,271	1,003,617
	4,403,492	2,366,269	1,618,666	3,122,153

11. Contract Assets

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Contract assets	-	-	383,291	1,231,898

The contract assets primarily relate to the Group's rights to consideration for work completed on installation of solar related materials and accessories contract but not yet billed at the reporting date. Typically, the amount generally will be billed within 30 days and payment is expected within 30 days.

12. Fixed Deposits with Licensed Banks

The fixed deposits with licensed banks of the Group amounting to RM3,794,125 (31.12.2023: RM3,524,828; 31.12.2022: RM5,305,380; 31.12.2021: RM2,563,044) are pledged as security for bank facilities granted to the Group and the Company as disclosed in Note 15.

The effective interest rate of the deposits with licensed bank is 2.60% to 2.80% (31.12.2023: 2.60% to 2.80%; 31.12.2022: 2.51% to 2.90%; 31.12.2021: 1.65% to 2.90%) per annum.

13. **Share Capital**

	Audited							
	At 31 December						At 31 July	
	Number of shares 2021 Units	**Amount 2021 RM**	**Number of shares 2022 Units**	**Amount 2022 RM**	**Number of shares 2023 Units**	**Amount 2023 RM**	**Number of shares 2024 Units**	**Amount 2024 RM**
Share Capital								
Issued and fully paid ordinary shares								
At 1 January/ date of incorporation/ 31 December/ 31 July	-	-	-	-	2	2	2	2
Invested Capital								
Issued and fully paid ordinary shares								
At 1 January								
At 31 December/ 31 July	8,060,000	8,060,000	8,060,000	8,060,000	8,060,000	8,060,000	8,060,000	8,060,000
	8,060,000	8,060,000	8,060,000	8,060,000	8,060,002	8,060,002	8,060,002	8,060,002

Subsequent to the end of the financial period ended 31 July 2024, the Company increased its total paid-up share capital to RM72,369,501 through the issuance of 233,449,998 new ordinary shares at RM0.31 pursuant to the acquisition of entire equity interest in Winstar Aluminium Manufacturing as disclosed in Note 1.4.

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 Company. All ordinary shares rank equally with regards to the Company's residual assets.

14. **Reserves**

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Non-distributable:				
Revaluation reserve	5,342,917	5,342,917	16,799,170	16,799,170
Distributable:				
Retained earnings	36,493,680	41,756,750	47,774,169	52,627,600
	41,836,597	47,099,667	64,573,339	69,426,770

The nature of reserves of the Group is as follows:

Revaluation reserve

This is in respect of revaluation surplus net of deferred tax arising from the revaluation of the Group's leasehold land and buildings and is non-distributable.

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Non-distributable reserve:				
At 1 January	5,342,917	5,342,917	5,342,917	16,799,170
Revaluation surplus of land and buildings, net of tax	-	-	11,456,253	-
At 31 December/ 31 July	5,342,917	5,342,917	16,799,170	16,799,170

The revaluation reserve represents increases in the fair value of land and buildings and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

15. **Bank Borrowings**

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Secured				
Bank overdrafts	10,459,678	8,677,789	5,747,292	10,930,597
Bankers' acceptance	13,457,000	16,081,000	23,438,000	42,595,527
Term loans	16,558,843	15,596,575	25,575,867	23,363,297
	40,475,521	40,355,364	54,761,159	76,889,421
Analysed as:				
Non-current				
Term loans	12,932,342	13,183,672	21,628,959	19,196,724
	12,932,342	13,183,672	21,628,959	19,196,724
Current				
Bank overdrafts	10,459,678	8,677,789	5,747,292	10,930,597
Bankers' acceptance	13,457,000	16,081,000	23,438,000	42,595,527
Term loans	3,626,501	2,412,903	3,946,908	4,166,573
	27,543,179	27,171,692	33,132,200	57,692,697
Total	40,475,521	40,355,364	54,761,159	76,889,421

The banking facilities of the Group obtained from licensed banks are secured by the followings:

(a) As principal instrument, Facility Agreements;

(b) A registered open all monies first party charges stamped nominally over the Group's leasehold lands and buildings and the Group's freehold buildings;

(c) First party, first and legal charges over the Group's freehold and leasehold lands and buildings;

15. **Bank Borrowings (Cont'd)**

The banking facilities of the Group obtained from licensed banks are secured by the followings: (Cont'd)

(d) As at 31 July 2024, a specific debenture over the machinery and equipment financed by the bank for RM600,000 (31.12.2023: RM600,000; 31.12.2022: RM4,000,000; 31.12.2021: RM4,000,000);

(e) Pledged of fixed deposits with interest to be capitalised as disclosed in Note 12;

(f) Essential Life Insurance Policy on director;

(g) A guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad; and

(h) Jointly and severally guaranteed by the directors of the Winstar Aluminium Manufacturing.

The excess of bank overdraft balances over the line of credit is due to the Group obtain temporary overdraft facility from licensed bank.

Maturity of bank borrowings are as follows:

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Within one year	27,543,179	27,171,692	33,132,200	57,692,697
Between one to two years	2,442,789	2,261,610	4,769,968	4,200,955
Between two to five years	5,078,685	6,177,139	12,896,049	9,846,542
More than five years	5,410,868	4,744,923	3,962,942	5,149,227
	40,475,521	40,355,364	54,761,159	76,889,421

15. **Bank Borrowings (Cont'd)**

The average effective interest rate per annum at the end of the reporting period are as follows:

	Audited			
	At 31 December			At 31 July
	2021	**2022**	**2023**	**2024**
	%	**%**	**%**	**%**
Bank overdrafts	6.39 - 6.82	7.39 - 7.82	7.39 - 7.82	7.64 - 8.02
Bankers' acceptance	4.29 - 5.10	4.79 - 5.69	5.15 - 5.90	5.15 - 5.78
Term loans	3.44 - 4.34	3.50 - 7.70	3.50 - 7.95	3.50 - 7.95

16. **Lease Liabilities**

	Audited			
	At 31 December			At 31 July
	2021	**2022**	**2023**	**2024**
	RM	**RM**	**RM**	**RM**
At 1 January	4,641,726	2,283,111	1,024,894	3,816,078
Additions	-	200,000	4,175,840	309,976
Payments	(2,590,698)	(1,545,330)	(1,567,383)	(789,820)
Accretion of interest	232,083	87,113	182,727	110,838
Lease modification	-	-	-	(58,776)
At 31 December/31 July	2,283,111	1,024,894	3,816,078	3,388,296
Presented as:				
Non-current	837,722	478,429	2,713,891	2,273,344
Current	1,445,389	546,465	1,102,187	1,114,952
	2,283,111	1,024,894	3,816,078	3,388,296

16. **Lease Liabilities (Cont'd)**

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

	Audited			
	At 31 December			**At 31 July**
	2021	**2022**	**2023**	**2024**
	RM	**RM**	**RM**	**RM**
Within one year	1,545,678	593,307	1,269,889	1,263,521
Between one to two years	582,399	347,837	1,106,652	1,031,560
Between two to five years	301,252	160,422	1,830,471	1,404,067
	2,429,329	1,101,566	4,207,012	3,699,148
Less: Future charges	(146,218)	(76,672)	(390,934)	(310,852)
Present value of lease liabilities	2,283,111	1,024,894	3,816,078	3,388,296

The Group lease land and buildings, motor vehicles, plant and machinery. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

As at 31 July 2024, the weighted average incremental borrowing rate applied to lease liabilities of the Group and at the reporting date range from 2.24% to 7.70% (31.12.2023: 2.24% to 7.70%; 31.12.2022: 2.08% to 7.70%; 31.12.2021: 2.08% to 7.70%).

