9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

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

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

As the contracts are awarded on a project-by-project basis, our customers are under no obligation to award contracts to us in the future. As such, there is no assurance that we will be able to successfully tender or secure projects from our existing customers in the future or that our existing customers will continue to engage us in their upcoming projects. Our ability to successfully tender or secure projects is dependent on a range of factors including our pricing and tender strategy, our competitors' tender and pricing strategy, the level of competition and our customers' evaluation standards. Depending on the then market conditions and competitive landscape, we may have to lower our pricing or adjust our tender strategy, such as through the provision of value engineering and design and build services, in order to maintain the competitiveness of our tenders. In addition, the scope of work in a project, which is dependent on its scale and complexity, will affect the profit margin of the project and our financial performance. In the event that we have to subcontract a material portion of the project work to a third-party subcontractor, our profit margins from such projects may also be reduced.

For FYE 2021, FYE 2022, FYE 2023 and FPE 2024, our revenue amounted to approximately RM67.58 million, RM180.12 million, RM207.95 million and RM178.23 million respectively, and our gross profit margin was approximately 17.96%, 23.04%, 32.37% and 29.93% respectively. Such historical financial information is solely derived from our projects during the Financial Years Under Review and FPE 2024, which does not necessarily have any implication on our future financial performance. Our future financial performance is largely dependent on our ability to secure new contracts, control our costs and expenditure, as well as efficient project implementation. Our revenue and gross profit margins may fluctuate from project to project, depending on factors that are specific to particular projects, including our determination of tender or quotation price and the actual cost of services. There is no assurance that we will always be able to obtain a similar or greater number of projects in the future and to maintain our profits at similar levels as we did during the Financial Years Under Review and FPE 2024.

Our order book is approximately RM203.69 million as at the LPD of which RM53.68 million is expected to be realised by the FYE 2024 and RM150.01 million in FYE 2025. As at the LPD, our Group is currently tendering for 22 projects, collectively totaling RM559.71 million in contract value. There can be no assurance that we will be able to sustain such level of order book in the future. Further, our order book is also subject to the risk of unexpected delays, cancellations or scope adjustments that may occur from time to time, which could contribute to a reduction in the value of our order book.

Cancellation or delay in the commencement of secured projects due to factors such as changes in our customers' businesses, poor market conditions and lack of funds on the part of the project owners may adversely affect us. In addition, there may be a lapse of time between the completion of our projects and the commencement of our subsequent projects. Any cancellation or delay of projects could lead to idle or excess capacity, and in the event that we are unable to secure replacement projects on a timely basis, this may affect our business operations and financial position.

As at the LPD, there has been no past incident in respect of any of the above which had any material adverse impact on our Group's financial position or results of operations. However, if we cannot continue to maintain the number of contracts at a similar level or obtain new projects of similar or even larger contract sums, our business and financial position may be affected.

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

The contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract. The calculation mechanism for the liquidated damages is generally set forth in the contract.

Delays in a project may occur from time to time due to various unforeseen factors such as shortage of manpower, delays by subcontractors, industrial accidents, delay in delivery of materials and local weather conditions. If there is any delay on our part in the completion of a project, we may be liable to pay liquidated damages under the contract. During the Financial Years Under Review and FPE 2024, we did not face any instances where we incurred liquidated damages. Additionally, amidst the COVID-19 pandemic, our Group did not incur any liquidated damages for the 2 projects that were deferred which resulted in delays to our project timelines.

As at the LPD, our Group is exposed to an estimated liquidated damages of up to RM29.29 million for 7 projects that have extended beyond the completion dates stipulated in the respective letters of award and EOTs granted by the applicable customers, the amount of which is material to our Group.

However, there is no assurance that there will not be any delay in our existing and future projects resulting in claims for liquidated damages, which in turn will have an adverse impact on our reputation, business, financial condition and results of operations.

9.1.3 We secure M&E engineering projects from main contractors

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

As our revenue streams depend on contracts awarded to us on a project-by-project basis, the revenue that we secure varies on a year-to-year basis. The contracts that we enter into with our main contractors typically range between 12 months to 24 months, depending on the scope of services in which we have been engaged to perform. There is no assurance that we will continue to secure contracts from main contractors as we do not have long-term agreements with these customers. If these main contractors discontinue their business relationships with us, we may not be able to secure other customers who are able to contribute similar proportion of revenue on a timely basis.

We work closely with our existing customers to ensure customer satisfaction and participate in business meetings with them or potential customers as part of the efforts to secure new projects from them. We will continue to serve our other customers and strive to pursue business development activities to expand our customer base and reduce dependency on the abovementioned major customers. Notwithstanding the above, our Group's sustainability, revenue, and financial results will be materially and adversely affected if:

(a) we were to lose 1 or more of our main contractors (or reduce the level of services provided to them) without securing new customers to replace the loss of business;

(b) we were to encounter difficulties in collecting payments from these projects; and / or

(c) our contracts with these main contractors are delayed or terminated.

While there has not been any such past instance which had any adverse impact on our Group's financial condition and results of operations, there is no assurance that these main contractors will continue to invite us to provide quotes for all projects that they participate in.

While our Group also tendered for projects directly with project owners during the Financial Years Under Review, FPE 2024 and up to the LPD, we generate a substantial revenue from main contractors. In the event we are unable to secure contracts from main contractors and replace them with projects from project owners in a timely manner, our Group's business and financial performance will be affected.

9.1.4 We are dependent on registrations and licenses

We are required to obtain and hold valid certificates of registration issued by the CIDB in order for us to operate our business. As at the LPD, CBH Engineering and CBH M&E are registered with the CIDB as Grade G7 contractors and CBH Maintenance is registered with the CIDB as a Grade G3 contractor. Further, CBH Engineering and CBH M&E are registered with the Energy Commission Malaysia as an Electrical Contractor under Class A and CBH Maintenance is registered with the Energy Commission Malaysia as an Electrical Contractor under Class C.

To maintain such certificates of registration, we are required to comply with the relevant standards and conditions imposed by the CIDB and the Energy Commission Malaysia, including the need to notify the CIDB on projects that we have secured and to provide the corresponding required information on these projects. Failure to do so may result in the downgrading, suspension or revocation of our registration, subject to reinstatement by the CIDB, or a penalty to be imposed on our Group by the CIDB. Our Energy Commission Malaysia registration requires us to comply with all conditions applicable to the registration as set out under the Electricity Supply Act 1990 as well as all orders and guidelines issued by the Energy Commission Malaysia from time to time. Failure to do so may result in revocation of our registration with the Energy Commission Malaysia or a penalty to be imposed on our Group by the Energy Commission Malaysia. When seeking for renewal of such certificates of registration upon its expiry, we may be exposed to the risk of delay or non-renewal of these certificates of registration.

If we are unable to maintain or renew our certificates of registration with the CIDB and Energy Commission Malaysia, we will be restricted or prohibited from providing M&E engineering services, thereby adversely affecting our business and financial position.

For the Financial Years Under Review, FPE 2024 and up to the LPD, we have not experienced any downgrading, suspension, revocation or non-renewal of our registrations with the CIDB and Energy Commission Malaysia.

9.1.5 Any significant cost overruns may materially and adversely affect our business operations

Our contracts are generally determined on a fixed-price basis upon the signing of the contract. The estimated contract sum quoted in our tender is determined on a case-by-case basis having regard to various factors, which generally include:

(i) the scope of services;
(ii) the estimated number and types of personnel required;
(iii) the price trend of the types of materials required;
(iv) the complexity of the project;
(v) the availability of our manpower and resources;
(vi) the project duration;
(vii) the frequency of carrying out defects rectification works;
(viii) the number and location of designated project sites;

(ix) any subcontracting which is expected to be necessary; and
(x) the prevailing market conditions.

There is no specific clause in relation to price adjustment in our contracts with our customers which allows us to pass on any substantial increase in our costs of services to our customers. There is also no assurance that our actual costs incurred will not exceed the estimated costs, due to underestimation of costs, excessive wastage, inefficiency, damage or unforeseen additional costs incurred during the course of the contract or increase in commodity prices, all of which may have an adverse impact on our gross profit margin.

While we have since implemented measures to reduce the likelihood of cost overruns, such as reducing the timing difference between our contract with our customers and our procurement of materials to reduce the possibility of any unexpected increase in costs which may not have been factored into our contract sum; and in our selection of suppliers, giving more weight to the suppliers' ability to adhere to the agreed contractual price in the event of a subsequent unexpected increase in cost of materials, there is no assurance that our measures will be successful, and accordingly, any underestimation of costs, delay or other circumstances resulting in cost overruns may adversely affect our profitability.

During the Financial Years Under Review, FPE 2024 and up to the LPD, we did not experience any material cost overruns as a result of an increase in the prices of commodities such as copper and aluminium which affected our Group's financial performance. Notwithstanding the above, our Group may be exposed to cost overruns for ongoing and potential projects arising from an increase in the prices of commodities that we may not be able to pass on to our customers.

9.1.6 We are dependent on our Executive Directors and key senior management for the continued success of our business

The success of our Group is dependent on the experience, industry knowledge and network, and skills of our Executive Directors and key senior management. Our Managing Director, Ir. Cheah Boon Hwa as well as Executive Directors, Cheah Boon Huat and Cheah Min Heng, have approximately 43 years, 31 years and 7 years of experience in the M&E engineering industry respectively and in-depth knowledge of our operations. Our key senior management comprise individuals who each also have significant relevant experience in the industry or respective fields.

Our Group's success is also dependent on the continued service of our Executive Directors and key senior management, and our ability to hire, develop, motivate and retain qualified personnel needed to support our business operations. Due to their in-depth knowledge of our operations and experience in the industry, they are critical to the overall management and operations of our business, corporate culture and strategic direction.

We have not experienced any departure of any key senior management which had a material effect on our business operations in the past. However, the loss of any Executive Directors and any of our key senior management simultaneously or within a short time may create unfavourable or material impact on our Group's operations and the future growth of our business, which may ultimately affect our financial performance, if we are not able to replace or attract suitable talents in a timely manner. Therefore, our ability to attract and retain a highly-skilled and experienced workforce is crucial for our continued success, future business growth and prospects.

9.1.7 We are dependent on the supply and quality of services of our subcontractors and suppliers to complete our projects

We regularly engage subcontractors to perform or assist us in performing certain works specifically services requiring specialised expertise, skills and/or licenses and specialised machinery and/or equipment or due to limitation of manpower to carry out the workload. We or our subcontractors also engage and coordinate with suppliers of equipment, systems, products and parts that are required for the projects we undertake.

Save for some projects where the subcontractors are selected by our customers, we typically appoint subcontractors from a shortlisted list by taking into consideration the project requirements and specifications, the quotations submitted by the suppliers, the suppliers' abilities to deliver contracted services on a timely and satisfactory basis as well as our past working experiences and relationships with the suppliers. Upon negotiation on the pricing and scope of works, we will subsequently issue purchase orders to the designated subcontractors outlining the descriptions, costs and due dates of deliverables before the commencement of the contracted works.

Since our subcontractors do not have a direct contractual relationship with our customers, we supervise and are responsible for the works of our subcontractors, and thus are subject to risks associated with any suboptimal or late performance by our subcontractors. Subcontractor failures are generally in the form of delays or poor workmanship that do not meet the contractual specifications. This may adversely affect our ability to complete our projects based on the project timeline stipulated in the contractual agreements, which as a result, may render us liable to potential defect liability claims by our customers.

In such event, although we may attempt to seek compensation from the relevant subcontractors, we may be required to compensate our customers prior to receiving any compensation from the relevant subcontractors, if at all. If no corresponding claim can be asserted against a subcontractor or the claim amount cannot be recovered in full, we may be required to bear some or all the costs of the claims, in which case our financial performance could be affected. Our Group has not encountered any defect liability claims due to the quality of subcontracted works during the Financial Years Under Review, FPE 2024 and up to the LPD.

9.1.8 Our operations are dependent on our ability to attract and retain a skilled workforce

Due to the specialised and technical nature of the services that we provide in relation to M&E engineering systems, our Group's future prospects are dependent on the abilities, knowledge, experience and competency of our skilled personnel, among which include engineers and competent personnel such as chargemen and wiremen. We rely on the availability of our skilled personnel for the design, supply, installation, testing, commissioning and maintenance of M&E engineering projects.

Therefore, our ability to attract and retain a competent base of skilled workforce is crucial for our business to continue growing and achieving favourable performance. Should these skilled personnel leave our Group simultaneously or within a short span of time without suitable or timely replacement, this could have an adverse impact on our business operations and the overall performance of our Group.

9.1.9 We are subject to defects liability claims

A defects liability period is imposed on us in relation to the contracts that we secure. The defects liability period commences upon issuance of the certification of practical completion and generally covers a period of between 12 months to 24 months.

We bear the costs associated with any claims by our customers and these are charged as our costs of sales for the respective projects. Any material defects liability claims by our customers could have an adverse impact on our operations, cash flows and financial performance.

We maintain back-to-back defects liability periods with our subcontractors and suppliers for services and products that we procure from them. Notwithstanding this, we are still exposed to potential defects liability claims to the extent that it may affect project delivery timeline, work quality, and ultimately our reputation among our existing and potential customers. We have established and implemented a quality management system in accordance with the ISO 9001:2015 standards and requirements. However, there is no guarantee that we will always be able to effectively carry out our role in our M&E engineering projects.

Our Group has not encountered any defects liability claims during the Financial Years Under Review, FPE 2024 and up to the LPD.

9.1.10 Our insurance coverage may not be sufficient to cover all losses and/or liabilities arising from potential claims

Pursuant to the terms of the contracts awarded by our customers, we may be required to procure and maintain insurance policies relevant for the projects, in the interest of our customers/ main contractors, such as contractor all risks and workmen's compensation.

We are aware of the adverse consequences arising from the inadequate insurance coverage that could potentially affect our business, operations and financial performance. We have also purchased comprehensive business insurance policies, to protect our business and office furniture and equipment against unexpected losses or damage due to break-ins or loss of monies and policies to insure our vehicles.

Although we have procured and maintained the relevant insurance policies for our projects, we may receive claims from our customers, subcontractors or other parties in respect of various matters concerning our business operations from time to time. There is no assurance that our current insurance policies will sufficiently protect us against all potential liabilities arising from any claims or losses.

Further, the insurance coverage is subject to exclusions and limitations of liability both in amount and with respect to the insured events. The outcome of any claim is subject to the relevant parties' negotiation and the result of claims may be unfavourable to us. If we are held liable for uninsured losses or the amounts of claims for insured losses exceed the limit of our insurance coverage, our business and financial performance will be impacted.

For the Financial Years Under Review, FPE 2024 and up to the LPD, we have not encountered any events that resulted in any insurance claims that materially affected our business and financial condition.

9.2 RISKS AFFECTING THE INDUSTRY IN WHICH WE OPERATE

9.2.1 We operate in a competitive industry

The M&E engineering industry in Malaysia is competitive, and such competition may intensify in the future due to the entry of new players including foreign companies entering the Malaysian market. In the event that our competitors are able to provide comparable or better services at more competitive prices or respond to changes in market conditions more swiftly or effectively than we do, our operations and our financial performance may be adversely affected. There is no assurance that we will be able to compete effectively with our existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by us to remain competitive will adversely affect the demand for our services and our financial performance.

9.2.2 We may be affected by any changes in the general economic, regulatory, political and social conditions and developments in Malaysia

Our business may be affected by local developments in relation to inflation, bank interest rates, government policies and regulations and other conditions which may impact economic, regulatory, political and social stability in Malaysia. We have no control over such conditions and developments and there is no assurance that such conditions and developments will not occur and adversely affect our business operations. Negative developments in the socio-political climate in Malaysia may also adversely affect our Group's business, financial position, results of operations and prospects. There is no assurance that we will be able to adapt to the local conditions, regulations and business practices and customs in future. Any changes implemented by the Government resulting, amongst others, in currency and interest rate fluctuations, capital restrictions, and changes in duties and taxes detrimental to our business could materially and adversely affect our business, financial condition, results of operations and prospects.

Our business and operations may also be materially and adversely affected by unforeseeable circumstances and other factors such as power outages, political unrest and natural or other catastrophes, may disrupt our operations and cause loss and damage to our properties. Terrorist attacks or other acts of violence may also materially and adversely affect the local financial market and business and consumer confidence. Our business may also be affected by macroeconomic factors, such as general economic conditions, market sentiment and consumer confidence in Malaysia, social and political unrest, regulatory, fiscal and other governmental policies, all of which are beyond our control. Any such events may cause damage or disruption to our business, markets, customers and suppliers, any of which could materially and adversely affect our business, financial position, results of operations and prospects.

9.2.3 There are inherent risks in the electricity supply market

As our business is mainly in the provision of M&E engineering services in relation to electricity supply distribution systems whereby, we, amongst others design, supply, install, test, commission and maintain HV, MV, LV and ELV electrical systems and therefore we are subject to inherent risks within the electricity supply market. Such inherent risks include, amongst others, dependency on public and private investments in electricity supply distribution systems which in turn are affected by economic conditions, foreign direct investments, the construction industry and government initiative and spending. Some of the changes, which include changes to economic conditions, government initiatives and spending or situations may reduce new electricity supply distribution system projects available in the market. In such situations, we will face more intense competition in tenders among the industry players and we may need to be more aggressive in our pricing strategy. This may adversely affect our business, financial performance and prospects.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 The offering of our Shares may not result in an active liquid market for our Shares

Prior to our Listing, there has been no public market for our Shares. Hence our Listing does not guarantee that it will develop an active market for the trading of our Shares, or if developed, such market can be sustained.

The IPO Price has been determined after taking into consideration a number of factors, including but not limited to, our Group's financial performance, operating history and condition, the prospects of our Group and the industry in which our Group operates, and the prevailing market conditions.

Further, as we are seeking listing on the ACE Market, investment in our Shares may be of higher investment risk as compared to companies listed on the Main Market of Bursa Securities and there is no assurance that there will be a liquid market for our Shares traded on the ACE Market. Please refer to the cautionary statement disclosed on the cover page of this Prospectus.

As such, the price at which our Shares will trade on the ACE Market is dependent on market forces beyond our control.

There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

9.3.2 The trading price and trading volume of our Shares may be volatile

The trading price and volume of our Shares may fluctuate due to various factors which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.3.3 We may not be able to declare dividends to our shareholders

Our Group's ability to pay dividends to our shareholders is dependent on, amongst others, our future financial performance, cash flow positions, capital requirements as well as the implementation of our business plans. Our ability to pay dividends to our shareholders may be affected should these factors deteriorate and as such, there can be no assurance that we will be able to pay dividends to our shareholders. In addition, dividends are not guaranteed and our Board, at its discretion, may decide not to pay dividends at any time and for any reasons. If we do not pay our shareholders dividends, or if the dividends paid are lower compared to levels anticipated by our investors, the market price of our Shares may be negatively affected, reducing the value of any investment in our Shares.

9.3.4 Our Listing may be delayed or aborted

Our Listing may be delayed or aborted should any of the following events occur:

(i) we are unable to meet the public shareholding spread requirements under the Listing Requirements, where at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders, with each holding not less than 100 Shares at the point of our Listing;

(ii) our Sole Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligation therein; and

(iii) revocation of approvals from relevant authorities for our Listing.

Should any of the events occur, investors will not receive any Shares, and all monies paid in respect of the Application will be returned in full without interest within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and our Shares have been allotted to the investors, the return of monies to investors could only be achieved by way of cancellation of share capital as provided under Section 116 or Section 117 of the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.4 OTHER RISKS

9.4.1 Significant influence by our Promoters

Upon Listing, our Promoters will collectively hold an aggregate 1,368,491,093 Shares, representing 72.76% of our enlarged issued Shares of 1,880,896,393 after our IPO. As a result, our Promoters will likely influence the outcome of certain matters which require the vote of our shareholders, unless they and persons connected with them are abstained from voting, either by law, relevant guidelines or regulations. As such, there exists a risk of non-alignment of interests by our Promoters with those of our other shareholders.

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10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

(a) Material related party transactions entered into by our Group

Save as disclosed below, there are no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during the Financial Years Under Review, FPE 2024 and up to the LPD:

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
1.	CBH Engineering and Quay Plantations (Bekor) Sdn Bhd ("**Quay Plantations**")	**Interested substantial shareholders**[5] • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat **Interested directors** • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common shareholders	Back charge of administrative expenses by CBH Engineering to Quay Plantations[7]	*	#[1]	3	0.03[1]	*	0.01[1]	-	-	-	-

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		and directors of CBH Engineering[5] and Quay Plantations[6].											
2.	CBH Engineering and Ladang Kg Ganchong Sdn Bhd ("**LKGSB**")	**Interested substantial shareholder**[5] • Ir. Cheah Boon Hwa **Interested director** • Ir. Cheah Boon Hwa Ir. Cheah Boon Hwa is the common shareholder and director of CBH Engineering[5] and LKGSB[6].	Back charge of administrative expenses by CBH Engineering to LKGSB[8]	-	-	3	0.03[1]	*	0.01[1]	-	-	-	-

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
3.	CBH Engineering and Quay Equities Sdn Bhd ("**Quay Equities**")	**Interested substantial shareholders**(5) • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat **Interested directors** • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common shareholders and directors of CBH Engineering(5) and Quay Equities.	Rental payment from CBH Engineering to Quay Equities(9)	86	1.23(1)	90	1.01(1)	96	0.86(1)	64	0.66(1)	24	N/A(19)

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
4.	CBH Engineering and Ir. Cheah Boon Hwa	**Interested substantial shareholder**(5) • Ir. Cheah Boon Hwa **Interested director** • Ir. Cheah Boon Hwa	Rental payment from CBH Engineering to Ir. Cheah Boon Hwa(10)	86	1.23(1)	90	1.01(1)	90	0.80(1)	64	0.66(1)	24	N/A(19)
5.	CBH Maintenance and Ir. Cheah Boon Hwa	**Interested substantial shareholder**(5) • Ir. Cheah Boon Hwa **Interested director** • Ir. Cheah Boon Hwa	Rental payment from CBH Maintenance to Ir. Cheah Boon Hwa(11)	-	-	-	-	2	0.02(1)	4	0.04(1)	2	N/A(19)
6.	CBH Maintenance and Cemerlang Bersepadu Holdings Sdn Bhd	**Interested substantial shareholders**(5) • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat	Payment in relation to subcontractor works rendered by Cemerlang Bersepadu Holdings Sdn Bhd to CBH Maintenance(12)	-	-	61	0.04(2)	-	-	-	-	-	-

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		Interested directors • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common shareholders and directors of CBH Maintenance[(5)] and Cemerlang Bersepadu Holdings Sdn Bhd.											
7.	CBH Engineering and Cheah Boon Kiat	**Interested substantial shareholder[(5)]** • Cheah Boon Kiat **Interested director** • Cheah Boon Kiat	Provision and installation of Solar PV rooftop kit system by CBH Engineering to Cheah Boon Kiat	40	0.06[(3)]	-	-	-	-	-	-	-	-

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
8.	CBH Engineering and Cheah Min Heng	**Interested director** • Cheah Min Heng	Provision and installation of PV rooftop kit system by CBH Engineering to Cheah Min Heng	25	0.04(3)	-	-	-	-	-	-	-	-
9.	CBH Engineering and Paul Cheah Associates ("**PCA**")	**Interested substantial shareholders**(5) • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Boon Hoe **Interested directors** • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat Cheah Boon Hoe, is the managing	Legal services rendered by PCA to CBH Engineering	*	#(1)	-	-	-	-	-	-	-	-

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		partner of PCA. He is the brother to Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat, whereby three of them are the directors and substantial shareholders of CBH Engineering[5].											
10.	CBH Engineering and TNG Electrical Engineering ("**TNG**")	**Interested substantial shareholder**[5] • Ir. Cheah Boon Hwa **Interested director** • Ir. Cheah Boon Hwa **Interested person connected with director and substantial shareholder**[5] • Goh Chow	Subcontractor works rendered by TNG to CBH Engineering[13]	7	0.01[2]	130	0.09[2]	-	-	-	-	-	-

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FPE 2024 RM'000	FPE 2024 %	1 September 2024 up to the LPD RM'000	1 September 2024 up to the LPD %
		Chin Goh Chow Chin is the director of TNG. He is the brother-in-law of Ir. Cheah Boon Hwa, the director and substantial shareholder of CBH Engineering[5].											
11.	CBH Maintenance and TNG	**Interested substantial shareholder**[5] • Ir. Cheah Boon Hwa **Interested director** • Ir. Cheah Boon Hwa **Interested person connected with director and substantial shareholder**[5] • Goh Chow Chin	Subcontractor works rendered by TNG to CBH Maintenance[14]	17	0.03[2]	6	#[2]	-	-	-	-	-	-

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FPE 2024 RM'000	FPE 2024 %	1 September 2024 up to the LPD RM'000	1 September 2024 up to the LPD %
		Goh Chow Chin is the director of TNG. He is the brother-in-law of Ir. Cheah Boon Hwa, the director and substantial shareholder of CBH Maintenance(5).											
12.	CBH M&E and Capital M&E Engineering ("**Cap**")	**Interested substantial shareholder**(5) • Ir. Cheah Boon Hwa **Interested director** • Ir. Cheah Boon Hwa **Interested person connected with director and substantial shareholder**(5) • Goh Chow Chin Goh Chow Chin is the director of	Subcontractor works rendered by Cap to CBH M&E(15)	-	-	4	#(2)	-	-	-	-	-	-

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value: FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FPE 2024 RM'000	FPE 2024 %	1 September 2024 up to the LPD RM'000	1 September 2024 up to the LPD %
		Cap. He is the brother-in-law of Ir. Cheah Boon Hwa, the director and substantial shareholder of CBH M&E(5).											
13.	CBH Engineering and Goh Soo Mou	**Interested substantial shareholder**(5) • Ir. Cheah Boon Hwa **Interested director** • Ir. Cheah Boon Hwa **Interested person connected with director and substantial shareholder**(5) • Goh Soo Mou Goh Soo Mou is the spouse of Ir. Cheah Boon Hwa, the director and substantial shareholder of	Rental for staff accommodation from CBH Engineering to Goh Soo Mou(16)	-	-	-	-	10	0.09(1)	7	0.07(1)	3	N/A(19)

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		CBH Engineering[5].											
14.	CBH Engineering and Esther Hor, Mohanthas, Scully ("**HMS Law**")	**Interested substantial shareholder**[5] • Ir. Cheah Boon Hwa **Interested directors** • Ir. Cheah Boon Hwa • Cheah Min Heng **Interested person connected with directors and substantial shareholder**[5] • Hor Su Ying Hor Su Ying was a partner of HMS Law. She is also the wife of Cheah Min Heng, the director of CBH Engineering,	Legal services rendered by HMS Law to CBH Engineering	-	-	-	-	50	0.45[1]	-	-	-	-

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FPE 2024 RM'000	FPE 2024 %	1 September 2024 up to the LPD RM'000	1 September 2024 up to the LPD %
		and the daughter-in-law of Ir. Cheah Boon Hwa, the director and substantial shareholder of CBH Engineering(5).											
15.	CBH Engineering and CBH Projects (Construction) Sdn Bhd(17)	**Interested substantial shareholders** • Quay Holdings • Ir. Cheah Boon Hwa(5) • Cheah Boon Huat(5) • Cheah Boon Kiat(5) • Cheah Boon Hoe(5) • Cheah Chai Siew(5) **Interested directors** • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon	Payment of interest expense by CBH Engineering to CBH Projects (Construction) Sdn Bhd(18)	17	22.97(4)	34	44.16(4)	-	-	-	-	-	-

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

				Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
No.	Transacting Parties	Nature of Relationship	Nature of Transaction	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		Kiat • Cheah Min Heng Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common directors and substantial shareholders of CBH Engineering(5) and CBH Projects (Construction) Sdn Bhd(5). Cheah Boon Hoe and Cheah Chai Siew are the common substantial shareholders of CBH Engineering(5) and CBH Projects (Construction) Sdn Bhd(5), while Cheah Min Heng is the common											

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value: FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FPE 2024 RM'000	FPE 2024 %	1 September 2024 up to the LPD RM'000	1 September 2024 up to the LPD %
		director of CBH Engineering and CBH Projects (Construction) Sdn Bhd.											
16.	CBH Engineering and Quay Holdings	**Interested substantial shareholders** • Ir. Cheah Boon Hwa[5] • Cheah Boon Huat[5] • Cheah Boon Kiat[5] • Cheah Boon Hoe[5] • Cheah Chai Siew[5] **Interested directors** • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Min Heng Quay Holdings is the Promoter	Disposal of a motor vehicle by CBH Engineering to Quay Holdings [20]	-	-	-	-	-	-	67	0.08[21]	-	-

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value									
				FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 September 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		and substantial shareholder of our Group. Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common directors and substantial shareholders of CBH Engineering[(5)] and Quay Holdings. Cheah Boon Hoe and Cheah Chai Siew are the common substantial shareholders of CBH Engineering[(5)] and Quay Holdings, while Cheah Min Heng is the common director of CBH Engineering and Quay Holdings.											

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

Notes:

\# *The amount is negligible.*

* *Less than RM1,000*

(1) Calculated based on our Group's total administrative expenses for each of the respective financial years/ period.

(2) Calculated based on our Group's total cost of sales for each of the respective financial years/ period.

(3) Calculated based on our Group's total revenue for each of the respective financial years/ period.

(4) Calculated based on our Group's total finance cost for each of the respective financial years/ period.

(5) Deemed interested by virtue of his/ their direct shareholdings in Quay Holdings, which is our Group's promoter and substantial shareholder, pursuant to Section 8 of the Act.

(6) Deemed interested by virtue of his/ their direct shareholdings in Quay Estates Sdn Bhd, pursuant to Section 8 of the Act.

(7) Comprise, amongst others, insurance premium covered under the personal accident insurance policy as well as expenses incurred on annual dinner and team building paid by CBH Engineering on behalf of Quay Plantations.

(8) Comprise, amongst others, expenses incurred on annual dinner and team building paid by CBH Engineering on behalf of LKGSB.

(9) For the Financial Years Under Review and up to the LPD, CBH Engineering rented the premise with the postal address of No. 12, 12A and 12B, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor from Quay Equities. CBH Engineering renewed its tenancy agreement with Quay Equities for the rental of the said premise for a 5-year tenancy period commencing from 1 January 2023 to 31 December 2027. The said premise is used as the head office for CBH Group.

(10) For the Financial Years Under Review and up to the LPD, CBH Engineering rented the premise with the postal address of No. 14, 14A & 14B, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor from Ir. Cheah Boon Hwa. CBH Engineering renewed its tenancy agreement with Ir. Cheah Boon Hwa for the rental of the said premise for a 1-year tenancy period commencing from 1 May 2024 to 30 April 2025. The said premise is used as the head office for CBH Group.

(11) For the FYE 2023 and up to the LPD, CBH Maintenance rented the premise with the postal address of No. 14B, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor with an office space of 400 square feet from Ir. Cheah Boon Hwa. CBH Maintenance entered into a tenancy agreement with Ir. Cheah Boon Hwa for the rental of the said premise for a 5-year tenancy period commencing from 1 October 2023 to 30 September 2028. The said premise is used as the office for CBH Maintenance.

(12) CBH Maintenance engaged Cemerlang Bersepadu Holdings Sdn Bhd as their subcontractor for the supply and installation of ELV system in FYE 2022. CBH Maintenance has ceased all transactions with Cemerlang Bersepadu Holdings Sdn Bhd in FYE 2023 and up to the LPD.

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

(13) CBH Engineering engaged TNG as their subcontractor for general electrical works in FYE 2021 and FYE 2022. CBH Engineering has ceased all transactions with TNG in FYE 2023 and up to the LPD. For information, TNG is principally involved in electrical engineering works and wiring installation.

(14) CBH Maintenance engaged TNG as their subcontractor for general electrical works in FYE 2021 and FYE 2022. CBH Maintenance has ceased all transactions with TNG in FYE 2023 and up to the LPD. For information, TNG is principally involved in electrical engineering works and wiring installation.

(15) CBH M&E engaged Cap as their subcontractor for general electrical works in FYE 2022. CBH M&E has ceased all transactions with Cap in FYE 2023 and up to the LPD. For information, Cap is an electrical and mechanical contractor and is principally involved in carrying out electrical wiring work, mechanical work, service and repair work, selling electrical items, carrying out telephone work for residential and commercial properties.

(16) For the FYE2023 and up to the LPD, CBH Engineering rented the premise with the postal address of 7-05-06, Pangsapuri Sri Kemuning, Jalan Anggerik Aranda 31/42 Kota Kemuning, 40460 Shah Alam from Goh Soo Mou. CBH Engineering entered into a tenancy agreement with Goh Soo Mou for the rental of the said premise for a 1-year tenancy period commencing from 1 May 2024 to 30 April 2025. The said premise is used as the local staff accommodation for CBH Engineering.

(17) CBH Projects (Construction) Sdn Bhd is a wholly-owned subsidiary of Quay Holdings, which is our Group's promoter and substantial shareholder. As at the LPD, CBH Projects (Construction) Sdn Bhd is undergoing members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects (Construction) Sdn Bhd held on 20 December 2023.

*(18) Arising from the advances extended by CBH Projects (Construction) Sdn Bhd to CBH Engineering amounting to RM950,000 in September 2021 and RM950,000 in January 2022, for working capital purposes. The two advances had been fully settled by CBH Engineering in December 2021 and August 2022, respectively. The said advances were subjected to an interest rate of Islamic Financing Rate ("**IFR**") + 0.2% per annum based on the effective profit rate of the cash line extended by Hong Leong Islamic Bank Berhad to CBH Engineering.*

(19) Not applicable as our Group did not prepare any financial statements from 1 September 2024 up to the LPD.

(20) CBH Engineering disposed a motor vehicle to Quay Holdings in June 2024. This was a one-off transaction.

(21) Calculated based on our Group's total NA for the FPE 2024.

Save for transactions 6, 7, 8, 10, 11 and 12, our Directors and Mercury Securities are of the view that all other related party transactions were transacted on an arm's length basis and on normal commercial terms which were not more favourable to the related parties than those generally available to third parties and were not detrimental to our non-interested shareholders based on the following:

(i) the back charge of administrative expenses (i.e., insurance premium) by CBH Engineering to Quay Plantations was calculated based on Quay Plantations' annual premium under CBH Engineering's group personal accident insurance policy;

(ii) the back charge of administrative expenses (i.e., expenses incurred for annual dinner and team building) by CBH Engineering to Quay Plantations and LKGSB were proportional to the total amount charged by the vendors to CBH Engineering;

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

(iii) the rental expenses paid to our related parties, namely Quay Equities, Ir. Cheah Boon Hwa and Goh Soo Mou were based on the prevailing market rental rates of similar properties located within the vicinity;

(iv) the charges for legal services rendered by HMS Law to CBH Engineering is governed by the Solicitors' Remuneration Order 2023;

(v) the interest paid to CBH Projects (Construction) Sdn Bhd was based on the effective profit rate of the cash line (i.e. IFR + 0.2% per annum) extended by Hong Leong Islamic Bank Berhad to CBH Engineering; and

(vi) the disposal of a motor vehicle from CBH Engineering to Quay Holdings was based on the prevailing market price of a similar model.

The transactions 6, 7, 8 10, 11 and 12 were not transacted on an arm's length basis and on normal commercial terms which were not more favourable to the related parties than those generally available to third parties due to the following:

(i) we are unable to procure comparative information to ascertain that the provision of subcontractor works from related parties to our subsidiaries was transacted based on normal commercial terms and at market rate; and

(ii) lower fees were charged to Cheah Boon Kiat and Cheah Min Heng as compared to the fees charged to third parties for the provision and installation of Solar PV rooftop kit system rendered by CBH Engineering.

Our Directors also confirm that there are no other related party transactions that have been entered by our Group that involves the interest, direct or indirect, of our Directors, substantial shareholders and/or persons connected to them but not yet effected up to the date of this Prospectus. Save for the transactions 3, 4, 5 and 13, our Directors confirm that all the related party transactions as stated above will not continue after our Listing.

Following our Listing, the Audit Committee of our Group will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not detrimental to our minority shareholders.

In the event that there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, our interested Director(s) shall disclose his interest to our Board, of the nature and extent of his interest including all matters in relation to the proposed related party transaction that he is aware or should reasonably be aware of, which is not in our best interest. Our interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transaction.

In the event that there is any proposed related party transaction that requires the prior approval of our Company's shareholders, our Directors, substantial shareholders and/or persons connected with them, which have any interest, direct or indirect, in the transaction, will abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or substantial shareholders will also undertake to ensure that the person connected with them will abstain from voting on the resolution approving the proposed related party transaction at a general meeting.

