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**13. ACCOUNTANTS' REPORT (Cont'd)**

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**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**7. RIGHT-OF-USE ASSETS (CONT'D)**

The Group's leasing activities are summarised below:-

- |                    |  |
|--------------------|--|
| (i) Motor vehicles | The Group has leased their motor vehicles under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount. |
| (ii) Offices       | The Group has leased a number of office premises for administration and operation ranging from 1 year to 2 years, with an option to renew the leases after that date.  |
| (iii) Hostels      | The Group has leased a number of hostels for their employees ranging from 1 year to 2 years, with an option to renew the lease after that date.  |
| (iv) Site stores   | The Group has leased a number of site stores that run for a period ranging from 2 years to 3 years, with an option to renew the lease after that date. The Group is not allowed to sublease the site stores.                         |

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**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****8. INTANGIBLE ASSETS**

	<b>Audited 30.11.2020 RM</b>	<b>Audited 30.11.2021 RM</b>	<b>Audited 30.11.2022 RM</b>	<b>Audited 31.5.2022 RM</b>	<b>Audited 31.5.2023 RM</b>
Cost:-					
At 1 December	-	648,635	648,635	648,635	648,635
Additions during the financial year/period	648,635	-	-	-	-
At 30 November/31 May	<u>648,635</u>	<u>648,635</u>	<u>648,635</u>	<u>648,635</u>	<u>648,635</u>
Accumulated amortisation:-					
At 1 December	-	(118,916)	(248,643)	(248,643)	(378,370)
Amortisation during the financial year/period	(118,916)	(129,727)	(129,727)	(64,864)	(64,864)
At 30 November/31 May	<u>(118,916)</u>	<u>(248,643)</u>	<u>(378,370)</u>	<u>(313,507)</u>	<u>(443,234)</u>
	<u>529,719</u>	<u>399,992</u>	<u>270,265</u>	<u>335,128</u>	<u>205,401</u>

The intangible assets represents a software system in providing a central platform for underground utilities data and professional mapping services. The amortisation charges is recognised in profit or loss under the "Cost of Sales" line item.

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****9. INVENTORIES**

	<b>Audited 30.11.2020 RM</b>	<b>Audited 30.11.2021 RM</b>	<b>Audited 30.11.2022 RM</b>	<b>Audited 31.5.2022 RM</b>	<b>Audited 31.5.2023 RM</b>
Raw materials	776,157	372,993	18,570	1,970,832	408,538
Goods-in-transit	3,552,120	-	-	-	-
	<u>4,328,277</u>	<u>372,993</u>	<u>18,570</u>	<u>1,970,832</u>	<u>408,538</u>
Recognised in profit or loss:-					
Inventories recognised as cost of sales	<u>49,690,932</u>	<u>37,323,873</u>	<u>155,844,598</u>	<u>69,706,561</u>	<u>7,775,930</u>

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**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****10. TRADE RECEIVABLES**

	<b>Audited</b> <b>30.11.2020</b> RM	<b>Audited</b> <b>30.11.2021</b> RM	<b>Audited</b> <b>30.11.2022</b> RM	<b>Audited</b> <b>31.5.2022</b> RM	<b>Audited</b> <b>31.5.2023</b> RM
Trade receivables	62,184,441	59,043,398	75,099,988	52,273,115	77,883,996
Allowance for impairment losses	(5,047,342)	(3,868,438)	(755,372)	(2,128,687)	(1,380,855)
	<u>57,137,099</u>	<u>55,174,960</u>	<u>74,344,616</u>	<u>50,144,428</u>	<u>76,503,141</u>
Allowance for impairment losses:-					
At 1 December	(3,906,708)	(5,047,342)	(3,868,438)	(3,868,438)	(755,372)
Addition during the financial year/period	(1,140,634)	-	-	-	(625,483)
Reversal during the financial year/period	-	946,026	2,080,842	1,739,751	-
Written off during the financial year/period	-	-	1,032,224	-	-
Reclassification	-	232,878	-	-	-
At 30 November/31 May	<u>(5,047,342)</u>	<u>(3,868,438)</u>	<u>(755,372)</u>	<u>(2,128,687)</u>	<u>(1,380,855)</u>

- (a) The Group's normal trade credit terms range from 30 to 60 (31.5.2022 - 30 to 60; 30.11.2022 - 30 to 60; 30.11.2021 - 30 to 60 and 30.11.2020 - 30 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.
- (b) Included in the trade receivables are retention sums totaling RM34,492,482 (31.5.2022 – RM25,125,043; 30.11.2022 – RM32,562,909; 30.11.2021 - RM19,681,638 and 30.11.2020 - RM20,942,156). These retention sums are expected to be collected within the periods ranging from 1 to 2 (31.5.2022 - 1 to 2; 30.11.2022 - 1 to 2; 30.11.2021 - 1 to 2 and 30.11.2020 - 1 to 2) years.