17. **Deferred Tax Liabilities**

	Audited			
	At 31 December			**At 31 July**
	2021	**2022**	**2023**	**2024**
	RM	**RM**	**RM**	**RM**
At 1 January	2,884,121	2,945,684	3,264,179	6,295,731
Recognised in other comprehensive income	-	-	1,512,481	-
Recognised in profit or loss (Note 23)	61,563	318,495	1,519,071	(245,189)
At 31 December/31 July	2,945,684	3,264,179	6,295,731	6,050,542

17. Deferred Tax Liabilities (Cont'd)

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Deferred tax liabilities	4,066,183	4,407,211	7,393,325	7,087,790
Deferred tax assets	(1,120,499)	(1,143,032)	(1,097,594)	(1,037,248)
	2,945,684	3,264,179	6,295,731	6,050,542

The components and movement of deferred tax liabilities are as follows:

	Accelerated capital allowances RM	Revaluation reserve RM	Total RM
Deferred tax liabilities:			
At 1 January 2021	2,285,586	1,687,237	3,972,823
Recognised in profit or loss	93,360	-	93,360
At 31 December 2021	2,378,946	1,687,237	4,066,183
At 1 January 2022	2,378,946	1,687,237	4,066,183
Recognised in profit or loss	341,028	-	341,028
At 31 December 2022	2,719,974	1,687,237	4,407,211
At 1 January 2023	2,719,974	1,687,237	4,407,211
Recognised in other comprehensive income	-	1,512,481	1,512,481
Recognised in profit or loss	1,473,633	-	1,473,633
At 31 December 2023	4,193,607	3,199,718	7,393,325
At 1 January 2024	4,193,607	3,199,718	7,393,325
Recognised in profit or loss	(305,535)	-	(305,535)
At 31 July 2024	3,888,072	3,199,718	7,087,790

17. Deferred Tax Liabilities (Cont'd)

	Unabsorbed capital allowances RM	Trade receivables RM	Total RM
Deferred tax assets:			
At 1 January 2021	-	(1,088,702)	(1,088,702)
Recognised in profit or loss	(1,837)	(29,960)	(31,797)
At 31 December 2021	(1,837)	(1,118,662)	(1,120,499)
At 1 January 2022	(1,837)	(1,118,662)	(1,120,499)
Recognised in profit or loss	1,837	(24,370)	(22,533)
At 31 December 2022	-	(1,143,032)	(1,143,032)
At 1 January 2023	-	(1,143,032)	(1,143,032)
Recognised in profit or loss	-	45,438	45,438
At 31 December 2023	-	(1,097,594)	(1,097,594)
At 1 January 2024	-	(1,097,594)	(1,097,594)
Recognised in profit or loss		60,346	60,346
At 31 July 2024	-	(1,037,248)	(1,037,248)

Deferred tax assets have not been recognised in respect of the following items:

	Audited			
	At 31 December			At 31 July
	2021 RM	2022 RM	2023 RM	2024 RM
Unutilised tax losses	956,259	956,259	465,346	-

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

For the Malaysian entities, pursuant to Section 8 of the Finance Act 2021 (Act 833) and the amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the time limit on the carried forward unused tax losses has been extended to maximum of ten (10) consecutive years of assessment. Any unused tax losses accumulated up to the year of assessment 2018 can be carried forward for another ten (10) consecutive years of assessment (i.e.: from year of assessment 2019 to 2028) under the current tax legislation.

17. **Deferred Tax Liabilities (Cont'd)**

The recognised and unrecognised unused tax losses shall be disregarded after the end of the year of assessment as follows:

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Unutilised tax losses to be carried forward until:				
- Year of assessment 2028	956,259	956,259	465,346	-

18. **Trade Payables**

The normal trade credit terms granted to the Group range from 30 to 90 days (31.12.2023: 30 to 90 days, 31.12.2022: 30 to 90 days, 31.12.2021: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

19. **Other Payables**

	Audited			
	At 31 December			At 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
Other payables	3,213,157	2,003,486	2,556,675	1,031,239
Deposit	-	5,800	8,972	11,000
Accruals	1,561,323	1,828,423	2,458,889	1,898,187
Amount due to Directors	6,478,371	5,731,927	1,470,527	-
	11,252,851	9,569,636	6,495,063	2,940,426

As at 31 July 2024, included in the Group is an amount of RMNil (31.12.2023: RMNil; 31.12.2022: RMNil; 31.12.2021: RM54,564) owing to the shareholders of the Company.

20. Revenue

	Audited			Unaudited	Audited
	FYE 31 December			FPE 31 July	
	2021	**2022**	**2023**	**2023**	**2024**
	RM	**RM**	**RM**	**RM**	**RM**
Revenue from contracts with customers					
Aluminium Extrusion	56,527,794	62,924,342	87,935,760	44,651,358	68,003,662
Trading and distribution of building materials	33,226,762	46,985,184	64,640,034	33,023,393	37,494,350
Solar PV system installation services	-	-	1,108,923	85,315	2,486,324
	89,754,556	109,909,526	153,684,717	77,760,066	107,984,336
Timing of revenue recognition					
At a point in time	89,754,556	109,909,526	152,575,794	77,674,751	105,498,012
Over time	-	-	1,108,923	85,315	2,486,324
	89,754,556	109,909,526	153,684,717	77,760,066	107,984,336

21. Finance Costs

	Audited			Unaudited	Audited
	FYE 31 December			FPE 31 July	
	2021	**2022**	**2023**	**2023**	**2024**
	RM	**RM**	**RM**	**RM**	**RM**
Interest expenses on:					
Bank overdrafts	480,671	536,484	689,622	464,929	365,061
Bankers' acceptance	461,402	647,113	1,134,641	648,679	819,903
Bank guarantees	7,680	7,680	8,397	5,265	5,265
Lease liabilities	232,083	87,113	182,727	71,819	110,838
Term loans	600,762	594,219	1,229,452	627,027	814,268
	1,782,598	1,872,609	3,244,839	1,817,719	2,115,335