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

If the related party transactions are deemed as recurrent related party transactions, our Company may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such recurrent related party transactions during the validity period of the mandate. Related party transactions can be deemed as recurrent, if they are entered into at least once every three years, in the ordinary course of business and are of a revenue or trading nature necessary for the day-to-day operations of our Group.

(b) Transactions which are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible, or intangible assets, to which our Group was a party for the Financial Years Under Review, FPE 2024 and up to the LPD.

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

(c) Outstanding loans and/or financial assistance made to or for the benefit of, or from related parties

(i) Outstanding loans and/or financial assistance made to or for the benefit of related parties

Save as disclosed below, our Directors have confirmed that there are no outstanding loans and/or financial assistance made by us to or for the benefit of any related party during the Financial Years Under Review, FPE 2024 and up to the LPD.

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Outstanding Amount As at 31 December 2021 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 31 August 2024 RM'000	As at the LPD RM'000
1.	**Providing party** CBH Maintenance **Receiving party** Quay Holdings	**Interested substantial shareholders**(1) • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Boon Hoe • Cheah Chai Siew **Interested directors** • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Min Heng Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common directors and substantial shareholders of CBH Maintenance(1) and Quay Holdings.	Advances from CBH Maintenance to Quay Holdings for the subscription of shares in CBH M&E (2)(4)	449	449	-	-	-

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

				Outstanding Amount				
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 31 August 2024	As at the LPD
No.	Transacting Parties	Nature of Relationship	Nature of Transaction	RM'000	RM'000	RM'000	RM'000	RM'000
		Cheah Boon Hoe and Cheah Chai Siew are the common substantial shareholders of CBH Maintenance(1) and Quay Holdings, while Cheah Min Heng is the common director of CBH Maintenance and Quay Holdings.						
2.	**Providing party** CBH Maintenance **Receiving party** Quay Holdings	**Interested substantial shareholders(1)** • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Boon Hoe • Cheah Chai Siew **Interested directors** • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Min Heng Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common directors and	Advances from CBH Maintenance to Quay Holdings for the subscription of shares in CBH Projects (Construction) Sdn Bhd(3)(4)	1,000	1,000	-	-	-

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

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Outstanding Amount As at 31 December 2021 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 31 August 2024 RM'000	As at the LPD RM'000
		substantial shareholders of CBH Maintenance[(1)] and Quay Holdings. Cheah Boon Hoe and Cheah Chai Siew are the common substantial shareholders of CBH Maintenance[(1)] and Quay Holdings, while Cheah Min Heng is the common director of CBH Maintenance and Quay Holdings.						

Notes:

(1) Deemed interested by virtue of their direct shareholdings in Quay Holdings, which is our Group's promoter and substantial shareholder, pursuant to Section 8 of the Act.

(2) 449,900 shares in CBH M&E have been issued and allotted to Quay Holdings at an issue price of RM1.00 per share on 5 April 2017.

(3) 1,000,000 shares in CBH Projects (Construction) Sdn Bhd have been issued and allotted to Quay Holdings at an issue price of RM1.00 per share on 17 August 2017.

(4) The advances provided to Quay Holdings were interest-free, hence the advances were not conducted on an arms' length basis. The advances had been fully settled by Quay Holdings in December 2023.

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

(ii) Outstanding loans and/or financial assistance from related parties

Save as disclosed below, our Directors have confirmed that there are no other material loans and/or financial assistance due to any related party during the Financial Years Under Review and up to the LPD.

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Outstanding Amount				
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 31 August 2024	As at the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
1.	**Providing party** CBH Projects (Construction) Sdn Bhd[(1)] **Receiving party** CBH Engineering	**Interested substantial shareholders** • Quay Holdings • Ir. Cheah Boon Hwa[(2)] • Cheah Boon Huat[(2)] • Cheah Boon Kiat[(2)] • Cheah Boon Hoe[(2)] • Cheah Chai Siew[(2)] **Interested directors** • Ir. Cheah Boon Hwa • Cheah Boon Huat • Cheah Boon Kiat • Cheah Min Heng Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat are the common directors and substantial shareholders of CBH	Advances from CBH Projects (Construction) Sdn Bhd to CBH Engineering for working capital purposes[(3)].	-[(4)]	-[(5)]	-	-	-

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

				Outstanding Amount				
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 31 August 2024	As at the LPD
No.	Transacting Parties	Nature of Relationship	Nature of Transaction	RM'000	RM'000	RM'000	RM'000	RM'000
		Engineering[(2)] and CBH Projects (Construction) Sdn Bhd[(2)]. Cheah Boon Hoe and Cheah Chai Siew are the common substantial shareholders of CBH Engineering[(2)] and CBH Projects (Construction) Sdn Bhd[(2)], while Cheah Min Heng is the common director of CBH Engineering and CBH Projects (Construction) Sdn Bhd.						

Notes:

(1) CBH Projects (Construction) Sdn Bhd is a wholly-owned subsidiary of Quay Holdings, which is our Group's promoter and substantial shareholder. As at the LPD, CBH Projects (Construction) Sdn Bhd is undergoing members' voluntary winding-up pursuant to Section 439(1)(b) of the Act, which was approved and resolved at the extraordinary general meeting of CBH Projects (Construction) Sdn Bhd held on 20 December 2023.

(2) Deemed interested by virtue of his/ their direct shareholdings in Quay Holdings, which is our Group's promoter and substantial shareholder, pursuant to Section 8 of the Act.

(3) The advances were subject to an interest rate of IFR + 0.2% per annum based on the effective profit rate of the cash line extended by Hong Leong Islamic Bank Berhad to CBH Engineering.

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

(4) CBH Projects (Construction) Sdn Bhd provided an advance amounting to RM950,000 to CBH Engineering in September 2021. The entire amount of the advance had been paid off by CBH Engineering in December 2021, hence there was no outstanding amount for this transaction as at 31 December 2021.

(5) CBH Projects (Construction) Sdn Bhd provided an advance amounting to RM950,000 to CBH Engineering in January 2022. The entire amount of the advance had been paid off by CBH Engineering in August 2022, hence there was no outstanding amount for this transaction as at 31 December 2022.

Moving forward, our Group has put in place internal controls and compliance procedures in relation to advances, loans or financial assistance to be provided to and received from related parties. As such, no further advances, loans or financial assistance will be provided to and received from related parties unless such advances, loans or financial assistance are permitted under applicable laws, rules and regulations (including the Listing Requirements) and brought to our Audit Committee and our Board for deliberation and approval.

(d) Guarantees

(i) Personal Guarantees

As at the LPD, (i) our Promoter, namely Ir. Cheah Boon Hwa, (ii) our Non-Independent Executive Director, Cheah Boon Huat, (iii) our substantial shareholders, namely Cheah Boon Kiat and Cheah Chai Siew and (iv) director of CBH M&E, namely Soon Fong Piew, have jointly and severally provided personal guarantees (as the case may be) in favour of the following financial institutions for the benefit of our Group ("**Personal Guarantees**"):

(aa) **Banking facilities**: Maybank Islamic Berhad ("**MIB**") and Hong Leong Islamic Bank Berhad ("**HLIB**"); and

(bb) **Hire purchase facility**: MIB, Malayan Banking Berhad ("**MBB**"), Public Bank Berhad ("**PBB**") and Affin Bank Berhad ("**Affin**").

(ii) Other Guarantees / Securities

As at LPD, (i) our Promoter, namely Quay Holdings and (ii) our related company, namely Quay Equities have provided the following guarantees and securities for the banking facilities taken up by our Group ("**Other Guarantees / Securities**"):

(aa) Quay Holdings has provided corporate guarantees for the banking facilities taken up by our Group to MIB and HLIB; and

(bb) Quay Equities has pledged two of its properties as securities for the banking facilities taken up by CBH Engineering to MIB and HLIB.

(All institutions above are collectively referred to as the "**Financiers**").

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

The details of the facilities as at the LPD is set out below:

Financiers	Type of facilities	Purpose	Facility limits and amount guaranteed (RM'000)	Amount granted by Financiers (RM'000)	Outstanding balance as at the LPD (RM'000)	Personal Guarantees and Other Guarantees / Securities
MIB	Cash Line-i 1	For conversion of existing conventional line and for working capital requirements.	800	800	-	• Third party first legal charge over a semi-detached factory owned by Quay Equities; • Corporate guarantee by Quay Holdings; and • Joint and several guarantee by Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat
	Tradeline-i • Letter of Credit-i 1 • Trust Receipt-i 1 • Bank Guarantee-i 1	Letter of Credit-i 1 For conversion of existing conventional line and for import/purchase of materials and equipment related to business. Trust Receipt-i 1 For conversion of existing conventional line and for conversion of the LCs. Bank Guarantee-i 1 (Financial) For conversion of existing conventional line and for issuance of security deposit. Bank Guarantee-i 1 (Non-Financial) For conversion of existing conventional line and for issuance of performance bond and tender deposits.	6,000	6,000	-	

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

Financiers	Type of facilities	Purpose	Facility limits and amount guaranteed (RM'000)	Amount granted by Financiers (RM'000)	Outstanding balance as at the LPD (RM'000)	Personal Guarantees and Other Guarantees / Securities
	Promissory Foreign Exchange-i	To facilitate foreign exchange transactions.	3,710	3,710	-	Joint and several guarantee by Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat
	Blanket Contract Financing-i • Cash Line-i Against Contract	To part finance project mobilisation cost and preliminary expenses for contracts assigned to the Bank.	3,000	-	-	• Corporate guarantee by Quay Holdings; and • Joint and several guarantee by Ir. Cheah Boon Hwa, Cheah Boon Huat and Cheah Boon Kiat
	Bank Guarantee-i 2 (Financial/Non-Financial)	<u>Bank Guarantee-i 2 (Financial)</u> For issuance of security deposit for contracts assigned to the Bank. <u>Bank Guarantee-i 2 (Non-Financial)</u> For issuance of performance bond, tender deposit and advance payment guarantee for contracts assigned to the Bank.	70,000	19,300	19,235	
	• Letter of Credit-i 2 • Trust Receipt-i 2 • Cash Line-i Against Progressive Claim • Cash Line-i Against	<u>Letter of Credit-i 2</u> For importation and local purchases of materials and equipment related to the business for contracts assigned to the Bank.	77,500	50,000	-	

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

Financiers	Type of facilities	Purpose	Facility limits and amount guaranteed (RM'000)	Amount granted by Financiers (RM'000)	Outstanding balance as at the LPD (RM'000)	Personal Guarantees and Other Guarantees / Securities
	Supplier's Invoice	Trust Receipt-i 2 For conversion of LCs for contracts assigned to the Bank. Cash Line-i Against Progressive Claim To part finance the progressive claims pending receipt of proceeds from the contract awarders for contracts assigned to the Bank. Cash Line-i Against Supplier's Invoice To finance purchase of materials and equipment related to the business for contracts assigned to the Bank.				
HLIB	Cash Line-i	For working capital requirements.	500	500	-	• Third party first open monies legal charge over a freehold land with one unit of 3-storey shop-office owned by Quay Equities; • Corporate guarantee by Quay Holdings; and
	Islamic Trade Financing-i	For issuance of performance bond, tender deposit, importation and local purchases of materials and equipment, conversion of LCs, to finance payment to payables.	3,000	3,000	-	

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

Financiers	Type of facilities	Purpose	Facility limits and amount guaranteed (RM'000)	Amount granted by Financiers (RM'000)	Outstanding balance as at the LPD (RM'000)	Personal Guarantees and Other Guarantees / Securities
						• Joint and several guarantee by Ir. Cheah Boon Huat, Cheah Boon Hwa and Cheah Boon Kiat
	Islamic Trade Financing-i (Revolving Contract Financing Line-i)	• To facilitate the purchase/import of goods, products, materials and equipment sourced locally and/or overseas related to the acceptable contracts approved by the Bank. • For issuance of performance bond, advance payment bond, conversion of LCs, to part finance the progressive claims pending receipt of proceeds from the contract awarders for contracts assigned to the Bank.	25,500	24,700	21,878	• Corporate guarantee by Quay Holdings; and • Joint and several guarantee by Ir. Cheah Boon Huat, Cheah Boon Hwa and Cheah Boon Kiat
	Islamic Trade Financing-i	For issuance of performance bond, tender deposit, importation and local purchases of materials and equipment, conversion of LCs, to finance payment to	1,000	1,000	302	• Corporate guarantee by Quay Holdings; and • Joint and several guarantee by Ir. Cheah Boon Huat,

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

Financiers	Type of facilities	Purpose	Facility limits and amount guaranteed (RM'000)	Amount granted by Financiers (RM'000)	Outstanding balance as at the LPD (RM'000)	Personal Guarantees and Other Guarantees / Securities
		payables.				Cheah Boon Hwa, Cheah Boon Kiat and Soon Fong Piew
MIB	Hire Purchase Hire Purchase Agreement No.: 789826484870	Motor Vehicle BRL 1978	195	195	153	Personal guarantee by Cheah Boon Kiat
	Hire Purchase Hire Purchase Agreement No.: 78983062228	Motor Vehicle VKW9211	76	76	59	Personal guarantee by Cheah Chai Siew
MBB	Hire Purchase Hire Purchase Agreement No.: 78841174595	Motor Vehicle KFR3863	350	350	281	Personal guarantee by Ir. Cheah Boon Hwa
PBB	Hire Purchase Hire Purchase Agreement No.: 8023878931	Motor Vehicle BRD 7076	147	147	99	Personal guarantee by Cheah Boon Huat
	Hire Purchase Hire Purchase Agreement No.: 8357051024	Motor Vehicle VHG 9394	120	120	57	Personal guarantee by Ir. Cheah Boon Hwa
	Hire Purchase Hire Purchase Agreement No.: 8058040442	Motor Vehicle VLG8600	281	281	226	Personal guarantee by Cheah Boon Huat

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

Financiers	Type of facilities	Purpose	Facility limits and amount guaranteed (RM'000)	Amount granted by Financiers (RM'000)	Outstanding balance as at the LPD (RM'000)	Personal Guarantees and Other Guarantees / Securities
	Hire Purchase Hire Purchase Agreement No.: 8063588538	Motor Vehicle JWP9211	147	147	123	Personal guarantee by Cheah Boon Kiat
Affin	Hire Purchase Hire Purchase Agreement No.: 401230307541	Motor Vehicle SD8893V	200	200	154	Personal guarantee by Cheah Boon Kiat
	Hire Purchase Hire Purchase Agreement No.: 401230310130	Motor Vehicle BRL3863	152	152	122	Personal guarantee by Ir. Cheah Boon Hwa

In conjunction with the Listing, our Group has written to the Financiers to obtain consent for the discharge of the Personal Guarantees and Other Guarantees / Securities upon completion of the Listing.

As at the date of this Prospectus, we have obtained conditional approvals from the Financiers for the banking facilities and hire purchase facilities. The conditions imposed (which do not have specific timeframes) by the Financiers include, amongst others, the following:

(i) the successful listing of our Company on the ACE Market of Bursa Securities; and

(ii) the perfection of a corporate guarantee by our Company after the completion of our Listing.

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

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

Our Audit Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. Our Audit Committee shall deliberate and determine if the related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

(i) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or

(ii) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at general meetings of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

(i) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;

(ii) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and

(iii) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, which have any interest, direct or indirect, in the proposed related party transaction will abstain from deliberating and voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, the Director or major shareholder concerned will also abstain from deliberating and voting in respect of his direct and/or indirect shareholdings.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regards to any related party transaction entered into by us.

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS

As at the LPD, none of our Directors and substantial shareholders have any interest, direct or indirect, in any businesses or corporations which are carrying on a similar or related trade as that of our Group or which are the customers and/or suppliers of our Group.

11.2 MONITORING AND OVERSIGHT OF CONFLICT OF INTEREST

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating Committee will then evaluate if such Director's involvement gives rise to a potential conflict of interest situation with our Group's business. If our Directors are involved in similar business as our Group or business of our customers and our suppliers, our Nominating Committee shall inform our Audit Committee of such involvement. When a determination has been made that there is a conflict of interest of a Director, our Nominating Committee will:

(a) immediately inform our Board of the conflict of interest situation after deliberating with the Audit Committee;

(b) make recommendations to our Board to direct the conflicted Director to:

   (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and

   (ii) abstain from all Board deliberation and voting in the matter that has given rise to conflict of interest.

In relation to (b) above, the conflicted Director shall abstain from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

11.3 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

(a) Declaration by Mercury Securities

Mercury Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent for our Listing.

(b) Declaration by Messrs. Ben & Partners

Messrs. Ben & Partners have given their written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing.

(c) Declaration by Providence

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

(d) Declaration by TGS TW PLT

TGS TW PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the External Auditors and Reporting Accountants for our Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

The following historical combined financial information for the Financial Years Under Review and FPE 2024 have been extracted from the Accountants' Report as set out in Section 13 of this Prospectus.

The historical combined financial information below should be read in conjunction with the "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in Section 12.2 of this Prospectus and our historical combined financial statements and the accompanying notes as set out in the Accountants' Report included in Section 13 of this Prospectus. Our historical combined financial statements have been prepared in accordance with MFRS and IFRS.

12.1.1 Historical financial information

(i) Historical combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income for Financial Years Under Review and FPE 2024:

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	67,575	180,120	207,954	78,752	178,225
Cost of sales	(55,440)	(138,626)	(140,642)	(57,588)	(124,881)
GP	**12,135**	**41,494**	**67,312**	**21,164**	**53,344**
Other income	125	149	1,109	1,061	243
Administrative expenses	(7,014)	(8,874)	(11,184)	(6,103)	(9,672)
Other expenses	(1)	(3,182)	(6,049)	(1)	-
Net loss on impairment of financial assets	(279)	(1,977)	(5,703)	(412)	(4,139)
Profit from operations	**4,966**	**27,610**	**45,485**	**15,709**	**39,776**
Finance income	342	201	515	278	530
Finance costs	(74)	(77)	(40)	(21)	(54)
PBT	**5,234**	**27,734**	**45,960**	**15,966**	**40,252**
Tax expenses	(1,653)	(7,689)	(12,912)	(3,747)	(9,595)
PAT / Total comprehensive income	**3,581**	**20,045**	**33,048**	**12,219**	**30,657**
PAT/ Total comprehensive income attributable to:					
Owners of the combining entities	3,530	20,045	33,048	12,219	30,657
Non-controlling interests	51	-	-	-	-
	3,581	**20,045**	**33,048**	**12,219**	**30,657**
EBIT[(1)]	4,966	27,610	45,485	15,709	39,776
EBITDA[(1)]	5,719	28,447	46,149	16,140	40,282
GP margin (%)[(2)]	17.96	23.04	32.37	26.87	29.93
PBT margin (%)[(3)]	7.75	15.40	22.10	20.27	22.58
PAT margin (%)[(4)]	5.30	11.13	15.89	15.52	17.20
Effective tax rate (%)[(5)]	31.58	27.72	28.09	23.47	23.84
EPS / Diluted EPS (sen)[(6)]	0.19	1.07	1.76	0.65	1.63

12. FINANCIAL INFORMATION *(Cont'd)*

Notes:

(1) *EBIT and EBITDA are calculated as follows:*

	Audited			Unaudited	Audited
	FYE 2021	***FYE 2022***	***FYE 2023***	***FPE 2023***	***FPE 2024***
	RM'000	***RM'000***	***RM'000***	***RM'000***	***RM'000***
PAT	*3,581*	*20,045*	*33,048*	*12,219*	*30,657*
Less:					
Finance income	*(342)*	*(201)*	*(515)*	*(278)*	*(530)*
Add:					
Finance costs	*74*	*77*	*40*	*21*	*54*
Tax expenses	*1,653*	*7,689*	*12,912*	*3,747*	*9,595*
EBIT	***4,966***	***27,610***	***45,485***	***15,709***	***39,776***
Add:					
Depreciation	*753*	*837*	*664*	*431*	*506*
EBITDA	***5,719***	***28,447***	***46,149***	***16,140***	***40,282***

(2) *Calculated based on GP divided by revenue.*

(3) *Calculated based on PBT divided by revenue.*

(4) *Calculated based on PAT divided by revenue.*

(5) *Calculated based on tax expenses divided by the PBT.*

(6) *Calculated based on PAT attributable to owners of the Company divided by the enlarged share capital of 1,880,896,393 Shares after the IPO.*

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12. FINANCIAL INFORMATION *(Cont'd)*

(ii) Historical combined statements of financial position

The following table sets out the combined statements of financial position of our Group as at 31 December 2021, 2022 and 2023 as well as at 31 August 2024:

	Audited			
	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,702	1,397	2,166	2,573
Investment properties	5,161	8,876	-	-
Deferred tax assets	447	732	2,038	2,973
Other investments	-	2,000	-	-
Total non-current assets	**7,310**	**13,005**	**4,204**	**5,546**
Current assets				
Trade receivables	20,148	43,250	44,608	45,517
Contract assets	17,147	30,208	48,735	38,176
Other receivables	1,054	1,297	1,997	3,575
Amount due from related parties	1,475	1,478	-	-
Amount due from Directors	40	-	-	-
Tax recoverable	1,281	1,997	5	254
Fixed deposits with licensed banks	15,571	6,957	14,661	13,018
Cash and banks balances	11,990	10,520	28,233	28,581
Total current assets	**68,706**	**95,707**	**138,239**	**129,121**
Asset held for sale	-	-	451	-
	68,706	**95,707**	**138,690**	**129,121**
TOTAL ASSETS	**76,016**	**108,712**	**142,894**	**134,667**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	-	-	*	*
Invested equity	2,093	2,100	2,100	2,100
Retained earnings	43,820	62,783	76,331	85,987
Equity attributable to owners	45,913	64,883	78,431	88,087
Non-controlling interests	926	-	-	-
	46,839	**64,883**	**78,431**	**88,087**
Non-current liabilities				
Loan and borrowings	138	100	-	-
Lease liabilities	354	241	1,246	1,357
Total non-current liabilities	**492**	**341**	**1,246**	**1,357**
Current liabilities				
Trade payables	10,699	32,247	41,839	12,050
Contract liabilities	53	1,465	5,511	15,042
Other payables	16,686	7,206	9,081	9,883
Amount due to related parties	121	-	4,884	4,384
Amount due to Directors	39	77	-	-

	Audited			
	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Loan and borrowings	555	2,089	-	-
Lease liabilities	532	361	346	468
Tax payables	-	43	1,556	3,396
Total current liabilities	**28,685**	**43,488**	**63,217**	**45,223**
TOTAL LIABILITIES	**29,177**	**43,829**	**64,463**	**46,580**
TOTAL EQUITY AND LIABILITIES	**76,016**	**108,712**	**142,894**	**134,667**

(iii) Historical combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for the Financial Years Under Review and FPE 2024:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Cash flow from operating activities				
PBT	5,234	27,734	45,960	40,252
Adjustments for:				
Depreciation of property, plant and equipment	706	790	621	506
Depreciation of investment properties	47	47	43	-
Bad debts written-off	-	182	52	-
Property, plant and equipment written off	1	*	1	-
Loss/(Gain) on disposal of property, plant and equipment	-	-	15	(123)
Loss on disposal of investment properties	-	-	1,406	-
Gain on disposal of asset held for sale	-	-	-	(49)
Loss on winding up a subsidiary	-	-	4,575	-
Gain on disposal of investments	-	-	(1,000)	-
Fair value loss of other investment	-	3,000	-	-
Allowance for expected credit loss				
- contract assets	-	752	659	153
- trade receivables	279	1,225	5,044	3,986
- other receivables	*	-	-	-
Rental concession	(7)	-	-	-
Interest income	(342)	(201)	(515)	(530)
Interest expense	74	77	40	54
Operating profit before working capital changes	**5,992**	**33,606**	**56,901**	**44,249**
Working capital changes:				
Increase/(Decrease) in trade and other receivables	7	(29,752)	(7,154)	(6,473)
(Decrease)/Increase in trade and other payables	(1,982)	12,068	11,476	(28,987)
Increase /(Decrease) in contracts balances	634	(16,119)	(15,140)	19,937

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
(Decrease)/Increase in related parties	(1,460)	(124)	28	-
(Decrease)/Increase in Director	(40)	40	-	-
Cash generated from/(used in) operations	**3,151**	**(281)**	**46,111**	**28,726**
Interest received	79	80	353	287
Income tax paid	(3,172)	(8,669)	(11,712)	(8,939)
Income tax refund	290	21	1,463	-
Net cash generated from/(used in) operating activities	**348**	**(8,849)**	**36,215**	**20,074**
Cash flow from investing activities				
Acquisition of property, plant and equipment	(661)	(218)	(330)	(381)
Acquisition of investment properties	-	(44)	-	-
Proceeds from disposal of other investment	-	-	3,000	-
Proceeds from disposal of investment properties	-	-	91	-
Proceeds from disposal of property, plant and equipment	-	-	323	123
Net cash outflow from winding up a subsidiary	-	-	(664)	-
Interest received	263	121	162	243
Net cash (used in) /generated from investing activities	**(398)**	**(141)**	**2,582**	**(15)**
Cash flow from financing activities				
Advance from/(Repayment to) directors	12	38	(77)	-
Repayment from related parties	-	-	1,450	-
Dividends paid	(2,100)	(2,000)	(12,115)	(21,000)
Drawdown of bankers' acceptances	258	5,543	1,265	150
Interest paid	(74)	(77)	(40)	(54)
(Placement) /Withdrawal of fixed deposits pledged with licensed banks	(4,833)	6,409	(7,646)	1,682
Net repayment of lease liabilities	(549)	(551)	(409)	(300)
Proceed from issuance of ordinary shares	-	-	*	*
Repayment of term loans	(36)	(38)	(138)	-
Repayment of bankers' acceptances	-	(4,028)	(3,038)	(150)
Net cash (used in)/ generated from financing activities	**(7,322)**	**5,296**	**(20,748)**	**(19,672)**
Net (decrease)/increase in cash and cash equivalents	(7,372)	(3,694)	18,049	387
Cash and cash equivalents at the beginning of the financial years/period	24,633	17,261	13,567	31,616

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents at the end of the financial years/period	**17,261**	**13,567**	**31,616**	**32,003**
Cash and cash equivalents consist of:				
Fixed deposits with licensed banks	15,571	6,957	14,661	13,018
Cash and bank balances	11,990	10,520	28,233	28,581
Bank overdrafts	(259)	(278)	-	-
	27,302	17,199	42,894	41,599
Deposits pledged with licensed banks	(10,041)	(3,632)	(11,278)	(9,596)
Total cash and cash equivalents	**17,261**	**13,567**	**31,616**	**32,003**

Note:

* *Less than RM500*

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

The following discussion and analysis should be read together with the Accountants' Report as set out in Section 13 of this Prospectus.

The management's discussion and analysis contains data derived from forward-looking statements that involve risks and uncertainties. Future results may differ significantly from those projected in these forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 9 of this Prospectus.

12.2.1 Overview of our operations

(i) Principal activities

Our Group is principally involved in:

a) electrical engineering for power distribution systems: we specialise in electricity supply distribution systems, where we undertake the design, supply, installation, testing, commissioning, maintenance of HV, MV, LV and ELV electrical systems.

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

Our customers comprise mainly project owners and main contractors. Our projects and services were carried out locally and the primary currency used in our invoicing is RM.

For the majority of our projects, our services may cover more than one M&E systems. Hence, we are unable to split the revenue for electrical engineering for power distribution systems and mechanical engineering for building systems. Collectively, we referred these two business activities as M&E systems. Our revenue recognition is as follows:

Business activities	Revenue recognition
(i) M&E systems	Our revenue from M&E systems is measured and recognised over the period of the contract by reference to the progress towards complete satisfaction of our performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date over to the estimated total construction costs (an input method). We become entitled to invoice customers for M&E systems based on achieving a series of performance-related milestones. Our Group recognises a contract asset for any excess of revenue recognised to date over the billing-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when an invoice is issued or timing for billing is due in the passage of time. If the milestone billing exceeds the revenue recognised to date and any deposits or advances are received from customers, then our Group recognises a contract liability for the difference.

Business activities	Revenue recognition
(ii) M&E maintenance	Our Group also provides M&E maintenance in accordance with clients' work orders, which are typically ad hoc work orders for M&E installation works and/or repairs, to ensure proper functioning of the M&E equipment and systems. Our revenue from M&E maintenance relating to the current period is recognised in the financial year as income.

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

(ii) Exceptional and extraordinary items and audit qualifications

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

(iii) Significant factors affecting our business

Section 9 of this Prospectus details a number of risk factors relating to our business and the industry in which we operate. Some of the risk factors have an impact to our Group's revenue and financial performance. The main factors which affect our revenue and profit include but not limited to the following:

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

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

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

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

(c) We are dependent on registrations and licenses

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

12.2.2 Revenue

(i) Revenue by business activities

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

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

(ii) Revenue by facility type

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

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
• Substation(1)	47,457	70.23	93,306	51.80	147,942	71.14	47,865	60.78	154,710	86.81
• Industrial(2)	3,066	4.54	68,429	37.99	38,037	18.29	19,762	25.09	19,041	10.68
• Commercial(3)	10,208	15.10	10,043	5.58	20,687	9.95	10,022	12.73	3,983	2.23
• Residential(4)	6,844	10.13	8,342	4.63	1,288	0.62	1,103	1.40	491	0.28
Total	**67,575**	**100.00**	**180,120**	**100.00**	**207,954**	**100.00**	**78,752**	**100.00**	**178,225**	**100.00**

Notes:

(1) Comprises revenue from M&E systems for substations.

(2) Comprises revenue from M&E systems for the industrial properties such as data centre, factories and warehouses.

(3) Comprises revenue from M&E systems as well as M&E maintenance for commercial properties such as mixed development condominium, hypermarkets and office buildings.

(4) Comprises revenue from M&E systems for the residential properties such as high-rise apartment and condominium.

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(iii) Commentary on revenue

(a) Comparison between FYE 2021 and FYE 2022

Our revenue increased by RM112.54 million or 166.53% to RM180.12 million in FYE 2022 (FYE 2021: RM67.58 million). The growth in our revenue was mainly due to an increase of RM112.01 million in revenue contribution from the M&E systems.

In terms of revenue by building type, our increased revenue was mainly derived from projects for substation and industrial building of collectively RM111.21 million which accounted for 74.77% and 89.79% of our revenue for FYE 2021 and FYE 2022, respectively.

In terms of revenue by customers, our revenue was mainly derived from top 5 customers that contributed to an aggregate revenue of RM173.11 million in FYE 2022 (representing 96.11% of total revenue in FYE 2022) as compared to its corresponding revenue of RM55.96 million in FYE 2021 (representing 82.81% of total revenue in FYE 2021).

<u>M&E systems</u>

The M&E systems is our largest revenue contributor, having contributed 99.12% and 99.37% of our total revenue for FYE 2021 and FYE 2022 respectively. In FYE 2022, our revenue derived from the M&E systems increased by RM112.01 million or 167.23% to RM178.99 million in FYE 2022 (FYE 2021: RM66.98 million).

For FYE 2022, we worked on 23 projects carried over from the previous years which contributed a revenue of RM115.33 million (FYE 2021: 20 projects carried over from the previous years with revenue of RM59.97 million) and, we commenced and worked on 8 new projects contributing a revenue of RM66.69 million (FYE 2021: 8 new projects with revenue of RM5.34 million).

The increase was mainly attributable to the following:

(i) a 275kV substation project (located at Sedenak Tech Park, Johor) which commenced in November 2021 and was completed in May 2023 which contributed to a revenue of RM85.86 million in FYE 2022 (FYE 2021: RM0.24 million);

(ii) an industrial building project (located at Sedenak Tech Park, Johor) which commenced in January 2022 and was completed in May 2023 which contributed to a revenue of RM62.43 million in FYE 2022 (FYE 2021: RM0.16 million). Such RM0.16 million was mobilisation fee for the project initiation;

(iii) a high-rise apartment project (located in Kuala Lumpur) which commenced in August 2020 and was completed in October 2023 which contributed to a revenue of RM5.56 million in FYE 2022 (FYE 2021: RM1.73 million); and

(iv) a commercial building project (located in Melaka) which commenced in August 2016 and completed in March 2023 and contributed to a revenue of RM4.61 million in FYE 2022 (FYE 2021: RM0.18 million).

The increases were partially offset by the completion of phase 1a for a 275kV substation project (located at Malaysia China Kuantan Industrial Park, Kuantan), which commenced in August 2020 and contributed to a revenue of RM7.12 million in FYE 2022 (FYE 2021: RM45.12 million).

Our revenue derived from being engaged as subcontractor increased by RM149.97 million or 806.72% to RM168.56 million in FYE 2022 (FYE 2021: RM18.59 million). The increase was mainly attributable to higher revenue from the notable projects mentioned above.

M&E maintenance

Revenue from the M&E maintenance increased by RM0.53 million or 88.33%, to RM1.13 million in FYE 2022 (FYE 2021: RM0.60 million). The increase in revenue was generally due to increase in work orders mainly from a supermarket chain in FYE 2022.

(b) Comparison between FYE 2022 and FYE 2023

Our revenue increased by RM27.83 million or 15.45% to RM207.95 million in FYE 2023 (FYE 2022: RM180.12 million). The growth in our revenue was mainly due to an increase of RM27.82 million in revenue contribution from the M&E systems.

In terms of revenue by building type, our increased revenue was mainly derived from projects for substation increased by RM54.63 million which accounted for 51.80% and 71.14% of our revenue for FYE 2022 and FYE 2023, respectively. The increase was offset by the decrease in revenue derived from projects for industrial buildings decreased by RM30.39 million, attributable to the completion of an industrial property project (located at Sedenak Tech Park, Johor) in May 2023 which contributed to a revenue of RM15.34 million in FYE 2023 (FYE 2022: RM62.43 million).

In terms of revenue by customers, our revenue was mainly derived from top 5 customers that contributed to an aggregate revenue of RM181.16 million in FYE 2023 (representing 87.11% of total revenue in FYE 2023) as compared to its corresponding revenue of RM158.42 million in FYE 2022 (representing 87.95% of total revenue in FYE 2022).

M&E systems

The M&E systems is our largest revenue contributor, having contributed 99.37% and 99.45% of our total revenue for FYE 2022 and FYE 2023 respectively. In FYE 2023, our revenue derived from the M&E systems increased by RM27.82 million or 15.54% to RM206.81 million in FYE 2023 (FYE 2022: RM178.99 million).

For FYE 2023, we worked on 25 projects carried over from the previous years which contributed a revenue of RM91.88 million (FYE 2022: 23 projects carried over from the previous years with revenue of RM115.33 million) and, we commenced and worked on 13 new projects contributing a revenue of RM115.14 million (FYE 2022: 8 new projects with revenue of RM66.69 million).

The increase was mainly attributable to the following:

(i) a 275kV substation project (located at Sedenak Tech Park, Johor) for a data centre, which commenced in July 2023 and contributed to a revenue of RM55.21 million in FYE 2023. As at the LPD, this project is still ongoing;

(ii) a 275kV substation project (located at Sedenak Tech Park, Johor) for a data centre, which commenced in November 2022 and was completed in November 2023 which contributed to a revenue of RM42.84 million in FYE 2023 (FYE 2022: RM0.15 million);

(iii) a 132kV substation project (located at Sedenak Tech Park, Johor) for a data centre, which commenced in August 2023 and completed in July 2024, which contributed to a revenue of RM18.70 million in FYE 2023;

(iv) a 275kV substation expansion project (located at Sedenak Tech Park, Johor) for a data centre, which commenced in May 2023 and was completed in December 2023 which contributed to a revenue of RM17.89 million in FYE 2023;

(v) an industrial building project (i.e. a data centre) (located at Johor Bahru) which commenced in July 2023 and contributed to a revenue of RM8.97 million in FYE 2023. As at the LPD, this project is still ongoing;

(vi) a 132kV substation project (located in Johor) which commenced in September 2023 and contributed to a revenue of RM6.31 million in FYE 2023. As at the LPD, this project was completed;

(vii) an industrial building project (i.e. a warehouse) (located in Selangor) which commenced in January 2022 and was completed in August 2023 which contributed to a revenue of RM4.19 million in FYE 2023 (FYE 2022: RM0.29 million); and

(viii) a warehouse project (located in Selangor) which commenced in December 2021 and contributed to a revenue of RM6.62 million in FYE 2023 (FYE 2022: RM3.38 million). As at the LPD, this project is still ongoing.

The increases were partially offset by the following:

(i) a 275kV substation project (located at Sedenak Tech Park, Johor) which commenced in November 2021 and was completed in May 2023 which contributed to a revenue of RM2.69 million in FYE 2023 (FYE 2022: RM85.86 million); and

(ii) an industrial building project (located at Sedenak Tech Park, Johor) which commenced in January 2022 and was completed in May 2023 which contributed to a revenue of RM15.34 million in FYE 2023 (FYE 2022: RM62.43 million).