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Audited 30.11.2020 RM	Audited 30.11.2021 RM	Audited 30.11.2022 RM	Audited 31.5.2022 RM	Audited 31.5.2023 RM
Other receivables	453,885	214,328	712,389	8,046,135	604,781
Deposits	6,873,291	7,753,785	7,770,239	8,183,305	6,682,967
Prepayments	-	189,947	680,057	687,748	528,204
	<u>7,327,176</u>	<u>8,158,060</u>	<u>9,162,685</u>	<u>16,917,188</u>	<u>7,815,952</u>
Allowance for impairment losses	(62,619)	(54,419)	-	-	-
	<u>7,264,557</u>	<u>8,103,641</u>	<u>9,162,685</u>	<u>16,917,188</u>	<u>7,815,952</u>
Allowance for impairment losses:-					
At 1 December	-	(62,619)	(54,419)	(54,419)	-
Addition during the financial year/period	(62,619)	-	-	-	-
Reversal during the financial year/period	-	8,200	54,419	54,419	-
At 30 November/31 May	<u>(62,619)</u>	<u>(54,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (a) Included in other receivables is an amount of nil (31.5.2022 - RM7,831,507; 30.11.2022 - nil; 30.11.2021 - nil and 30.11.2020 - nil) being part of advances made to suppliers.
- (b) Included in deposits is an amount of RM6,073,644 (31.5.2022 - RM7,826,083; 30.11.2022 - RM7,290,134; 30.11.2021 - RM7,363,852 and 30.11.2020 - RM6,672,310) being part of authorised deposit incurred on a development project which is refundable from the project owner.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**12. CONTRACT ASSETS**

	<b>Audited 30.11.2020 RM</b>	<b>Audited 30.11.2021 RM</b>	<b>Audited 30.11.2022 RM</b>	<b>Audited 30.5.2022 RM</b>	<b>Audited 31.5.2023 RM</b>
Contract assets relating to construction contracts	718,836	-	-	-	-

- (a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within nil (31.5.2022 - nil; 30.11.2022 - nil; 30.11.2021 - nil and 30.11.2020 - 6) months.
- (b) The changes to contract asset balances during the financial year/period are summarised below

	<b>Audited 30.11.2020 RM</b>	<b>Audited 30.11.2021 RM</b>	<b>Audited 30.11.2022 RM</b>	<b>Audited 31.5.2022 RM</b>	<b>Audited 31.5.2023 RM</b>
At 1 December	4,223,404	718,836	-	-	-
Revenue recognised in profit or loss during the financial year/period	112,665,551	96,413,197	234,611,763	105,591,833	46,002,910
Billings to customers during the financial year/period	(116,170,119)	(97,132,033)	(234,611,763)	(105,591,833)	(46,002,910)
At 30 November/31 May	718,836	-	-	-	-
Represented by:- Contract assets	718,836	-	-	-	-

**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**12. CONTRACT ASSETS (CONT'D)**

(c) The following table summarises contract price allocated to unsatisfied performance obligations resulting from contracts with customers:-

	<b>Audited</b> <b>30.11.2020</b> RM	<b>Audited</b> <b>30.11.2021</b> RM	<b>Audited</b> <b>30.11.2022</b> RM	<b>Audited</b> <b>31.5.2022</b> RM	<b>Audited</b> <b>31.5.2023</b> RM
Construction contracts with remaining contract periods	<u>286,337,268</u>	<u>304,524,743</u>	<u>242,591,638</u>	<u>215,802,664</u>	<u>280,014,277</u>

These are expected to be fulfilled or delivered to customers over the next 3 (31.5.2022 - 3; 30.11.2022 - 3; 30.11.2021 - 3 and 30.11.2020 - 3) years.