22. Profit Before Taxation

Profit before taxation is determined after charging/(crediting) amongst other, the following items:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 31 July	
	2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
Auditors' remuneration	89,200	104,500	143,500	90,000	137,084
Bad debt written off	44,168	203,626	-	-	51,505
Depreciation of:					
- property, plant and equipment	1,606,684	1,723,783	2,233,242	1,197,196	1,421,571
- right-of-use assets	1,657,225	1,665,987	1,788,392	946,847	1,019,181
- investment properties	35,164	41,165	45,092	26,304	26,304
Impairment losses on trade receivables	204,774	319,655	143,709	-	338,447
Inventories written down	49,239	78,265	-	-	-
Loss on flood	949,875	-	-	-	-
Loss on stolen cash	-	88,418	-	-	-
Lease expenses relating to short-term leases:					
- Rental of premises	14,400	16,400	38,300	29,642	11,803
- Rental of others	18,900	37,882	36,600	22,100	33,350
Property, plant and equipment written off	-	41,697	8	-	77,044
Gain on disposal of:					
- property, plant and equipment	(486,292)	-	(9,999)	(9,999)	-
- right-of-use assets	-	(239,097)	-	-	-
- investment properties	(17,508)	-	-	-	-
- assets held for sale	(49,501)	-	-	-	-
Gain on lease modification	-	-	-	-	(3,602)
Interest income from licensed banks	(69,260)	(72,465)	(143,313)	(41,010)	(53,894)
Rental income from investment properties	(64,292)	(12,200)	(40,200)	(17,600)	(24,700)
Recovery of bad debt written off	-	-	(380,590)	(26,914)	(33,127)
Reversal of impairment losses on trade receivables	(124,263)	(203,626)	(359,441)	-	(715,733)

23. Tax Expense

	Audited			Unaudited	Audited
	FYE 31 December			FPE 31 July	
	2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
Tax expenses recognised in profit or loss					
Current tax provision	971,142	1,792,068	2,744,029	866,765	1,727,237
Over provision in prior years	(4,399)	(17,353)	(565,022)	(178,475)	334,496
Real property gains tax	75,842	-	-	-	-
	1,042,585	1,774,715	2,179,007	688,290	2,061,733
Deferred tax (Note 17)					
Relating to origination and reversal of temporary differences	61,563	318,495	644,959	203,725	68,325
Under provision in prior years	-	-	874,112	276,108	(313,514)
	61,563	318,495	1,519,071	479,833	(245,189)
Tax expenses for the financial year/period	1,104,148	2,093,210	3,698,078	1,168,123	1,816,544

Malaysian income tax is calculated at the statutory tax rate of 24% (31.12.2023: 24%; 31.7.2023 - unaudited: 24%; 31.12.2022: 24%; 31.12.2021: 24%) of chargeable income of the estimated assessable profits for the financial years/period. Taxation for other jurisdiction is calculated at the rates prevailing in the jurisdiction.

23. **Tax Expense (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 tax rate of the Group are as follows:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 31 July	
	2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
Profit before taxation	3,729,015	7,356,280	11,715,497	3,700,608	6,669,975
At Malaysian statutory tax rate of 24%	894,964	1,765,507	2,811,719	888,146	1,600,794
Tax relief on tax incentive rate of 17%	-	-	(42,000)	-	-
Income not subject to tax	(162,085)	(340,145)	(124,033)	(39,179)	(7,783)
Expenses not deductible for tax purposes	299,826	685,201	861,121	258,739	325,288
Utilisation of previously unrecognised deferred tax assets	-	-	(117,819)	(37,216)	(122,737)
(Over)/Under provision of income tax in prior years	(4,399)	(17,353)	(565,022)	(178,475)	334,496
Under/(Over) provision of deferred tax in prior years	-	-	874,112	276,108	(313,514)
Real property gains tax	75,842	-	-	-	-
Tax expenses for the financial year/period	1,104,148	2,093,210	3,698,078	1,168,123	1,816,544

The Group has estimated unutilised capital allowances and unused tax losses carry forward, available for offset against future taxable profits as follows:

	Audited			
	At 31 December			At 31 July
	2021 RM	2022 RM	2023 RM	2024 RM
Unused tax losses	956,259	956,259	465,346	-

24. Staff Costs

	Audited			Unaudited	Audited
	FYE 31 December			FPE 31 July	
	2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
Salaries, bonuses and other benefits	9,456,186	9,051,963	11,584,477	6,034,929	7,179,241
Defined contribution plans	1,046,210	960,848	1,095,232	557,863	655,386
	10,502,396	10,012,811	12,679,709	6,592,792	7,834,627

The staff costs of the Group recognised as an expense in cost of sales during the financial years/periods was RM2,381,682 (31.12.2023: RM3,568,636; 31.7.2023 - unaudited: RM1,865,822; 31.12.2022: RM2,224,855; 31.12.2021: RM2,180,411)

Included in staff costs is aggregate amount of remuneration received and receivable by the Directors of the Company during the financial years/period as below:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 31 July	
	2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
Executive Directors					
- Salaries, bonuses and other benefits	1,727,646	1,416,887	1,455,315	952,068	919,370
- Defined contribution plans	298,243	214,550	218,904	167,798	126,196
	2,025,889	1,631,437	1,674,219	1,119,866	1,045,566

25. Dividends

A final single-tier dividend of 24.81 sen per ordinary share on 8,060,000 ordinary shares of Winstar Aluminium Manufacturing, in respect of the financial year ended 31 December 2022 was paid on 30 August 2023.

The Directors of Winstar Aluminium Manufacturing have proposed a first and final single-tier dividend of 37.22 sen per ordinary share of Winstar Aluminium Manufacturing in respect of the financial year ended 31 December 2023. The proposed dividend was approved by the shareholders of Winstar Aluminium Manufacturing at the Twenty Second Annual General Meeting held on 12 June 2024 but was subsequently cancelled on 29 October 2024.

26. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the profit for the financial year/period attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the financial year/period as follows:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 31 July	
	2021	2022	2023	2023	2024
Profit for the financial years/periods, attributable to owners of the parent (RM)	2,624,867	5,263,070	8,017,419	2,532,485	4,853,431
Number of ordinary shares*	233,450,000	233,450,000	233,450,000	233,450,000	233,450,000
Basic earnings per ordinary shares (sen)	1.12	2.25	3.43	1.08	2.08

* It is assumed to be the number of the Company ordinary shares before public issue.

(b) Diluted earnings per share

Diluted earnings per ordinary share equals basic earnings per ordinary share because there are no potentially dilutive instruments in existence as at the end of each reporting period.