Our revenue derived from being engaged as main contractor increased by RM130.25 million or 1,248.80% to RM140.68 million in FYE 2023 (FYE 2022: RM10.43 million). The increase was mainly attributable to higher revenue from the substation projects mentioned above, for item (i) to (iv).

M&E maintenance

Revenue from the M&E maintenance increased by RM0.01 million or 0.88% to RM1.14 million in FYE 2023 (FYE 2022: RM1.13 million). Our revenue was generated from the work orders mainly from a supermarket chain in FYE 2023.

(c) Comparison between FPE 2023 and FPE 2024

Our revenue increased by RM99.48 million or 126.32% to RM178.23 million in FPE 2024 (FPE 2023: RM78.75 million). The growth in our revenue was due to an increase of RM99.98 million in revenue contribution from the M&E systems. This was offset by the decrease in revenue contribution from M&E maintenance of RM0.51 million in FPE 2024.

In terms of revenue by building type, our increased revenue was mainly derived from projects for substation which increased by RM106.84 million which accounted for 60.78% and 86.81% of our revenue for FPE 2023 and FPE 2024, respectively. The increase was partly offset by the decrease in revenue derived from projects for commercial buildings by RM6.04 million, mainly attributable to the completion of 4 commercial buildings projects in February 2023, March 2023 and May 2023 which contributed to a revenue of nil in FPE 2024 (FPE 2023: RM6.16 million collectively).

In terms of revenue by customers, our revenue was mainly derived from top 5 customers that contributed to an aggregate revenue of RM173.11 million in FPE 2024 (representing 97.14% of total revenue in FPE 2024) as compared to its corresponding revenue of RM60.87 million in FPE 2023 (representing 77.29% of total revenue in FPE 2023).

<u>M&E systems</u>

The M&E systems segment is our largest revenue contributor, having contributed 98.86% and 99.78% of our total revenue for FPE 2023 and FPE 2024 respectively. In FPE 2024, our revenue derived from the M&E systems segment increased by RM99.98 million or 128.43% to RM177.83 million in FPE 2024 (FPE 2023: RM77.85 million).

For FPE 2024, we worked on 21 projects carried over from the previous years which contributed a revenue of RM170.08 million (FPE 2023: 19 projects carried over from the previous years with revenue of RM68.54 million) and, we commenced and worked on 5 new projects contributing a revenue of RM7.75 million (FPE 2023: 12 new projects with revenue of RM9.31 million).

The increase was mainly attributable to the following:

(i) a 275kV substation project (located at Sedenak Tech Park, Johor) for a data centre, which commenced in July 2023 and contributed to a revenue of RM89.12 million in FPE 2024 (FPE 2023: RM0.16 million). As at the LPD, this project is still ongoing;

(ii) a 132kV substation project (located at Sedenak Tech Park, Johor) for a data centre which commenced in August 2023 and completed in July 2024 which contributed to a revenue of RM46.14 million in FPE 2024 (FPE 2023: RM0.01 million);

(iii) an industrial building project (i.e. a data centre) (located at Johor Bahru) which commenced in July 2023 and contributed to a revenue of RM13.00 million in FPE 2024 (FPE 2023: RM0.15 million). As at the LPD, this project is still ongoing; and

(iv) a 132kV substation project (located in Johor) which commenced in September 2023 and contributed to a revenue of RM9.08 million in FPE 2024 (FPE 2023: RM0.41 million). As at the LPD, this project was completed.

The increases were partially offset by the following:

(i) a 275kV substation project (located at Sedenak Tech Park, Johor) for a data centre, which commenced in November 2022 and was completed in November 2023 which contributed to a revenue of RM0.01 million in FPE 2024 (FPE 2023: RM38.70 million). This was due to recognition of the remaining revenue of RM0.01 million upon the finalisation of account in FPE 2024;

(ii) an industrial building project (located at Sedenak Tech Park, Johor) which commenced in January 2022 and was completed in May 2023 which contributed to nil revenue in FPE 2024 (FPE 2023: RM6.10 million);

(iii) a warehouse project (located in Selangor) which commenced in December 2021 and contributed to a revenue of RM2.70 million in FPE 2024 (FPE 2023: RM7.06 million). As at the LPD, this project is still ongoing; and

(iv) an industrial building project (i.e. a warehouse) (located in Selangor) which commenced in January 2022 and was completed in August 2023 which contributed to a revenue of RM0.14 million in FPE 2024 (FPE 2023: RM3.89 million). The revenue recognised in FPE 2024 was attributable to variation order from our customer.

Our revenue derived from being engaged as main contractor increased by RM95.06 million or 206.07% to RM141.19 million in FPE 2024 (FPE 2023: RM46.13 million). The increase was mainly attributable to higher revenue from the substation projects mentioned above, for items (i) and (ii).

<u>M&E maintenance</u>

Revenue from the M&E maintenance decreased by RM0.51 million or 56.67% to RM0.39 million in FPE 2024 (FPE 2023: RM0.90 million). Our lower revenue was generated from the lower work orders mainly from a supermarket chain in FPE 2024.

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12.2.3 Cost of sales, GP and GP margin

(i) Analysis of cost of sales by business activities

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

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
M&E systems	55,044	99.29	137,933	99.50	140,137	99.64	57,217	99.36	124,655	99.82
M&E maintenance	396	0.71	693	0.50	505	0.36	371	0.64	226	0.18
Total	**55,440**	**100.00**	**138,626**	**100.00**	**140,642**	**100.00**	**57,588**	**100.00**	**124,881**	**100.00**

(ii) Analysis of cost of sales by cost items

The table below set out the breakdown and analysis of our cost of sales by cost items for the Financial Years Under Review and FPE 2024:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Materials consumed(1)	**35,696**	**64.39**	**79,483**	**57.33**	**79,277**	**56.37**	**33,411**	**58.02**	**67,299**	**53.89**
Subcontractors' costs(2)	**13,906**	**25.08**	**47,046**	**33.94**	**48,105**	**34.20**	**18,287**	**31.76**	**38,816**	**31.08**
Overheads(3)	**5,838**	**10.53**	**12,097**	**8.73**	**13,260**	**9.43**	**5,890**	**10.22**	**18,766**	**15.03**
Staff costs	3,761	6.79	6,194	4.47	7,057	5.02	3,619	6.28	7,371	5.90
Professional fees	860	1.55	2,585	1.86	2,262	1.61	835	1.45	3,789	3.04
Project related costs	828	1.49	924	0.67	1,737	1.24	542	0.94	2,047	1.64
Project insurance	113	0.20	347	0.25	903	0.64	187	0.32	1,189	0.95
Rental expenses	244	0.44	373	0.27	862	0.61	424	0.74	890	0.71
Calibration and testing	32	0.06	1,674	1.21	439	0.31	283	0.49	3,480	2.79
Total	**55,440**	**100.00**	**138,626**	**100.00**	**140,642**	**100.00**	**57,588**	**100.00**	**124,881**	**100.00**

Notes:

(1) Material consumed

Material consumed mainly comprise materials such as cables, transformers, switchboard, switchgear, capacitor bank, control and relay panels. Material consumed was the main component of our cost of sales, representing 64.39%, 57.33%, 56.37% and 53.89% of our total cost of sales for the Financial Years Under Review and FPE 2024, respectively.

The fluctuations in materials consumed during the Financial Years Under Review and FPE 2024 were in tandem with the change in our revenue and level of works performed and achieved, particularly for substation and industrial building projects.

(2) Subcontractors' costs

Subcontractors' costs were our second largest component of our cost of sales, representing 25.08%, 33.94%, 34.20% and 31.08% of our total cost of sales for the Financial Years Under Review and FPE 2024, respectively. We generally engage the services of subcontractors to perform or assist us in performing certain works, specifically services requiring specialised expertise, skills, manpower and/or licences, specialised machinery and/or equipment for projects appointed by project owners and main contractors. Our subcontractors carry out all the construction and installation works under our project management and supervision. We identify and appoint qualified subcontractors such as civil and structural contractors for building construction or electrical installation contractors licensed with the CIDB, Energy Commission Malaysia or certified chargeman and wireman to carry out electrical installation, testing and commissioning works.

The fluctuations in our subcontractors' costs were in tandem with the level and type of works performed that we outsourced to our subcontractors. This is part of our cost management strategy to engage subcontractors and avoid employing a large permanent workforce which may affect our profit margin due to high fixed costs during lower revenue periods.

Further, as the Group is primarily an engineering and project management company, we do not directly hire labour workers. As such, works and services performed at sites are typically subcontracted to contractors.

(3) Overheads

Overheads include staff costs, professional fees, project related costs, project insurance, calibration and testing for equipment, rental expenses for project use (mainly various type of cranes, trucks, tool and equipment), for storage, which collectively represented 10.53%, 8.73%, 9.43% and 15.03% of our total cost of sales for the Financial Years Under Review and FPE 2024, respectively.

Staff costs generally vary as it depends on the number of headcount and manpower planning for projects during the Financial Years Under Review and FPE 2024.

Project related costs comprise license, CIDB levy and registration fees for projects, security charges for project sites, as well as banker's acceptance and letter of credit charges and commissions incurred for project purposes.

In FYE 2022, our overheads increased by RM6.26 million or 107.19% to RM12.10 million from RM5.84 million in FYE 2021, mainly contributed by the following:

(i) Higher staff costs of RM2.43 million, attributable to increased salary for existing staff, bonus payout, salaries for project employees hired during FYE 2022 in anticipation of the higher workforce required for 2 substation projects, with average number of 52 staff in FYE 2022 as compared to average number of 44 staff in FYE 2021. For avoidance of doubt, the number of staff for projects was 47 as at 31 December 2022 (31 December 2021: 45 number of staff);

(ii) Higher professional fee of RM1.73 million, mainly attributable to engineering, design and advisory services for substation and industrial building projects. It is industry practice that we engage third party professional engineering consultant/ firms to endorse civil and structure (C&S) and M&E engineering design drawings for works in our design and build projects. Licensed testers are also engaged by our Group as part of our testing and commissioning works. Our Group also engages third party engineers to deliver the electrical system conceptual design and electrical distribution power system study upon request by our clients; and

(iii) Higher calibration and testing expenses of RM1.64 million mainly for completed notable projects as mentioned in Section 12.2.2 (iii) of this Prospectus. Generally, all projects will have to undergo calibration, testing and commissioning procedures before energising the electrical systems.

In FYE 2023, our overheads increased by RM1.16 million or 9.59% to RM13.26 million from RM12.10 million in FYE 2022, contributed by the following:

- *higher staff costs of RM0.86 million, attributable to increased number of staff to 60 project related staff in FYE 2023 (FYE 2022: 47);*
- *higher project related costs of RM0.82 million, mainly attributable to the following:*
  - *higher license, CIDB levy and registration fees for projects of RM0.23 million; and*
  - *higher banker's acceptance and letter of credit charges and commissions incurred for project purposes of RM0.49 million.*
- *higher project insurance of RM0.55 million attributable to increased number of projects and rental expenses of RM0.49 million attributable to increased use for tool and equipment for projects during FYE 2023.*

The increases were offset by the decreases in professional fees of RM0.33 million, and calibration and testing expenses of RM1.23 million due to the completion of notable projects as mentioned in Section 12.2.2 (iii) of this Prospectus.

In FPE 2024, our overheads increased by RM12.88 million or 218.68% to RM18.77 million from RM5.89 million in FPE 2023, mainly contributed by the following:

(i) higher staff costs of RM3.75 million, attributable to increased salaries for existing staff, bonus payout, salaries for project employees hired during FPE 2024 in anticipation of the higher workforce required for substation projects;

(ii) higher professional fee of RM2.95 million, mainly attributable to engineering, design and advisory services for substation and industrial building projects. It is industry practice that we are required to engage third party professional engineering consultant/ firms to endorse M&E engineering drawings produced by our internal engineers;

(iii) higher calibration and testing expenses of RM3.20 million mainly for completed notable projects as mentioned in Section 12.2.2 of this Prospectus. Generally, all projects will have to undergo calibration, testing and commissioning procedures before energising the electrical systems;

(iv) higher project related costs of RM1.51 million, mainly attributable to the following:

(a) higher transportation for direct materials and equipment to project sites of RM0.65 million;

(b) higher license, CIDB levy and registration fees for projects of RM0.24 million;

(c) higher security charges to project sites of RM0.19 million;

(d) higher banker's acceptance and letter of credit charges and commissions incurred for project purposes of RM0.14 million; and

(v) higher project insurance of RM1.00 million attributable to increased number of projects and rental expenses of RM0.47 million attributable to increased use for tool and equipment for projects during FPE 2024.

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12. FINANCIAL INFORMATION *(Cont'd)*

(iii) Analysis of GP and GP margin by business activities

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
M&E systems[(1)]	11,933	17.82	41,059	22.94	66,676	32.24	20,636	26.51	53,178	29.90
M&E maintenance	202	33.78	435	38.56	636	55.74	528	58.73	166	42.35
Total	**12,135**	**17.96**	**41,494**	**23.04**	**67,312**	**32.37**	**21,164**	**26.87**	**53,344**	**29.93**

Note:

(1) *Analysis of GP and GP margin for M&E systems segment wherein we were engaged for the roles of main contractor and subcontractor:*

	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*
Roles	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
Main contractor	*9,668*	*19.98*	*725*	*6.95*	*44,479*	*31.62*	*15,952*	*34.58*	*44,699*	*31.66*
Subcontractor	*2,265*	*12.18*	*40,334*	*23.93*	*22,197*	*33.56*	*4,684*	*14.77*	*8,479*	*23.14*
Total	***11,933***	***17.82***	***41,059***	***22.94***	***66,676***	***32.24***	***20,636***	***26.51***	***53,178***	***29.90***

For information purposes only, the overall GP margin for our engagement as a main contractor and subcontractor fluctuates from year to year. The fluctuation is due to, amongst others, the status/ completion progress, complexity and overall cost of each project.

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(iv) Commentary on cost of sales, GP and GP margin

Our Group prices our projects based on project cost estimates after taking into consideration, amongst others, the size, complexity and specifications of the projects. The project cost is estimated at the beginning of the project based on expected materials consumed, subcontractors' cost, project related expenses and project duration. Generally, the project cost estimates will be revised when required to reflect the actual incurred costs. Apart from project costs estimates, each project's GP may differ based on the scope of project, project duration and project margin.

The commentaries on our Group's cost of sales, GP and GP margin are as follows:

(a) Comparison between FYE 2021 and FYE 2022

<u>Cost of sales</u>

In FYE 2022, our Group incurred higher total cost of sales of RM83.19 million or 150.05% from RM55.44 million in FYE 2021 to RM138.63 million in FYE 2022, which corresponds with the increase in our total revenue, attributable to the following:

(i) materials consumed increased by RM43.78 million or 122.63% from RM35.70 million to RM79.48 million in FYE 2022, which was in line with the increase in revenue from M&E systems during FYE 2022. The increase in direct materials consumed is mainly attributable to the projects in FYE 2022, as mentioned in Section 12.2.2 (iii)(a) of this Prospectus;

(ii) subcontractors' costs increased by RM33.14 million or 238.25% from RM13.91 million in FYE 2021 to RM47.05 million in FYE 2022, mainly arising from the increased manpower required for our M&E engineering systems as mentioned in Section 12.2.2 (iii)(a) of this Prospectus; and

(iii) our overheads increased by RM6.26 million or 107.19% to RM12.10 million from RM5.84 million in FYE 2021, mainly contributed by the following:

- higher staff costs of RM2.43 million, attributable to increased salary for existing staff, bonus payout, salaries for project employees hired during FYE 2022 in anticipation of the higher workforce required for 2 substation projects, with average number of 52 staff in FYE 2022 as compared to average number of 44 staff in FYE 2021. For avoidance of doubt, the number of staff for projects was 47 as at 31 December 2022 (31 December 2021: 45 number of staff);

- higher professional fee of RM1.73 million, mainly attributable to engineering, design and advisory services for substation and industrial building projects. It is industry practice that we are required to engage third party professional engineering consultant/ firms to endorse M&E engineering drawings produced by our internal engineers; and

- higher calibration and testing expenses of RM1.64 million mainly for completed notable projects as mentioned in Section 12.2.2 (iii)(a) of this Prospectus. Generally, all projects will have to undergo calibration, testing and commissioning procedures before energising the electrical systems.

Our total cost of sales was predominantly contributed by our M&E systems, contributing 99.29% and 99.50% of our total cost of sales in FYE 2021 and FYE 2022, respectively.

GP and GP margin

Our overall GP in FYE 2022 increased by RM29.35 million or 241.76% to RM41.49 million in FYE 2022 (FYE 2021: RM12.14 million) which was mainly attributable to higher GP from our M&E systems which recorded an increase of RM29.13 million in FYE 2022 in line with the increase in revenue from the notable projects as discussed in Section 12.2.2 (iii)(a) of this Prospectus in FYE 2022.

Our overall GP margin of 23.04% for FYE 2022 was higher than the GP margin of 17.96% for FYE 2021. This was attributable to higher GP margin from our M&E systems which increased to 22.94% in FYE 2022 (FYE 2021: 17.82%). The higher GP margin from our M&E systems was mainly contributed by the collective GP margin of 25.97% of the following projects:

(a) higher margin from 1 substation project due to its complexity. This project was completed in May 2023; and

(b) higher margin from 1 industrial building (i.e., data centre) which was nearing completion towards the end of FYE 2022.The higher margin was due to revision in budgeted cost for this nearing completion project as the actual cost incurred was lower than our previous budgeted cost. This project was completed in May 2023.

Our M&E maintenance also recorded an increase in GP of RM0.24 million or 120.00%, to RM0.44 million in FYE 2022 (FYE 2021: RM0.20 million) which was in line with the increase in revenue for our M&E maintenance. Our GP margin increased to 38.56% in FYE 2022 (FYE 2021: 33.78%) due to better GP margin for the maintenance specification of the certain work orders in FYE 2022, such as the preventive maintenance works at clients' premises which we did not incur any higher costs in FYE 2022 as compared to FYE 2021.

(b) Comparison between FYE 2022 and FYE 2023

Cost of sales

In FYE 2023, our Group incurred higher total cost of sales of RM2.01 million or 1.45% from RM138.63 million in FYE 2022 to RM140.64 million in FYE 2023, which corresponds with the increase in our total revenue, attributable to the following:

(i) subcontractors' costs increased by RM1.05 million or 2.23% from RM47.05 million in FYE 2022 to RM48.10 million in FYE 2023, mainly arising from the increased manpower required for our M&E engineering systems as mentioned in Section 12.2.2 (iii)(b) of this Prospectus; and

(ii) our overheads increased by RM1.16 million or 9.59% to RM13.26 million from RM12.10 million in FYE 2022, contributed by the following:

- higher staff costs of RM0.86 million, attributable to increased number of staff to 60 project related staff in FYE 2023 (FYE 2022: 47);

- higher project related costs of RM0.82 million, mainly attributable to higher license, CIDB levy and registration fees for projects of RM0.23 million, and higher banker's acceptance and letter of credit charges and commissions incurred for project purposes of RM0.49 million.

- higher project insurance of RM0.55 million attributable to increased number of projects and rental expenses of RM0.49 million attributable to increased use for tool and equipment for projects during FYE 2023.

The increases were offset by the decreases in professional fees of RM0.33 million, and calibration and testing expenses of RM1.23 million due to the completion of notable projects as mentioned in Section 12.2.2 (iii)(b) of this Prospectus.

Our total cost of sales was predominantly contributed by our M&E systems, contributing 99.50% and 99.64% of our total cost of sales in FYE 2022 and FYE 2023, respectively.

GP and GP margin

Our overall GP in FYE 2023 increased by RM25.82 million or 62.23% to RM67.31 million in FYE 2023 (FYE 2022: RM41.49 million) which was mainly attributable to higher GP from our M&E systems which recorded an increase of RM25.62 million in FYE 2023 in line with the increase in revenue from the notable projects as discussed in Section 12.2.2 (iii)(b) of this Prospectus in FYE 2023.

Our overall GP margin of 32.37% for FYE 2023 was higher than the GP margin of 23.04% for FYE 2022. This was attributable to higher GP margin from our M&E systems in FYE 2023 which increased to 32.24% in FYE 2023 (FYE 2022: 22.94%). This was mainly contributed by 6 substation projects and 2 industrial building projects that had a collective GP margin of 37.77%. The fluctuations in margins were attributable to the stage of completion of the respective projects where there were also timing differences in revenue and cost recognition.

Our M&E maintenance also recorded an increase in GP of RM0.20 million or 45.45% to RM0.64 million in FYE 2023 (FYE 2022: RM0.44 million) which was in line with the increase in revenue for our M&E maintenance. Our GP margin increased to 55.74% in FYE 2023 (FYE 2022: 38.56%) due to better GP margin for installation works on kiosk POS (Point of Sale) systems mainly for a supermarket chain in FYE 2023.

(c) Comparison between FPE 2023 and FPE 2024

Cost of sales

Our total cost of sales was predominantly contributed by our M&E systems, contributing 99.36% and 99.82% of our total cost of sales in FPE 2023 and FPE 2024, respectively.

In FPE 2024, our Group incurred higher total cost of sales of RM67.29 million or 116.84% from RM57.59 million in FPE 2023 to RM124.88 million in FPE 2024, which corresponds with the increase in our total revenue, attributable to the following:

(i) materials consumed increased by RM33.89 million or 101.44% from RM33.41 million to RM67.30 million in FPE 2024, which was in line with the increase in revenue from M&E systems during FPE 2024. The increase in direct materials consumed is mainly attributable to the projects in FPE 2024, as mentioned in Section 12.2.2 (iii)(c) of this Prospectus;

(ii) subcontractors' costs increased by RM20.53 million or 112.25% from RM18.29 million in FPE 2023 to RM38.82 million in FPE 2024, mainly arising from the increased manpower required for our M&E engineering systems as mentioned in Section 12.2.2 (iii)(c) of this Prospectus; and

(iii) our overheads increased by RM12.88 million or 218.68% to RM18.77 million from RM5.89 million in FPE 2023, mainly contributed by the following:

(a) higher staff costs of RM3.75 million, attributable to increased salary for existing staff, bonus payout, salaries for project employees hired during FPE 2024 in anticipation of the higher workforce required for substation projects;

(b) higher professional fee of RM2.95 million, mainly attributable to engineering, design and advisory services for substation and industrial building projects. It is industry practice that we are required to engage third party professional engineering consultant/ firms to endorse M&E engineering drawings produced by our internal engineers; and

(c) higher calibration and testing expenses of RM3.20 million mainly for completed notable projects as mentioned in Section 12.2.2 of this Prospectus. Generally, all projects will have to undergo calibration, testing and commissioning procedures before energising the electrical systems.

(d) higher project related costs of RM1.51 million, mainly attributable to the following:

- higher transportation for direct materials and equipment to project sites of RM0.65 million;

- higher license, CIDB levy and registration fees for projects of RM0.24 million;

- higher security charges to project sites of RM0.19 million;

- higher banker's acceptance and letter of credit charges and commissions incurred for project purposes of RM0.14 million; and

- higher project insurance of RM1.00 million attributable to increased number of projects and rental expenses of RM0.47 million attributable to increased use for tool and equipment for projects during FPE 2024.

GP and GP margin

Our overall GP in FPE 2024 increased by RM32.18 million or 152.08% to RM53.34 million in FPE 2024 (FPE 2023: RM21.16 million) which was attributable to higher GP from our M&E systems which recorded an increase of RM32.54 million in FPE 2024 in line with the increase in revenue from the notable projects as discussed in Section 12.2.2 (iii)(c) of this Prospectus in FPE 2024.

Our overall GP margin of 29.93% for FPE 2024 was higher than the GP margin of 26.87% for FPE 2023. This was attributable to higher GP margin from our M&E systems which increased to 29.90% in FPE 2024 (FPE 2023: 26.51%). The higher GP margin from our M&E systems was mainly contributed by the collective GP margin of 58.58% of 1 industrial building project (i.e., data centre) and 1 substation project which were nearing completion towards the end of FPE 2024.The higher margin was due to revision in budgeted cost for this nearing completion projects as the actual cost incurred was lower than our previous budgeted costs.

Our M&E maintenance recorded a decrease in GP of RM0.36 million or 67.92%, to RM0.17 million in FPE 2024 (FPE 2023: RM0.53 million) which was in line with the decrease in revenue for our M&E maintenance. Our GP margin decreased to 42.35% in FPE 2024 (FPE 2023: 58.73%) due to lower GP margin for the maintenance work orders in FPE 2024 as compared to FPE 2023. The higher GP margin for FPE 2023 was because our Group performed more installation works in connection with kiosk POS system which had better GP margin.

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12.2.4 Other income

The breakdown of our other income is as follows:

	FYE 2021		**FYE 2022**		**FYE 2023**		**FPE 2023**		**FPE 2024**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Gain on disposal of investment[1]	-	-	-	-	1,000	90.17	1,000	94.25	-	-
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	123	50.62
Gain on disposal of asset held for sale	-	-	-	-	-	-	-	-	49[6]	20.16
Electricity Income[2]	36	28.80	7	4.70	7	0.63	7	0.66	6	2.47
Rental income[3]	25	20.00	31	20.80	35	3.16	23	2.17	10	4.12
Administrative income[4]	23	18.40	66	44.30	66	5.95	31	2.92	27	11.11
Other income[5]	41	32.80	45	30.20	1	0.09	-	-	28	11.52
Total	**125**	**100.00**	**149**	**100.00**	**1,109**	**100.00**	**1,061**	**100.00**	**243**	**100.00**

Notes:

(1) *Pertains to the disposal of our investments in 10 million ordinary shares in Yong Tai Berhad. For information purposes, the foregoing investment in quoted securities was for a contra against payments due from Yong Tai Berhad group of companies to CBH Engineering pursuant to a debt settlement agreement between Yong Tai Berhad and CBH Engineering of RM5.00 million via quoted shares of Yong Tai Berhad. Further details are as disclosed in Section 15.5 of this Prospectus.*

(2) *Being excess electricity generated mainly from our rooftop solar panel system that we installed on our headquarter. The higher electricity income for FYE 2021 was attributable to understatement of 5 years electricity income into books.*

(3) *Rental income received for 4 units of investment properties. Our Group had disposed such investment properties via dividend in specie in December 2023 to our holding company, Quay Holdings for a total consideration of RM1.19 million.*

(4) *Being administrative services fee charged to our subcontractors for sourcing the materials (such as cables, concrete and rental of equipment) during Financial Years Under Review and FPE 2024.*

(5) *Mainly comprising rental concessions received (2 months rental discounts) from our landlords on rented offices and realised gain on foreign exchange and tender deposits for unsuccessful tenders that were previously written off that our Group managed to recover through Unclaimed Moneys Act 1965 for FPE 2024.*

(6) *Being disposal of 1 unit of investment property in FPE 2024 via dividend in specie in December 2023. The conditions of the Sale and Purchase Agreement of this property were fulfilled in May 2024.*

Comparison between FYE 2021 and FYE 2022

Our other income increased by RM0.02 million or 15.38% to RM0.15 million in FYE 2022 (FYE 2021: RM0.13 million) mainly due to higher administrative income of RM0.05 million charged to our subcontractors for more administrative works and this was offset by the lower electricity income of RM0.04 million in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our other income increased by RM0.96 million or 640.00% to RM1.11 million in FYE 2023 (FYE 2022: RM0.15 million) mainly due to gain on disposal of other investment of RM1.00 million, being investment in quoted shares in Bursa Securities.

Comparison between FPE 2023 and FPE 2024

Our other income decreased by RM0.82 million or 77.36% to RM0.24 million in FPE 2024 (FPE 2023: RM1.06 million) mainly due to absence of gain on disposal of other investment of RM1.00 million in FPE 2023, being investment in quoted shares in Bursa Securities, which did not recur in FPE 2024.

The decrease in other income was offset by gain on disposal of property, plant and equipment of RM0.12 million for 4 units of motor vehicles in FPE 2024.

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12.2.5 Administrative expenses

The breakdown of our administrative expenses is as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs(1)	2,793	39.82	3,428	38.63	4,721	42.21	2,242	36.74	5,766	59.62
Directors' remuneration	2,616	37.30	3,395	38.26	3,546	31.71	2,526	41.39	1,866	19.29
Depreciation(2)	753	10.74	837	9.43	664	5.94	431	7.06	484	5.00
Office expenses(3)	502	7.16	476	5.36	624	5.58	334	5.47	447	4.62
Upkeep and maintenance(4)	189	2.69	284	3.20	503	4.50	252	4.13	337	3.48
Stamp duty	3	0.04	128	1.44	541	4.84	1	0.02	1	0.01
Professional fees(5)	95	1.35	186	2.10	199	1.78	137	2.24	462	4.78
Rental expenses(6)	5	0.07	7	0.08	104	0.92	73	1.20	134	1.39
Others(7)	58	0.83	133	1.50	282	2.52	107	1.75	175	1.81
Total	**7,014**	**100.00**	**8,874**	**100.00**	**11,184**	**100.00**	**6,103**	**100.00**	**9,672**	**100.00**

Notes:

(1) Includes staff salaries, allowances, bonuses and statutory contributions. Our total staff headcount increased from 81 in FYE 2021 to 85 in FYE 2022 to 104 in FYE 2023 and to 120 in FPE 2024.

(2) Being depreciation charged on investment properties, right-of-use assets as well as property, plant and equipment.

(3) Mainly included utilities, telephone charges, insurance for office premises and employees, printing, courier and stationery as well as advertisement for staff recruitment.

(4) Mainly included insurance for motor vehicles, quit rent and assessment for owned properties as well as maintenance of motor vehicles, office equipment and office premises.

(5) Included fees incurred for audit, company secretarial, legal and tax.

(6) Included expenses on rented office premises.

(7) Included expenses incurred for entertainment, bank charges and service tax.

Comparison between FYE 2021 and FYE 2022

Our administrative expenses increased by RM1.86 million or 26.53% to RM8.87 million in FYE 2022 (FYE 2021: RM7.01 million) mainly attributable to:

(i) increase in staff costs of RM0.64 million due to the revision in annual salary to existing employees and bonus payout which was in tandem with the business growth; and

(ii) increase in directors' remuneration of RM0.78 million due to higher directors' fee, revision in annual salaries and bonus payout to executive directors which was in tandem with the business growth.

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM2.31 million or 26.04% to RM11.18 million in FYE 2023 (FYE 2022: RM8.87 million) mainly attributable to:

(i) increase in staff costs of RM1.29 million, due to the revision in annual salary to existing employees, recruitment of additional employees and bonus payment to our existing employees which was in tandem with the business growth;

(ii) increase in upkeep and maintenance of RM0.22 million, mainly incurred for regular repair cost for motor vehicles, and computer equipment for new employees in FYE 2023; and

(iii) increase in stamp duty of RM0.41 million in relation to the banking facility agreement for the credit limit revision granted by our existing bank in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our administrative expenses increased by RM3.57 million or 58.52% to RM9.67 million in FPE 2024 (FPE 2023: RM6.10 million) mainly attributable to:

(ii) increase in staff costs of RM3.53 million, mainly due to the bonus payout and revision in annual salary to existing employees which was in tandem with the business growth as well as recruitment of additional employees; and

(ii) increase in professional fees of RM0.32 million, mainly legal fees incurred for preparation of the banking facility agreement on the credit limit revision by our existing bank in FPE 2024; and

The increase in administrative expenses was offset by the decrease in directors' remuneration of RM0.66 million, mainly attributable to lower directors' fees.

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12.2.6 Other operating expenses

The breakdown of our other operating expenses is as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Bad debt written off	-	-	182	5.72	52	0.86	-	-	-	-
Property, plant and equipment written off	1	100.00	*	^	1	0.02	1	100.00	-	-
Loss on winding up a subsidiary[(1)]	-	-	-	-	4,575	75.63	-	-	-	-
Fair value loss of other investment[(2)]	-	-	3,000	94.28	-	-	-	-	-	-
Loss on disposal of property, plant and equipment	-	-	-	-	15	0.25	-	-	-	-
Loss on disposal of investment properties	-	-	-	-	1,406	23.24	-	-	-	-
Total	**1**	**100.00**	**3,182**	**100.00**	**6,049**	**100.00**	**1**	**100.00**	**-**	**-**

Notes:

* *Less than RM500*

^ *Less than 0.01%*

(1) *Being the loss arising from the derecognition of net assets of CBH Projects Engineering amounting to RM4.58 million as a result of the members' voluntary winding up of CBH Projects Engineering.*

(2) *Pertains to our investments in quoted securities in Bursa Securities of 10 million ordinary shares in Yong Tai Berhad. For information purposes, the foregoing investment in quoted securities was for a contra against payments due from Yong Tai Berhad group of companies to CBH Engineering pursuant to a debt settlement agreement between Yong Tai Berhad and CBH Engineering of RM5.00 million via quoted shares of Yong Tai Berhad. Further details are as disclosed in Section 15.5 of this Prospectus. Any changes in the market value of the quoted securities shall be recognised in the statements of profit or loss.*

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Comparison between FYE 2021 and FYE 2022

In FYE 2022, our other operating expenses increased by RM3.18 million attributable to fair value loss on quoted securities of RM3.00 million that our Group held invested in Bursa Securities as a result of a contra amount of RM5.00 million for an outstanding balance owing by Yong Tai Berhad group of companies pursuant to the debt settlement agreement between Yong Tai Berhad and CBH Engineering of RM5.00 million via its quoted shares, and bad debt written off of 1 trade receivable of RM0.18 million who is our main contractor, due to it being uncollectible as this main contractor failed to collect payments from the project owner which was under liquidation in FYE 2022. As at the LPD, the project owner is still under the process of liquidation.

Comparison between FYE 2022 and FYE 2023

In FYE 2023, our other operating expenses increased by RM2.87 million or 90.25%, attributable to the following:

(i) loss on winding up CBH Projects Engineering of RM4.58 million in FYE 2023, being the derecognition of remaining net assets of CBH Projects Engineering of RM4.58 million arising from the voluntarily winding up of CBH Projects Engineering in FYE 2023; and

(ii) loss on disposal of investment properties of RM1.41 million, being 8 units of investment properties (6 out of 8 units of investment properties were received in contra for payments due from our customers for work done) sold in December 2023 to our holding company, Quay Holdings for a total consideration of RM6.89 million. Such total consideration was settled via the dividend in specie to Quay Holdings.

The increase in other operating expenses was offset by the fair value loss on quoted securities in FYE 2022 of RM3.00 million. Our Group had disposed of all the quoted securities in FYE 2023.

Comparison between FPE 2023 and FPE 2024

There was minimal movement in other operating expenses during FPE 2023 and FPE 2024.

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12.2.7 Net loss on impairment of financial assets

For the application of MFRS 9 – Financial Instruments, our Group estimates a lifetime expected credit loss ("**ECL**") allowance for all financial assets. Collective impairment was based on the credit risk and the days past due, while individual impairment was based on specific receivables that are credit impaired. We derived the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses which is then adjusted based on reasonable and supportable qualitative and quantitative forward-looking information. Reversals of impairment losses are made when there are subsequent collections.

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trade receivable:										
Allowance for ECL	497	178.14	1,470	74.35	5,557	97.44	346	83.98	4,089	98.79
Reversal of impairment losses	(218)	(78.14)	(275)	(13.91)	(520)	(9.12)	(505)	(122.57)	(103)	(2.49)
Written off	-	-	30	1.52	7	0.12	-	-	-	-
	279	100.00	1,225	61.96	5,044	88.44	(159)	(38.59)	3,986	96.30
Contract assets:										
Allowance for ECL	-	-	752	38.04	1,411	24.74	571	138.59	153	3.70
Reversal of impairment losses	-	-	-	-	(752)	(13.18)	-	-	-	-
	-	-	752	38.04	659	11.56	571	138.59	153	3.70
Net loss on impairment of financial assets	**279**	**100.00**	**1,977**	**100.00**	**5,703**	**100.00**	**412**	**100.00**	**4,139**	**100.00**

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Comparison between FYE 2021 and FYE 2022

In FYE 2022, our Group had net impairment loss on financial assets of RM1.98 million mainly due to 5 trade receivables amounting to a total of RM1.47 million individually impaired as they were long outstanding. Further, 3 trade receivables amounting to a total of RM0.03 million were written off as they were uncollectible.

Comparison between FYE 2022 and FYE 2023

In FYE 2023, our Group had impaired 5 trade receivables amounting to a total of RM5.56 million as they were long outstanding and contract assets amounting to RM1.41 million for 6 projects as the projects were delayed for finalisation of accounts.