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**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**13. AMOUNTS OWING BY/(TO) RELATED PARTIES**

	<b>Audited 30.11.2020 RM</b>	<b>Audited 30.11.2021 RM</b>	<b>Audited 30.11.2022 RM</b>	<b>Audited 31.5.2022 RM</b>	<b>Audited 31.5.2023 RM</b>
<b>Amount owing by Related Parties</b>					
<u>Current</u>					
Trade balance	2,749,884	1,863,497	1,216,877	1,449,755	1,216,877
Non-trade balance	2,536,257	17,569	-	7,728	-
	<u>5,286,141</u>	<u>1,881,066</u>	<u>1,216,877</u>	<u>1,457,483</u>	<u>1,216,877</u>
Allowance for impairment losses	(886,587)	(256,921)	-	(282,287)	-
	<u>4,399,554</u>	<u>1,624,145</u>	<u>1,216,877</u>	<u>1,175,196</u>	<u>1,216,877</u>
At 1 December	(702,888)	(886,587)	(256,921)	(256,921)	-
Addition during the financial year/period	(191,864)	(25,065)	-	(25,366)	-
Reversal during the financial year/period	-	887,609	24,043	-	-
Written off during the financial year/period	8,165	-	232,878	-	-
Reclassification	-	(232,878)	-	-	-
At 30 November/31 May	<u>(886,587)</u>	<u>(256,921)</u>	<u>-</u>	<u>(282,287)</u>	<u>-</u>
<b>Amount owing to Related Parties</b>					
<u>Current</u>					
Trade balance	(2,974,670)	(574,948)	(185,693)	(710,004)	(572,964)
Non-trade balance	(34,283)	-	-	(382)	-
	<u>(3,008,953)</u>	<u>(574,948)</u>	<u>(185,693)</u>	<u>(710,386)</u>	<u>(572,964)</u>



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**13. ACCOUNTANTS' REPORT (Cont'd)**

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**JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****13. AMOUNTS OWING BY/(TO) RELATED PARTIES (CONT'D)**

- (a) The trade balances are subjected to the normal trade credit terms ranging from 30 to 90 (31.5.2022 - 30 to 90; 30.11.2022 - 30 to 90; 30.11.2021 - 30 to 90 and 30.11.2020 - 30 to 90) days.
- (b) The non-trade balances are unsecured, interest-free and repayable on demand except as included in amount owing by related parties is an amount of nil (31.5.2022 - nil; 30.11.2022 - nil; 30.11.2021 - RM327 and 30.11.2020 - RM2,338,034) which bore effective interest rates ranging from nil (31.5.2022 - nil; 30.11.2022 - nil; 30.11.2021 - 7.00% to 8.00% and 30.11.2020 - 7.00% to 8.00%) per annum. The amounts owing are to be settled in cash.
- (c) Included in amount owing by related parties is an amount owing by Jati Tinggi Group Berhad of nil (31.5.2022 - RM7,728, 30.11.2022 - nil; 30.11.2021 - nil and 30.11.2020 - nil) being unsecured, interest-free and repayable on demand. The amount is to be settled in cash.

**14. FIXED DEPOSITS WITH LICENSED BANKS**

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.65% to 2.65% (31.5.2022 - 1.30% to 1.75%; 30.11.2022 - 1.50% to 2.25%; 30.11.2021 - 1.40% to 1.75% and 30.11.2020 - 1.50% to 2.75%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (31.5.2021 - 30 to 365; 30.11.2021 - 30 to 365; 30.11.2020 - 30 to 365 and 30.11.2019 - 30 to 365) days.
- (b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was amount of RM3,589,749 (31.5.2022 - RM3,445,245; 30.11.2022 - RM3,477,176; 30.11.2021 - RM2,221,319 and 30.11.2020 - RM2,473,904) which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22 to the combined financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**15. SHARE CAPITAL AND INVESTED CAPITAL**