27. **Reconciliation of Liabilities Arising from Financing Activities**

	Note	At 1 January RM	Financing cash flows RM	Lease Modification RM	New leases (Note 5(c)) RM	At 31 December/ 31 July RM
Audited						
31 December 2021						
Bankers' acceptance	15	11,615,000	1,842,000	-	-	13,457,000
Term loans	15	19,115,239	(2,556,396)	-	-	16,558,843
Lease liabilities	16	4,641,726	(2,358,615)	-	-	2,283,111
		35,371,965	(3,073,011)	-	-	32,298,954
31 December 2022						
Bankers' acceptance	15	13,457,000	2,624,000	-	-	16,081,000
Term loans	15	16,558,843	(962,268)	-	-	15,596,575
Lease liabilities	16	2,283,111	(1,458,217)	-	200,000	1,024,894
		32,298,954	203,515	-	200,000	32,702,469

27. **Reconciliation of Liabilities Arising from Financing Activities (Cont'd)**

	Note	At 1 January RM	Financing cash flows RM	Lease Modification RM	New leases (Note 5(c)) RM	At 31 December/ 31 July RM
Audited						
31 December 2023						
Bankers' acceptance	15	16,081,000	7,357,000	-	-	23,438,000
Term loans	15	15,596,575	9,979,292	-	-	25,575,867
Lease liabilities	16	1,024,894	(1,384,656)	-	4,175,840	3,816,078
		32,702,469	15,951,636	-	4,175,840	52,829,945
31 July 2024						
Bankers' acceptance	15	23,438,000	19,157,527	-	-	42,595,527
Term loans	15	25,575,867	(2,212,570)	-	-	23,363,297
Lease liabilities	16	3,816,078	(678,982)	(58,776)	309,976	3,388,296
		52,829,945	16,265,975	(58,776)	309,976	69,347,120

28. **Contingent Liability**

A claim of specific damages amounted to RM171,446 (being the value of the "defective" products returned, the mould, costs to reorder a mould and losses due to cancellation with clients), costs, general damages for retaining the Plaintiff's (Foong Let Engineering Sdn. Bhd.) mould and affecting their good name and reputation, punitive damages, exemplary damages and interests was lodged against Winstar Aluminium Manufacturing during the financial year ended 31 December 2023. The Company has disclaimed liability and is defending the action. Legal advice obtained indicates that it is unlikely that any significant liability will arise. The Directors are of the view that no material losses will arise in respect of the legal claim at the date of these combined financial statements.

29. **Related Party Disclosures**

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and/or if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiary companies of the Group.

29. **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 financial statements, the significant related party transactions of the Group are as follows:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 31 July	
	2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
Transactions with related parties:					
- Sales	21,781	17,609	2,337,478	85,556	5,030,117
- Cost of sales	2,491,490	7,698,678	4,996,902	3,387,101	38,049
- Administrative expenses	12,231	2,905	-	-	100,000

(c) Compensation of key management personnel

Information regarding compensation of key management personnel is as follows:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 31 July	
	2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
Salaries, bonuses and other benefits	1,727,646	1,416,887	1,455,315	952,068	919,370
Defined contribution plans	298,243	214,550	218,904	167,798	126,196
	2,025,889	1,631,437	1,674,219	1,119,866	1,045,566

30. **Segmental Information**

The Group has three reporting segments, as described below, which are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. The following summary describes the operations in each of the Group's reportable segments.

The main business segments of the Group comprise of the following:

Aluminium Extrusion	Conversion of aluminium billets into primary aluminium products, namely extruded aluminium profiles, fabrication and assembly of extruded aluminium profiles into aluminium ladders.
Trading and distribution of building materials	Trading and distribution of various building materials such as extruded aluminium profiles, stainless-steel products, aluminium products, silicone sealants, ironmongery products among others.
Solar PV system installation services	Provision of engineering, procurement, construction and commissioning of solar PV facilities.

(a) Business segment

	Aluminium extrusion RM	Trading and distribution of building material RM	Solar PV system installation services RM	Total RM
Audited				
FYE 31 December 2021				
Revenue				
Total revenue	56,527,794	33,226,762	-	89,754,556
Results				
Segment gross profit	13,067,532	5,197,283	-	18,264,815
Audited				
FYE 31 December 2022				
Revenue				
Total revenue	62,924,342	46,985,184	-	109,909,526
Results				
Segment gross profit	14,271,530	7,018,400	-	21,289,930

30. Segmental Information (Cont'd)

(a) Business segment (Cont'd)

	Aluminium extrusion RM	Trading and distribution of building material RM	Solar PV system installation services RM	Total RM
Audited				
FYE 31 December 2023				
Revenue				
Total revenue	87,935,760	64,640,034	1,108,923	153,684,717
Results				
Segment gross profit	20,951,889	9,235,340	166,338	30,353,567
Unaudited				
FPE 31 July 2023				
Revenue				
Total revenue	44,651,358	33,023,393	85,315	77,760,066
Results				
Segment gross profit	9,580,480	4,372,918	12,797	13,966,195
Audited				
FPE 31 July 2024				
Revenue				
Total revenue	68,003,662	37,494,350	2,486,324	107,984,336
Results				
Segment gross profit	13,759,030	4,697,472	372,949	18,829,451

Segment assets, segment liabilities and segment profit after taxation are neither included in the internal management report nor provided regularly to the Group's chief operating decision maker for regular review. Accordingly, there are no further disaggregation of segment assets, segment liabilities and segment profit after taxation of the Group.

(b) Geographical segment

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets and segment capital expenditure are based on geographical location of assets. The geographical location of customers and assets are within Malaysia. As such, segmental reporting by geographical segment is deemed not necessary.

30. **Segmental Information (Cont'd)**

(c) Major customers

There is no significant concentration of revenue from any major customer as the revenue generated by the Group are from many customers.

31. **Financial Instruments**

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Audited			
	At 31 December			**At 31 July**
	2021	**2022**	**2023**	**2024**
	RM	**RM**	**RM**	**RM**
At amortised cost				
Financial assets				
Trade receivables	27,552,230	23,862,183	46,397,641	54,501,293
Other receivables	4,016,836	1,932,803	896,395	2,118,536
Fixed deposits with licensed banks	2,563,044	5,305,380	3,524,828	3,794,125
Cash and bank balances	3,534,512	3,592,191	5,379,578	11,060,961
	37,666,622	34,692,557	56,198,442	71,474,915
Financial liabilities				
Trade payables	12,434,619	17,537,437	39,045,335	41,350,851
Other payables	11,252,851	9,569,636	6,495,063	2,940,426
Bank borrowings	40,475,521	40,355,364	54,761,159	76,889,421
Lease liabilities	2,283,111	1,024,894	3,816,078	3,388,296
	66,446,102	68,487,331	104,117,635	124,568,994

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's 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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with licensed banks and financial institutions. There are no significant changes as compared to prior periods.