In FYE 2023, there were reversal of impairment loss for 5 trade receivables amounting to a total of RM0.51 million due to subsequent collections received, and 1 project of RM0.75 million which was due to subsequent issuance of invoice in FYE 2023.

Comparison between FPE 2023 and FPE 2024

In FPE 2023, our Group had impaired 4 trade receivables amounting to a total of RM0.35 million as they were long outstanding and contract assets amounting to RM0.57 million for 4 projects as the projects were delayed for finalisation of accounts.

In FPE 2023, there were reversal of impairment loss for 1 trade receivable amounting to RM0.35 million due to subsequent billing issued and 1 trade receivable amounting to RM0.16 million due to subsequent collections received.

In FPE 2024, our Group had impaired 4 trade receivables amounting to a total of RM4.09 million as they were long outstanding and contract assets amounting to RM0.15 million for 2 projects as the projects were delayed for finalisation of accounts.

In FPE 2024, there were reversal of impairment loss for 2 trade receivables amounting to RM0.10 million due to subsequent collections received.

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12.2.8 Finance income

The breakdown of our finance income is as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Interest income generated from:										
Bank balance	79	23.10	80	39.80	353	68.54	188	67.63	287	54.15
Fixed deposits with licensed banks	263	76.90	121	60.20	162	31.46	90	32.37	243	45.85
Total	**342**	**100.00**	**201**	**100.00**	**515**	**100.00**	**278**	**100.00**	**530**	**100.00**

The movement in our finance income is in line with the fixed deposits with licensed banks as well as cash and bank balance as at each Financial Years Under Review and FPE 2024. As at 31 December 2021, 31 December 2022, 31 December 2023 and 31 August 2024, our fixed deposits with licensed banks were RM15.57 million, RM6.96 million, RM14.66 million and RM13.02 million while cash and bank balance were RM11.99 million, RM10.52 million, RM28.23 million and RM28.58 million, respectively.

The higher interest income in FPE 2024 was attributable to higher bank balances and fixed deposits with licensed banks throughout FPE 2024.

12.2.9 Finance costs

The breakdown of our finance costs is as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Interest expenses charged on:										
Bankers' acceptance	-	-	1	1.30	-	-	-	-	-	-
Bank overdraft	*	^	5	6.49	1	2.50	1	4.76	*	^
Lease liabilities	48	64.87	30	38.96	32	80.00	14	66.67	54	100.0
Term loans	9	12.16	7	9.09	7	17.50	6	28.57	-	-
Related parties	17	22.97	34	44.16	-	-	-	-	-	-
Total	**74**	**100.00**	**77**	**100.00**	**40**	**100.00**	**21**	**100.00**	**54**	**100.0**

Notes:

* *Less than RM500.*

^ *Less than 0.01%.*

We recorded minimal finance costs during the Financial Years Under Review and FPE 2024.

In FYE 2023, our lower finance costs were attributable to the interest expense on loans, being loan from related party i.e CBH Projects (Construction) Sdn Bhd for working capital purposes. We have settled such loan in FYE 2022.

In FPE 2024, the higher interest expenses on lease liabilities were attributable to additional 9 units of motor vehicles under hire purchase arrangement of which 7 units of motor vehicles were purchased in the second half of FYE 2023 and 2 units of motor vehicles purchased in FPE 2024 were financed under hire purchase arrangements.

12.2.10 Tax expense, PBT and PAT

The following tables set out the comparison between the statutory tax rates and our effective tax rates for the Financial Years Under Review and FPE 2024:

	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
Tax expense (RM'000)	1,653	7,689	12,912	3,747	9,595
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00
Effective tax rate (%)(1)	31.58	27.72	28.09	23.47	23.84

Note:

(1) *Our subsidiaries (i.e CBH Maintenance, CBH M&E and CBH Projects Engineering) are qualified for preferential tax rates of 17.00% on the first chargeable income of RM600,000 for FYE 2021 and FYE 2022 while 15.00% on the first chargeable income of RM150,000 and 17.00% on the subsequent chargeable income of RM150,001 up to RM600,000 for FYE 2023 and FPE 2024.*

The following tables set out the PBT, PBT margin, PAT and PAT margin for the Financial Years Under Review and FPE 2024:

	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
PBT (RM'000)	5,234	27,734	45,960	15,966	40,252
PBT margin (%)	7.75	15.40	22.10	20.27	22.58
PAT (RM'000)	3,581	20,045	33,048	12,219	30,657
PAT margin (%)	5.30	11.13	15.89	15.52	17.20

Comparison between FYE 2021 and FYE 2022

We recorded an increase in PBT of RM22.50 million or 430.21% from RM5.23 million for FYE 2021 to RM27.73 million for FYE 2022. In addition, our PBT margin had increased to 15.40% in FYE 2022 (FYE 2021: 7.75%). The increases in PBT and PBT margin were derived from the higher GP and GP margin, as explained in Section 12.2.3(iv) of this Prospectus and were offset by the higher fair value loss on other investment of RM3.00 million and higher net loss on impairment of financial assets of RM1.98 million.

Our PAT increased from RM3.58 million in FYE 2021 to RM20.05 million in FYE 2022. Our PAT margin also increased from 5.30% in FYE 2021 to 11.13% in FYE 2022, due to the higher PBT margin in FYE 2022.

Our tax expenses increased by RM6.04 million or 366.06% to RM7.69 million in FYE 2022 (FYE 2021: RM1.65 million), mainly due to higher PBT recorded in FYE 2022.

Our effective tax rate of 31.58% in FYE 2021 was higher than the statutory tax rate of 24.00%. This was attributable to under provision of tax expenses in previous financial years of RM0.13 million and deferred tax expense relating to the origination and reversal of temporary differences of RM0.13 million.

Our effective tax rate of 27.72% in FYE 2022 (FYE 2021: 31.58%) was higher than the statutory tax rate of 24.00%. This was attributable to the add back of the non-deductible expenses such as depreciation for non-qualifying assets, fair value loss on other investment and net loss on impairment of financial assets.

Comparison between FYE 2022 and FYE 2023

We recorded an increase in PBT of RM18.23 million or 65.74% from RM27.73 million for FYE 2022 to RM45.96 million for FYE 2023. In addition, our PBT margin had increased to 22.10% in FYE 2023 (FYE 2022: 15.40%). The increases in PBT and PBT margin were derived from the higher GP and GP margin, as explained in Section 12.2.3(iv) of this Prospectus, and gain on disposal of other investments of RM1.00 million, and were offset by loss on winding up of a subsidiary of RM4.58 million, loss on disposal of investment properties of RM1.41 million and net loss on impairment of financial assets of RM5.70 million.

Our PAT increased from RM20.05 million in FYE 2022 to RM33.05 million in FYE 2023. Our PAT margin also increased from 11.13% in FYE 2022 to 15.89% in FYE 2023, mainly due to the higher PBT margin in FYE 2023.

Our tax expenses increased by RM5.22 million or 67.88%, to RM12.91 million in FYE 2023 (FYE 2022: RM7.69 million), mainly due to higher PBT recorded in FYE 2023.

Our effective tax rate of 28.09% in FYE 2023 (FYE 2022: 27.72%) was higher than the statutory tax rate of 24.00%. This was attributable to the add back of the non-deductible expenses such as depreciation for non-qualifying assets, loss on winding up of a subsidiary, loss on disposal of investment properties and net loss on impairment of financial assets.

Comparison between FPE 2023 and FPE 2024

We recorded an increase in PBT of RM24.28 million or 152.04% from RM15.97 million for FPE 2023 to RM40.25 million for FPE 2024. In addition, our PBT margin had increased to 22.58% in FPE 2024 (FPE 2023: 20.27%). The increases in PBT and PBT margin were derived from the higher GP and GP margin, as explained in Section 12.2.3(iv) of this Prospectus and were offset by net loss on impairment of financial assets of RM4.14 million.

Our PAT increased from RM12.22 million in FPE 2023 to RM30.66 million in FPE 2024. Our PAT margin also increased from 15.52% in FPE 2023 to 17.20% in FPE 2024, mainly due to the higher PBT margin in FPE 2024.

Our tax expenses increased by RM5.85 million or 156.00%, to RM9.60 million in FPE 2024 (FPE 2023: RM3.75 million), mainly due to higher PBT recorded in FPE 2024.

Our effective tax rate of 23.84% in FPE 2024 (FPE 2023: 23.47%) was approximately the statutory tax rate of 24.00%.

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12. FINANCIAL INFORMATION *(Cont'd)*

12.2.11 Review of financial position

(i) Assets

	Audited			
	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,702	1,397	2,166	2,573
Investment properties	5,161	8,876	-	-
Deferred tax assets	447	732	2,038	2,973
Other investments	-	2,000	-	-
Total non-current assets	**7,310**	**13,005**	**4,204**	**5,546**
Current assets				
Trade receivables	20,148	43,250	44,608	45,517
Contract assets	17,147	30,208	48,735	38,176
Other receivables	1,054	1,297	1,997	3,575
Amount due from related parties	1,475	1,478	-	-
Amount due from Directors	40	-	-	-
Tax recoverable	1,281	1,997	5	254
Fixed deposits with licensed banks	15,571	6,957	14,661	13,018
Cash and banks balances	11,990	10,520	28,233	28,581
Total current assets	**68,706**	**95,707**	**138,239**	**129,121**
Asset held for sale	-	-	451	-
	68,706	**95,707**	**138,690**	**129,121**
TOTAL ASSETS	**76,016**	**108,712**	**142,894**	**134,667**

Comparison between 31 December 2021 and 31 December 2022

Non-current assets

Our non-current assets increased by RM5.70 million or 77.98% to RM13.01 million as at 31 December 2022 (as at 31 December 2021: RM7.31 million) mainly due to the following:

(a) increase in investment properties of RM3.72 million attributable to addition of 2 units of investment properties; and

(b) increase of other investments of RM2.00 million contributed by an additional investment in quoted securities in Bursa Securities of RM5.00 million and this was offset by the fair value loss on such quoted securities of RM3.00 million.

Current assets

Our current assets increased by RM27.00 million or 39.30% to RM95.71 million as at 31 December 2022 (as at 31 December 2021: RM68.71 million) mainly due to the following:

(a) increase in trade receivables of RM23.10 million due to increased invoices billed to customers and projects in tandem with higher revenue in FYE 2022 and towards the last quarter of FYE 2022;

(b) increase in contract assets of RM13.06 million that our Group has done the works mainly for 7 projects that has been recognised as revenue in FYE 2022 but has yet to issue invoices for the works; and

(c) increase in tax recoverable of RM0.72 million mainly attributable to higher monthly tax instalments made in FYE 2022 and overpayment of tax payable of CBH Engineering.

The increase in current assets was offset by the decrease in fixed deposit with licensed bank of RM8.61 million and decrease in cash and bank balance of RM1.47 million.

Comparison between 31 December 2022 and 31 December 2023

Non-current assets

Our non-current assets decreased by RM8.81 million or 67.72% to RM4.20 million as at 31 December 2023 (as at 31 December 2022: RM13.01 million) mainly due to the following:

(a) decrease in investment properties of RM8.88 million, mainly disposal of 8 units of investment properties of RM8.33 million via dividend in specie in December 2023 to Quay Holdings for a total consideration of RM6.89 million and reclassification of 1 unit of investment property to asset held for sale of RM0.50 million while pending for fulfilment of the condition precedent of sale and purchase agreement; and

(b) decrease in other investments of RM2.00 million, mainly attributable to disposal of all the quoted securities in Bursa Securities in FYE 2023.

The decrease in non-current assets was offset by the following:

(a) increase in property, plant and equipment of RM0.77 million, attributable to additional property, plant and equipment of RM1.73 million (mainly comprising 7 units of motor vehicles of RM1.51 million). This was offset by the depreciation charged during FYE 2023 and disposal of 1 unit motor vehicle with carrying amount of RM0.34 million; and

(b) increase in deferred tax assets of RM1.31 million, mainly arising from the impairment made on trade receivables.

Current assets

Our current assets increased by RM42.53 million or 44.44% to RM138.24 million as at 31 December 2023 (as at 31 December 2022: RM95.71 million) mainly due to the following:

(a) increase in trade receivable of RM1.36 million due to increased invoices billed to customers in tandem with higher revenue in FYE 2023 and towards the last quarter of FYE 2023;

(b) increase in contract assets of RM18.53 million that our Group has done works mainly for 11 projects that has been recognised as revenue in FYE 2023 but has yet to issue invoices for the works; and

(c) increase in cash and bank balance of RM17.71 million contributed by higher internally generated funds as a result of business growth and fixed deposit with licensed banks of RM7.70 million as security for our project financing.

The increase in current assets was offset by the following:

(a) decrease in amount due from related parties of RM1.48 million, mainly the repayment of advance from Quay Holdings of RM1.45 million in FYE 2023; and

(b) decrease in tax recoverable of RM1.99 million due to higher tax expenses for FYE 2023.

Comparison between 31 December 2023 and 31 August 2024

Non-current assets

Our non-current assets increased by RM1.35 million or 32.14% to RM5.55 million as at 31 August 2024 (as at 31 December 2023: RM4.20 million) due to the following:

(a) an increase in property, plant and equipment of RM0.40 million. This was attributable to additional property, plant and equipment of RM0.93 million (mainly comprising 4 units of motor vehicles of RM0.53 million, computers and software for employees' use of RM0.15 million, as well as 3 units of rented shoplots and 2 units of rented hostels under right-of-use assets of RM0.21 million) and this was offset by the depreciation expenses of RM0.51 million; and

(b) increase in deferred tax assets of RM0.93 million, mainly arising from the impairment made on trade receivables.

Current assets

Our current assets decreased by RM9.12 million or 6.60% to RM129.12 million as at 31 August 2024 (as at 31 December 2023: RM138.24 million) mainly due to the following:

(a) decrease in contract assets of RM10.56 million for invoices issued in FPE 2024 for the works done in FYE 2023; and

(b) decrease in fixed deposit with licensed bank of RM1.64 million.

The decrease in current assets was offset by the following:

(a) increase in other receivables of RM1.58 million, mainly higher prepayment for our IPO expenses of RM1.30 million in FPE 2024; and

(b) increase in trade receivable of RM0.91 million due to increased invoices billed to customers in tandem with higher revenue in FPE 2024 and towards the end of FPE 2024.

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(ii) Liabilities

	Audited			
	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Loan and borrowings	138	100	-	-
Lease liabilities	354	241	1,246	1,357
Total non-current liabilities	**492**	**341**	**1,246**	**1,357**
Current liabilities				
Trade payables	10,699	32,247	41,839	12,050
Contract liabilities	53	1,465	5,511	15,042
Other payables	16,686	7,206	9,081	9,883
Amount due to related parties	121	-	4,884	4,384
Amount due to Directors	39	77	-	-
Loan and borrowings	555	2,089	-	-
Lease liabilities	532	361	346	468
Tax payables	-	43	1,556	3,396
Total current liabilities	**28,685**	**43,488**	**63,217**	**45,223**
TOTAL LIABILITIES	**29,177**	**43,829**	**64,463**	**46,580**

Comparison between 31 December 2021 and 31 December 2022

Non-current liabilities

Our non-current liabilities decreased by RM0.15 million or 30.61% to RM0.34 million as at 31 December 2022 (as at 31 December 2021: RM0.49 million) due to schedule repayment made to loan and borrowings as well as lease liabilities.

Current liabilities

Our current liabilities increased by RM14.80 million or 51.59% to RM43.49 million as at 31 December 2022 (as at 31 December 2021: RM28.69 million) mainly due to the following:

(a) increase in trade payables of RM21.55 million, which was in line with higher material consumed and subcontractors' costs incurred to support our revenue growth in FYE 2022;

(b) increase in loan and borrowings of RM1.53 million mainly due to outstanding bankers' acceptance of RM1.51 million as at 31 December 2022. Bankers' acceptance was used for payment to our suppliers; and

(c) increase in contract liabilities of RM1.42 million as our Group has received advance payments for some of our projects for which the revenue has not been recognised as the performance obligations have not been fully met.

The increase was offset by the decrease in other payables and accruals of RM9.48 million, mainly contributed by purchase of materials and M&E engineering works eventually performed for the deposit received from a customer of RM12.70 million in FYE 2022. This was offset by higher accruals of RM3.21 million mainly for accrued costs in relation to projects that yet to receive supplier invoices.

Comparison between 31 December 2022 and 31 December 2023

Non-current liabilities

Our non-current liabilities increased by RM0.91 million or 267.65% to RM1.25 million as at 31 December 2023 (as at 31 December 2022: RM0.34 million) mainly due to increase in lease liabilities of RM1.01 million, arising from additional motor vehicles under hire purchase arrangements.

Current liabilities

Our current liabilities increased by RM19.73 million or 45.37% to RM63.22 million as at 31 December 2023 (as at 31 December 2022: RM43.49 million) mainly due to the following:

(a) increase in trade payables of RM9.59 million, which was in line with higher material consumed and subcontractors' costs incurred to support our revenue growth in FYE 2023;

(b) increase in amount due to related parties of RM4.88 million, mainly subcontractors' costs of RM4.38 million owing to CBH Projects Engineering. CBH Projects Engineering is in the process of winding up and do not include in the combining entities as at 31 December 2023. The outstanding sum of RM4.38 million has been offset via the dividend in specie received from CBH Projects Engineering on 3 December 2024 as part return of capital to contributory under Rules 102 of the Companies (Winding up) Rules 1972.

    The balance amount of RM0.50 million was dividend payable owing to Quay Holdings;

(c) increase in contract liabilities of RM4.04 million as our Group has received advance payments for some of our projects for which the revenue has not been recognised as the performance obligations have not been fully met;

(d) increase in other payables and accruals of RM1.87 million, mainly contributed by higher accrued bonuses in FYE 2023 for existing employees; and

(e) increase in tax payables of RM1.52 million, attributable to higher tax expenses in FYE 2023 which was increased in line with higher PBT.

The increase was offset by the decrease in loan and borrowings of RM2.09 million following the settlement of outstanding bankers' acceptance, bank overdraft and term loans in FYE 2023.

Comparison between 31 December 2023 and 31 August 2024

Non-current liabilities

There was minimal movement in non-current liabilities between 31 December 2023 and 31 August 2024.

Current liabilities

Our current liabilities decreased by RM18.00 million or 28.47% to RM45.22 million as at 31 August 2024 (as at 31 December 2023: RM63.22 million) mainly due to the decrease in trade payables of RM29.79 million attributable to timely payments to our suppliers and subcontractors towards the end of FPE 2024. Our trade payables turnover period improved from 91 days for FYE 2023 to 53 days for FPE 2024.

The decrease in current liabilities was offset by the following:

(a) increase in contract liabilities of RM9.53 million as our Group has received advance payments for some of our projects for which the revenue has not been recognised as the performance obligations have not been fully met;

(b) increase in tax payables of RM1.84 million, attributable to higher tax expenses in FPE 2024 which was increased in line with higher PBT; and

(c) increase in other payables and accruals of RM0.80 million, mainly contributed by higher accrued bonuses in FPE 2024 for existing employees.

12.2.12 Recent developments

Save for the dividend in specie amounting to RM4.38 million from CBH Project Engineering as part return of capital to contributory under Rules 102 of the Companies (Winding up) Rules 1972, there were no other significant events subsequent to our audited combined financial statements for FPE 2024.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We have been financing our operations through existing cash and bank balances, cash generated from our operations and external sources of funds. Our external sources of funds mainly comprise tradeline from financial institutions and hire purchases.

As at 31 August 2024, we have:

(i) cash and bank balances of RM28.58 million and fixed deposits with licensed banks of RM13.02 million; and

(ii) total banking facilities (excluding hire purchase arrangements) of approximately RM191.01 million (of which RM39.79 million has been utilised).

The interest rate of our borrowings is based on the respective facility agreements. Currently, the principal use of our borrowings is to finance the projects and for working capital purposes.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

Based on the Pro Forma Combined Statements of Financial Position of our Group as at 31 August 2024, our NA position stood at RM57.43 million and our gearing level is 0.03 time. Our NA position and gearing level (after the Public Issue and utilisation of proceeds) are RM120.57 million and 0.01 times respectively.

As at the LPD, our Group recorded cash and bank balances of RM19.76 million and fixed deposits with licensed banks of RM15.70 million and total banking facilities of approximately RM191.01 million (of which RM41.42 million has been utilised). Our Board is confident that, after taking into account our gearing and cash flow position as well as the banking facilities currently available to our Group, our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus.

As at the LPD, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors.

12.3.2 Review of cash flows

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Net cash from/ (used in) operating activities	348	(8,849)	36,215	20,074
Net cash (used in)/ from investing activities	(398)	(141)	2,582	(15)
Net cash (used in)/ from financing activities	(7,322)	5,296	(20,748)	(19,672)
Net (decrease)/ increase in cash and cash equivalents	**(7,372)**	**(3,694)**	**18,049**	**387**
Cash and cash equivalents at the beginning of the financial years/period	24,633	17,261	13,567	31,616
Cash and cash equivalents at the end of the financial years/period(1)	**17,261**	**13,567**	**31,616**	**32,003**

Note:

(1) Cash and cash equivalents exclude deposits pledged with licensed banks.

FYE 2021

Net cash from operating activities

For FYE 2021, we recorded net operating cash inflow of RM0.35 million after taking into consideration our operating profit of RM5.99 million and the following working capital changes:

(i) decrease in trade and other payables of RM1.98 million, mainly attributable to payment made to suppliers and subcontractors during the last quarter of FYE 2021;

(ii) decrease in net contract balances of RM0.63 million for invoices issued in FYE 2021 for the work done in FYE 2020;

(iii) decrease in amount due to related parties of RM1.46 million, attributable to payment made to CBH Projects (Construction) Sdn Bhd for the subcontracting works provided for our projects in year 2017 and 2018;

(iv) income tax paid of RM3.17 million; and

(v) income tax refund of RM0.29 million

Net cash used in investing activities

For FYE 2021, we recorded a net cash outflow of RM0.40 million for our investing activities, mainly attributable to the cash payment of RM0.63 million for the purchase of 2 units of motor vehicles.

The cash outflow was offset by the interest received from fixed deposit with licensed banks of RM0.26 million during FYE 2021.

Net cash used in financing activities

For FYE 2021, we recorded a net cash outflow of RM7.32 million for our financing activities, mainly due to the following:

(i) placement of fixed deposits pledged with licensed banks of RM4.83 million from internally generated fund, as security for our project financing;

(ii) payment of dividends of RM2.10 million, in respect of FYE 2021; and

(ii) net repayment of lease liabilities of RM0.55 million.

The cash outflow was partially offset by the drawdown of bankers' acceptance of RM0.26 million for payment to our suppliers.

FYE 2022

Net cash used in operating activities

For FYE 2022, we recorded net operating cash outflow of RM8.85 million after taking into consideration our operating profit of RM33.61 million and the following working capital changes:

(i) increase in trade and other receivables of RM29.75 million, mainly due to the increase in retention sum and invoices billed to customers in line with the increase in revenue recorded in FYE 2022;

(ii) increase in trade and other payables of RM12.07 million, which was in line with higher material consumed and subcontractors' costs incurred to support our revenue growth in FYE 2022;

(iii) increase in net contract balances of RM16.12 million mainly for 7 projects for which we had recognised the revenue for the work done in FYE 2022 but the invoices have yet to be issued;

(iv) decrease in amount due to related party of RM0.12 million, attributable to payment made to CBH Projects (Construction) Sdn Bhd for the subcontracting works provided for our projects; and

(v) income tax paid of RM8.67 million.

Net cash used in investing activities

For FYE 2022, we recorded a net cash outflow of RM0.14 million for our investing activities, mainly attributable to cash payment of RM0.22 million for additions of property, plant and equipment of RM0.48 million (comprising office equipment (mainly computers) of RM0.18 million and 2 units of motor vehicles of RM0.29 million). The remaining balance of RM0.26 million was financed by hire purchase arrangement.

Net cash from financing activities

For FYE 2022, we recorded a net cash inflow of RM5.30 million from our financing activities, mainly due to the following:

(i) withdrawal of fixed deposits with licensed banks of RM6.41 million; and

(ii) drawdown of bankers' acceptance of RM5.54 million which was used for payment to our suppliers.

The cash inflow was partially offset by the following:

(i) repayment of bankers' acceptance of RM4.00 million;

(ii) payment of dividends of RM2.00 million, in respect of FYE 2022;

(iii) repayment of lease liabilities of RM0.55 million; and

(iv) interest paid of RM0.10 million.

FYE 2023

Net cash from operating activities

For FYE 2023, we recorded net operating cash inflow of RM36.22 million after taking into consideration our operating profit of RM56.90 million and the following working capital changes:

(i) increase in trade and other receivables of RM7.15 million, mainly due to the increase in retention sum and invoices billed to customers in line with the increase in revenue recorded in FYE 2023;

(ii) increase in trade and other payables of RM11.48 million, which was in line with higher material consumed and subcontractors' costs incurred to support our revenue growth in FYE 2023;

(iii) increase in net contract balances of RM15.14 million mainly for 11 projects for which we had recognised the revenue for the work done in FYE 2023 and the invoices have yet to be issued;

(iv) income tax paid of RM11.71 million;

(v) income tax refund of RM1.46 million; and

(vi) interest received of RM0.35 million.

Net cash from investing activities

For FYE 2023, we recorded a net cash inflow of RM2.58 million from our investing activities, mainly attributable to the following:

(i) proceeds of RM3.00 million from the disposal of quoted securities in Bursa Securities in FYE 2023;

(ii) proceeds of RM0.32 million from disposal of 1 unit of motor vehicle; and

(ii) interest received from fixed deposit with licensed bank of RM0.16 million during FYE 2023.

The cash inflow was offset by the following:

(i) cash payment of RM0.33 million mainly for the additional property, plant and equipment of RM1.73 million (mainly comprising 7 units of motor vehicles of RM1.51 million). While the remaining balance was financed by hire purchase arrangement of RM1.40 million; and

(ii) net cash outflow from winding up of CBH Projects Engineering of RM0.66 million.

Net cash used in financing activities

For FYE 2023, we recorded a net cash outflow of RM20.75 million for our financing activities, mainly due to the following:

(i) payment of dividends of RM12.12 million, in respect of FYE 2023;

(ii) placement of fixed deposits pledged with licensed banks of RM7.65 million as security for our project financing;

(iii) repayment of bankers' acceptance of RM3.04 million;

(iv) repayment of lease liabilities of RM0.41 million; and

(v) repayment of term loans of RM0.14 million.

The cash outflow was offset by the following:

(i) repayment of advances from Quay Holdings of RM1.45 million; and

(ii) drawdown of bankers' acceptance of RM1.26 million which was used for payment to our suppliers.

FPE 2024

Net cash from operating activities

For FPE 2024, we recorded net operating cash inflow of RM20.07 million after taking into consideration our operating profit of RM44.25 million and the following working capital changes:

(i) increase in trade and other receivables of RM6.47 million, mainly attributable to the increased invoices billed to customers which was in tandem with higher revenue in FPE 2024 towards the end of FPE 2024 and higher prepayment in relation to our IPO expenses in FPE 2024;

(ii) decrease in trade and other payables of RM28.99 million, mainly attributable to timely payments to our suppliers and subcontractors towards the end of FPE 2024. Our trade payables turnover period improved from 91 days for FYE 2023 to 53 days for FPE 2024;

(iii) decrease in net contract assets of RM19.94 million for invoices issued in FPE 2024 for the works done in FYE 2023; and

(iv) income tax paid of RM8.94 million and interest received of RM0.28 million.

Net cash used in investing activities

For FPE 2024, we recorded a net cash outflow of RM0.02 million from our investing activities, attributable to the following:

(i) cash payment of RM0.21 million for acquisition of 4 units of motor vehicles costs at RM0.53 million. The remaining balance of RM0.32 million was financed by hire purchase arrangement; and

(ii) cash payment of RM0.15 million for office equipment, mainly computers and software for employees' use.

The cash outflows were offset by the proceed from disposal of property, plant and equipment of RM0.12 million for 4 units of motor vehicles, and interest received of RM0.24 million.

Net cash used in financing activities

For FPE 2024, we recorded a net cash outflow of RM19.67 million for our financing activities, mainly due to the following:

(i) payment of dividends of RM21.00 million, in respect of FYE 2023; and

(ii) net repayment of lease liabilities of RM0.30 million.

The cash outflow was partially offset by the withdrawal of fixed deposits pledged with licensed banks of RM1.68 million.

12.4 BORROWINGS

We utilise banking facilities such as term loans to finance the acquisition of our properties, bankers' acceptance for payment to our suppliers and letter of credit for the purchase of materials. In addition, we also utilise hire purchase to finance the purchase of motor vehicles which are classified under lease liabilities. Further, lease liabilities also arise from our rental obligation for our offices, stores and staff accommodation which is the financial obligation for the payments required by a lease and discounted to present value.

All of our borrowings (excluding lease liabilities arising from rented offices, stores and staff accommodation) are secured, interest-bearing and denominated in RM. Our total outstanding borrowings as at 31 August 2024 stood at RM1.66 million, details of which are set out below:

	Purpose	**Tenure**	**Interest rate (% per annum)**	**Audited as at 31 August 2024 (RM'000)**
Interest bearing short-term borrowings, payable within 1 year:				
Lease liabilities	To finance the purchase of motor vehicles	5 years	2.05% to 3.33%	378
Interest bearing long-term borrowings, payable after 1 year:				
Lease liabilities	To finance the purchase of motor vehicles	5 years	2.05% to 3.33%	1,277
			Total borrowings	1,655
Pro forma gearing (times) After the Public Issue and utilisation of the proceeds raised from our Public Issue(1)				0.01

Note:

(1) Computed based on our Pro Forma Combined Statements of Financial Position after the Public Issue and utilisation of the proceeds raised from our Public Issue.

Our pro forma gearing ratio is expected to decrease from 0.02 times (before the Public Issue) to 0.01 times (after the Public Issue) due to the increase in shareholders' funds arising from the issuance of new Shares pursuant to the Public Issue. Thereafter, the gearing ratio will remain at 0.01 times (after the utilisation of proceeds).

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12. FINANCIAL INFORMATION *(Cont'd)*

The following table sets out the maturities of our term loans and lease liabilities:

	Audited			
	31 December			31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Bankers' acceptance	258	1,773	-	-
Bank overdraft	259	278	-	-
Term loans:				
Within the next 12 months	38	38	-	-
After the next 12 months	138	100	-	-
Lease liabilities:				
Within the next 12 months	532	361	346	378
After the next 12 months	354	241	1,246	1,277

As at the LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency.

Our total bank guarantees as at 31 August 2024 stood at RM39.35 million, details as set out below. All our bank guarantees are secured, interest-bearing and denominated in RM.

	Purpose	Tenure	Commission rate (% per annum)	As at 31 August 2024 (RM'000)	As at the LPD (RM'000)
Bank guarantees	Performance guarantees(2) for projects carried out by our Group	2 to 30 months	1.20	39,347	39,068

Notes:

(1) *In conjunction with our Listing, we have applied to the financiers and subsequently obtained a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers.*

(2) *The performance guarantees are issued to our customers or at the request of our customers, as security for the performance of contractual obligations under the projects awarded.*

The liabilities in respect of the bank guarantees will only crystallise and become payable following a call by our customers of the performance guarantees in accordance with the terms and conditions of such contracts. During the Financial Years Under Review and FPE 2024, we did not experience any call of the performance guarantees issued to our customers.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout the Financial Years Under Review and FPE 2024 and up to the LPD.

As at the LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

During Financial Years Under Review and FPE 2024, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

As at the LPD, save as disclosed in Section 12.4 above, we do not have or utilise any other financial instruments or have any other treasury policies.

All our financial instruments are used for working capital purposes including the payment to our suppliers for the purchase of materials and bank guarantee for projects' purposes.

As at the LPD, save for our bank guarantee, letter of credit and hire purchase facilities which are based on fixed rates, all our other facilities with licensed financial institutions are based on base financing rate plus or minus a rate which varies depending on the type of facility.

12.6 MATERIAL CAPITAL COMMITMENTS, CAPITAL INVESTMENTS AND DIVESTITURES, MATERIAL LITIGATION AND CONTINGENT LIABILITY

12.6.1 Material capital commitments

As at the LPD, we do not have any material capital commitments.

12.6.2 Capital investments and divestitures

Our Group's capital investments for the Financial Years Under Review, FPE 2024 and up to the LPD are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024	1 September 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
At cost:					
Motor vehicles	634(1)	295(2)	1,507(5)	534 (7)	-
Office equipment	27	184(3)	204(6)	154 (8)	44
Furniture and fittings	1	5	18	19	7
Machineries	-	1	-	-	-
Rented shoplot and hostel	27	-	-	206	162
Investment properties	-	3,762(4)	-	-	-
Total	**689**	**4,247**	**1,729**	**913**	**213**

Notes:

(1) *Purchased 1 unit of delivery truck and 1 unit of passenger car for business purposes.*

(2) *Purchased 1 unit of delivery truck and 1 unit of passenger car for business purposes.*

(3) *Mainly purchased 1 unit of cable calculation software and 23 units of laptops and computers.*

(4) *Purchased 2 units of serviced residence at Ampang Hilir, Kuala Lumpur.*

(5) *Purchased 7 units of passenger cars for business purposes.*

(6) *Mainly purchased 31 units of laptops and computers.*

(7) *Purchased 2 units of pickup trucks and 2 units of passenger cars for business purposes.*

(8) *Mainly purchased 17 units of laptops and computers.*

The investments set out above were financed by our Group's internally generated funds and banking facilities.

Our Group's capital divestitures for the Financial Years Under Review, FPE 2024 and up to the LPD are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024	1 September 2024 up to the LPD
	RM'000	RM'000	RM'000		RM'000
At cost:					
Motor vehicles	-	-	580(1)	653(3)	-
Investment properties	-		8,748(2)	508(4)	-
Total	**-**	**-**	**9,328**	**1,161**	**-**

Notes:

(1) Disposal of 1 unit of passenger car.

(2) Disposal of 8 units of investment properties. Please refer to Section 12.13 of this Prospectus for further details on the said investment properties.

(3) Disposal of 4 units of passenger cars.

(4) Disposal of 1 unit of investment property. Please refer to Section 12.13 of this Prospectus for further details on the said investment property.

12.6.3 Material litigation

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at the LPD.

12.6.4 Contingent liability

Save as disclosed below, there are no contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our business and financial as at the LPD:

(a) Potential liquidated damage incurred for the failure to complete our projects in a reliable and timely basis

The contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract. The calculation mechanism for the liquidated damages is generally set forth in the contract.

Delays in a project may occur from time to time due to various unforeseen factors such as shortage of manpower, delays by subcontractors, industrial accidents, delay in delivery of materials and local weather conditions. If there is any delay on our part in completion of a project, we may be liable to pay liquidated damages under the contract.

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As at the LPD, our Group has 7 contracts which has passed the contractual contract period. Notwithstanding the above, we have not received any claim for liquidated damages against us from the customers for the 7 overdue contracts. Completion of the contract within the contractual contract period may be beyond our control and in circumstances where the delay is not due to our fault, our customers usually do not impose the liquidated damages on us. However, in the event that our customers decided to impose the liquidated damages on us, we may be liable to pay liquidated damages to our customers. The potential aggregate liquidated damages as at the LPD for the 7 overdue contracts are as tabulated below:

Project details/ scope	Commencement date	Expected completion date[(1)]	Contract sum (RM million)	Potential liquidated damages as at the LPD (RM million)	Remarks
Design and built of a 275 kV substation for a data centre at Sedenak Tech Park, Johor (comprising stages 1, 2 and 3)	July 2023	May 2024 (for stage 1) / May 2025 (for stages 2 and 3)	192.35	19.23	Stage 1 of the project was delayed mainly due to supply disruption on certain equipment. Stage 1 of the project was energised and completed in July 2024. Instruction for commencement of stages 2 and 3 of this project was given by customer in September 2024. The project is expected to be completed by May 2025.
Electrical services for an apartment at Kuala Lumpur	June 2023	August 2024	1.54	0.86	The project was delayed due to slow work progress at site. The project is expected to be completed by March 2025 based on management's estimates.
Supply, delivery, install, testing and commissioning for electrical services for 3 hypermarkets at Selangor	October 2022	April 2023	1.35	2.99	The project was delayed due to changes in project scope and requirements instructed by project consultant. The project is expected to be completed by June 2025 based on management's estimates.
Electrical engineering works for a 132 kV substation for a data centre at Johor	September 2023	July 2024	18.30	2.20	The project was delayed due to delay in finalisation of design and delivery of equipment. The project was completed on 9 November 2024.

Project details/ scope	**Commencement date**	**Expected completion date[(1)]**	**Contract sum (RM million)**	**Potential liquidated damages as at the LPD (RM million)**	**Remarks**
Electrical engineering works for a data centre at Johor	July 2023	July 2024	26.26	3.15	The project was delayed due to the project is in the process of testing and commissioning performed by third-party who is appointed by the customer. The project is expected to be completed by February 2025 based on management's estimates.
Electrical engineering works for a hotel at Kuala Lumpur	March 2024	July 2024	4.27	0.28	The project was delayed due to changes in project design and requirements instructed by customer. The project is expected to be completed by May 2025 based on management's estimates.
Electrical engineering works for a hotel at Kuala Lumpur	October 2022	September 2024	1.22	0.58	The project was delayed due to the site is not ready for final installation of M&E system. The project is expected to be completed by May 2025 based on management's estimates.
		Total	**245.29**	**29.29**	

Note:

(1) Based on the date of completion stated in the letter of award and EOT granted by our customers.

Notwithstanding that we have not received any claim for liquidated damages against us for the abovementioned contracts, there is no assurance that there will not be any claims for liquidated damages for the existing deferred projects, which in turn will have an adverse impact on our reputation, business, financial condition and results of operations.

Notwithstanding that our Group has not obtained any official EOT for our 7 overdue contracts, we have been in constant communication with our customers on the causation of the delay and propose our expected project timeline based on the causation.

Our Board, after taking into consideration our track record with the above customers and the constant communication with our customers, is of the view that the potential liquidated damages are unlikely to be imposed by our customers. In the event the said liquidated damages were to be imposed by our customers, our Group are still profitable based on our Group's PBT for the FYE 2023. The potential liquidated damages as at the LPD of RM29.29 million represents 63.73% and 72.77% of our Group's PBT for the FYE 2023 of RM45.96 million and FPE 2024 of RM40.25 million and in the event the said liquidated damages were to be imposed by our customers, the financial condition of our Group will be materially impacted. As at the LPD, the Group has not made any provision for potential imposition of liquidated damages for the projects stated above as we have not received any claims for liquidated damages from the customers.

(b) Potential liabilities in the event of failure to deliver the project

As at the LPD, we recorded bank guarantees amounting to RM39.07 million as disclosed in Section 12.4 of this Prospectus.

Our Directors confirm that there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our Group's business, financial results or position.

12.7 KEY FINANCIAL RATIOS

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

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Trade receivables turnover (days)(1)	67	35	42	30
Trade payables turnover (days)(2)	44	48	91	53
Current ratio (times)(3)	2.40	2.20	2.19	2.86
Gearing ratio (times)(4)	0.03	0.04	0.02	0.02

Notes:

(1) Computed based on average trade receivables (including amounts due from related parties which are trade in-nature) (excluding retention sum) as at Financial Years Under Review and FPE 2024 divided by the revenue for the year/period, multiplied by 365 days for Financial Years Under Review and 244 days for the FPE 2024.

(2) Computed based on average trade payables (including amounts due to related parties which are trade in-nature) (excluding retention sum) as at Financial Years Under Review and FPE 2024 divided by total cost of sales for the year/period, multiplied by 365 days for Financial Years Under Review and 244 days for the FPE 2024.

(3) Computed based on total current assets divided by total current liabilities as at the respective FYE/FPE.

(4) Computed based on total interest-bearing borrowings divided by equity attributable to owner as at the respective FYE/FPE.

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12.7.1 Trade receivables turnover

Our average trade receivables' turnover period (in days) for Financial Years Under Review and FPE 2024 is stated as below:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Opening trade receivables as at 1 January[(1)]	15,168	9,649	25,568	23,106
Closing trade receivables as at 31 December/ 31 August[(1)]	9,649	25,568	23,106	20,006
Average trade receivables	12,409	17,609	24,337	21,556
Revenue	67,575	180,120	207,954	178,225
Average trade receivables turnover period (days)	67	35	42	30

Note:

(1) Including amounts due from related parties which are trade in-nature and excluding retention sum (after the associated impairment).

The normal credit period granted by our Group to our customers are between 30 days and 60 days from the date of our invoice, but this may be extended in certain cases after taking into consideration the background and credit-worthiness of the customer, payment history of the customer and our relationship with the customer. We use ageing analysis to monitor the credit quality of our trade receivables. There is no effect on our average turnover days over the Financial Years Under Review and FPE 2024 whether the engagement of our Group as main contractor or sub-contractor.

Our average trade receivables turnover periods for Financial Years Under Review and FPE 2024 were 67 days, 35 days, 42 days and 30 days respectively.

For FYE 2021, our average trade receivables turnover period was 67 days attributable to outstanding debts from a main contractor customer amounting to RM2.80 million. Such outstanding was settled in May 2022.

For FYE 2022, our average trade receivables turnover period decreased from 67 days in FYE 2021 to 35 days mainly due to our Group's efforts to follow up closely on collections and lower trade receivables as at 31 December 2022 as a result of a contra amount of RM5.00 million for an outstanding balance owing by Yong Tai Berhad group of companies pursuant to the debt settlement agreement between Yong Tai Berhad and CBH Engineering of RM5.00 million via its quoted shares on Bursa Securities.

For FYE 2023, our Group's trade receivables turnover period increased from 35 days in FYE 2022 to 42 days in FYE 2023 due to more invoices billed towards the end of FYE 2023.

For FPE 2024, our average trade receivables turnover period decreased from 42 days in FYE 2023 to 30 days mainly due to our Group's efforts to follow up closely on collections.

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The ageing analysis of our trade receivables as at 31 August 2024 is as follows:

	Trade receivables at 31 August 2024		Amount collected subsequent from 1 September 2024 up to LPD		Trade receivables net of subsequent collections	
	RM'000	Percentage of trade receivables	RM'000	Percentage collected	RM'000	Percentage of trade receivables net of subsequent collections
	(a)	(a)/total of (a)	(b)	(b) / (a)	(c) = (a)-(b)	(c)/total of (c)
Neither past due nor impaired	17,285	86.40	(17,268)	(99.90)	17	1.37
Past due but not impaired:						
• 1 to 30 days	954	4.77	(779)	(81.66)	175	14.06
• 31 to 60 days	251	1.25	(251)	(100.00)	-	0.00
• 61 to 90 days	173	0.87	(99)	(57.23)	74	5.94
• More than 90 days	1,343	6.71	(364)	(27.10)	979	78.63
	2,721	13.60	(1,493)	(54.90)	1,228	98.63
Total	**20,006**	**100.00**	**(18,761)**	**(93.80)**	**1,245**	**100.00**

In FPE 2024, our trade receivables that were more than 90 days amounted to RM1.34 million mainly consists of amount owing by 3 customers with outstanding amount of RM1.06 million, representing 79.10% of trade receivables of more than 90 days. We experienced slow collections in these trade receivables as our customers required longer time needed to process the claims from their customers, prior to making subsequent payments to us. For information purposes, there is no impairment made on RM1.06 million as our Group is trying to collect back from the construction company customers.

As at the LPD, the collection status of the said 3 customers for the amount owing more than 90 days are as follows:

	Amount owning more than 90 days	
	As at 31 August 2024	Collection subsequent from 1 September 2024 up to LPD
	RM'000	RM'000
Customer 1	218	218
Customer 2	546	123
Customer 3	299	-
Total	**1,063**	**341**

Our Group are closely following up with customer 1 and customer 3 while customer 2 had mutually agreed with our Group to have payments settlement via instalments. As at the LPD, RM1.25 million of the outstanding trade receivables as at 31 August 2024 has yet to be collected.

Our Group's management closely monitors the recoverability of the overdue trade receivables on a regular basis, and when appropriate, provide for specific impairment of these trade receivables. As at 31 August 2024, total allowance for impairment losses recorded at RM11.49 million (i.e. collective impairment of RM0.16 million and individual impairment of RM11.33 million). The individual impairment mainly consists impairment made for 3 customers where the outstanding amounts was pending for finalisation of account of more than a year and project halted by a project owner as at 31 August 2024. The Board is of the view that the remaining trade receivables are recoverable and save for those impairments made during Financial Years Under Review and FPE 2024, there is no further provision for impairment required after taking into consideration our Group's relationships with the customers as well as efforts made to improve collections with various credit control measures to reduce the potential exposure on credit risk. Such efforts include conducting regular meetings with customers and issuance of letter of reminders to customers.

Our Group has not encountered any major disputes with our debtors. No further allowance for impairment was provided as there were no doubtful receivables other than those impaired for Financial Years Under Review and FPE 2024.

12.7.2 Trade payables turnover

Our average trade payables' turnover period (in days) for Financial Years Under Review and FPE 2024 is stated as below:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Opening trade payables as at 1 January[(1)]	5,189	8,343	28,541	42,260
Closing trade payables as at 31 December/ 31 August[(1)]	8,343	28,541	42,260	12,073
Average trade payables	6,766	18,442	35,401	27,167
Cost of sales	55,440	138,626	140,642	124,881
Average trade payables turnover period (days)	44	48	91	53

Note:

(1) Including amounts due to related parties which are trade in-nature and excluding retention sum.

The normal credit terms granted by suppliers and subcontractors to our Group ranges from cash term to 120 days from the date of supplier's invoice.

Our trade payables turnover periods for Financial Years Under Review and FPE 2024 were between 44 days and 91 days which were within the credit terms granted by our suppliers and subcontractors.

Our Group's trade payables turnover period rose to 48 days in FYE 2022 from 44 days in FYE 2021 due to higher invoices issued by suppliers towards the end of FYE 2022. Our Group's trade payables turnover period further rose to 91 days in FYE 2023 from 48 days in FYE 2022 mainly due to higher invoices issued by suppliers and subcontractors towards the end of FYE 2023 as well as amounts due to CBH Projects Engineering of RM4.38 million. Our Group's trade payables turnover period decreased from 91 days in FYE 2023 to 53 days in FPE 2024 attributable to timely payments made to our suppliers and subcontractors.

We have established a long-standing relationship with our suppliers and subcontractors, and we have not encountered any issue in spite of the slower payment to them. Our suppliers and subcontractors have allowed a longer period for payment in view of our established relationship with them, our payment history and our credentials.

The ageing analysis of our trade payables as at 31 August 2024 is as follows:

	Trade payables as at 31 August 2024		Amount paid subsequent from 1 September 2024 up to LPD		Trade payables net of subsequent payment	
	RM'000	Percentage of trade payables	RM'000	Percentage paid	RM'000	Percentage of trade payables net of subsequent payments
	(a)	(a)/total of (a)	(b)	(b) /(a)	(c) = (a)-(b)	(c)/total of (c)
Not past due	6,946	57.53	(6,796)	97.84	150	3.28
Past due						
• 1 to 30 days	306	2.54	(306)	100.00	-	-
• 31 to 60 days	46	0.38	(46)	100.00	-	-
• 61 to 90 days	1	0.01	(1)	100.00	-	-
• More than 90 days	4,774	39.54	(348)	7.29	4,426	96.72
	5,127	42.47	(701)	13.67	4,426	96.72
Total	**12,073**	**100.00**	**(7,497)**	**62.10**	**4,576**	**100.00**

As at the LPD, we have paid RM7.50 million or 62.10% of our trade payables as at 31 August 2024. Our Group has yet to make payment for trade payables exceeding credit period of RM4.43 million as at the LPD, mainly amount owing to CBH Projects Engineering of RM4.38 million due to subcontractors' costs of RM4.38 million owing to CBH Projects Engineering. The outstanding sum of RM4.38 million has been offset via the dividend in specie received from CBH Projects Engineering on 3 December 2024 as part return of capital to contributory under Rules 102 of the Companies (Winding up) Rules 1972 Nevertheless, as at the LPD, there are no disputes in respect of our trade payables and we are not aware of any legal action initiated by our suppliers or subcontractors to demand for payment.

12.7.3 Current ratio

Our current ratio throughout Financial Years Under Review and FPE 2024 are as follows:

	Audited			
	As at 31 December			As at 31 August
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Current assets	68,706	95,707	138,239	129,121
(Current liabilities)	28,685	43,488	63,217	45,223
Net current assets	**40,021**	**52,219**	**75,022**	**83,898**
Current ratio (times)	2.40	2.20	2.19	2.86

Our current ratio ranged from 2.19 times to 2.86 times as at the end of respective financial years/period.

Our current ratio decreased from 2.40 times as at 31 December 2021 to 2.20 times as at 31 December 2022 mainly due to higher trade payables of RM21.55 million which was in line with higher subcontractors' costs and purchases in FYE 2022 as well as lower fixed deposit with licensed bank of RM8.61 million and lower cash and bank balances of RM1.47 million for working capital purposes.

Our current ratio decreased from 2.20 times as at 31 December 2022 to 2.19 times as at 31 December 2023 mainly due to higher trade payables of RM9.59 million which was in line with higher subcontractors' costs and purchases in FYE 2023, amount due to related parties of RM4.88 million. The reduction in current ratio was cushioned by the higher fixed deposits with licensed banks as security for our project financing and cash and bank balances resulting from higher internally generated fund in FYE 2023.

Our current ratio increased from 2.19 times as at 31 December 2023 to 2.86 times as at 31 August 2024 mainly due to lower trade payables of RM29.79 million in FPE 2024.

Nevertheless, the current ratio of above 1 times indicates that our Group is capable of meeting our current obligations as our current assets which can be readily converted to cash, together with our cash in the bank are enough to meet immediate current liabilities.

12.7.4 Gearing ratio

Our gearing ratio throughout Financial Years Under Review and FPE 2024 are as follows:

	Audited			
	As at 31 December			**As at 31 August**
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total loan and borrowings (including lease liabilities)	1,579	2,791	1,592	1,825
Equity attributable to owner	45,913	64,883	78,431	88,087
Gearing ratio (times)	0.03	0.04	0.02	0.02

Our gearing ratio ranged from 0.02 times to 0.04 times as at the end of respective financial years/period.

The low gearing ratio of our Group as at the end of respective Financial Years Under Review and FPE 2024 was mainly attributable to the increase in total equity as a result of the PAT recorded in Financial Years Under Review and FPE 2024.

12.8 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

There were no government, economic, fiscal or monetary policies or factors which have materially affected our operation and financial performance during Financial Years Under Review and FPE 2024.

There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 9 of this Prospectus.

12.9 IMPACT OF INFLATION

Our Group is of the view that the current inflation rate does not have a material impact on our business, financial condition or results of our operation. However, any significant increase in future inflation may adversely affect our Group's operations and performance if we are unable to pass on the higher costs to our customers.

12.10 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS

12.10.1 Impact of foreign exchange rates

Our purchases denominated in local and foreign currencies are as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchases denominated in:								
RM	34,619	96.98	79,483	100.00	79,277	100.00	67,122	99.74
USD	1,077	3.02	-	-	-	-	111	0.16
RMB	-	-	-	-	-	-	62	0.09
AUD	-	-	-	-	-	-	4	0.01
Total purchases	**35,696**	**100.00**	**79,483**	**100.00**	**79,277**	**100.00**	**67,299**	**100.00**

Save for FYE 2021 and FPE 2024, our purchase of materials was denominated in RM. For FYE 2021, Our purchases of materials from our overseas suppliers were denominated in USD contributed 3.02% of our total purchases while the remaining 96.98% was purchased from local suppliers. For FPE 2024, our purchases of materials from our overseas suppliers were denominated in USD, RMB and AUD contributed 0.26% of our total purchases while the remaining 99.74% was purchased from local suppliers. If our Group switches to purchase materials from overseas suppliers in the future, the weakening of the RM against USD may lead to higher costs of supplies for our Group. In the event that we are unable to pass the increase in cost to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin from higher cost of supplies.

Notwithstanding the above, there is no assurance that any fluctuation in foreign exchange rates would not have an impact on our financial performance.

12.10.2 Impact of interest rates

Interest coverage ratio measures the number of times a company can make its interest payments with its EBIT. The interest coverage ratio for the past Financial Years Under Review and FPE 2024 are as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Total loan and borrowings (including lease liabilities) as at 31 December	1,579	2,791	1,592	1,825
EBIT	4,966	27,610	45,485	39,776
Finance costs	74	77	40	54
Interest coverage ratio (times)(1)	67.11	358.57	1,137.13	736.59

Note:

(1) Computed based on EBIT divided by finance costs.

Our interest coverage ratio was between 67.11 times and 1,137.13 times for the Financial Years Under Review and FPE 2024 which indicates that we have been able to generate sufficient EBIT to meet our interest servicing obligations.

Our financial results for Financial Years Under Review and FPE 2024 were not materially affected by fluctuations in interest rates. However, any major increase in interest rates would raise the cost of borrowings and finance costs for our working capital, which may have an adverse effect on our performance.

12.10.3 Impact of commodity prices

The materials that we usually purchase may contain metal such as copper and aluminium where such metal material prices fluctuate based on market demand. Therefore, our material purchase prices may fluctuate based on the change in metal material prices. Nevertheless, these materials and equipment that we usually purchase are widely available in Malaysia and from a large base of suppliers. Notwithstanding, in the event there is an increase in commodity prices, it may have an adverse impact on our GP margin.

It is our strategy to always provide sufficient buffer in our budgeted cost which allows better planning for potential cost overruns that may arise due to increased price of raw materials as well as power equipment. The buffers in our budgeted project cost had been sufficient to contain the price fluctuations in commodity prices such as copper (being a raw material in the manufacturing of copper cables) and aluminium for the Financial Years Under Review and FPE 2024. The quantum of these buffers is subject to project scope and raw material requirement. We generally purchase materials on a project basis. We have good business relationships with our suppliers, which has contributed to our purchasing and cost efficiency.

12.11 ORDER BOOK

Details of our order book are as follows:

	As at 31 August 2024	**As at the LPD**
Project details	**RM' 000**	**RM' 000**
Substation	167,162	155,976
Industrial	99,827	41,397
Commercial	5,075	5,921
Residential	124	397
Total	**272,188**	**203,691**

The above order book relates to the contract value of projects secured as at the LPD, for which our Group has yet to commence works for newly secured project and remaining unrecognised revenue for ongoing projects as at the LPD. This order book will be recognised as revenue in FYE 2024 (RM53.68 million) and FYE 2025 (RM150.01 million), based on the expected progress of each project.

Our order book of RM203.69 million as at the LPD represents 1.34 times of our average revenue of RM151.88 million, calculated based on our audited annual revenues for Financial Years Under Review.

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12.12 TREND INFORMATION

Based on our track record for the past Financial Years Under Review and FPE 2024, including our segmental analysis of revenue and profitability, we wish to highlight the following:

(i) more than 70.00% of our revenue was derived from substation and industrial building projects. We expect that this business activity to continue contributing significantly to our revenue in the future;

(ii) all our revenue is derived from Malaysia. We expect this trend to continue;

(iii) the main components of our cost of sales are material consumed and subcontractors' costs which accounted for more than 80.00% of our total cost of sales during Financial Years Under Review and FPE 2024. We expect this trend to continue; and

(iv) we achieved an average GP margin of 25.00% for Financial Years Under Review and FPE 2024. Moving forward, our GP margin will depend on, amongst others, our continued ability to manage our costs efficiently and price our services competitively.

As at the LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Section 12.2 of this Prospectus;

(ii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Section 12.2 of this Prospectus;

(iii) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Section 12.2 of this Prospectus; and

(vi) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Section 12.2 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given the positive outlook of the electricity supply market in Malaysia as set out in the IMR Report in Section 8 of this Prospectus, our Group's competitive advantages as set out in Section 7.5 of this Prospectus and our Group's intention to implement the business strategies as set out in Section 7.19 of this Prospectus.

12.13 DIVIDEND POLICY

Our Company does not have any formal dividend policy. As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, and consent from our financiers as set out in the respective facility agreements, there are no legal, financial, or economic restrictions on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us. Generally, consent from the financier is required for any payment or declaration of such dividend as prescribed in the respective facility agreement.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board.

Dividends declared and paid by our subsidiaries, during Financial Years Under Review, FPE 2024 and up to the LPD were as follows:

	FYE 2021[(1)]	FYE 2022[(2)]	FYE 2023[(3)]	FPE 2024[(3)]	1 September 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared in respect of	800	2,000	40,500	-	-
Dividends paid	2,100	2,000	12,115	21,000	-
Dividends paid in specie	-	-	6,885	500	-

Notes:

(1) FYE 2021

(a) RM1.30 million declared in respect of FYE 2020 and paid in FYE 2021; and

(b) RM0.80 million declared in respect of FYE 2021 and paid in FYE 2021.

(2) FYE 2022

RM2.00 million declared in respect of FYE 2022 and paid in FYE 2022.

(3) FYE 2023

RM40.50 million declared in respect of FYE 2023 of which:

(a) RM12.11 million was paid in cash in FYE 2023;

(b) RM21.00 million was paid in cash in FPE 2024; and

(c) RM7.39 million of the dividend in specie for 9 units of investment property were deemed paid in FYE 2023 upon entering into their respective sale and purchase agreements (SPA). 8 units of investment properties were deemed as disposals in FYE 2023 due to transfer of control, risk and rewards to the purchaser upon execution of the respective SPAs. The remaining 1 unit of investment property was deemed as disposal in FPE 2024 upon the terms and conditions stated in the SPA fulfilled in May 2024. RM6.89 million has been satisfied via dividend in specie for 8 units of investment properties in FYE 2023 and RM0.50 million has been satisfied via dividend in specie for 1 unit of investment property in FPE 2024.

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The 9 units of investment properties have been valued by an independent valuer. The 6 units of investment properties which the transfers of ownership have been completed are as follows:

No.	***Location***	***Property type***	***Tenure***	***Existing usage***	***Total Area (Square feet)***	***Market value (RM'000)***	***Date of valuation***
1	*No. 32, 32A & 32B, Laluan Klebang 22, Klebang Perdana, 31200 Chemor, Perak Darul Ridzuan*	*Shop office*	*Freehold*	*Vacant*	*1,399*	*1,295*	*14 October 2023*
2	*Unit No. G-08, Ground Floor, Menara Mutiara Majestic, No. 15, Jalan Othman, Seksyen 3, 46000 Petaling Jaya, Selangor Darul Ehsan*	*Shop unit*	*99-year leasehold expiring on 3 February 2074*	*Rented out*	*237*	*150*	*17 October 2023*
3	*Unit No. B-B-05-02, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur*	*Condominium*	*Freehold*	*Under construction*	*1,012*	*1,100*	*18 October 2023*
4	*Unit No. B-B-05-03, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur*	*Condominium*	*Freehold*	*Under construction*	*1,012*	*1,100*	*18 October 2023*
5	*Unit No. A-B-07-02, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur*	*Condominium*	*Freehold*	*Under construction*	*1,012*	*1,100*	*18 October 2023*
6	*Unit No. A-D-07-01, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur*	*Condominium*	*Freehold*	*Under construction*	*1,632*	*1,600*	*18 October 2023*

12. FINANCIAL INFORMATION *(Cont'd)*

The 3 units of investment properties which are pending completion of the transfers of ownership are as follows:

No.	***Location***	***Property type***	***Tenure***	***Existing usage***	***Total Area (Square feet)***	***Market value (RM'000)***	***Date of valuation***
1	*Unit No. 16-23A, Amaya Maluri, Jalan Jejaka 2, Taman Maluri, 55100 Kuala Lumpur*	*Service apartment*	*99-year leasehold expiring on 11 December 2105*	*Rented out*	*657*	*500*	*16 October 2023*
2	*Unit No. 17-08 (17-8), The Pines Hotel, Jalan Tun Sri Lanang, 75100 Melaka*	*Condotel unit*	*Freehold*	*Rented out*	*495*	*270*	*18 October 2023*
3	*Unit No. 17-10 (17-10), The Pines Hotel, Jalan Tun Sri Lanang, 75100 Melaka*	*Condotel unit*	*Freehold*	*Rented out*	*495*	*270*	*18 October 2023*

The dividends above were satisfied via investment properties and internal funds sourced from the cash and bank balances of the respective subsidiaries. The dividends will not affect the execution and implementation of our future plans or business strategies. Together with the IPO proceeds, we believe that we have sufficient funding of cash from operations and bank borrowings for the funding requirement for our operations and our expansion plans.

Further, we do not intend to declare any dividends from the date of this Prospectus up to the point of our Listing.

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12.14 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 31 October 2024 and after adjusting for the effects of the Public Issue including the utilisation of the proceeds raised from the Public Issue.

	Unaudited	
	As at 31 October 2024	**After our IPO and utilisation of proceeds**
	RM'000	**RM'000**
Capitalisation		
Shareholders' equity	57,143	138,064
Total capitalisation	**57,143**	**138,064**
Indebtedness		
Current		
Secured and guaranteed		
Bank overdraft	100	100
Lease liabilities(1)	382	382
Unsecured and unguaranteed		
Lease liabilities(2)	118	118
Non-current		
Secured and guaranteed		
Lease liabilities(1)	1,212	1,212
Unsecured and unguaranteed		
Lease liabilities(2)	90	90
Secured and guaranteed		
Financial guarantee extended to third parties in respect of project contract works	39,068	39,068
Total indebtedness	**40,970**	**40,970**
Total indebtedness (excluding lease liabilities on right-of-use assets and financial guarantee)	**1,694**	**1,694**
Total capitalisation and indebtedness	**98,113**	**179,034**
Gearing ratio(3)	**0.03**	**0.01**

Notes:

(1) Secured and guaranteed lease liabilities comprise of hire purchase.

(2) Unsecured and unguaranteed lease liabilities comprise of lease liabilities on right-of-use assets.

(3) Gearing ratio calculated based on total indebtedness (excluding lease liabilities on right-of-use assets and financial guarantee) divided by total capitalisation.

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TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants
Unit E-16-2B, Level 16, ICON Tower (East)
No.1, Jalan 1/68F, Jalan Tun Razak
50400 Kuala Lumpur
Tel: +603 9771 4326
Fax: +603 9771 4327
Email: tgsaudit@tgs-tw.com
www.tgs-tw.com

The Board of Directors
CBH Engineering Holding Berhad
No. 12, Jalan Anggerik Vanilla AD 31/AD
Kota Kemuning, 40460 Shah Alam
Selangor Darul Ehsan

Dear Sirs,

Reporting Accountants' opinion on the Financial Information (as defined herein) contained in the Accountants' Report of CBH Engineering Holding Berhad ("the Company" or "CBH")

Opinion

We have audited the accompanying combined financial statements ("Financial Information") of the Company and its subsidiaries (collectively known as "the combining entities" or "CBH Group") which comprise the combined statements of financial position as at 31 August 2024, 31 December 2023, 31 December 2022, 31 December 2021 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the combining entities for the financial years ended 31 December 2023, 31 December 2022, 31 December 2021 and for the financial period ended 31 August 2024 and material accounting policy information and other explanatory notes, as set out on pages 5 to 69.

This Financial Information has been prepared for inclusion in the prospectus for CBH Group in connection with the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad. This report is prepared for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying Financial Information give a true and fair view of the combined financial position of the combining entities as at 31 August 2024, 31 December 2023, 31 December 2022, 31 December 2021 and of their financial performance and of their cash flows for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 and for the financial period ended 31 August 2024 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and Paragraph 10.04 of Chapter 10, Part II Division 1, Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Responsibilities of the Directors for the financial information

The Directors of the Company are responsible for the preparation of the Financial Information of the combining entities that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of Financial Information of the combining entities that are free from material misstatement, whether due to fraud or error.

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

Reporting accountants' responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the Financial Information of the combining entities as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Information.

Reporting accountants' responsibilities for the audit of the financial information (Cont'd)

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

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

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the combining entities' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the Financial Information of the combining entities or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the combining entities to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Information of the combining entities, including the disclosures, and whether the Financial Information of the combining entities represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the Financial Information of the combining entities or business activities within the combining entities to express an opinion on the Financial Information of the combining entities. We are responsible for the direction, supervision and performance of the combining entities audit. We remain solely responsible for our audit opinion.

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

Restriction on distribution and use

This report is made solely to the Company to comply with Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the prospectus of the Company to be issued in relation to the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for no other purposes. We do not assume responsibility to any other person for the content of this report.

Other matters

The significant event occurring after the end of the financial period ended 31 August 2024 is disclosed in Notes 1(d) and 37 to the combined financial statements.

The comparative information in respect of the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity, combined statements of cash flows and related notes to the combined financial statements for the financial period ended 31 August 2023 has not been audited.

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants

KUAN JUN XIAN
03758/06/2025 J
Chartered Accountant

KUALA LUMPUR
4 December 2024

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

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

		Audited			
	Note	31.8.2024 RM	31.12.2023 RM	31.12.2022 RM	31.12.2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	2,573,034	2,165,938	1,397,295	1,702,506
Investment properties	5	-	-	8,875,728	5,160,820
Deferred tax assets	6	2,973,000	2,038,000	732,000	447,000
Other investment	7	-	-	2,000,000	-
		5,546,034	4,203,938	13,005,023	7,310,326
Current assets					
Trade receivables	8	45,516,835	44,607,920	43,250,050	20,148,382
Contract assets	9	38,175,760	48,734,540	30,208,369	17,147,383
Other receivables	10	3,575,338	1,996,720	1,297,164	1,054,209
Amount due from related parties	11	-	-	1,477,686	1,475,267
Amount due from a Director	12	-	-	-	39,544
Tax recoverable		253,898	5,120	1,997,019	1,281,017
Fixed deposits with licensed banks	13	13,018,038	14,660,635	6,956,514	15,570,639
Cash and bank balances	14	28,581,471	28,233,525	10,520,030	11,989,711
		129,121,340	138,238,460	95,706,832	68,706,152
Asset held for sale	15	-	451,475	-	-
		129,121,340	138,689,935	95,706,832	68,706,152
Total assets		134,667,374	142,893,873	108,711,855	76,016,478
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16(a)	20	10	-	-
Invested equity	16(b)	2,100,000	2,100,000	2,100,000	2,092,500
Retained earnings		85,987,358	76,330,681	62,783,038	43,819,911
		88,087,378	78,430,691	64,883,038	45,912,411
Non-controlling interest ("NCI")		-	-	-	926,050
Total equity		88,087,378	78,430,691	64,883,038	46,838,461

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

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

	Note	31.8.2024 RM	31.12.2023 RM	31.12.2022 RM	31.12.2021 RM
		Audited			
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES					
Non-current liabilities					
Loans and borrowings	17	-	-	99,926	138,162
Lease liabilities	18	1,356,860	1,246,415	241,150	353,638
		1,356,860	1,246,415	341,076	491,800
Current liabilities					
Trade payables	19	12,049,991	41,838,973	32,247,287	10,698,759
Contract liabilities	9	15,042,080	5,510,483	1,464,749	52,602
Other payables	20	9,883,450	9,080,943	7,205,527	16,686,067
Amount due to related parties	11	4,384,297	4,884,297	-	121,177
Amount due to Directors	12	-	-	77,002	40,671
Loans and borrowings	17	-	-	2,088,715	554,677
Lease liabilities	18	467,772	346,463	361,068	532,264
Tax payable		3,395,546	1,555,608	43,393	-
		45,223,136	63,216,767	43,487,741	28,686,217
Total liabilities		46,579,996	64,463,182	43,828,817	29,178,017
Total equity and liabilities		134,667,374	142,893,873	108,711,855	76,016,478

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

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

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

	Note	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Revenue	21	178,224,654	78,752,062	207,954,088	180,120,010	67,575,333
Cost of sales		(124,880,727)	(57,587,786)	(140,641,874)	(138,626,039)	(55,439,806)
Gross profit		53,343,927	21,164,276	67,312,214	41,493,971	12,135,527
Other income	22	243,301	1,061,120	1,108,665	148,984	125,551
Administrative expenses		(9,672,229)	(6,103,594)	(11,183,449)	(8,874,308)	(7,014,430)
Other expenses	23	-	(1,232)	(6,049,641)	(3,181,502)	(700)
Net loss on impairment of financial assets		(4,138,900)	(411,810)	(5,702,793)	(1,976,963)	(279,229)
Profit from operations		39,776,099	15,708,760	45,484,996	27,610,182	4,966,719
Finance income	24	529,752	277,647	514,666	201,227	341,613
Finance costs	24	(54,406)	(20,544)	(39,716)	(77,280)	(74,054)
Profit before tax	25	40,251,445	15,965,863	45,959,946	27,734,129	5,234,278
Taxation	26	(9,594,768)	(3,746,788)	(12,912,303)	(7,689,552)	(1,653,278)
Profit for the financial years, representing total comprehensive income for the financial years		30,656,677	12,219,075	33,047,643	20,044,577	3,581,000
Total comprehensive income attributable to:						
Owners of the combining entities		30,656,677	12,219,075	33,047,643	20,044,577	3,530,152
NCI		-	-	-	-	50,848
		30,656,677	12,219,075	33,047,643	20,044,577	3,581,000
Earnings per share:						
Basic (sen)	27	1.63	0.65	1.76	1.07	0.19
Diluted (sen)	27	*	*	*	*	*

* There are no dilutive earnings per share as the combining entities do not have any dilutive instruments for the financial periods/years.