The Group and has 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 licensed banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group assesses whether any of the receivables and contracts assets 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 the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The carrying amounts of the financial assets recorded on the combined statements of financial position at the end of the reporting period represent the Group's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions for banking facilities and supply of goods and services granted to certain subsidiary companies.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's funding requirements and liquidity risks are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited						
31 December 2021						
Trade payables	12,434,619	-	-	-	12,434,619	12,434,619
Other payables	11,252,851	-	-	-	11,252,851	11,252,851
Bank borrowings	27,918,336	3,293,165	6,228,554	7,011,883	44,451,938	40,475,521
Lease liabilities	1,545,678	582,399	301,252	-	2,429,329	2,283,111
	53,151,484	3,875,564	6,529,806	7,011,883	70,568,737	66,446,102

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited						
31 December 2022						
Trade payables	17,537,437	-	-	-	17,537,437	17,537,437
Other payables	9,569,636	-	-	-	9,569,636	9,569,636
Bank borrowings	28,051,954	2,930,212	7,576,128	6,368,647	44,926,941	40,355,364
Lease liabilities	593,307	347,837	160,422	-	1,101,566	1,024,894
	55,752,334	3,278,049	7,736,550	6,368,647	73,135,580	68,487,331

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited						
31 December 2023						
Trade payables	39,045,335	-	-	-	39,045,335	39,045,335
Other payables	6,495,063	-	-	-	6,495,063	6,495,063
Bank borrowings	34,669,736	5,199,574	14,470,917	11,910,576	66,250,803	54,761,159
Lease liabilities	1,269,889	1,106,652	1,830,471	-	4,207,012	3,816,078
	81,480,023	6,306,226	16,301,388	11,910,576	115,998,213	104,117,635

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited						
31 July 2024						
Trade payables	41,350,851	-	-	-	41,350,851	41,350,851
Other payables	2,940,426	-	-	-	2,940,426	2,940,426
Bank borrowings	58,682,693	4,998,083	11,277,539	7,700,853	82,659,168	76,889,421
Lease liabilities	1,263,521	1,031,560	1,404,067	-	3,699,148	3,388,296
	104,237,491	6,029,643	12,681,606	7,700,853	130,649,593	124,568,994

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(1) Interest rate risk

The Group exposed to interest rate risk arises primarily from financing through interest bearing financial assets and financial liabilities. The Group's policy is to obtain the financing with the most favourable interest rates in the market.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Audited			
	At 31 December			**At 31 July**
	2021	**2022**	**2023**	**2024**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Financial asset				
Fixed deposits with licensed banks	2,563,044	5,305,380	3,524,828	3,794,125
Financial liability				
Lease liabilities	2,283,111	1,024,894	3,816,078	3,388,296

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(1) Interest rate risk (Cont'd)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was: (Cont'd)

	Audited			
	At 31 December			At 31 July
	2021 RM	2022 RM	2023 RM	2024 RM
Floating rate instruments				
Financial liability				
Bank borrowings	40,475,521	40,355,364	54,761,159	76,889,421

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in market interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

31. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(1) Interest rate risk (Cont'd)

	Audited			
	At 31 December			At 31 July
	2021	**2022**	**2023**	**2024**
	RM	**RM**	**RM**	**RM**
Effect to profit before taxation				
Interest rate increased by 0.5%	202,378	201,777	273,806	384,447
Interest rate decreased by 0.5%	(202,378)	(201,777)	(273,806)	(384,447)

(c) Fair values 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.

32. **Capital Commitment**

	Audited			
	FYE 31 December			FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	**RM**	**RM**	**RM**
Approved and contracted for construction of				
Construction of building	-	-	14,500,000	14,294,230
Approved but not contracted for				
Plant and machineries	-	-	9,550,400	9,550,400
	-	-	24,050,400	23,844,630

33. **Capital Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

33. Capital Management (Cont'd)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Audited			
	At 31 December			At 31 July
	2021 RM	2022 RM	2023 RM	2024 RM
Bank borrowings	40,475,521	40,355,364	54,761,159	76,889,421
Lease liabilities	2,283,111	1,024,894	3,816,078	3,388,296
Total debts	42,758,632	41,380,258	58,577,237	80,277,717
Less:				
Fixed deposits with licensed banks	(2,563,044)	(5,305,380)	(3,524,828)	(3,794,125)
Cash and bank balances	(3,534,512)	(3,592,191)	(5,379,578)	(11,060,961)
Total excess funds	36,661,076	32,482,687	49,672,831	65,422,631
Total equity	49,896,597	55,159,667	72,633,341	77,486,772
Debt-to-equity ratio	0.73	0.59	0.68	0.84

34. **Comparative Figure**

During the financial period, the Group made certain adjustments to the comparative as a result of prior year adjustment and certain reclassifications and restatements to the comparative to confirm with the current period presentation:

Prior year adjustments

The effects arising from prior year adjustments are as follows:

i. The Group has retrospectively adjusted for understatement of prepayment of insurance expenses previously recognised as administrative expenses.

ii. The Group has retrospectively adjusted for understatement of revenue and overstatement of other income in respect of elimination of inter company transactions.

	As previously stated RM	Prior year adjustment RM	As restated RM
Combined Statement of Profit or Loss and Other Comprehensive Income			
FYE 31 December 2022			
Revenue	109,685,959	223,567	109,909,526
Cost of sales	(88,451,983)	(167,613)	(88,619,596)
Other income	1,578,127	(223,567)	1,354,560
Administrative expenses	(13,356,596)	57,024	(13,299,572)
Changes on impairment on financial instruments	(319,654)	203,625	(116,029)
FYE 31 December 2021			
Revenue	89,189,143	565,413	89,754,556
Cost of sales	(71,332,153)	(157,588)	(71,489,741)
Other income	1,135,489	(330,611)	804,878
Administrative expenses	(13,413,137)	(64,432)	(13,477,569)
Finance cost	(1,769,816)	(12,782)	(1,782,598)

34. **Comparative Figure (Cont'd)**

During the financial period, the Group made certain adjustments to the comparative as a result of prior year adjustment and certain reclassifications and restatements to the comparative to confirm with the current period presentation: (Cont'd)

	As previously stated RM	Prior year adjustment RM	As restated RM
Combined Statements of Financial Position			
FYE 31 December 2022			
Current Assets			
Trade receivables	23,851,925	10,258	23,862,183
Other receivables	2,273,233	93,036	2,366,269
Amount due from related company	10,258	(10,258)	-
Equity			
Reserves	47,006,631	(41,663,714)	5,342,917
Retained earnings	-	41,756,750	41,756,750
Current Liabilities			
Trade payables	18,814,119	(1,276,682)	17,537,437
Other payables	8,062,034	1,507,602	9,569,636
Amount due to related company	230,920	(230,920)	-
FYE 31 December 2021			
Current Assets			
Trade receivables	27,298,607	253,623	27,552,230
Amount due from related company	253,623	(253,623)	-
Equity			
Reserves	41,836,597	(36,493,680)	5,342,917
Retained earnings	-	36,493,680	36,493,680
Current Liabilities			
Trade payables	12,193,273	241,346	12,434,619
Amount due to related company	241,346	(241,346)	-

34. **Comparative Figure (Cont'd)**

During the financial period, the Group made certain adjustments to the comparative as a result of prior year adjustment and certain reclassifications and restatements to the comparative to confirm with the current period presentation: (Cont'd)

	As previously stated RM	Prior year adjustment RM	As restated RM
Combined Statements of Cash Flow			
FYE 31 December 2022			
Cash flow from operating activities	6,413,577	659,331	7,072,908
Cash flow used in financing activities	(2,625,934)	(659,331)	(3,285,265)
FYE 31 December 2021			
Cash flow (used in)/from operating activities	(591,561)	1,240,340	648,779
Cash flow used in financing activities	(3,346,743)	(1,240,340)	(4,587,083)

WINSTAR CAPITAL BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the Winstar Capital Berhad, do hereby state that, in the opinion of the Directors, the accompanying combined financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 July 2024, and of its financial performance and cash flows for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 and financial period ended 31 July 2024.