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

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

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

	Note	Share capital RM	Invested equity RM	Retained earnings RM	Total RM	NCI RM	Total equity RM
Audited							
At 1 January 2021		-	2,092,500	42,344,759	44,437,259	920,202	45,357,461
Profit for the financial year, representing total comprehensive income for the financial year		-	-	3,530,152	3,530,152	50,848	3,581,000
Transactions with owners:							
Dividends to owners	28	-	-	(2,055,000)	(2,055,000)	-	(2,055,000)
Dividends paid to NCI		-	-	-	-	(45,000)	(45,000)
At 31 December 2021		-	2,092,500	43,819,911	45,912,411	926,050	46,838,461
At 1 January 2022		-	2,092,500	43,819,911	45,912,411	926,050	46,838,461
Profit for the financial year, representing total comprehensive income for the financial year		-	-	20,044,577	20,044,577	-	20,044,577
Transactions with owners:							
Dividends to owners	28	-	-	(2,000,000)	(2,000,000)	-	(2,000,000)
Increase in stake in combining entities		-	7,500	918,550	926,050	(926,050)	-
At 31 December 2022		-	2,100,000	62,783,038	64,883,038	-	64,883,038

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

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

	Note	Share capital RM	Invested equity RM	Retained earnings RM	Total RM	NCI RM	Total equity RM
Audited (Cont'd)							
At 1 January 2023		-	2,100,000	62,783,038	64,883,038	-	64,883,038
Profit for the financial year, representing total comprehensive income for the financial year		-	-	33,047,643	33,047,643	-	33,047,643
Transactions with owners:							
Issuance of shares	16(a)	10	-	-	10	-	10
Dividends to owners	28	-	-	(19,500,000)	(19,500,000)	-	(19,500,000)
At 31 December 2023		10	2,100,000	76,330,681	78,430,691	-	78,430,691
At 1 January 2024		10	2,100,000	76,330,681	78,430,691	-	78,430,691
Profit for the financial period, representing total comprehensive income for the financial period		-	-	30,656,677	30,656,677	-	30,656,677
Transactions with owners:							
Issuance of shares	16(a)	10	-	-	10	-	10
Dividends to owners	28	-	-	(21,000,000)	(21,000,000)	-	(21,000,000)
At 31 August 2024		20	2,100,000	85,987,358	88,087,378	-	88,087,378

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

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

	Note	Share capital RM	Invested equity RM	Retained earnings RM	Total RM	NCI RM	Total equity RM
Unaudited							
At 1 January 2023		-	2,100,000	62,783,038	64,883,038	-	64,883,038
Profit for the financial period, representing total comprehensive income for the financial period		-	-	12,219,075	12,219,075	-	12,219,075
Transaction with owners:							
Dividends to owners	28	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
At 31 August 2023		-	2,100,000	74,002,113	76,102,113	-	76,102,113

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

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

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

	Note	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Cash flows from operating activities						
Profit before tax		40,251,445	15,965,863	45,959,946	27,734,129	5,234,278
Adjustments for:						
Depreciation of property, plant and equipment		506,184	400,288	620,530	790,208	706,291
Depreciation of investment properties		-	31,396	43,166	47,092	47,091
Bad debts written off		-	-	52,203	181,500	-
Property, plant and equipment written off		-	1,232	1,232	2	700
(Gain)/Loss on disposal of property, plant and equipment		(122,497)	-	15,333	-	-
Loss on disposal of investment properties		-	-	1,405,991	-	-
Loss on winding up a subsidiary		-	-	4,574,882	-	-
Gain on disposal of other investment		-	(1,000,000)	(1,000,000)	-	-
Gain on disposal of asset held for sale		(48,525)	-	-	-	-
Fair value loss of other investment		-	-	-	3,000,000	-
Allowance for/(Reversal of) expected credit loss on:						
- contract asset		152,573	571,051	658,828	752,421	-
- trade receivables		3,986,327	(159,241)	5,043,965	1,224,542	278,721
- other receivables		-	-	-	-	508
Rental concession		-	-	-	-	(7,500)
Interest income		(529,752)	(277,647)	(514,666)	(201,227)	(341,613)
Interest expenses		54,406	20,544	39,716	77,280	74,054
Operating profit before working capital changes		44,250,161	15,553,486	56,901,126	33,605,947	5,992,530
Changes in working capital:						
Receivables		(6,473,860)	(6,689,107)	(7,153,594)	(29,750,665)	6,110
Payables		(28,986,475)	(7,752,811)	11,476,102	12,067,988	(1,981,960)
Net contract balances		19,937,804	31,004,452	(15,139,265)	(16,119,260)	634,052
Related parties		-	27,786	27,788	(123,596)	(1,460,043)
Director		-	-	-	39,544	(39,544)
		(15,522,531)	16,590,320	(10,788,969)	(33,885,989)	(2,841,385)
Cash generated from/(used in) operations		28,727,630	32,143,806	46,112,157	(280,042)	3,151,145
Interest received		286,628	188,261	352,709	80,563	78,539
Tax paid		(8,938,608)	(5,081,040)	(11,712,667)	(8,668,737)	(3,172,368)
Tax refund		-	1,463,028	1,463,028	21,576	290,416
Net cash from/(used in) operating activities		20,075,650	28,714,055	36,215,227	(8,846,640)	347,732
Cash flows from investing activities						
Acquisition of property, plant and equipment	**A**	(380,699)	(82,020)	(328,838)	(218,099)	(662,150)
Acquisition of investment properties	**B**	-	-	-	(44,000)	-
Proceed from disposal of asset held for sale	**C**	-	-	-	-	-
Proceed from disposal of other investment		-	3,000,000	3,000,000	-	-
Proceed from disposal of investment properties	**D**	-	-	90,096	-	-
Proceed from disposal of property, plant and equipment		122,500	-	323,000	-	-
Net cash outflow from winding up a subsidiary		-	-	(664,137)	-	-
Interest received		243,124	89,386	161,957	120,664	263,074
Net cash (used in)/from investing activities		(15,075)	3,007,366	2,582,078	(141,435)	(399,076)

CBH ENGINEERING HOLDING BERHAD
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**COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2024 AND 31 AUGUST 2023
AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2023,
31 DECEMBER 2022 AND 31 DECEMBER 2021 (CONT'D)**

	Note	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Cash flows from financing activities						
(Repayments to)/Advances from Directors		-	(77,002)	(77,002)	36,331	13,856
(Repayment to)/Advance from related parties	E	-	(127)	1,449,900	-	-
Dividend paid	F	(21,000,000)	(1,000,000)	(12,115,000)	(2,000,000)	(2,100,000)
Drawdown of bankers' acceptance		150,000	1,265,000	1,265,000	5,543,000	258,000
Interest paid		(54,406)	(20,544)	(39,716)	(77,280)	(74,054)
Withdrawal/(Placement) of fixed deposits pledged with licensed banks		1,681,750	531,749	(7,646,055)	6,408,216	(4,832,870)
Proceeds from issuance of shares		10	-	10	-	-
Repayments of lease liabilities	G	(300,830)	(272,733)	(409,240)	(550,584)	(548,863)
Repayments of term loans		-	(24,820)	(138,178)	(37,394)	(35,743)
Repayments of bankers' acceptance		(150,000)	(2,975,000)	(3,038,000)	(4,028,000)	-
Net cash (used in)/from financing activities		(19,673,476)	(2,573,477)	(20,748,281)	5,294,289	(7,319,674)
Net cash increase/(decrease) in cash and cash equivalents		387,099	29,147,944	18,049,024	(3,693,786)	(7,371,018)
Cash and cash equivalents at beginning of the financial periods/years		31,615,788	13,566,764	13,566,764	17,260,550	24,631,568
Cash and cash equivalents at end of the the financial periods/years		32,002,887	42,714,708	31,615,788	13,566,764	17,260,550
Cash and cash equivalents at end of the financial periods/years comprise:						
Cash and bank balances		28,581,471	39,357,894	28,233,525	10,520,030	11,989,711
Fixed deposits with licensed banks		13,018,038	6,457,382	14,660,635	6,956,514	15,570,639
Bank overdraft	17	-	-	-	(277,463)	(259,267)
		41,599,509	45,815,276	42,894,160	17,199,081	27,301,083
Less: Fixed deposits pledge with licensed banks	13	(9,596,622)	(3,100,568)	(11,278,372)	(3,632,317)	(10,040,533)
		32,002,887	42,714,708	31,615,788	13,566,764	17,260,550

NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
A. Acquisition of property, plant and equipment					
Total acquisition of property, plant and equipment	913,283	82,020	1,728,738	484,999	688,750
Less: Acquisition by means of lease liabilities	(532,584)	-	(1,399,900)	(266,900)	(26,600)
Total cash used in acquisition of property, plant and equipment	380,699	82,020	328,838	218,099	662,150

CBH ENGINEERING HOLDING BERHAD
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**COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2024 AND 31 AUGUST 2023
AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2023,
31 DECEMBER 2022 AND 31 DECEMBER 2021 (CONT'D)**

NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
B. Acquisition of investment properties						
Total acquisition of investment properties		-	-	-	3,762,000	-
Less: Settlement against contract asset		-	-	-	(3,718,000)	-
Total cash used in acquisition of investment properties		-	-	-	44,000	-
C. Proceed from disposal of asset held for sale						
Total proceed from disposal of asset held for sale		500,000	-	-	-	-
Less: Repayment to related party		(500,000)	-	-	-	-
Total cash proceed		-	-	-	-	-
D. Proceed from disposal of investment properties						
Total proceed from disposal of investment properties		-	-	6,975,096	-	-
Less: Dividend in specie		-	-	(6,885,000)	-	-
Total cash proceed		-	-	90,096	-	-
E. Repayment froms/(to) related parties						
Gross advance froms/(to) related parties		(500,000)	(127)	1,949,900	-	-
Less: Dividend in specie		-	-	(500,000)	-	-
Add: Settlement against asset held for sale		500,000	-	-	-	-
Total cash repayment from/(to) related parties		-	(127)	1,449,900	-	-
F. Dividend paid						
Dividend paid		(21,000,000)	(1,000,000)	(19,500,000)	(2,000,000)	(2,100,000)
Less: Dividend in specie		-	-	7,385,000	-	-
Total cash payment		(21,000,000)	(1,000,000)	(12,115,000)	(2,000,000)	(2,100,000)
G. Cash outflows for leases as a lessee						
<u>Included in net cash from/(used in) operating activities</u>						
Payment relating to short-term leases	25	1,035,567	492,839	961,140	363,397	231,585
Payment relating to low value asset	25	-	4,640	4,860	16,857	17,520
		1,035,567	497,479	966,000	380,254	249,105
<u>Included in net cash (used in)/from financing activities</u>						
Payment of lease liabilities		300,830	272,733	409,240	550,584	548,863
Payment on interest of lease liabilities		54,350	14,012	31,878	29,674	47,913
		355,180	286,745	441,118	580,258	596,776
		1,390,747	784,224	1,407,118	960,512	845,881
H. Acquisition of other investment						
Total acquisition of other investment		-	-	-	5,000,000	-
Less: Settlement against trade receivables		-	-	-	(5,000,000)	-
Total cash used in acquisition of other investment		-	-	-	-	-

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

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. **Corporate information**

(a) **Introduction**

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

(b) **Background**

The Company was incorporated on 18 December 2023 as a private limited liability company and domiciled in Malaysia under the name of CBH Engineering Holding Sdn. Bhd.. With effect from 27 May 2024, the Company was converted into a public limited liability company and assumed its current name of CBH Engineering Holding Berhad.

The registered office of the Company is located at No. D-09-02, Level 9, EXSIM Tower, Millerz Square @ Old Klang Road, Megan Legasi, No. 357, Jalan Kelang Lama, 58000 Kuala Lumpur. The principal place of business of the Company is located at No. 12, Jalan Anggerik Vanilla AD 31/AD, Kota Kemuning, 40460 Shah Alam, Selangor Darul Ehsan.

(c) **Principal activities**

The Company's principal activity is investment holding.

The details of the subsidiaries as of the date of this report are as follows:

Name of company	Audited 31.8.2024 %	Audited 31.12.2023 %	Audited 31.12.2022 %	Audited 31.12.2021 %	Date of incorporation	Principal activities
CBH Engineering Sdn. Bhd. ("CBH Engineering")	100	100	100	100	16 August 1990	Electrical wiring contractor and supply of electrical items.
CBH Maintenance Sdn. Bhd. ("CBH Maintenance")	100	100	100	92.50	18 March 2013	Electrical wiring contractors and supply of electrical items.

1. **Corporate information (Cont'd)**

(c) **Principal activities (Cont'd)**

The details of the subsidiaries as of the date of this report are as follows: (Cont'd)

Name of company	Audited 31.8.2024 %	Audited 31.12.2023 %	Audited 31.12.2022 %	Audited 31.12.2021 %	Date of incorporation	Principal activities
CBH M&E Engineering Sdn. Bhd. ("CBH M&E")	100	100	100	100	18 December 2013	Mechanical and electrical engineering works.
Subsidiary of CBH Engineering						
CBH Projects Engineering Sdn. Bhd. ("CBH Projects Engineering")*	-	-	100	100	29 April 2014	Electrical wiring contractor.

***** On 20 December 2023, CBH Projects Engineering was liquidated by way of a member's voluntary winding up pursuant to Section 439 (1)(b) of the Companies Act 2016 in Malaysia. Lim Sin Han was appointed as liquidator of CBH Projects Engineering for the purpose of winding-up.

The effects of the winding up of CBH Projects Engineering on the statements of financial position of the Group as at the date of winding up are as follows:

	Audited RM
Amount due from related party	4,384,295
Cash and bank balances	664,137
Other payables	(9,000)
Tax payable	(464,550)
Total net assets on winding up	4,574,882
Loss on winding up	(4,574,882)
	-
Less: Cash and cash equivalents	(664,137)
Net cash outflow on winding up	(664,137)

(d) **Acquisition**

The CBH Group has been formed pursuant to the completion of the acquisition of its subsidiaries by the Company prior to the listing and quotation on the ACE Market of Bursa Malaysia Securities Berhad.

The Company entered into conditional Share Sale Agreements on 24 May 2024 to acquire the entire equity interest in CBH Engineering, CBH Maintenance and CBH M&E for a total purchase consideration of RM57,142,553 to be satisfied by the issuance of 1,582,896,193 ordinary shares in the Company at an issue price of RM0.0361 per share.

1. **Corporate information (Cont'd)**

(d) **Acquisition (Cont'd)**

The acquisition was completed on 23 October 2024 and consolidated using merger method of accounting.

Following the completion of the acquisitions of CBH Engineering, CBH Maintenance and CBH M&E, the combining entities structure of the Company is as follows:

CBH Engineering Holding Berhad (CBH)

CBH Engineering	**CBH Maintenance**	**CBH M&E**
100%	**100%**	**100%**

(e) **Auditors**

The combined financial statements of CBH Group reflect the financial information of CBH, CBH Engineering and its subsidiary, CBH Maintenance and CBH M&E.

The relevant financial period/years of the audited financial statements used for the purpose of the combined financial statements ("Relevant Financial Period/Years") and the auditors are as follows:

Company	**Relevant Financial Period/Years**	**Auditors**
CBH	FPE 31 August 2024	TGS TW PLT
	FPE 31 December 2023	TGS TW PLT
CBH Engineering	FPE 31 August 2024	TGS TW PLT
	FYE 31 December 2023	TGS TW PLT
	FYE 31 December 2022	TGS TW PLT
	FYE 31 December 2021	TGS TW PLT
CBH Maintenance	FPE 31 August 2024	TGS TW PLT
	FYE 31 December 2023	TGS TW PLT
	FYE 31 December 2022	TGS TW PLT
	FYE 31 December 2021	TGS TW PLT
CBH M&E	FPE 31 August 2024	TGS TW PLT
	FYE 31 December 2023	TGS TW PLT
	FYE 31 December 2022	TGS TW PLT
	FYE 31 December 2021	TGS TW PLT
CBH Projects Engineering	FPE 19 December 2023	TGS TW PLT
	FYE 31 December 2022	TGS TW PLT
	FYE 31 December 2021	TGS TW PLT

FYE - Financial Year Ended
FPE - Financial Period Ended

1. **Corporate information (Cont'd)**

(e) **Auditors (Cont'd)**

The audited financial statements of CBH, CBH Engineering and its subsidiary, CBH Maintenance and CBH M&E for the Relevant Financial Period/Years reported above were not subject to any qualification or modification.

2. **Basis of preparation**

(a) **Statement of compliance**

The combined financial statements of the combining entities have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 1(c) to this report, which were under common control throughout the reporting years by virtue of common controlling shareholders.

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

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

Adoption of new and amended standards

During the financial period, the combining entities have adopted the following new and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of the amendments to MFRS did not have any significant impact on the combined financial statements of the combining entities.

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

(a) **Statement of compliance (Cont'd)**

Standards issued but not yet effective

The combining entities have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the combining entities:

		Effective dates for financial periods <u>beginning on or after</u>
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements - Volume 11	Amendments to MFRS 1 Amendments to MFRS 7 Amendments to MFRS 9 Amendments to MFRS 10 Amendments to MFRS 107	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountabilities Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The combining entities intend to adopt the above new and amendments to MFRSs when they become effective.

The initial applications of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the combined financial statements of the combining entities.

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

(b) **Functional and presentation currency**

These combined financial statements are presented in Ringgit Malaysia ("RM"), which is the combining entities' functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) **Significant accounting judgements, estimates and assumptions**

The preparation of the combining entities' combined financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

<u>Classification between investment properties and property, plant and equipment</u>

The combining entities have developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the combining entities would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

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

The combining entities determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if they are reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if they are reasonably certain not to be exercised.

2. Basis of preparation (Cont'd)

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

Judgements (Cont'd)

Determining the lease term of contracts with renewal and termination options - combining entities as lessee (Cont'd)

The combining entities have several lease contracts that include extension and termination options. The combining entities apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the combining entities reassess the lease term if there is a significant event or change in circumstances that is within its control and affect its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The combining entities include the renewal period as part of the lease term for leases of building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Satisfaction of performance obligations in relation to contracts with customers

The combining entities are required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The combining entities recognise revenue over time in the following circumstances:

(i) the customer simultaneously receives and consumes the benefits provided by the combining entities' performance as the combining entities perform;

(ii) the combining entities does not create an asset with an alternative use to the combining entities and have an enforceable right to payment for performance completed to date; and

(iii) the combining entities' performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

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

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

Judgements (Cont'd)

Satisfaction of performance obligations in relation to contracts with customers (Cont'd)

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

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment and investment properties

The combining entities regularly review the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amounts at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 5 to the combined financial statements respectively.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 34(c) to the combined financial statements regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instruments. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

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

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

Key sources of estimation uncertainty (Cont'd)

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the combining entities evaluate based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 9 to the combined financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Notes 6 and 26 to the combined financial statements respectively.

Provision for expected credit loss of financial assets at amortised cost

The combining entities review the recoverability of their receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The combining entities use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on combining entities' past history, existing market conditions at the end of each reporting period.

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

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

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost (Cont'd)

The combining entities use a provision matrix to calculate expected credit loss for receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the combining entities' historical observed default rates. The combining entities will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The carrying amounts at the reporting date for receivables are disclosed in Notes 8, 10, 11 and 12 to the combined financial statements.

Discount rate used in leases

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

Income taxes

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

The combining entities recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. **Material accounting policies**

The combining entities apply the material accounting policies set out below, consistently throughout all periods presented in the combined financial statements unless otherwise stated.

(a) **Basis of consolidation**

(i) Consolidation

The combined financial statements include the audited financial statements of CBH Engineering Holding Berhad and all of its subsidiaries made up to the end of the financial year.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the combined financial statements reflect external transactions and balances only. The result of subsidiaries acquired or disposed of during the financial year are included in or excluded from the profit or loss from the effective date in which control is transferred to the combining entities or in which control ceases respectively.

The combined financial statements of the combining entities for the financial year were prepared in manner similar to the "pooling of interest" method or merger method. Such manner of presentation reflects the economic substance of the combining entities, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationship were not established.

(ii) Common control business combination outside the scope of MFRS 3

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, and accordingly the accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

In applying merger accounting, combined financial statements items of the combining entities or business for the reporting years in which the common control combination occurs, and for any comparative years disclosed, are included in the combined financial statements of the entity as if the combination had occurred from the date when the combining entities first came under the control of the controlling party or parties prior to the common control combination.

3. **Material accounting policies (Cont'd)**

(a) **Basis of consolidation (Cont'd)**

(ii) Common control business combination outside the scope of MFRS 3 (Cont'd)

A single uniform set of accounting policies is adopted by the entity. Therefore, the entity recognised the assets, liabilities and equity of the combining entities or business at the carrying amounts in the combined financial statements of the controlling party or parties to the common control combination.

The carrying amounts are included as if such combined financial statements had been prepared by the controlling party, including adjustment required for conforming the entity's accounting policies and applying those policies to all years presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or business, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the entity

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On combination, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in merger reserve.

(iii) NCI

NCI at the reporting period, being the portion of the net assets of subsidiary to equity interests that are not owned by the combining entities, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity, separately from equity attributable to the equity shareholders of the combining entities. NCI in the results of the combining entities are presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between the NCI and the equity shareholders of the combining entities.

3. **Material accounting policies (Cont'd)**

(a) **Basis of consolidation (Cont'd)**

(iii) NCI (Cont'd)

Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Transactions with NCI that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

(b) **Property, plant and equipment**

(i) Recognition and measurement

Property, plant and equipment, are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefit associated with the item will flow to the combining entities and the cost of the item can be measured reliably.

(ii) Depreciation

Depreciation is recognised on straight line method basis to write off the cost of each asset to its residual value over its estimated useful life. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

Motor vehicles	20%
Office equipment	10% to 33%
Furniture and fittings	10%
Machineries	10%
Renovation	10%
Electrical installation	10%
Shoplot	Over the lease term
Hostel	Over the lease term

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

3. **Material accounting policies (Cont'd)**

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

(iii) Derecognition

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount recognised in profit or loss.

(c) **Investment properties**

Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses. The building under construction is not depreciated until it is ready for its intended use.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Freehold shoplot	50 years
Freehold condotel	50 years
Leasehold shoplot	54 years
Leasehold condominium	92 years

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

(d) **Leases**

(i) Lease and non lease components

At inception or on reassessment of a contract that contains a lease component, the combining entities allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the combining entities are a lessee, it has elected not to separate non-lease components and will instead account the lease and non-lease components as a single lease component.

(ii) Recognition exemption

The combining entities have elected not to recognised right-of-use assets and liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The combining entities recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Material accounting policies (Cont'd)

(d) Leases (Cont'd)

(iii) Depreciation

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Motor vehicles	20%
Shoplot	Over the lease term
Hostel	Over the lease term

(e) Financial instruments

At the reporting date, the combining entities carry financial assets at fair value through profit or loss ("FVTPL") and financial assets at amortised cost on their combined statements of financial position. The combining entities' financial assets at FVTPL are other investments and financial assets at amortised cost are trade and other receivables, amount due from related parties, amount due from a Director and fixed deposits with licensed banks and cash and bank balances.

At the reporting date, the combining entities carry only financial liabilities at amortised cost on their combined statements of financial position. The combining entities' financial liabilities at amortised cost include trade and other payables, loans and borrowings, lease liabilities, amount due to Directors and amount due to related parties.

(f) Revenue recognition

(i) Revenue from contracts with customers

The combining entities recognise revenue from the following major sources:

(a) Revenue from construction contracts

The combining entities recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to combining entities due to contractual restriction and combining entities has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

3. **Material accounting policies (Cont'd)**

(f) **Revenue recognition (Cont'd)**

(i) Revenue from contracts with customers (Cont'd)

(a) Revenue from construction contracts (Cont'd)

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract i.e. based on the proportion of construction cost incurred for work performed up to the end of reporting period as a percentage of the estimated total cost of construction of the contract.

The combining entities becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). Combining entities previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, combining entities recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

(ii) Dividend income

Dividend income is recognised when the combining entities' right to receive payment is established.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

4. Property, plant and equipment

	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Machineries RM	Renovation RM	Electrical installation RM	Shoplot RM	Hostel RM	Total RM
Audited									
Cost									
At 1 January 2021	3,039,378	604,333	108,644	37,400	519,048	78,950	722,226	-	5,109,979
Additions	634,000	26,743	1,407	-	-	-	-	26,600	688,750
Written off	-	(2,800)	-	-	-	-	-	-	(2,800)
At 31 December 2021	3,673,378	628,276	110,051	37,400	519,048	78,950	722,226	26,600	5,795,929
Additions	294,601	184,259	4,589	1,550	-	-	-	-	484,999
Written off	-	(33,400)	-	-	-	-	-	-	(33,400)
Expiration of lease contract	-	-	-	-	-	-	(253,763)	-	(253,763)
At 31 December 2022	3,967,979	779,135	114,640	38,950	519,048	78,950	468,463	26,600	5,993,765
Additions	1,507,211	203,747	17,780	-	-	-	-	-	1,728,738
Disposal	(580,000)	-	-	-	-	-	-	-	(580,000)
Written off	(35,605)	(88,325)	-	-	-	-	-	-	(123,930)
Expiration of lease contract	-	-	-	-	-	-	(468,463)	(26,600)	(495,063)
At 31 December 2023	4,859,585	894,557	132,420	38,950	519,048	78,950	-	-	6,523,510
Additions	534,250	154,374	19,075	-	-	-	107,594	97,990	913,283
Disposal	(652,710)	-	-	-	-	-	-	-	(652,710)
At 31 August 2024	4,741,125	1,048,931	151,495	38,950	519,048	78,950	107,594	97,990	6,784,083

4. Property, plant and equipment (Cont'd)

	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Machineries RM	Renovation RM	Electrical installation RM	Shoplot RM	Hostel RM	Total RM
Audited (Cont'd)									
Accumulated depreciation									
At 1 January 2021	2,227,584	511,387	61,624	8,658	258,080	59,213	262,686	-	3,389,232
Charge for the financial year	418,222	36,546	9,620	3,740	44,458	7,895	181,377	4,433	706,291
Written off	-	(2,100)	-	-	-	-	-	-	(2,100)
At 31 December 2021	2,645,806	545,833	71,244	12,398	302,538	67,108	444,063	4,433	4,093,423
Charge for the financial year	455,352	74,589	9,420	3,818	44,458	7,895	181,376	13,300	790,208
Written off	-	(33,398)	-	-	-	-	-	-	(33,398)
Expiration of lease contract	-	-	-	-	-	-	(253,763)	-	(253,763)
At 31 December 2022	3,101,158	587,024	80,664	16,216	346,996	75,003	371,676	17,733	4,596,470
Charge for the financial year	350,595	101,799	10,183	3,895	44,458	3,946	96,787	8,867	620,530
Disposal	(241,667)	-	-	-	-	-	-	-	(241,667)
Written off	(35,604)	(87,094)	-	-	-	-	-	-	(122,698)
Expiration of lease contract	-	-	-	-	-	-	(468,463)	(26,600)	(495,063)
At 31 December 2023	3,174,482	601,729	90,847	20,111	391,454	78,949	-	-	4,357,572
Charge for the financial period	312,629	116,299	6,789	2,597	29,639	-	28,432	9,799	506,184
Disposal	(652,707)	-	-	-	-	-	-	-	(652,707)
At 31 August 2024	2,834,404	718,028	97,636	22,708	421,093	78,949	28,432	9,799	4,211,049
Carrying amount									
At 31 August 2024	1,906,721	330,903	53,859	16,242	97,955	1	79,162	88,191	2,573,034
At 31 December 2023	1,685,103	292,828	41,573	18,839	127,594	1	-	-	2,165,938
At 31 December 2022	866,821	192,111	33,976	22,734	172,052	3,947	96,787	8,867	1,397,295
At 31 December 2021	1,027,572	82,443	38,807	25,002	216,510	11,842	278,163	22,167	1,702,506

4. Property, plant and equipment (Cont'd)

(a) Including in net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Hostel	88,191	-	8,867	22,167
Shoplot	79,162	-	96,787	278,163
Motor vehicles	1,752,139	1,636,786	379,886	401,314
	1,919,492	1,636,786	485,540	701,644

(b) Depreciation charge of right-of-use assets are as follows:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Hostel	9,799	8,867	8,867	13,300	4,433
Shoplot	28,432	64,526	96,787	181,376	181,377
Motor vehicles	278,896	83,717	250,310	316,026	355,564
	317,127	157,110	355,964	510,702	541,374

(c) Additions to the right-of-use assets during the financial period/years are as follows:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Hostel	97,990	-	-	-	26,600
Shoplot	107,594	-	-	-	-
Motor vehicles	394,250	-	1,507,211	294,601	-
	599,834	-	1,507,211	294,601	26,600

(d) The net carrying amount of motor vehicle amounted to RMNil (31.12.2023: RMNil, 31.12.2022: RM95 and 31.12.2021: RM474) and RM1 (31.12.2023: RM1, 31.12.2022: RM1 and 31.12.2021: RM1) is registered in the name of a Director and an employee respectively and are held in trust on behalf of the combining entities.

5. **Investment properties**

	Freehold shoplot RM	Freehold condotel RM	Leasehold shoplot RM	Leasehold condominium RM	Building under construction RM	Total RM
Audited						
Cost						
At 1 January 2021/31 December 2021	1,298,000	599,576	195,000	508,600	2,893,696	5,494,872
Additions	-	-	-	-	3,762,000	3,762,000
At 31 December 2022	1,298,000	599,576	195,000	508,600	6,655,696	9,256,872
Disposals	(1,298,000)	(599,576)	(195,000)	-	(6,655,696)	(8,748,272)
Transfer to asset held for sale	-	-	-	(508,600)	-	(508,600)
At 31 December 2023/31 August 2024	-	-	-	-	-	-
Accumulated depreciation						
At 1 January 2021	101,676	66,952	77,331	41,002	-	286,961
Charge for the financial year	25,960	11,991	3,611	5,529	-	47,091
At 31 December 2021	127,636	78,943	80,942	46,531	-	334,052
Charge for the financial year	25,960	11,992	3,611	5,529	-	47,092
At 31 December 2022	153,596	90,935	84,553	52,060	-	381,144
Charge for the financial year	23,797	10,993	3,311	5,065	-	43,166
Disposals	(177,393)	(101,928)	(87,864)	-	-	(367,185)
Transfer to asset held for sale	-	-	-	(57,125)	-	(57,125)
At 31 December 2023/31 August 2024	-	-	-	-	-	-
Carrying amount						
At 31 December 2023/31 August 2024	-	-	-	-	-	-
At 31 December 2022	1,144,404	508,641	110,447	456,540	6,655,696	8,875,728
At 31 December 2021	1,170,364	520,633	114,058	462,069	2,893,696	5,160,820

5. **Investment properties (Cont'd)**

Investment properties comprises leased to third parties. No contingent rents are charged.

(a) Investment properties of the combining entities amount to RMNil (31.12.2023: RMNil, 31.12.2022: RM508,641 and 31.12.2021: RM520,633) have been pledged to secure banking facilities granted to the combining entities as disclosed in Note 17 to the combined financial statements.

(b) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Rental income	-	23,080	35,441	30,963	25,165
Direct operating expenses	-	14,838	18,748	21,879	22,449

(c) Fair value measurement of investment properties

The fair value of the investment properties of the combining entities were estimated by the Directors based on recent transacted prices in the market of properties with similar condition and location. In estimating the fair value of the investment properties, the highest and best use of the investment properties is its current use. The fair values are within Level 3 of the fair value hierarchy.

Fair value measurements of the investment properties were categorise as follows:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Level 3				
Recurring fair value measurements:				
Freehold shoplot	-	-	1,445,000	1,445,000
Freehold condotel	-	-	640,000	640,000
Leasehold shoplot	-	-	110,447	145,200
Leasehold condominium	-	-	456,540	462,069
	-	-	2,651,987	2,692,269

5. **Investment properties (Cont'd)**

(c) Fair value measurement of investment properties (Cont'd)

Level 3 Fair value

Level 3 fair values of land and buildings have been generally estimated by the Directors based on the recent transacted prices in the market of land and buildings with similar condition and location. In estimating the fair value of investment properties, the highest and best use of investment properties as its current use.

6. **Deferred tax assets/(liabilities)**

	Audited 31.8.2024 RM	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**	**Audited 31.12.2021 RM**
At beginning of the financial years	2,038,000	732,000	447,000	580,000
Recognised in profit or loss	935,000	1,306,000	285,000	(133,000)
At end of the financial period/years	2,973,000	2,038,000	732,000	447,000
Deferred tax assets	3,125,000	2,138,000	789,000	500,000
Deferred tax liabilities	(152,000)	(100,000)	(57,000)	(53,000)
	2,973,000	2,038,000	732,000	447,000

The component of deferred tax assets/(liabilities) during the financial period/years are as follows:

	Audited 31.8.2024 RM	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**	**Audited 31.12.2021 RM**
Property, plant and equipment	(152,000)	(100,000)	(57,000)	(53,000)
Provision	3,086,000	2,138,000	769,000	312,000
Unutilised business losses	39,000	-	20,000	188,000
	2,973,000	2,038,000	732,000	447,000

7. **Other investment**

	Audited 31.8.2024 RM	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**	**Audited 31.12.2021 RM**
At FVTPL				
Quoted shares				
At beginning of the financial year	-	2,000,000	-	-
Additions	-	-	5,000,000	-
Disposal	-	(2,000,000)	-	-
Fair value loss for the financial year	-	-	(3,000,000)	-
At end of the financial years	-	-	2,000,000	-

7. **Other investment (Cont'd)**

Other investments consist of investment in quoted shares in Malaysia.

During the financial period/year, the Company recognises fair value loss of RMNil (31.12.2023: RMNil, 31.12.2022: RM3,000,000 and 31.12.2021: RMNil) for investment in quoted shares classified as FVTPL as there were significant decline in the fair value of this investment below its cost.

The fair value of quoted investments are measured based on the period/year end quoted prices in active markets.

8. **Trade receivables**

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Trade receivables	20,866,278	23,974,337	26,524,602	10,466,501
Retention sum	36,142,699	28,139,398	19,192,563	10,954,637
	57,008,977	52,113,735	45,717,165	21,421,138
Less: Allowance for ECLs	(11,492,142)	(7,505,815)	(2,467,115)	(1,272,756)
	45,516,835	44,607,920	43,250,050	20,148,382

Trade receivables are non-interest bearing and the normal credit term ranged from 30 to 60 (31.12.2023: 30 to 60, 31.12.2022: 30 to 60 and 31.12.2021: 30 to 60) days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for ECLs are as follows:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
At beginning of the financial period/years	7,505,815	2,467,115	1,272,756	994,035
Allowance for ECLs	3,986,327	5,043,965	1,224,542	278,721
Written off	-	(5,265)	(30,183)	-
At end of the financial period/years	11,492,142	7,505,815	2,467,115	1,272,756

8. **Trade receivables (Cont'd)**

The following tables provide information about the exposure to credit risk and allowance` for ECLs for trade receivables:

	Gross amount RM	ECLs RM	Net amount RM
Audited			
31.8.2024			
Not past due	42,491,166	(6,571)	42,484,595
Past due:			
Less than 30 days	642,114	(713)	641,401
30 to 60 days	277,611	(252)	277,359
60 to 90 days	339,675	-	339,675
Past due more than 90 days	13,258,411	(11,484,606)	1,773,805
	57,008,977	(11,492,142)	45,516,835
Audited			
31.12.2023			
Not past due	48,035,466	(5,200,219)	42,835,247
Past due:			
Less than 30 days	402,067	(810)	401,257
30 to 60 days	164,789	-	164,789
60 to 90 days	1,300	-	1,300
Past due more than 90 days	3,510,113	(2,304,786)	1,205,327
	52,113,735	(7,505,815)	44,607,920
Audited			
31.12.2022			
Not past due	26,591,937	(90,485)	26,501,452
Past due:			
Less than 30 days	14,236,790	(62,067)	14,174,723
30 to 60 days	248,941	(1,725)	247,216
60 to 90 days	164,282	(161,000)	3,282
Past due more than 90 days	4,475,215	(2,151,838)	2,323,377
	45,717,165	(2,467,115)	43,250,050
Audited			
31.12.2021			
Not past due	13,084,395	(38,663)	13,045,732
Past due:			
Less than 30 days	691,272	(1,907)	689,365
30 to 60 days	319,079	(2,277)	316,802
60 to 90 days	725,490	(7,473)	718,017
Past due more than 90 days	6,600,902	(1,222,436)	5,378,466
	21,421,138	(1,272,756)	20,148,382

9. Contract assets/(liabilities)

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Construction contracts				
At beginning of financial period/years	43,224,057	28,743,620	17,094,781	17,728,833
Revenue recognised during the financial period/years	177,426,384	205,291,542	177,454,579	65,996,252
	220,650,441	234,035,162	194,549,360	83,725,085
Less: Progress billings during the financial period/years	(197,364,188)	(190,152,277)	(165,053,319)	(66,630,304)
	23,286,253	43,882,885	29,496,041	17,094,781
Less: Allowance for ECLs during financial period/years	(152,573)	(658,828)	(752,421)	-
At end of financial period/years	23,133,680	43,224,057	28,743,620	17,094,781
Presented as:				
Contract assets	38,175,760	48,734,540	30,208,369	17,147,383
Contract liabilities	(15,042,080)	(5,510,483)	(1,464,749)	(52,602)
	23,133,680	43,224,057	28,743,620	17,094,781

Movements in the allowance for ECLs are as follows:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
At beginning of financial period/ years	1,411,249	752,421	-	-
Allowance for ECLs	152,573	658,828	752,421	-
At end of the financial period/ years	1,563,822	1,411,249	752,421	-

The following tables provide information about the exposure to credit risk and allowance for ECLs for contract assets as the combining entities are expected to have similar risk nature with trade receivables:

	Gross amount RM	ECLs RM	Net amount RM
Audited			
31.8.2024			
Not past due	38,175,760	-	38,175,760
Individually impaired	1,563,822	(1,563,822)	-
	39,739,582	(1,563,822)	38,175,760

9. **Contract assets/(liabilities) (Cont'd)**

The following tables provide information about the exposure to credit risk and allowance for ECLs for contract assets as the combining entities are expected to have similar risk nature with trade receivables: (Cont'd)

	Gross amount RM	ECLs RM	Net amount RM
Audited			
31.12.2023			
Not past due	48,734,540	-	48,734,540
Individually impaired	1,411,249	(1,411,249)	-
	50,145,789	(1,411,249)	48,734,540
Audited			
31.12.2022			
Not past due	30,208,369	-	30,208,369
Individually impaired	752,421	(752,421)	-
	30,960,790	(752,421)	30,208,369
Audited			
31.12.2021			
Not past due	17,147,383	-	17,147,383

The contract assets primarily relate to the combining entities' right to consideration for work performed but not yet billed at the reporting date for its milestones billing are attained. The contract assets will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customer for construction contract, which revenue is recognised over time during the constructions activities.

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting year:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Construction revenue	324,389,247	285,115,083	127,439,282	256,990,775

9. **Contract assets/(liabilities) (Cont'd)**

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially satisfied) at the reporting date:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
2022	-	-	-	175,120,391
2023	-	-	82,393,553	79,135,084
2024	108,108,420	170,079,997	45,045,729	2,735,300
2025 onwards	216,280,827	115,035,086	-	-

The combining entities applies the practical expedient in MFRS 15 *Revenue from Contracts with Customers* on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

10. **Other receivables**

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Non-trade receivables	1,193,171	1,164,443	1,030,087	788,849
Less: Allowance for ECLs	-	-	(1,329)	(1,329)
	1,193,171	1,164,443	1,028,758	787,520
Deposits	581,434	327,433	251,145	266,689
Prepayment	5,712	6,928	17,261	-
Prepayment for initial public offering expenses	1,795,021	497,916	-	-
	3,575,338	1,996,720	1,297,164	1,054,209

The following table provide information about the exposure to credit risk and allowance for ECLs for other receivables:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
At beginning of financial period/ years	-	1,329	1,329	821
Allowance for ECLs for the financial period/years	-	-	-	508
Written off	-	(1,329)	-	-
At end of financial period/years	-	-	1,329	1,329

11. Amount due from/(to) related parties

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Amount due from a related party				
- Trade	-	-	27,786	25,367
- Non-trade	-	-	1,449,900	1,449,900
	-	-	1,477,686	1,475,267
Amount due to related parties				
- Trade	(4,384,297)	(4,384,297)	-	(121,177)
- Non-trade	-	(500,000)	-	-
	(4,384,297)	(4,884,297)	-	(121,177)

Amount due from/(to) related parties are unsecured, non-interest bearing and repayable on demand, except for credit term of 60 days (31.12.2023: 60 days, 31.12.2022: 30 days and 31.12.2021: 30 days) on trade balances.

Included in the non-trade balance of amount due to related parties is an amount of RMNil (31.12.2023: RMNil, 31.12.2022: RMNil and 31.12.2021: RM1,000,000) bearing interest rate at Nil (31.12.2023: Nil, 31.12.2022: Nil and 31.12.2021: 5.64%).

12. Amount due from/(to) Directors

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Amount due from a Director				
- Trade	-	-	-	39,544
Amount due to Directors				
- Non-trade	-	-	(77,002)	(40,671)

Amounts due from/(to) Directors are unsecured, non-interest bearing and repayable on demand, except for credit term of Nil (31.12.2023: Nil, 31.12.2022: Nil and 31.12.2021: 30 days) on trade balance.

13. Fixed deposits with licensed banks

The effective interest rate receivable on the fixed deposits with licensed banks of the combining entities are ranged from 1.90% to 2.85% (31.12.2023: 2.05% to 3.00%, 31.12.2022: 1.25% to 2.40% and 31.12.2021: 1.00% to 1.80%) per annum.

The maturity period of the fixed deposits of the combining entities are between 30 to 90 (31.12.2023: 30 to 180, 31.12.2022: 30 to 180 and 31.12.2021: 30 to 180) days.

Included in the fixed deposits with licensed banks is an amount of RM9,596,622 (31.12.2023: RM11,278,372, 31.12.2022: RM3,632,317 and 31.12.2021: RM10,040,533) pledged to licensed banks as security for banking facilities granted to the combining entities.

14. **Cash and bank balances**

Included in the cash and bank balances are short-term deposits amounted to RM22,190,000 (31.12.2023: RM16,100,000, 31.12.2022: RM1,100,000 and 31.12.2021: RM2,700,000) bearing interest rate range from 2.00% to 2.40% (31.12.2023: 2.00% to 2.40%, 31.12.2022: 1.95% and 31.12.2021: 0.95% to 1.15%) per annum. The maturity period of the short-term deposits are between 4 to 7 (31.12.2023: 3 to 8, 31.12.2022: 7 and 31.12.2021: 4 to 7) days.

The foreign currency profile of cash and bank balances is as follows:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
United States Dollar ("USD")	327	327	327	327

15. **Asset held for sale**

	Leasehold condominium RM
Audited	
At 1 January 2021/31 December 2021/31 December 2022	-
Transfer from investment properties	451,475
At 31 December 2023	451,475
Disposal	(451,475)
At 31 August 2024	-

On 11 December 2023, CBH Engineering entered into Sale and Purchase Agreement ("SPA") with a related party to transfer its leasehold condominium through dividend in specie amounting to RM500,000 declared on 30 November 2023. As at 31 December 2023, the Conditions Precedent as set out in the SPA has yet to be fulfilled.

On 31 May 2024, the conditions precedent as set out in the SPA has been fulfilled.

16. **Share capital/Invested equity**

(a) **Share capital**

	Number of ordinary shares			
	Audited 31.8.2024 Units	Audited 31.12.2023 Units	Audited 31.12.2022 Units	Audited 31.12.2021 Units
At beginning of financial period/years	100	-	-	-
Issuance of ordinary shares	100	100	-	-
At end of the financial period/years	200	100	-	-

16. Share capital/Invested equity (Cont'd)

(a) Share capital (Cont'd)

	Amount			
	Audited 31.8.2024 RM	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**	**Audited 31.12.2021 RM**
At beginning of financial period/years	10	-	-	-
Issuance of ordinary shares	10	10	-	-
At end of the financial period/years	20	10	-	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the combining entities. All ordinary shares rank equally with regards to the combining entities' residual assets.

(b) Invested equity

	Number of ordinary shares			
	Audited 31.8.2024 Units	**Audited 31.12.2023 Units**	**Audited 31.12.2022 Units**	**Audited 31.12.2021 Units**
Issued and fully paid				
At beginning of financial period/years	2,100,000	2,100,000	2,092,500	2,092,500
Increase in stake in combining entities	-	-	7,500	-
At end of the financial period/years	2,100,000	2,100,000	2,100,000	2,092,500

	Amount			
	Audited 31.8.2024 RM	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**	**Audited 31.12.2021 RM**
Issued and fully paid				
At beginning of financial period/years	2,100,000	2,100,000	2,092,500	2,092,500
Increase in stake in combining entities	-	-	7,500	-
At end of the financial period/years	2,100,000	2,100,000	2,100,000	2,092,500

Invested equity comprised the aggregate number of issued and paid-up ordinary shares of CBH Engineering, CBH Maintenance and CBH M&E.

17. Loans and borrowings

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Secured				
Bankers' acceptance	-	-	1,773,000	258,000
Bank overdraft	-	-	277,463	259,267
Term loans	-	-	138,178	175,572
	-	-	2,188,641	692,839
Non-current				
Term loans	-	-	99,926	138,162
Current				
Bankers' acceptance	-	-	1,773,000	258,000
Bank overdraft	-	-	277,463	259,267
Term loans	-	-	38,252	37,410
	-	-	2,088,715	554,677
	-	-	2,188,641	692,839

The repayment term of loans and borrowings as follows:

(i) The term loans are repayable by Nil (31.12.2023: 120, 31.12.2022: 120 and 31.12.2021: 120) monthly instalments;
(ii) Bankers' acceptance are repayable not more than 91 days; and
(iii) Bank overdrafts facilities are repayable on demand.

The loans and borrowings are secured by the followings:

(i) First party legal charge over the investment properties of the combining entities, as disclosed in Note 5 to the combined financial statements;
(ii) First party legal charge over a property of a related party;
(iii) Corporate guarantee by a related party;
(iv) Pledged of fixed deposits with licensed banks as disclosed in Note 13 to the combined financial statements;
(v) Jointly and several guaranteed by certain Directors of the combining entities.

The average effective interest rates per annum are as follows:

	Audited 31.8.2024 %	Audited 31.12.2023 %	Audited 31.12.2022 %	Audited 31.12.2021 %
Bankers' acceptance	-	1.25	1.25	1.25
Bank overdraft	-	7.70	6.95	5.84 - 6.84
Term loans	-	4.82	3.82 - 4.57	3.57

18. Lease liabilities

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Non-current	1,356,860	1,246,415	241,150	353,638
Current	467,772	346,463	361,068	532,264
	1,824,632	1,592,878	602,218	885,902

The maturity analysis of lease liabilities at the end of the reporting period:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Within 1 year	541,479	413,104	380,480	558,208
Between 1 - 5 years	1,448,027	1,354,345	260,219	361,944
More than 5 years	6,500	-	2,856	-
	1,996,006	1,767,449	643,555	920,152
Less: Future finance charges	(171,374)	(174,571)	(41,337)	(34,250)
Present value of lease liability	1,824,632	1,592,878	602,218	885,902

The combining entities leases various properties and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

19. Trade payables

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Third parties	7,689,374	37,875,979	28,541,342	8,221,919
Retention sums	4,360,617	3,962,994	3,705,945	2,476,840
	12,049,991	41,838,973	32,247,287	10,698,759

Credit terms of trade payables of the combining entities ranged from 0 to 120 days (31.12.2023: 0 to 120, 31.12.2022: 0 to 120 and 31.12.2021: 0 to 120) days depending on the terms of the contracts.

The foreign currency profile of trade payables are as follows:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Singapore Dollar ("SGD")	-	33,955	-	-
USD	-	-	-	65,179

20. Other payables

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Non-trade payables	125,488	226,155	308,737	309,253
Accruals	9,757,962	8,850,188	6,892,190	3,677,414
Deposit received	-	4,600	4,600	12,699,400
	9,883,450	9,080,943	7,205,527	16,686,067

21. Revenue

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.08.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Revenue from contracts with customers:					
Project contract works	177,833,154	77,853,312	206,812,678	178,992,150	66,977,567
Maintenance and miscellaneous works	391,500	898,750	1,141,410	1,127,860	597,766
	178,224,654	78,752,062	207,954,088	180,120,010	67,575,333
Timing of revenue recognition:					
Over time	177,426,384	77,435,048	205,291,542	177,454,579	65,996,252
At point in time	798,270	1,317,014	2,662,546	2,665,431	1,579,081
	178,224,654	78,752,062	207,954,088	180,120,010	67,575,333

22. Other income

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Gain on disposal of asset held for sale	48,525	-	-	-	-
Gain on disposal of other investment	-	1,000,000	1,000,000	-	-
Gain on disposal of property, plant and equipment	122,497	-	-	-	-
Realised gain on foreign exchange	779	-	-	-	16,820
Rental concession	-	-	-	-	7,500
Rental income	10,156	23,080	35,441	30,963	25,165

23. Other expenses

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Bad debts written off	-	-	52,203	181,500	-
Fair value loss on other investment	-	-	-	3,000,000	-
Loss on disposal of investment properties	-	-	1,405,991	-	-
Loss on disposal of property, plant and equipments	-	-	15,333	-	-
Loss on winding up a subsidiary	-	-	4,574,882	-	-
Property, plant and equipment written off	-	1,232	1,232	2	700

24. Finance income/Finance costs

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Finance income					
- bank balances	286,628	188,261	352,709	80,563	78,539
- fixed deposits with licensed banks	243,124	89,386	161,957	120,664	263,074
	529,752	277,647	514,666	201,227	341,613
Finance cost					
Interest expense:					
- bankers' acceptance	-	-	-	1,527	-
- bank overdraft	56	1,121	1,121	4,801	172
- lease liabilities	54,350	14,012	31,878	29,674	47,913
- term loans	-	5,411	6,717	7,295	8,945
- related parties	-	-	-	33,983	17,024
	54,406	20,544	39,716	77,280	74,054

25. Profit before tax

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Auditors' remuneration					
- current	159,000	46,500	69,500	46,000	36,500
- under provision of prior years	-	-	-	2,000	-
Allowance for/(Reversal of) ECLs					
- contract assets	152,573	571,051	658,828	752,421	-
- trade receivables	3,986,327	(159,241)	5,043,965	1,224,542	278,721
- other receivables	-	-	-	-	508
Depreciation of property, plant and equipment	506,184	400,288	620,530	790,208	706,291
Depreciation of investment properties	-	31,396	43,166	47,092	47,091
Leases expenses:					
- low value asset (a)	-	4,640	4,860	16,857	17,520
- short-term leases (a)	1,035,567	492,839	961,140	363,397	231,585

(a) The combining entities lease various properties, tool and equipment and motor vehicles with contract terms of not more than one year. These leases are short-term lease and lease of low value asset. The combining entities have elected not to recognise right-of-use assets and lease liabilities for these leases.

26. Taxation

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Tax expenses recognised in profit or loss					
Current tax					
- Current financial years provision	10,799,000	3,823,000	14,216,515	7,934,743	1,387,000
- (Over)/Under provision in previous financial years	(269,232)	1,788	1,788	39,809	133,278
	10,529,768	3,824,788	14,218,303	7,974,552	1,520,278
Deferred tax					
- Originating and reversal of temporary differences	(935,000)	(78,000)	(1,306,000)	(285,000)	133,000
	(935,000)	(78,000)	(1,306,000)	(285,000)	133,000
	9,594,768	3,746,788	12,912,303	7,689,552	1,653,278

26. **Taxation (Cont'd)**

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the combining entities are as follows:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Profit before tax	40,251,445	15,965,863	45,959,946	27,734,129	5,234,278
At Malaysian statutory rate of 24% (31.12.2023, 31.12.2022 and 31.12.2021: 24%)	9,660,347	3,831,807	11,030,387	6,656,191	1,256,227
Change in tax rate for the first and and second tranche of chargeable income	(45,000)	(45,000)	(45,000)	(62,543)	(42,000)
Expenses not deductible for tax purposes	279,243	110,456	2,180,577	1,045,794	208,021
Income not subject to tax	(41,045)	(240,000)	(240,000)	-	-
Movement of deferred tax assets not recognised	10,455	87,737	(15,449)	10,301	97,752
(Over)/Under provision in previous financial years	(269,232)	1,788	1,788	39,809	133,278
	9,594,768	3,746,788	12,912,303	7,689,552	1,653,278

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Audited 31.8.2024 RM	Unaudited 31.8.2023 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Property, plant and equipment	(2,006)	(10,318)	(8,689)	(6,058)	(53,727)
Provision	197,073	18,270	10,371	18,270	8,871
Unutilised business losses	244,718	807,283	397,210	441,714	399,787
Unabsorbed capital allowances	2,671	13,598	-	9,338	65,411
	442,456	828,833	398,892	463,264	420,342

The unabsorbed capital allowances do not expire under current tax legislation of Malaysia. Unutilised business losses for which no deferred tax asset was recognised will expire at the following year of assessment ("YA"):

	Audited 31.8.2024 RM	Unaudited 31.8.2023 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
YA 2028	-	264,599	220,095	264,599	264,599
YA 2029	-	177,115	177,115	177,115	-
YA 2031	-	-	-	-	135,188
YA 2033	-	365,569	-	-	-
YA 2034	244,718	-	-	-	-
	244,718	807,283	397,210	441,714	399,787

26. **Taxation (Cont'd)**

Unrecognised deferred tax assets (Cont'd)

In accordance with the provision of Finance Act 2018, the unutilised business losses could be carried forward for a maximum of seven consecutive years of assessment. Any balance of the unutilised business losses at the end of the seventh year shall be disregarded.

The Finance Act 2021 stated that the time frame to carry forward unutilised business losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. The other temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset.

27. **Earnings per share**

Basic earnings per share

The basic earnings per share are calculated based on the profit for the financial periods/years attributable to owners of the combining entities and the enlarged number of ordinary shares in issue during the financial years as follows:

	Audited 1.1.2024 to 31.8.2024 RM	**Unaudited 1.1.2023 to 31.8.2023 RM**	**Audited 1.1.2023 to 31.12.2023 RM**	**Audited 1.1.2022 to 31.12.2022 RM**	**Audited 1.1.2021 to 31.12.2021 RM**
Profit attributable to owners of the combining entities	30,656,677	12,219,075	33,047,643	20,044,577	3,530,152
Enlarged number of ordinary shares (units)	1,880,896,393	1,880,896,393	1,880,896,393	1,880,896,393	1,880,896,393
Basic earnings per ordinary share (sen)	1.63	0.65	1.76	1.07	0.19

Diluted earnings per share

There are no diluted earnings per share as the combining entities do not have any dilutive potential ordinary shares outstanding as at the end of the reporting date.

28. Dividends

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Dividends recognised as distribution to owners of the combine entities					
CBH Engineering:					
In respect of financial year ended 31 December 2023					
- An interim single-tier dividend of RM1.00 per ordinary share declared on 2 August 2023 and paid on 3 August 2023	-	1,000,000	1,000,000	-	-
- An interim single-tier dividend of RM3.00 per ordinary share declared on 30 November 2023 and paid on 18 December 2023	-	-	3,000,000	-	-
- An interim single-tier dividend of RM3.00 per ordinary share declared on 30 November 2023 and paid on 20 December 2023	-	-	3,000,000	-	-
- An interim single-tier dividend of RM5.115 per ordinary share declared on 30 November 2023 and paid on 22 December 2023	-	-	5,115,000	-	-
- An interim single-tier dividend in specie of RM7.385 per ordinary share declared on 30 November 2023 and paid on 11 December 2023	-	-	7,385,000	-	-
- An interim single-tier dividend of RM5.50 per ordinary share declared on 20 February 2024 and paid on 21 February 2024	5,500,000	-	-	-	-
- An interim single-tier dividend of RM10.00 per ordinary share declared on 9 May 2024 and paid on 21 May 2024 and 25 May 2024	10,000,000	-	-	-	-
In respect of financial year ended 31 December 2022					
- An interim single-tier dividend of RM1.00 per ordinary share declared and paid on 5 July 2022	-	-	-	1,000,000	-
- An interim single-tier dividend of RM1.00 per ordinary share declared and paid on 12 July 2022	-	-	-	1,000,000	-

28. Dividends (Cont'd)

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
CBH Engineering: (Cont'd)					
In respect of financial year ended 31 December 2021					
- An interim single-tier dividend of RM0.50 per ordinary share declared and paid on 5 October 2021	-	-	-	-	500,000
In respect of financial year ended 31 December 2020					
- An interim single-tier dividend of RM1.00 per ordinary share declared and paid on 20 April 2021	-	-	-	-	1,000,000
CBH Maintenance:					
In respect of financial year ended 31 December 2023					
- An interim single-tier dividend of RM55.00 per ordinary share declared on 20 February 2024 and paid on 21 February 2024	5,500,000	-	-	-	-
In respect of financial year ended 31 December 2021					
- An interim single-tier dividend of RM3.00 per ordinary share declared and paid on 20 April 2021	-	-	-	-	300,000
In respect of financial year ended 31 December 2020					
- An final single-tier dividend of RM3.00 per ordinary share declared on 11 January 2021 and paid on 12 January 2021	-	-	-	-	300,000
	21,000,000	1,000,000	19,500,000	2,000,000	2,100,000

29. Capital commitment, contingent liabilities and financial guarantee

	Audited 31.8.2024 RM	Unaudited 31.8.2023 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Capital commitment					
Authorised and contracted for:					
Investment properties	-	-	-	264,000	308,000

Contingent liabilities

As at the reporting date, the combining entities have projects which passed the contractual completion date as stated in the contractual agreement. No Liquidated Ascertained Damages (''LAD'') or claims or faces any legal action from the contract customers as at the reporting date.

In view of the uncertainty and there is no revised completion date to estimate the LAD amount, the combining entities are of the view that it is not probable that an outflow of resources economic benefits will be required to settle the potential obligations. Accordingly, the combining entities have not make any provision in the combined financial statements.

	Audited 31.8.2024 RM	Unaudited 31.8.2023 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
Financial guarantee					
Secured:					
Financial guarantee extended to contract customers in respect of project contract works	39,346,640	6,544,535	32,375,437	781,122	1,740,450

30. Staff costs

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Salaries, wages and other emoluments	12,817,872	7,253,622	13,538,781	10,972,222	8,101,754
Defined contribution plans	954,517	508,526	905,484	1,138,267	888,913
Social contribution plans	81,188	52,088	85,136	76,105	60,449
Other benefits	959,052	836,414	867,260	970,885	432,452
	14,812,629	8,650,650	15,396,661	13,157,479	9,483,568

30. **Staff costs (Cont'd)**

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the combining entities during the financial years as below:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Salaries, fee and other emoluments	1,753,071	1,428,688	2,367,190	2,167,352	1,732,568
Defined contribution plans	48,352	94,659	173,698	223,454	204,265
Social contribution plans	772	3,090	4,635	4,008	3,695
Directors' fee	63,425	1,000,000	1,000,000	1,000,000	675,000
	1,865,620	2,526,437	3,545,523	3,394,814	2,615,528

31. **Reconciliation of liabilities arising from financing activities**

The table below shows the details changes in the liabilities of the combining entities arising from financing activities, including both cash and non-cash changes:

			Audited		
	At 1.1.2024 RM	Drawdown RM	Repayment RM	Rental Concession RM	At 31.8.2024 RM
Bankers' acceptance	-	150,000	(150,000)	-	-
Lease liabilities	1,592,878	532,584	(300,830)	-	1,824,632

			Audited		
	At 1.1.2023 RM	Drawdown RM	Repayment RM	Rental Concession RM	At 31.12.2023 RM
Term loans	138,178	-	(138,178)	-	-
Bankers' acceptance	1,773,000	1,265,000	(3,038,000)	-	-
Lease liabilities	602,218	1,399,900	(409,240)	-	1,592,878

			Audited		
	At 1.1.2022 RM	Drawdown RM	Repayment RM	Rental Concession RM	At 31.12.2022 RM
Term loans	175,572	-	(37,394)	-	138,178
Bankers' acceptance	258,000	5,543,000	(4,028,000)	-	1,773,000
Lease liabilities	885,902	266,900	(550,584)	-	602,218

31. Reconciliation of liabilities arising from financing activities (Cont'd)

The table below shows the details changes in the liabilities of the combining entities arising from financing activities, including both cash and non-cash changes: (Cont'd)

			Audited		
	At 1.1.2021 RM	**Drawdown RM**	**Repayment RM**	**Rental Concession RM**	**At 31.12.2021 RM**
Term loans	211,315	-	(35,743)	-	175,572
Bankers' acceptance	-	258,000	-	-	258,000
Lease liabilities	1,415,665	26,600	(548,863)	(7,500)	885,902

			Unaudited		
	At 1.1.2023 RM	**Drawdown RM**	**Repayment RM**	**Rental Concession RM**	**At 31.8.2023 RM**
Term loans	138,178	-	(24,820)	-	113,358
Bankers' acceptance	1,773,000	1,265,000	(2,975,000)	-	63,000
Lease liabilities	602,218	-	(272,733)	-	329,485

32. Related party disclosures

(a) Identifying related parties

For the purposes of these combined financial statements, parties are considered to be related to the combining entities if the combining entities have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the combining entities and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the combining entities either directly or indirectly. The key management personnel comprise the Directors and management personnel of the combining entities, having authority and responsibility for planning, directing and controlling the activities of the combining entities directly or indirectly.

32. **Related party disclosures (Cont'd)**

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the combined financial statements, the significant related party transactions of the combining entities are as follows:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Transactions with related parties					
Project cost charged by	-	-	-	(201,315)	(24,241)
Loan interest charged by	-	-	-	(33,983)	(17,024)
Income from renewable energy charged to	-	-	-	-	25,367
Office rental charged by	(64,000)	(64,000)	(96,000)	(90,000)	(86,250)
Rental charged by	(6,800)	(6,800)	(10,200)	-	-
Administrative expenses charge by	-	(1,627)	(1,627)	(6,307)	(127)
Professional fee charged by	-	(5,000)	(50,310)	-	(250)
Disposal of property, plant and equipment	67,000	-	-	-	-
Transactions with a Director					
Rental charged by	(64,000)	(60,000)	(90,000)	(90,000)	(86,250)
Rental charged by (right of use assets)	(4,000)	-	(1,500)	-	-
Income from renewable energy charged to	-	-	-	-	39,544
Transaction with a company in which a person connected to a Director has interest					
Project cost charged by	-	-	-	4,200	-

(c) Remuneration of key management personnel

The remuneration of the Directors are disclosed in Note 30 to the combined financial statements. The emoluments of key management personnel are as follows:

	Audited 1.1.2024 to 31.8.2024 RM	Unaudited 1.1.2023 to 31.8.2023 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2021 to 31.12.2021 RM
Salaries, fee and other emoluments	2,155,238	272,420	754,876	389,500	334,875
Defined contribution plans	110,384	35,652	121,279	47,700	35,892
Social contribution plans	2,317	776	1,546	1,002	924
	2,267,939	308,848	877,701	438,202	371,691

33. Segment information

(a) Business segments

For management purposes, the combining entities are predominantly involved in electrical wiring contractors and supply of electrical items.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the combined financial statements.

Information about operating segments has not been reported separately as the combining entities' revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment.

(b) Geographic information

No disclosure on geographical segment information as the combining entities predominantly operates in Malaysia.

(c) Information about major customers

The following are major customers with revenue equal to or more than 10% of the combined entities' total revenue:

	Audited 1.1.2024 to 31.8.2024 RM	**Unaudited 1.1.2023 to 31.8.2023 RM**	**Audited 1.1.2023 to 31.12.2023 RM**	**Audited 1.1.2022 to 31.12.2022 RM**	**Audited 1.1.2021 to 31.12.2021 RM**
Electrical wiring contractors					
Customer A	50,844,014	44,620,927	79,427,686	-	-
Customer B	-	15,687,316	25,872,925	153,597,304	-
Customer C	-	-	-	-	45,121,949
Customer D	89,124,988	-	55,206,396	-	-
Customer E	25,283,734	-	-	-	-
	165,252,736	60,308,243	160,507,007	153,597,304	45,121,949

34. Financial instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost.

34. Financial instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the combined statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
At FVTPL				
Financial assets				
Other investments	-	-	2,000,000	-
At amortised costs				
Financial assets				
Trade receivables	45,516,835	44,607,920	43,250,050	20,148,382
Other receivables	1,774,605	1,491,876	1,279,903	1,054,209
Amount due from related parties	-	-	1,477,686	1,475,267
Amount due from a Director	-	-	-	39,544
Fixed deposits with licensed banks	13,018,038	14,660,635	6,956,514	15,570,639
Cash and bank balances	28,581,471	28,233,525	10,520,030	11,989,711
	88,890,949	88,993,956	63,484,183	50,277,752
	88,890,949	88,993,956	65,484,183	50,277,752
At amortised costs				
Financial liabilities				
Trade payables	12,049,991	41,838,973	32,247,287	10,698,759
Other payables	9,883,450	9,080,943	7,205,527	16,686,067
Amount due to related parties	4,384,297	4,884,297	-	121,177
Amount due to Directors	-	-	77,002	40,671
Loans and borrowings	-	-	2,188,641	692,839
Lease liabilities	1,824,632	1,592,878	602,218	885,902
	28,142,370	57,397,091	42,320,675	29,125,415

(b) Financial risk management objectives and policies

The combining entities' financial risk management policy is to ensure that adequate financial resources are available for the development of the combining entities' operations whilst managing their credit, liquidity and market risks. The combining entities operate within clearly defined guidelines that are approved by the Board and the combining entities' policy is not to engage in speculative transactions.

34. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

The following sections provide details regarding the combining entities' exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the combining entities if a customer or counterparty to a financial instrument fails to meet their contractual obligations. The combining entities' exposure to credit risk arises principally from trade receivables, other receivables, amount due from a related parties, amount due from a Director, fixed deposits with licensed banks and cash and bank balances. There are no significant changes as compared to previous financial years.

The combining entities have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The combining entities provide financial guarantees to banks for banking facilities granted to the companies in which the Directors have interests. The combining entities monitor on an ongoing basis the results of the related parties and repayments made by the related parties.

At each reporting date, the combining entities assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when combining entities determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the combined statements of financial position as at the reporting date represent the combining entities' maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities to the companies in which the Directors have interests.

There are no significant changes as compared to previous financial years.

34. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Credit risk concentration

As at the end of the financial years, the combined entities have 2 (31.12.2023: 3, 31.12.2022: 2 and 31.12.2021: 3) major customers and accounted for approximately 70% (31.12.2023: 74%, 31.12.2022: 85% and 31.12.2021: 73%) of the combined entities' trade receivables outstanding.

(ii) Liquidity risk

Liquidity risk refers to the risk that the combining entities will encounter difficulty in meeting their financial obligations as they fall due. The combining entities' exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The combining entities' funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The combining entities finance their liquidity through internally generated cash flows and minimise liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the combining entities can be required to pay.

	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited					
31.8.2024					
Non-derivative financial liabilities					
Trade payables	12,049,991	-	-	12,049,991	12,049,991
Other payables	9,883,450	-	-	9,883,450	9,883,450
Amount due to related parties	4,384,297	-	-	4,384,297	4,384,297
Lease liabilities	541,479	1,448,027	6,500	1,996,006	1,824,632
	26,859,217	1,448,027	6,500	28,313,744	28,142,370
Financial guarantees*	39,346,640	-	-	39,346,640	-

34. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the combining entities can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited					
31.12.2023					
Non-derivative financial liabilities					
Trade payables	41,838,973	-	-	41,838,973	41,838,973
Other payables	9,080,943	-	-	9,080,943	9,080,943
Amount due to related parties	4,884,297	-	-	4,884,297	4,884,297
Lease liabilities	413,104	1,354,345	-	1,767,449	1,592,878
	56,217,317	1,354,345	-	57,571,662	57,397,091
Financial guarantees*	32,375,437	-	-	32,375,437	-
Audited					
31.12.2022					
Non-derivative financial liabilities					
Trade payables	32,247,287	-	-	32,247,287	32,247,287
Other payables	7,205,527	-	-	7,205,527	7,205,527
Amount due to Directors	77,002	-	-	77,002	77,002
Term loans	44,688	105,216	-	149,904	138,178
Bankers' acceptance	1,773,000	-	-	1,773,000	1,773,000
Bank overdraft	277,463	-	-	277,463	277,463
Lease liabilities	380,480	260,219	2,856	643,555	602,218
	42,005,447	365,435	2,856	42,373,738	42,320,675
Financial guarantees*	781,122	-	-	781,122	-
Audited					
31.12.2021					
Non-derivative financial liabilities					
Trade payables	10,698,759	-	-	10,698,759	10,698,759
Other payables	16,686,067	-	-	16,686,067	16,686,067
Amount due to related parties	121,177	-	-	121,177	121,177
Amount due to Directors	40,671	-	-	40,671	40,671
Term loans	44,688	149,904	-	194,592	175,572
Bankers' acceptance	258,000	-	-	258,000	258,000
Bank overdraft	259,267	-	-	259,267	259,267
Lease liabilities	558,208	361,944	-	920,152	885,902
	28,666,837	511,848	-	29,178,685	29,125,415
Financial guarantees*	1,740,450	-	-	1,740,450	-

34. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

* Based on the maximum amount that can be called for under the financial guarantee contract.

The combining entities have issue performance bonds, advance payment bonds and tender bonds granted by financial institutions to their contract customers in respect of contract works. At end of the reporting period, there was no indication that the combining entities would default on the project which require the payment made to their contract customers.

(iii) Market risk

(a) Foreign currency risk

The combine entities are exposed to foreign currency risk on transactions that and denominated in currency other than the respective functional currency of the combine entities. The currency giving rise to the risk is SGD and USD.

The combined entities have not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the net exposure to foreign currency is monitored from time to time by management.

The carrying amounts of the combine entities' foreign currency denominated financial assets and financial liabilities at end of the reporting periods are as follows:

	Denominated SGD RM	**Denominated USD RM**	**Total RM**
Audited			
31.8.2024			
Cash and bank balances	-	327	327
Audited			
31.12.2023			
Cash and bank balances	-	327	327
Trade payables	(33,955)	-	(33,955)
	(33,955)	327	(33,628)
Audited			
31.12.2022			
Cash and bank balances	-	327	327
Audited			
31.12.2021			
Cash and bank balances	-	327	327
Trade payables	-	(65,179)	(65,179)
	-	(64,852)	(64,852)

34. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from the combined entities have a RM functional currency. The exposure to currency risk of the combined entities which do not have a RM functional currency is not materials and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the combined entities' profit before tax to a reasonable possible change in the SGD and USD, with all other variables held constant.

		Effect on profit before tax			
		Audited 31.8.2024 RM	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**	**Audited 31.12.2021 RM**
SGD	Strengthen 1% (31.12.2023, 31.12.2022 and 31.12.2021: 1%)	-	(340)	-	-
	Weakened 1% (31.12.2023, 31.12.2022 and 31.12.2021: 1%)	-	340	-	-
USD	Strengthen 1% (31.12.2023, 31.12.2022 and 31.12.2021: 1%)	3	3	3	(649)
	Weakened 1% (31.12.2023, 31.12.2022 and 31.12.2021: 1%)	(3)	(3)	(3)	649

(b) Interest rate risk

The combining entities' fixed rate deposits placed with a licensed bank and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The combining entities' variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The combining entities manage their interest rate risk of their deposits with a licensed financial institution by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

34. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The combining entities manage their interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The combining entities constantly monitor their interest rate risk by reviewing their debts portfolio to ensure favourable rates are obtained. The combining entities do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the combining entities' significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Audited 31.8.2024 RM	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**	**Audited 31.12.2021 RM**
Fixed rate instrument				
Financial assets				
Fixed deposit with licensed bank	13,018,038	14,660,635	6,956,514	15,570,639
Cash and bank balances	22,190,000	16,100,000	1,100,000	2,700,000
	35,208,038	30,760,635	8,056,514	18,270,639
Financial liabilities				
Bankers' acceptance	-	-	(1,773,000)	(258,000)
Lease liabilties	(1,824,632)	(1,592,878)	(602,218)	(885,902)
	(1,824,632)	(1,592,878)	(2,375,218)	(1,143,902)
	33,383,406	29,167,757	5,681,296	17,126,737
Floating rate instrument				
Financial liabilities				
Amount due to related parties	-	-	-	(1,000,000)
Term loans	-	-	(138,178)	(175,572)
Bank overdraft	-	-	(277,463)	(259,267)
	-	-	(415,641)	(1,434,839)

34. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The combining entities do not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flows sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the combining entities' profit before tax by RMNil (31.12.2023: RMNil, 31.12.2022: RM4,156 and 31.12.2021: RM14,348), arising mainly as a result of lower/higher interest expense on floating rate borrowings. This analysis assumed that all other variables remain constant. The assumed movement in basis points for the interest rate sensitivity analysis based on the currently observable market environment.

(c) Market price risk

Market price risk is the risk that the fair value or future cash flows of the combined entities' financial instruments will fluctuate because of changes in market prices (Other than interest or exchange rates).

The combined entities is exposed to equity price risk arising from its investment in quoted instruments. These investments are listed on Bursa Malaysia and are classified as financial assets at FVTPL.

Management of the combined entities monitors investments in quoted instruments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by Board of Directors of the combined entities.

Market price risk sensitivity analysis

At the reporting date, if the various stock indices had been 1% higher/lower, with all other variables held constant, the Company's profit before tax would have been RMNil (31.12.2023: RMNil, 31.12.2022: RM20,000 and 31.12.2021: RMNil) higher/lower, arising as a result of higher/lower fair value gain on held for trading investments in equity instruments.

34. **Financial instruments (Cont'd)**

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value, together with their fair values and carrying amounts shown in the combined statements of financial position.

	Fair value of financial instrument carried at fair value Level 1 RM	Total fair value RM	Carrying amount RM
Audited			
31.12.2022			
Financial asset			
Other investment	2,000,000	2,000,000	2,000,000

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

34. **Financial instruments (Cont'd)**

(c) Fair value of financial instruments (Cont'd)

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

35. **Capital management**

The combining entities manages its capital to ensure that entities within the combining entities will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the combining entities may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The combining entities manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the combining entities at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

36. **Material partly-owned combined entity**

The combining entities' objective when managing capital are to safeguard the combining entities' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Name of company	Proportion of ownership interest and voting rights held by NCI Audited 31.8.2024 %	Audited 31.12.2023 %	Audited 31.12.2022 %	Audited 31.12.2021 %
CBH Maintenance	-	-	-	7.5

Name of company	Loss allocated to NCI Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
CBH Maintenance	-	-	-	50,848

Name of company	Carrying amount of NCI Audited 31.8.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM	Audited 31.12.2021 RM
CBH Maintenance	-	-	-	926,050

Summarised financial information for combined entity that has NCI that are material to the combining entities is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statement of financial position

	CBH Maintenance RM
Audited	
31.12.2021	
Non-current asset	271,040
Curent assets	13,250,029
Non-current liability	(62,526)
Current liabilities	(1,111,206)
Net assets	12,347,337

36. **Material partly-owned combined entity (Cont'd)**

(ii) Summarised statement of profit or loss and other comprehensive income

	CBH Maintenance RM
Audited	
31.12.2021	
Revenue	4,898,573
Profit for the financial year, representing total comprehensive income for the financial year	677,972

(iii) Summarised statement of cash flow

	CBH Maintenance RM
Audited	
31.12.2021	
Net cash used in operating activities	(1,048,126)
Net cash from investing activity	126,049
Net cash used in financing activities	(771,247)
Net decrease in cash and cash equivalents	(1,693,324)

37. **Subsequent event**

On 3 December 2024, the combining entities received dividend in specie amounting to RM4,384,297 from CBH Projects Engineering as part return of capital to contributory under Rules 102 of the Companies (Winding up) Rules 1972.

CBH ENGINEERING HOLDING BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being the two Directors of the combining entities, do hereby state that, in the opinion of the Directors, the combined financial statements set out on pages 5 to 69 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the combined financial position of the combining entities as at 31 August 2024, 31 December 2023, 31 December 2022 and 31 December 2021 and of their combined financial performance and cash flows for the financial years ended 31 December 2023, 31 December 2022, 31 December 2021 and financial periods ended 31 August 2024 and 31 August 2023.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 4 December 2024.