Signed on behalf of the Board of Directors of Winstar Capital Berhad in accordance with a resolution of the Directors dated 12 November 2024.

CHUA NYOK CHONG	CHUA BOON HONG

KUALA LUMPUR

14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

(i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than six months after the date of issue of this Prospectus.

(ii) As at the date of this Prospectus, we have only one 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.

(iii) Save for the Shares issued pursuant to the Acquisition and as disclosed in Section 6.4 of this Prospectus, our Company and our subsidiaries have not issued or proposed to issue any shares, debentures, warrants, options, convertible securities or uncalled capital during the FYE Under Review and from 1 January 2024 up to the date of this Prospectus.

(iv) We have not agreed, conditionally or unconditionally to put the share capital of our Company or our subsidiaries under option.

(v) As at the date of this Prospectus, neither we nor our subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital.

(vi) As at the date of this Prospectus, save for the Issue Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.2.1(ii) of this Prospectus, there is currently no other scheme involving our Directors and employees in the share capital of our Company or our subsidiaries.

14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution and are qualified in its entirety by reference to our Constitution and by applicable law. The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined or the context otherwise requires.

14.2.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 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, the Central Depositories Act and to this Constitution, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors may think fit, subject to any ordinary resolution of the Company may determine provided that:

(a) in the case of shares offered to the public or offered pursuant to a prospectus that is registered under the Capital Markets and Services Act 2007, for subscription the amount payable on application on each share shall not be less than five per centum (5%) of the offer price of the share;

(b) no shares shall be issued at a discount except in compliance with the provisions of the Act;

(c) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members of the Company in general meeting;

(d) in the case of shares of a class other than ordinary shares, the rights attaching to such shares shall be expressed in this Constitution; and

(e) no Director shall participate in a scheme that involves a new issuance of shares or other convertible securities to employees unless the Members of the Company have approved the specific allotment to be made to such Director.

Clause 9 – Pre-emption Rights of Members

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other securities shall, before issue, be offered to Members who at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. 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, will be deemed to be declined, and, after the expiration of the 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 likewise 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 10 – Rights of Preference Shareholders

(a) Subject to the Act and the Listing Requirements, any preference shares may with the sanction of an ordinary resolution of Members in general meeting, be issued on the terms that they are, or at the option of the Company are or will be liable to be redeemed and the Company shall not issue preference shares ranking in priority to the preference shares already issued, but may issue preference shares ranking equally therewith.

(b) Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited financial statements and attending general meetings of the Company. The preference shareholders shall also have the right to vote in each of the following circumstances:

  (i) when the dividend or part of the dividend on the shares 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 rights attached to the preference shares;

  (v) on a proposal to wind up the Company; and

  (vi) during the winding up of the Company.

Clause 11 – Repayment of Preference Capital

The repayment of preference share capital other than redeemable preference shares capital or any other 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 meeting, consent in writing, if obtained from the holders representing not less than seventy five per centum (75%) of the total voting rights of the preference shares capital concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Clause 12 – Variation of Rights

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 subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class provided always that where the necessary majority for such a special resolution is not obtained at the meeting, the consent in writing, if obtained from the holders representing not less than seventy five per centum (75%) of the total voting rights of that class within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

To every such separate general meeting, the provisions of this Constitution relating to general meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney at least one-third (1/3) of the total number of issued shares of the class (excluding any shares of that class held as treasury shares) and that any holder of shares of the class present in person or by proxy or by attorney 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 58 – Share Buyback

Subject to the requirements and provisions of the Act, the Listing Requirements and/or any other relevant authorities, the Company shall be entitled at any time and from time to time and on any terms it deems fit, with the sanction of the Members in a general meeting, purchase its own shares. The Company shall not purchase its own shares unless:

(a) the Company is solvent at the date of the purchase and will not become insolvent by incurring the debts involved in the obligation to pay for the shares so purchased;

(b) the purchase is made through the Exchange on which the shares are quoted and in accordance with the relevant rules of the Exchange; and

(c) the purchase is made in good faith and in the interests of the Company.

Any shares in the Company so purchased by the Company shall be dealt with in accordance with the Act, the Listing Requirements and/or other relevant authorities.

Clause 59 – Conversion of Shares

The Company may by ordinary resolution passed at a general meeting convert all or any paid-up shares into stock and may re-convert that stock into paid-up shares of any denomination.

Clause 63 – Power to Increase Capital

Subject to the Act and Listing Requirements, the Company may from time to time, whether 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 may direct by the resolution authorising such increase.

Clause 64 – Offer of New Shares

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities 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 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 will 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 likewise 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 65 – Issue of Securities

Subject to the Listing Requirements and notwithstanding the existence of a resolution pursuant to Section 75 of the Act, the Company shall not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten per centum (10%) of the total issued and paid-up capital of the Company, except where the shares or convertible securities are issued with the prior approval of the Members in general meeting of the precise terms and conditions of the issue.

Clause 66 – 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 payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Clause 67 – Power to Alter Capital

The Company may alter its share capital by passing an ordinary resolution to:

(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;

(b) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;

(c) cancel any shares which at the date of the passing of the resolution 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

(d) convert all or any paid-up shares into stock and may re-convert that stock into paid-up shares of any denomination.

Clause 68 – Power to Reduce Capital

The Company may by special resolution reduce its share capital in any manner authorised and subject to any conditions prescribed by the Act.

14.2.2 Borrowing and voting powers of Directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Clause 124 – General Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge any of the Company's or the subsidiaries' undertaking, property or uncalled capital, as the case may be, or any part thereof, and to issue debentures, guarantees, indemnities and other securities whether outright or as security (principal or collateral) for any debt, liability or obligation of the Company or subsidiary company or any related third party subject to the law including but not limited to the provision of the Act and the Listing Requirements, as they may think fit.

Clause 125 – Restrictions on Borrowing

The Directors shall not borrow any money and to mortgage or charge any of the Company's or the subsidiaries' undertaking, property or uncalled capital, as the case may be, or any part thereof, and to issue debentures, guarantees, indemnities and other securities whether outright or as security (principal or collateral) for any debt, liability or obligation of any unrelated third party.

Clause 126 – Indemnity To Be Given

If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

Clause 133 – Chairman's Casting Vote

(a) 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.

(b) In case of an equality of votes and provided always, the Chairman of the meeting shall have a second or casting vote. Where two (2) Directors form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue, shall not have a second or casting vote.

Clause 137 – Power to Vote

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he is interested, directly or indirectly, and if he does so vote, his vote shall not be counted. Without prejudice to the provisions in this Constitution, the Act and the Listing Requirements, a Director may vote in respect of:

(a) any arrangement for giving the 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 any of its subsidiaries;

(b) any contract or proposed contract which relates to any loan to the Company or any of its subsidiaries or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or

(c) any contract or arrangement with any corporation in which he is interested only as an officer of the corporation or as the holder of shares or other securities not more than the number or value as is required to qualify him for his appointment as such officer, or where his interest is not more than five per centum (5%) of the paid-up capital of such corporation.