CHEAH BOON HWA	CHEAH BOON HUAT

KUALA LUMPUR

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants
Unit E-16-2B, Level 16, ICON Tower (East)
No.1, Jalan 1/68F, Jalan Tun Razak
50400 Kuala Lumpur
Tel: +603 9771 4326
Fax: +603 9771 4327
Email: tgsaudit@tgs-tw.com
www.tgs-tw.com

The Board of Directors
CBH Engineering Holding Berhad
No. 12, Jalan Anggerik Vanilla AD 31/AD
Kota Kemuning, 40460 Shah Alam
Selangor Darul Ehsan

Dear Sirs,

CBH ENGINEERING HOLDING BERHAD ("CBH" OR "THE COMPANY") REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024

We have completed our assurance engagement to report on the compilation of Pro Forma Combined Statements of Financial Position of CBH Engineering Holding Berhad and of its subsidiaries (collectively known as "the combining entities" or "CBH Group") as at 31 August 2024.

The applicable criteria on the basis of which the Board have compiled the Pro Forma Combined Statements of Financial Position are described in the notes thereon to the Pro Forma Combined Statements of Financial Position. The Pro Forma Combined Statements of Financial Position is prepared in accordance with the requirements of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysia Institute of Accountants ("Guidance Note") ("Applicable Criteria").

The Pro Forma Combined Statements of Financial Position have been compiled by the Directors for illustrative purposes only and for inclusion into the prospectus of CBH Group in connection with the listing of and quotation for the entire enlarged issued share capital of CBH Group on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

As part of this process, information about the combining entities' combined financial position has been extracted by the Directors from the audited statements of financial position of the combining entities as at 31 August 2024, on which was reported by us to the members of the combining entities on 4 December 2024 without any modification.

Directors' Responsibility for the Pro Forma Combined Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis of the Applicable Criteria.

Our Independence and Quality Control

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

Our firm applies *International Standard on Quality Management ("ISQM") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the Pro Forma Combined Statements of Financial Position have been properly compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements ("ISAE") 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis of the Applicable Criteria.

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

The purpose of the Pro Forma Combined Statements of Financial Position included in the Prospectus is solely to illustrate the impact of a significant event or transaction or unadjusted financial information on the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors of the Company in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:-

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Combined Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

Our Responsibility (Cont'd)

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

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

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

Opinion

In our opinion, the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria.

Other Matter

This report has been prepared solely for the purpose of inclusion in the Prospectus of CBH Engineering Holding Berhad in connection with the Listing. It is not intended to be used for any other purposes. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants

KUAN JUN XIAN
03758/06/2025 J
Chartered Accountant

Kuala Lumpur
4 December 2024

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION *(Cont'd)*

CBH ENGINEERING HOLDING BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024

The Pro Forma Combined Statements of Financial Position of CBH Group as at 31 August 2024 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 31 August 2024, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position.

	Note	At 31.8.2024	Adjustments for Acquisition/Material Subsequent Transaction	Proforma I After Acquisition	Adjustments for Public Issue	Proforma II After Public Issue	Adjustments for Utilisation of Proceeds	Proforma III After Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
ASSETS								
Non-current assets								
Property, plant and equipment	3.01	-	2,573,034	2,573,034	-	2,573,034	-	2,573,034
Deferred tax assets	3.02	-	2,973,000	2,973,000	-	2,973,000	-	2,973,000
Total non-current assets		-		5,546,034		5,546,034		5,546,034
Current assets								
Trade receivables	3.03	-	45,516,835	45,516,835	-	45,516,835	-	45,516,835
Contract assets	3.04	-	38,175,760	38,175,760	-	38,175,760	-	38,175,760
Other receivables	3.05	1,795,021	1,780,317	3,575,338	-	3,575,338	(1,795,021)	1,780,317
Tax recoverable	3.06	-	253,898	253,898	-	253,898	-	253,898
Fixed deposits with licensed banks	3.07	-	13,018,038	13,018,038	-	13,018,038	-	13,018,038
Cash and bank balances	3.08	20	28,581,451	28,581,471	83,440,000	112,021,471	(3,904,979)	108,116,492
Total current assets		1,795,041		129,121,340		212,561,340		206,861,340
Total assets		1,795,041		134,667,374		218,107,374		212,407,374

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14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION *(Cont'd)*

CBH ENGINEERING HOLDING BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024 (CONT'D)

The Pro Forma Combined Statements of Financial Position of CBH Group as at 31 August 2024 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 31 August 2024, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position. (Cont'd)

	Note	At 31.8.2024	Adjustments for Acquisition/Material Subsequent Transaction	Proforma I After Acquisition	Adjustments for Public Issue	Proforma II After Public Issue	Adjustments for Utilisation of Proceeds	Proforma III After Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES								
EQUITY								
Share capital	3.09	20	57,142,553	57,142,573	83,440,000	140,582,573	(2,518,794)	138,063,779
Merger deficit	3.10	-	(55,042,553)	(55,042,553)	-	(55,042,553)	-	(55,042,553)
(Accumulated losses)/Retained earnings	3.11	(87,505)	90,459,160	90,371,655	-	90,371,655	(3,181,206)	87,190,449
Total equity		(87,485)		92,471,675		175,911,675		170,211,675
LIABILITIES								
Non-current liabilities								
Lease liabilities	3.12	-	1,356,860	1,356,860	-	1,356,860	-	1,356,860
Total non-current liabilities		-		1,356,860		1,356,860		1,356,860

CBH ENGINEERING HOLDING BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024 (CONT'D)

The Pro Forma Combined Statements of Financial Position of CBH Group as at 31 August 2024 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 31 August 2024, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position. (Cont'd)

	Note	At 31.8.2024	Adjustments for Acquisition/Material Subsequent Transaction	Proforma I After Acquisition	Adjustments for Public Issue	Proforma II After Public Issue	Adjustments for Utilisation of Proceeds	Proforma III After Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES (CONT'D)								
LIABILITIES (CONT'D)								
Current liabilities								
Lease liabilities	3.12	-	467,772	467,772	-	467,772	-	467,772
Trade payables	3.13	-	12,049,991	12,049,991	-	12,049,991	-	12,049,991
Other payables	3.14	66,425	9,817,025	9,883,450	-	9,883,450	-	9,883,450
Amount due to related parties	3.15	1,816,101	(1,816,101)	-	-	-	-	-
Contract liabilities	3.16	-	15,042,080	15,042,080	-	15,042,080	-	15,042,080
Tax payable	3.17	-	3,395,546	3,395,546	-	3,395,546	-	3,395,546
Total current liabilities		1,882,526		40,838,839		40,838,839		40,838,839
Total liabilities		1,882,526		42,195,699		42,195,699		42,195,699
Total equity and liabilities		1,795,041		134,667,374		218,107,374		212,407,374
Issued ordinary share capital (Unit)		200	1,582,896,193	1,582,896,393	298,000,000	1,880,896,393	-	1,880,896,393
Net assets per share attributable to owners of CBH Engineering Holding Berhad (RM)		(437.43)		0.06		0.09		0.09
Lease liabilities and Borrowings		-		1,824,632		1,824,632		1,824,632
Gearing ratio (times)		-		0.02		0.01		0.01

CBH ENGINEERING HOLDING BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024 (CONT'D)

1. BASIS OF PREPARATION

The Pro Forma Combined Statements of Financial Position of CBH Group has been prepared for illustrative purposes and on the assumptions that all the transactions mentioned as per Note 2 to the Pro Forma Combined Statements of Financial Position had taken place on 31 August 2024.

The Pro Forma Combined Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the audited financial statements of the combining entities for the financial period ended 31 August 2024 and in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Prospectus Guidelines, except for the adoption of the following new accounting policy:

Merger method of accounting

The Pro Forma Combined Statements of Financial Position are combined using the merger method as these companies are under the common control by the same party both before and after the acquisition of CBH Engineering Sdn. Bhd. ("CBH Engineering"), CBH Maintenance Sdn. Bhd. ("CBH Maintenance") and CBH M&E Engineering Sdn. Bhd. ("CBH M&E"). When the merger method is used, the difference between the cost of investment recorded by the Group and the share capital of the subsidiaries are accounted for as merger deficit in the Pro Forma Combined Statements of Financial Position.

CBH Engineering, CBH Maintenance and CBH M&E are regarded as a continuing entity resulting from the reorganisation exercise because the management of CBH Engineering, CBH Maintenance and CBH M&E, which participated in the reorganisation exercise was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

2. LISTING SCHEME

(i) Pro Forma I

Acquisition

The Acquisition entailed acquiring the entire equity interest of CBH Engineering, CBH Maintenance, and CBH M&E, for a total purchase consideration of RM57,142,553, which was satisfied via the issuance of 1,582,896,193 new shares at an issue price of RM0.0361 per share. This was based on the net assets of CBH Engineering, CBH Maintenance, and CBH M&E as of 31 December 2023 and adjusted for dividends declared subsequent to 31 December 2023 by CBH Engineering, amounting to RM15,500,000, and by CBH M&E, amounting to RM5,500,000, respectively.

The acquisition was completed on 23 October 2024.

Material Subsequent Transactions

On 3 December 2024, the combining entities received dividend in specie amounting to RM4,384,297 from CBH Projects Engineering as part return of capital to contributory under Rules 102 of the Companies (Winding up) Rules 1972.

CBH ENGINEERING HOLDING BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024

2. **LISTING SCHEME (CONT'D)**

(ii) **Pro Forma II: Public Issue**

The Public Issue involves a public issue of 298,000,000 new ordinary shares in CBH Engineering Holding Berhad at an issue price of RM0.28 per share.

In conjunction with the initial public offering ("IPO"), the Company would list and quote of its enlarged issued share capital comprising 1,880,896,393 ordinary shares in CBH Engineering Holding Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

(iii) **Pro Forma III: Utilisation of Proceeds**

Gross proceeds from the Public Issue of RM83,440,000 are expected to be utilised as follows:

Details of use of proceeds	**Estimated timeframe for the use of proceeds upon Listing**	**RM**	**% of total gross proceeds from the Public Issue**
Business expansion:			
- Procurement of equipment and components for future projects	36 months [(1)]	38,504,000	46.15%
- Payment to subcontractors for future projects	18 months [(1)]	18,480,000	22.15%
- Bank guarantees for future projects	36 months [(1)]	17,300,000	20.73%
- Recruitment of engineers and other personnel	24 months [(1)]	3,456,000	4.14%
Estimated listing expenses*	1 month [(1)]	5,700,000	6.83%
Total estimated proceeds		**83,440,000**	**100.00%**

(1) From the date of listing of the shares.

* The listing expenses are estimated at RM5,700,000 and will be set off against the share capital and profit or loss accordingly. The apportionment is disclosed in Notes 3.09 and 3.11.

\# As at 31 August 2024, the Group has paid RM1,795,021 of listing expenses and is recognised in the prepayment. The said prepayment will be subsequently debited against share capital and/or expensed off to the combined statements of profit or loss and other comprehensive income upon completion of the IPO.

CBH ENGINEERING HOLDING BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024

3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

3.01 PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	2,573,034
As per Pro Forma I to III	2,573,034

3.02 DEFERRED TAX ASSETS

The movements in deferred tax assets are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	2,973,000
As per Pro Forma I to III	2,973,000

3.03 TRADE RECEIVABLES

The movements in trade receivables are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	45,516,835
As per Pro Forma I to III	45,516,835

3.04 CONTRACT ASSETS

The movements in contract assets are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	38,175,760
As per Pro Forma I to III	38,175,760

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CBH ENGINEERING HOLDING BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024

3. **EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.05 **OTHER RECEIVABLES**

The movements other receivables are as follows:

	RM
At 31 August 2024	1,795,021
Pursuant to Acquisition	1,780,317
As per Pro Forma I to II	3,575,338
Pursuant to Utilisation of Proceeds	
- Estimated listing expenses	(1,795,021)
As per Pro Forma III	1,780,317

3.06 **TAX RECOVERABLE**

The movements in tax recoverable are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	253,898
As per Pro Forma I to III	253,898

3.07 **FIXED DEPOSITS WITH LICENSED BANK**

The movements in fixed deposits with licensed banks are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	13,018,038
As per Pro Forma I to III	13,018,038

CBH ENGINEERING HOLDING BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024

3. **EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.08 **CASH AND BANK BALANCES**

The movements in cash and bank balances are as follows:

	RM
At 31 August 2024	20
Pursuant to Acquisition	28,581,451
As per Pro Forma I	28,581,471
Pursuant to Public Issue	83,440,000
As per Pro Forma II	112,021,471
Pursuant to Utilisation of Proceeds	
- Listing expenses	(3,904,979)
As per Pro Forma III	108,116,492

3.09 **SHARE CAPITAL**

The movements in share capital are as follows:

	RM
At 31 August 2024	20
Pursuant to Acquisition	57,142,553
As per Pro Forma I	57,142,573
Pursuant to Public Issue	83,440,000
As per Pro Forma II	140,582,573
Pursuant to Utilisation of Proceeds	
Less: Estimated listing expenses*	(2,518,794)
As per Pro Forma III	138,063,779

* The estimated listing expenses of RM2,518,794 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM3,181,206 that is attributable to the Listing will be expensed off to profit and loss.

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CBH ENGINEERING HOLDING BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024

3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.10 MERGER DEFICIT

The movements in merger deficit are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	(55,042,553)
As per Pro Forma I to III	(55,042,553)

3.11 (ACCUMULATED LOSSES)/RETAINED EARNINGS

The movements in (accumulated losses)/retained earnings are as follows:

	RM
At 31 August 2024	(87,505)
Pursuant to Acquisition	86,074,863
Pursuant to Material Subsequent Transaction	4,384,297
As per Pro Forma I to II	90,371,655
Pursuant to Utilisation of Proceeds	
- Estimated listing expenses*	(3,181,206)
As per Pro Forma III	87,190,449

* The estimated listing expenses of RM2,518,794 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM3,181,206 that is attributable to the Listing will be expensed off to profit and loss.

3.12 LEASE LIABILITIES

The movements in lease liabilities are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	
- Non-current liabilities	1,356,860
- Current liabilities	467,772
As per Pro Forma I to III	1,824,632

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CBH ENGINEERING HOLDING BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024

3. **EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.13 **TRADE PAYABLES**

The movements in trade payables are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	12,049,991
As per Pro Forma I to III	12,049,991

3.14 **OTHER PAYABLES**

The movements in other payables are as follows:

	RM
At 31 August 2024	66,425
Pursuant to Acquisition	9,817,025
As per Pro Forma I to III	9,883,450

3.15 **AMOUNT DUE TO RELATED PARTIES**

The movements in amount due to related parties are as follows:

	RM
At 31 August 2024	1,816,101
Pursuant to Acquisition	2,568,196
Pursuant to Material Subsequent Transaction	(4,384,297)
As per Pro Forma I to III	-

CBH ENGINEERING HOLDING BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024

3. **EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.16 **CONTRACT LIABILITIES**

The movements in contract liabilities are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	15,042,080
As per Pro Forma I to III	15,042,080

3.17 **TAX PAYABLE**

The movements in tax payable are as follows:

	RM
At 31 August 2024	-
Pursuant to Acquisition	3,395,546
As per Pro Forma I to III	3,395,546

CBH ENGINEERING HOLDING BERHAD

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024 (CONT'D)

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 4 December 2024.

On behalf of the Board of Directors

Cheah Boon Hwa
Director

Cheah Boon Huat
Director

15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

(a) As at the date of this Prospectus, we have only 1 class of shares in our Company, namely, ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(b) Save for the new Shares to be issued under the Pink Form Allocations as disclosed in Section 4.3.1 of this Prospectus,

(i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any shares of our Company or our subsidiaries; and

(ii) there is no scheme involving the directors and employees of our Group in the shares of our Company or our subsidiaries.

(c) Save as disclosed in Sections 4.3.1 and 6.3 of this Prospectus, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 3 years immediately preceding the LPD.

(d) Save for our Public Issue as disclosed in Section 4.3.1 of this Prospectus, there is no intention on the part of our Directors to further issue any Shares.

(e) As at the date of this Prospectus, we do not have any outstanding warrants, options, convertible debt securities or uncalled capital.

15.2 CONSTITUTION

The following provisions are extracted from our Company's Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here, or the context otherwise requires. The following provisions extracted from our Company's Constitution are based on the Listing Requirements, the Act and the Depository Rules.

(a) Remuneration, voting and borrowing power of Directors

The provisions in our Constitution dealing with remuneration, voting and borrowing power of Directors are as follows:

Clause 93 - Directors' remuneration

The fees and benefits payable to the Directors of the Company including compensation for loss of employment of a Director or a former Director of the Company shall from time to time be approved by Members in a general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree **PROVIDED ALWAYS** that:

93.1 salaries payable to executive Director(s) may not include a commission on or percentage of turnover; and

93.2 fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover.

[The rest of this page is intentionally left blank]

Clause 94 - Reimbursement of expenses

94.1 The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

94.2 If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.

Clause 115 - Alternate Director

115.2 An alternate Director shall (except as regards power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such Directors' meeting at which his appointer is not present.

Clause 117 - Remuneration of Managing Director

The remuneration of a managing director or managing directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

Clause 98 - Directors' borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company or of any related third party subject to the law, including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Clause 111 - Chairman of the Directors' meeting to have a casting vote

111.1 Subject to this Constitution any question arising at any meeting of the Directors shall be decided by a majority of votes, each Director having one (1) vote and a determination by a majority of the Directors shall for all purposes be deemed a determination of the Directors.

111.2 In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote EXCEPT where only two (2) of the Directors form a quorum and only such Directors are present at the meeting or where only two (2) of the Directors are competent to vote on the question in issue, whereupon the resolution shall be deemed not to have been passed, without affecting any other businesses at the meeting.

Clause 113 - Disclosure of interest and restriction on discussion and voting

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by law. Subject to Section 222 of the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested **PROVIDED ALWAYS** that he has complied with Section 221 of the Act and all other relevant provisions of the Act and this Constitution.

Clause 114 - Power to vote

Without prejudice to the provisions of any other Constitution, the Act and the Listing Requirements, a Director may vote in respect of:

(i) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

(ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security.

(b) Changes to Share Capital

The provisions in our Constitution dealing with changes in share capital are as follows:

Clause 8 - Issue of Shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, but subject to the Act, the Listing Requirements, any other statutory requirements, and to conditions, restrictions and limitations expressed in this Constitution, the Directors may allot, issue or grant rights to subscribe for or otherwise dispose of unissued shares in the Company to such persons, at such time and on such terms and conditions, with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as they deem proper, but the Directors in making any such issue of shares shall comply with the following conditions:

(i) No Shares shall be issued at a discount except in compliance with the provisions of the Act and Listing Requirements;

(ii) The rights attaching to shares of a class other than ordinary shares, shall be expressed in this Constitution, the respective term sheets and/or subscription agreement;

(iii) No issue of Shares shall be made without the prior approval of the members of the Company in a general meeting; and

(iv) No Director shall participate in a scheme that involves a new issuance of Shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director and such Director must not vote on the resolution approving the said allotment.

Clause 52 - Power to increase capital

Subject to the Act, this Constitution, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

Clause 53 - Offer of new Shares to the existing Member

Subject to any direction to the contrary that may be given by the Company in a general meeting, any new Shares or other convertible securities of whatever kind for the time being unissued and not allotted and any new Shares or securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of the general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or securities offered and limiting a time within which the offer, if not accepted shall be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may also dispose of any new Shares or securities which (by reason of the ratio which the new Shares or Securities bear to Shares or Securities held by persons entitled to an offer of new Shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Clause 54 - Ranking of new Shares

Except so far as otherwise provided by the conditions of issue in this Constitution, any share capital raised by the creation of new Shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the allotments, the payment of calls and instalments, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Clause 55 - Power to alter capital

The Company may by ordinary resolution and subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution:

55.1 consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;

55.2 subdivide its share capital or any part thereof into Shares of smaller amount, subject nevertheless to the provisions of the Act and so that as between the resulting Shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such Shares;

55.3 cancel Shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; or

55.4 convert and/or reconvert and/or re-classify any class of Shares into any other class of Shares.

Clause 56 - Power to reduce capital

The Company may by special resolution, subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, reduce its share capital, any capital redemption reserve fund or any reserve account in any manner authorised by the Act and subject to any consent required by law.

(c) Transfer of shares

The provisions in our Constitution dealing with transfer of shares are as follows:

Clause 31 - Transfer of Deposited Securities

31.1 Subject to the restriction imposed by this Constitution, the Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

31.2 The Depository may, in its absolute discretion, refuse to register any transfer Deposited Security where the reason for transfer does not fall within any approved reasons provided for in the Rules or does not comply with the Rules.

31.3 Subject to provisions of the Act, the Listing Requirements and the Rules, there shall be no restriction on the transfer of fully paid securities except where required by law or transfer is in respect of the partly paid Shares in respect of which a call has been made and is unpaid.

Clause 32 - Transfer of Shares (Non-Deposited Securities)

32.1 Subject to the provisions of the Act and this Constitution, any Member may transfer all or any of his Shares (which is not Deposited Securities) by a duly executed and stamped instrument in writing. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the Shares transferred until the transfer is registered and the name of the transferee is entered in the Register of Members in respect thereof.

32.2 The instrument of transfer must be left for registration at the Office of the Company together with such fee not exceeding RM1.00 as the Directors from time to time may require accompanied by the certificate of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as a shareholder and retain the instrument of transfer.

32.3 Subject to the Act, the Directors may in their discretion through passing of a resolution to decline or delay registering any transfer of Shares (which is non-Deposited Security) to a person of whom they do not approve, whether or not being fully paid Shares or Shares on which the Company has a lien, within thirty (30) days from the date of receipt the instrument of transfer.

32.4 Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the Shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.

32.5 Subject to any written law, no Shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

32.6 Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any Shares by the allottee thereof in favour of some other persons.

32.7 All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline or refuse to register shall on demand be returned to the person depositing the same. All powers of attorney granted by members for purpose, inter-alia, of transferring Shares which may be lodged, produced or exhibited to the Company or any of its proper officers shall as between the Company and the grantor of such powers be taken and deemed to continue and remain in full force and effect and the same may be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the registered office of the Company.

(d) Rights, preferences, and restrictions attached to each class of securities relating to voting, dividend, liquidation, and any special rights

The provisions in our Constitution pertaining to the rights, preferences, and restrictions attached to each class of securities including voting, dividend, liquidation, and any special rights are as follows:

<u>Clause 8 - Issue of Shares</u>

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, but subject to the Act, the Listing Requirements, any other statutory requirements, and to conditions, restrictions and limitations expressed in this Constitution, the Directors may allot, issue or grant rights to subscribe for or otherwise dispose of unissued shares in the Company to such persons, at such time and on such terms and conditions, with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as they deem proper, but the Directors in making any such issue of shares shall comply with the following conditions:

(i) No Shares shall be issued at a discount except in compliance with the provisions of the Act and Listing Requirements;

(ii) The rights attaching to shares of a class other than ordinary shares, shall be expressed in this Constitution, the respective term sheets and/or subscription agreement;

(iii) No issue of Shares shall be made without the prior approval of the members of the Company in a general meeting; and

(iv) No Director shall participate in a scheme that involves a new issuance of Shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director and such Director must not vote on the resolution approving the said allotment.

Clause 9 - Rights of preference shareholders

9.1 Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company has the power to issue such preference capital ranking equally with, or in priority to preference shares already issued.

9.2 Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, a holder of preference shares must have a right to vote in meetings of holders of their respective class of shares in each of the following circumstances:

(i) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;

(ii) on a proposal to reduce the Company's share capital;

(iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

(iv) on a proposal that affects the rights attached to the preference shares;

(v) on a proposal to wind up the Company;

(vi) during the winding up of the Company; and

(vii) the Company shall not, without the consent of the existing preference members at a class meeting, issue further preference capital ranking in priority above preference share already issued.

9.3 Subject to this Constitution and/or term sheet and/or subscription agreement, a holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited financial statements, and attending general meetings.

9.4 The Company shall not allot any preference shares or convert any issued shares into preference shares unless in accordance with the right of the Members with respect to repayment of capital, participation in surplus assets and profits, cumulative or non-cumulative dividends, voting and priority of payment of capital and dividend in relation to other Shares and other classes of preference shares as set out in this Constitution and/or term sheet and/or subscription agreement.

Clause 10 - Repayment of preference capital

The repayment of preference share capital, other than redeemable preference shares or any alteration of preference shareholders' rights, shall only be made pursuant to a special resolution of the preference shareholders concerned **PROVIDED ALWAYS** that where the necessary majority for such a special resolution is not obtained at the class meeting, consent in writing obtained from the holders of three-fourths (3/4) of the preference capital concerned within two (2) months of the class meeting shall be as valid and effectual as a special resolution carried at the meeting.

Clause 11 - Modification of class rights

Subject to the provisions of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of this Constitution relating to general meetings shall mutatis mutandis apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

Clause 12 - Alteration of rights by issuance of new Shares

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.

15.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer the Shares to the Minister of Finance, and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account/CDS Account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers, and privileges and be subject to all liabilities, duties, and obligations in respect of, or rising from, such Shares.

15.4 GENERAL INFORMATION

(a) Save for the Directors' remuneration as disclosed in Section 5.2.4 of this Prospectus and dividends paid to our Promoters or substantial shareholders as disclosed in Section 5.15 of this Prospectus, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoters, Directors or substantial shareholders.

(b) Save as disclosed in Section 10.1 of this Prospectus, none of our Directors or substantial shareholders has any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

(c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 16 of this Prospectus.

(d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15.5 MATERIAL CONTRACTS

As at the LPD, there is no concern on material contract (including contract that our Group's business or profitability is materially dependent on and material contract that is not in our Group's ordinary course of business) which could have a material adverse impact to our Group's business operations or financial condition.

Save as disclosed below, our Group has not entered into any material contract which is not in the ordinary course of our Group's business within the period covered by the historical financial information as disclosed in this Prospectus up to the date of this Prospectus:

(a) sale and purchase agreement dated 11 December 2023 entered into between CBH Engineering (as the vendor) and Quay Holdings (as the purchaser) for the transfer of property referred to as Impression U-Thant Unit No. A-B-07-02, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings via the distribution of a single tier interim dividend in specie of RM1,100,000 which will be paid via transfer of the said property to Quay Holdings. CBH Engineering has also entered into a deed of assignment dated 11 January 2024 with Quay Holdings to assign and transfer CBH Engineering's rights, title, interest and benefits in Unit No. A-B-07-02, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings. The assignment was completed on 26 February 2024;

(b) sale and purchase agreement dated 11 December 2023 entered into between CBH Engineering (as the vendor) and Quay Holdings (as the purchaser) for the transfer of property referred to as Impression U-Thant Unit No. A-D-07-01, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings via the distribution of a single tier interim dividend in specie of RM1,600,000 which will be paid via transfer of the said property to Quay Holdings. CBH Engineering has also entered into a deed of assignment dated 11 January 2024 with Quay Holdings to assign and transfer CBH Engineering's rights, title, interest and benefits in Unit No. A-D-07-01, Lot 20010, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings The assignment was completed on 26 February 2024;

(c) sale and purchase agreement dated 11 December 2023 entered into between CBH Engineering (as the vendor) and Quay Holdings (as the purchaser) for the transfer of property referred to as Impression U-Thant Unit No. B-B-05-02, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings via the distribution of a single tier interim dividend in specie of RM1,100,000 which will be paid via transfer of the said property to Quay Holdings. CBH Engineering has entered into a deed of assignment dated 11 January 2024 with Quay Holdings to assign and transfer CBH Engineering's rights, title, interest and benefits in Unit No. B-B-05-02, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings. The assignment was completed on 26 February 2024;

(d) sale and purchase agreement dated 11 December 2023 entered into between CBH Engineering (as the vendor) and Quay Holdings (as the purchaser) for the transfer of Unit No. B-B-05-03, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings via the distribution of a single tier interim dividend in specie of RM1,100,000 which will be paid via transfer of the said property to Quay Holdings. CBH Engineering has entered into a deed of assignment dated 11 January 2024 with Quay Holdings to assign and transfer CBH Engineering's rights, title, interest and benefits in Unit No. B-B-05-03, Lot 160 & 170, Jalan U-Thant, 55000 Kuala Lumpur to Quay Holdings. The assignment was completed on 26 February 2024;

(e) sale and purchase agreement dated 11 December 2023 entered into between CBH Engineering (as the vendor) and Quay Holdings (as the purchaser) for the transfer of No. 32, 32A & 32B, Laluan Klebang 22, Klebang Perdana, 31200 Chemor, Perak Darul Ridzuan to Quay Holdings via the distribution of a single tier interim dividend in specie of RM1,295,000 which will be paid via transfer of the said property to Quay Holdings. The assignment was completed on 14 May 2024;

(f) settlement agreement dated 18 December 2023 entered into between CBH Engineering, Quay Holdings and Apple 99 Development Sdn Bhd (**"Apple 99"**) for the sum of RM4,590,000 owing by Apple 99 to CBH Engineering, via the transfer of the properties referred to as Impression U-Thant Unit No. A-D-07-3A and B-D-07-3A held under master title identified as Geran 79945, Lot 20010, Seksyen 89, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur by KOF Holdings Sdn Bhd (**"KOF"**), being the landowner of the land, to Quay Holdings. The settlement agreement shall be completed upon the transfer of abovementioned units by KOF to Quay Holdings;

(g) settlement agreement dated 18 December 2023 entered into between CBH Engineering, Quay Holdings and YTB Impression Sdn Bhd (**"YTB"**) for the sum of RM1,423,800.00 owing by YTB to CBH Engineering, via the transfer of the property referred to as Impression U-Thant Unit No. B-B-07-03 held under master title identified as Geran 79945, Lot 20010, Seksyen 89, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur by KOF, being the land owner of the land, to Quay Holdings. The settlement agreement shall be completed upon the transfer of abovementioned unit by YTB to Quay Holdings;

(h) service and revenue sharing agreement dated 1 June 2021 entered into between CBH Engineering and Alliance Steel (M) Sdn Bhd (**"ASSB"**) (collectively, referred to as the "**Parties**") whereby ASSB has engaged CBH Engineering on an exclusive basis and CBH Engineering has accepted such engagement, to assist ASSB in their application process to obtain approval from the relevant authorities for the sale of excess electricity generated by ASSB's manufacturing plant. As at the LPD, the service and revenue sharing agreement remains effective unless terminated by the Parties;

(i) debt settlement agreement dated 17 May 2022 entered into between Yong Tai Berhad, PTS Impression Sdn Bhd, Apple 99, YTB Development Sdn Bhd, YTB and CBH Engineering. The total debt owing to CBH Engineering was RM8,166,524.27 and the debt settlement agreement was to settle RM5,000,000 out of the total debt via issuance of 10,000,000 new ordinary shares at RM0.50 per share by Yong Tai Berhad to CBH Engineering ("**Yong Tai Shares**"). The debt settlement was completed following the issuance of 10,000,000 Yong Tai Shares to CBH Engineering on 14 September 2022.

(j) CBH Engineering SSA dated 24 May 2024 entered into between our Company (as the purchaser) and Quay Holdings (as the vendor) for the Acquisition of CBH Engineering. The Acquisition of CBH Engineering was completed on 23 October 2024;

(k) CBH M&E SSA dated 24 May 2024 entered into between our Company (as the purchaser) and Quay Holdings and Soon Fong Piew (as the vendors) for the Acquisition of CBH M&E. The Acquisition of CBH M&E was completed on 23 October 2024;

(l) CBH Maintenance SSA dated 24 May 2024 entered into between our Company (as the purchaser) and Quay Holdings and Cheah Lean Chuan (as the vendors) for the Acquisition of CBH Maintenance. The Acquisition of CBH Maintenance was completed on 23 October 2024; and

(m) Underwriting Agreement dated 25 November 2024 between our Company and Mercury Securities as Sole Underwriter for the underwriting of 122,460,000 Underwritten Shares for an underwriting commission of 2.50% of the total value of the Underwritten Shares at our IPO Price. Please refer to Section 4.11 of this Prospectus for the salient terms of the Underwriting Agreement.

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15.6 EXCHANGE CONTROLS

All corporations in Malaysia are required to adopt a single-tier system. As such, all dividends distributed by Malaysian corporations under this system are not taxable. Further, the Malaysian Government does not levy withholding tax on dividends payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian corporations. There is no Malaysian capital gains tax arising from the disposal of listed shares. However, in the event the capital gain arising from the disposal of listed shares is revenue in nature, such gain can be subject to income tax.

As at the date of this Prospectus, we do not have any foreign subsidiary or associated company. As such, there are no law, decree, regulation or other requirement which may affect the repatriation of capital and remittance of profits by or to our Group.

15.7 CONSENTS

(a) The respective written consents of the Principal Adviser, Sponsor, Sole Underwriter, Sole Placement Agent, Solicitors, Company Secretaries, Share Registrar and Issuing House for the inclusion in this Prospectus of their names and all references in the form and context in which such names appear have been given before the issue of this Prospectus, and such consents have not subsequently been withdrawn;

(b) The written consent of the External Auditors and Reporting Accountants for the inclusion in this Prospectus of its name, Accountants' Report and Reporting Accountants' Report on the compilation of Pro Forma Combined Statements of Financial Position as at 31 August 2024 and all references thereto, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus, and such consent has not subsequently been withdrawn; and

(c) The written consent of the IMR for the inclusion in this Prospectus of its name and the IMR Report and all references thereto, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus, and such consent has not subsequently been withdrawn.

15.8 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

(a) our Constitution;

(b) the audited financial statements of our Group for the Financial Years Under Review and FPE 2024;

(c) the Accountants' Report as set out in Section 13 of this Prospectus;

(d) the Reporting Accountants' Report on the compilation of Pro Forma Combined Statements of Financial Position as at 31 August 2024 as set out in Section 14 of this Prospectus;

(e) the IMR Report as set out in Section 8 of this Prospectus;

(f) the material contracts as set out in Section 15.5 of this Prospectus; and

(g) the letters of consent as set out in Section 15.7 of this Prospectus.

15.9 RESPONSIBILITY STATEMENTS

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

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

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION

Applications for our IPO Shares will be accepted and closed at the time and date stated as below:

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., ON 20 DECEMBER 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., ON 2 JANUARY 2025

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

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Retail Offering

Application must accord with the terms of our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types 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 or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

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16.2.2 Private Placement

Types of Application	Application Method
Application by selected investors	The Sole Placement Agent will contact the selected investors directly. They should follow the Sole Placement Agent's instructions.
Application by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Eligible persons, selected investors and Bumiputera investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(a) You must be one of the following:

- (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
- (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
- (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;

(b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(c) You must submit Applications by using only one of the following methods:

(i) White Application Form;

(ii) Electronic Share Application; or

(iii) Internet Share Application.

16.3.3 Application by the Eligible Persons

Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions on the said documents and where relevant, in this Prospectus.

The Eligible Persons who have made applications using the Pink Application Form may still apply for our IPO Shares allocated to the Malaysian Public using the White Application Form or through the Electronic Share Application or the Internet Share Application.

16.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions printed therein or which are illegible will not be accepted.

The FULL amount payable is RM0.28 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 786"**and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

(ii) **DELIVER BY HAND AND DEPOSIT** in the issuing house drop-in box provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur so as to arrive not later than 5.00 p.m. on 2 January 2025 or by such other time and date specified in any change to the time or date for the closing of the applications for our IPO shares.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the following Internet Participating Financial Institutions or Participating Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malacca Securities Malaysia Sdn Bhd, Malayan Banking Berhad, Moomoo Securities Malaysia Sdn Bhd and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firms (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions or Participating Securities Firms.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(a) reject Applications which:

 (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

 (ii) are illegible, incomplete or inaccurate; or

 (iii) are accompanied by an improperly drawn up, or improper form of, remittance; or

(b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 of this Prospectus below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER / UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of our IPO shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, at all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at https://tiih.online within one Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event this requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Sole Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

(a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your registered or correspondence address last maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(b) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).

(d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary / registered post to your registered or correspondence address last maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

(a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firms of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institution or Internet Participating Financial Institution or Participating Securities Firms (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(b) You may check your account on the 5th Market Day from the balloting date.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions or Participating Securities Firms (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution or Internet Participating Financial Institution or Participating Securities Firms will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution or Internet Participating Financial Institution or Participating Securities Firms will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(a) Our IPO Shares allotted to you will be credited into your CDS account.

(b) A notice of allotment will be despatched to you at your registered or correspondence address last maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House's Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	The relevant Participating Financial Institution
Internet Share Application	The relevant Internet Participating Financial Institution or Participating Securities Firm and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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