Clause 138 – Relaxation of Restriction

A Director notwithstanding his interest, may, provided that none of the other directors present disagree, be counted in the quorum present at any meeting whereat any such appointment as hereinafter mentioned are considered or whereat any decision is taken upon any contract or arrangement in which he is in anyway interested provided always that he has complied with Section 221 of the Act.

Clause 140 – Directors' Circular Resolutions

A resolution in writing signed or assented by a majority of all Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, provided that where a Director has an alternate, then such resolution may also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the minutes book of the Company. Any such resolution may consist of several documents in the like form, each signed by one (1) or more Directors. Any such document may be accepted as sufficiently signed by a Director if transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the Director.

14.2.3 Remuneration of Directors

Clause 108 – Fees and Benefits of Directors

The fees and benefits payable to the Directors including any compensation for loss of employment of a Director or a former Director for their services as shall from time to time be determined by an ordinary resolution in general meeting, and such fees and benefits shall (unless such resolution otherwise provides) be divided among the Directors in such proportions and manner as the Directors may determine provided always that:

(a) the remuneration payable to Executive Directors need not to be determined by the Company in general meeting but such remuneration may not include a commission on or percentage of turnover;

(b) fees payable to Non-Executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover, and shall not exceed the amount approved by the Members in general meeting;

(c) the fees of Directors, and any benefits payable to Directors shall be subject to annual shareholder approval at a general meeting; and

(d) any fee paid to an Alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Clause 109 – Reimbursement of Expenses

The Directors may be paid for all travelling, hotel and other reasonable expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company in the course of performing their duties as Directors.

Clause 110 – Special Remuneration

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 with 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 143 – Remuneration of Managing Director

A Managing Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration whether by way of salary or commission or participation in profits or partly in one way and partly in another, as the Board of Directors may determine but such remuneration shall not include a commission on or percentage of turnover, but subject to the provisions of the Act, it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

14.2.4 Transfer of Shares

The provisions in our Constitution dealing with transfer of Shares are as follows:

Clause 35 – Transfer of Non-Deposited Securities

(a) Subject to the Act, any Member may transfer all or any of his shares (which are Non-Deposited Securities) by a duly executed and stamped instrument in writing. The instrument shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Register of Members in respect thereof.

(b) For the purpose of registration of a transfer of shares (which are Non-Deposited Securities), every instrument of transfer shall be left at the Office of the Company together with the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.

All instruments of transfer in respect of shares (which are Non-Deposited Securities) which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall on demand be returned to the person depositing the same.

(c) Subject to the Act, the Directors may in their absolute discretion decline to register any transfer of shares (which are Non-Deposited Securities) where the registration of the transfer would result in contravention of or failure of the Company to observe the provisions of any laws in Malaysia or the transfer is in respect of a partly paid shares in respect of which a call has been made and is unpaid. If in the exercise of its rights under this Clause, the Directors refuse to register a transfer of a share (which is Non-Deposited Security), the Directors shall:

(i) pass a resolution to refuse the registration of the transfer within thirty (30) days from the receipt of the instrument of transfer and the resolution sets out in full the reasons for refusing the registration; and

(ii) send a notice of the resolution to the transferor and the transferee within seven (7) days of the resolution being passed.

Clause 36 – Transfer of Deposited Securities

(a) Subject to this Constitution, the Central Depositories Act, the Rules and the Listing Requirements (with respect to transfer of Deposited Securities), the transfer of any listed securities or class of listed securities 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 Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

(b) Subject to the Central Depositories Act and the Rules, there shall be no restriction on the transfer of fully paid Deposited Securities except where required by law.

(c) The Central Depository may, in its absolute discretion, refuse to register any transfer of Deposited Securities if it does not comply with the Central Depositories Act and the Rules.

Clause 37 – Restriction of Transfer

No shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Clause 38 – Limitation of Liability

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a 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 the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee, of the particulars of the shares transferred or otherwise in a defective manner. And in every such case, the person registered as 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 thereto.

Clause 39 – Closure of Register or Record of Depositors

Subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, the Register or Record of Depositors may be closed at such time and for such period as the Directors may from time to time determine, provided always that it shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix books closing date and the reason for the same shall be given to the Exchange at least ten (10) Market Days (or such other period as prescribed by the Exchange or any relevant governing laws and/or guidelines) after the date of announcement to the Exchange, and the address of share registry at which documents will be accepted for registration. At latest date which is reasonably practicable which shall in any event no less than three (3) Market Days prior notice shall be given to the Depository to enable the Depository to prepare the appropriate Record of Depositors.

Clause 40 – Renunciation

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of the allotment of any shares by the allottee thereof in favour of some other persons or otherwise.

14.3 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 fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be a shareholder of our Company and will 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.

14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Subject to Section 14.3 above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares which is imposed by Malaysian law or by our Constitution.

14.5 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any other material contracts, not being contracts entered into in the ordinary course of business, within the period covered by the FYE Under Review as disclosed in this Prospectus and up to the date of this Prospectus:

(i) the sale and purchase agreement dated 26 March 2021 between Winstar Solar as the seller and Kong Tiong Kian and Sim Li Keow as the purchasers for the disposal by Winstar Solar of a piece of freehold land measuring 2,045.14 sq. ft. held under H.S.(M) 37164, PT 56757, Mukim Kapar, Daerah Klang, Negeri Selangor together with a three-storey shop office erected thereon and bearing the postal address of No. 4, Jalan Pauh Kijang 3/KU3, Batu Belah, 42100 Klang, Selangor for a cash total consideration of RM1,250,000, which was completed on 29 October 2021.

(ii) the sale and purchase agreement dated 10 May 2021 between Winstar Aluminium as the seller and Mark Ng Zhen Hao and Ting Wei Yee as the purchasers for the disposal by Winstar Aluminium of a piece of leasehold land measuring 1,679.17 sq. ft. held under PM 5630, No. Lot 18167, Mukim Bukit Katil, Daerah Melaka Tengah, Negeri Melaka together with a double-storey terrace house (superlink) erected thereon and bearing the postal address of No. 259 Jalan Belia Antarabangsa 15, Taman Belia Antarabangsa, 75450 Ayer Keroh, Melaka for a cash consideration of RM361,000, which was completed on 20 April 2022.

(iii) the sale and purchase agreement dated 24 November 2021 between Winstar Aluminium as the seller and Sim Siew Loy as the purchaser for the disposal by Winstar Aluminium of a 1½-storey factory held under Individual Title H.S.(M) 19391, PT 30457, Mukim Batu, Daerah Gombak, Negeri Selangor and bearing the postal address of No. 32, Jalan 6, Taman Perindustrian Ehsan Jaya, 52100 Kuala Lumpur measuring 1,603.82 sq. ft. for a cash consideration of RM1,040,000, which was completed on 24 March 2022.

(iv) the sale and purchase agreement dated 24 November 2021 between Winstar Aluminium as the seller and Hue Swee Aun and Low Goon Kim as the purchasers for the disposal by Winstar Aluminium of a 1½-storey factory held under Individual Title H.S.(M) 19392, PT 30458, Mukim Batu, Daerah Gombak, Negeri Selangor and bearing the postal address of No. 33, Jalan 6, Taman Perindustrian Ehsan Jaya, 52100 Kuala Lumpur measuring 1,603.82 sq. ft. for a cash consideration of RM1,030,000, which was completed on 6 May 2022.

(v) the sale and purchase agreement dated 5 July 2022 between Winstar Aluminium as the purchaser and Megamac (M) Sdn Bhd as the seller for the acquisition by Winstar Aluminium of a two-storey linked house, type 2 in the housing development known as "Diamond Residence" held under Strata Title Geran 334200/L183/-/-, No. Petak: -, No. Tingkat: -, No. Bangunan L183, Lot No. 49005, Mukim Semenyih, District of Ulu Langat, Negeri Selangor Darul Ehsan and bearing the postal address of 30, Jalan Diamond B1-5, Diamond Residence, 43500 Semenyih, Selangor measuring 1,399.31 sq. ft. for a cash consideration of RM600,000, which was completed on 26 October 2023.

(vi) the sale and purchase agreement dated 3 April 2023 between Winstar Aluminium as the purchaser and Anbarasan A/L Letchumanan, Embashakaran A/L Letchumanan, Krishnan A/L Letchumanan, Kuppamah A/P Kandasamy, Rajaenderan A/L Letchumanan and Veloo A/L Letchumanan as the sellers for the acquisition by Winstar Aluminium of all the undivided shares of the piece of leasehold land measuring approximately 131,319.71 sq. ft. held under H.S.(D) 8542, Lot 904, Pekan Simpang Tiga Ijok, Daerah Kuala Selangor, Negeri Selangor for a cash consideration of RM4,000,000, which was completed on 9 October 2023.

(vii) the conditional share sale agreement dated 13 June 2024 in relation to the Acquisition, which was completed on 30 October 2024.

(viii) the Underwriting Agreement dated 11 November 2024. Please refer to Section 4.8 of this Prospectus for further details of the Underwriting Agreement.

14.6 MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claim and/or arbitration, whether as plaintiff or defendant, which might materially and adversely affect the financial or business position of our Group.

14.7 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT AND TAXATION

Our Group has not established any other place of business outside Malaysia and is not subject to governmental law, decree, regulation and/or other requirement which may affect the repatriation of capital and remittance of profit by or to our Group.

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

14.8 CONSENTS

(i) The written consents of the Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter, Financial Adviser, Company Secretary, legal advisers, Share Registrar and Issuing House as listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;

(ii) The written consent of the Auditors and Reporting Accountants for the inclusion of its names, the Accountants' Report and the Reporting Accountants' letter on the Pro Forma Combined Statements of Financial Position as at 31 July 2024 and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn; and

(iii) The written consent of the IMR for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of six months from the date of this Prospectus:

(i) our Constitution;

(ii) material contracts referred to in Section 14.5 of this Prospectus;

(iii) IMR Report as included in Section 8 of this Prospectus;

(iv) Reporting Accountants' letter on the Proforma Statements of Financial Position as at 31 July 2024 as included in Section 12.16 of this Prospectus;

(v) Accountants' Report as included in Section 13 of this Prospectus;

(vi) audited financial statements of Winstar for the FPE 2024;

(vii) audited financial statements of Winstar Aluminium, Establish Trading, MIM Industry and Winstar Solar for the FYE Under Review and FPE 2024; and

(viii) letters of consent referred to in Section 14.8 of this Prospectus.

14.10 RESPONSIBILITY STATEMENTS

Our Directors, our Promoters and the Selling Shareholders 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 are no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

TA Securities, being the Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter for 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.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT 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.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD	:	10.00 A.M., 26 NOVEMBER 2024
CLOSING OF THE APPLICATION PERIOD	:	5.00 P.M., 3 DECEMBER 2024

In the event there is any change to the dates and times stated above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Application for our Issue Shares by the Malaysian Public and the Eligible Persons

Applications must be made in relation to and subject to the terms of our Prospectus and our Constitution. You agree to be bound by our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Type of Application and category of investors	Application Method
Applications by the Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	• White Application Form; • Electronic Share Application; or • Internet Share Application
(b) Non-Individuals	White Application Form only

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. **The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.**

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO SUBMIT APPLICATIONS USING A JOINT BANK ACCOUNT MUST CONTACT THE FINANCIAL INSTITUTION HANDLING THE APPLICATIONS TO ENSURE THAT THE NAME ON THE JOINT BANK ACCOUNT MATCHES THE NAME ON THEIR CDS ACCOUNT. THIS STEP MINIMIZES THE RISK OF REJECTION OF IPO APPLICATIONS DUE TO NAME DISCREPANCIES. OUR COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUES ARISING THEREAFTER.

15.3.2 Application by the Malaysian Public

You can only apply for the Issue Shares if you fulfill all of the following:

(i) You must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for the Issue Shares; or

(b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;

(ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus. All duly completed Pink Application Forms should be submitted to our Group through the Human Resources or Finance Department.

15.4 PROCEDURES FOR APPLICATION USING APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.35 for each IPO Share.

Payment must be made out in favour of **"MIH SHARE ISSUE ACCOUNT NO 660**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Method below is relevant for White Form Application Form only whereas for Pink Application Form, kindly direct the submission of the form to our Company, through the Human Resources or Finance Department.

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) despatched by **ORDINARY POST** in the respective official envelopes provided for each category, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

(ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan so as to arrive not later than 5.00 p.m. on 3 December 2024 or such other time and date as our Directors and the Sole Underwriter may, in their absolute discretion, mutually decide as the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the Application Form to the Issuing House.

Please refer to the detailed procedures and terms and conditions of the Application Forms set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of our Prospectus on the website of Bursa Securities or contact the Issuing House for further enquiries.

15.5 PROCEDURES FOR APPLICATION USING ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for the Issue 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 Electronic Participating Financial Institutions.

15.6 PROCEDURES FOR APPLICATION USING INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for the Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Malaysia Sdn Bhd (*formerly known as CGS-CIMB Securities Sdn Bhd*), Malacca Securities 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 (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.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(i) reject Applications which:

  (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

  (b) are illegible, incomplete or inaccurate; or

  (c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with **Section 15.9** below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 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 IPO Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English neswpapers as well as posted on the Issuing House's website at www.mih.com.my within 1 business day after the balloting event.

Under the Listing Requirements, at least 25.00% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of the Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

15.9 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.

15.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful Applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful Applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

(iv) 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 registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For Applications by way of Electronic Share Applications and Internet Share Applications

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the fifth Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (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 are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within two Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within two Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our 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.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at +603-7890 4700
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institutions or Authorised Financial Institutions

You may also check the status of your Application at the Issuing House's website at www.mih.com.my, by entering your CDS Account Number on the site after the allotment date. The status of your Application will be available by 3:00 PM. Alternatively, you may contact any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.