(a) Share Capital

	Audited 30.11.2020	Audited 30.11.2021	Audited 30.11.2022	Audited 31.5.2022	Audited 31.5.2023
	←----- Number of Shares ----->				
<b>Issued and Fully Paid-Up</b>					
Ordinary Shares					
At 1 December/At date of incorporation	-	-	50	-	800
Subdivision of shares	-	-	750	-	-
At 30 November/31 May	-	-	800	-	800
	<b>30.11.2020</b> RM	<b>30.11.2021</b> RM	<b>30.11.2022</b> RM	<b>31.5.2022</b> RM	<b>31.5.2023</b> RM
<b>Issued and Fully Paid-Up</b>					
Ordinary Shares					
At 1 December/At date of incorporation	-	-	50	-	50
Subdivision of shares	-	-	-	-	-
At 30 November/31 May	-	-	50	-	50

**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**15. SHARE CAPITAL AND INVESTED CAPITAL (CONT'D)**

(b) Invested Capital

	Audited 30.11.2020	Audited 30.11.2021	Audited 30.11.2022	Audited 31.5.2022	Audited 31.5.2023
	←----- Number of Shares ----->				
<b>Issued and Fully Paid-Up</b>					
Ordinary Shares					
At 30 November/31 May	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	<b>30.11.2020</b>	<b>30.11.2021</b>	<b>30.11.2022</b>	<b>31.5.2022</b>	<b>31.5.2023</b>
	RM	RM	RM	RM	RM
<b>Issued and Fully Paid-Up</b>					
Ordinary Shares					
At 30 November/31 May	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

- (i) Jati Tinggi Group Berhad was incorporated with a total paid-up share capital of RM50 comprising 50 ordinary shares. Subsequently, the Company completed the subdivision of 50 ordinary shares in the Company into 800 ordinary shares on the basis of 16 new ordinary shares for every 1 existing ordinary share. The new shares issued rank equally in all respects with the existing ordinary shares of the Company.
- (ii) The holders of ordinary shares are entitled to receive as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (iii) For the purpose of this report, the total number of ordinary shares as at FYEs 30 November 2020, 2021, 2022 and for the FPEs 31 May 2022 and 2023 represent the aggregate number of issued and fully paid-up ordinary shares of all combining entities within the Group.

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****16. LEASE LIABILITIES**

	Audited 30.11.2020 RM	Audited 30.11.2021 RM	Audited 30.11.2022 RM	Audited 31.5.2022 RM	Audited 31.5.2023 RM
At 1 December:					
- As previously reported	-	783,163	1,075,648	1,075,648	2,103,681
- Initial application of MFRS 16	782,277	-	-	-	-
- As restated	782,277	783,163	1,075,648	1,075,648	2,103,681
Addition	363,800	773,472	1,708,948	242,000	-
Interest expense recognised in profit or loss	37,740	42,824	66,020	30,443	47,152
Changes due to lease modification	-	344,419	92,850	-	-
Derecognition due to lease modification	-	(321,937)	(297,924)	-	-
Repayment of principal	(362,914)	(503,469)	(475,841)	(186,717)	(479,740)
Repayment of interest expense	(37,740)	(42,824)	(66,020)	(30,443)	(47,152)
At 30 November/31 May	783,163	1,075,648	2,103,681	1,130,931	1,623,941
Analysed by:-					
Current liabilities	464,686	311,552	968,033	360,248	957,821
Non-current liabilities	318,477	764,096	1,135,648	770,683	666,120
	783,163	1,075,648	2,103,681	1,130,931	1,623,941

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****17. TERM LOANS**

	<b>Audited</b> <b>30.11.2020</b> RM	<b>Audited</b> <b>30.11.2021</b> RM	<b>Audited</b> <b>30.11.2022</b> RM	<b>Audited</b> <b>31.5.2022</b> RM	<b>Audited</b> <b>31.5.2023</b> RM
Current liabilities	229,205	228,494	134,027	233,703	302,648
Non-current liabilities	7,772,844	7,789,565	7,688,547	7,672,117	7,410,259
	<u>8,002,049</u>	<u>8,018,059</u>	<u>7,822,574</u>	<u>7,905,820</u>	<u>7,712,907</u>

- (a) The term loans at the end of the reporting period bore effective interest rates ranging from 4.52% to 4.92% (31.5.2022 - 4.52% to 4.92%; 30.11.2022 - 3.26% to 6.47%; 30.11.2021 - 4.52% to 4.92% and 30.11.2020 - 4.52% to 4.92%) per annum.
- (b) The term loans are secured by:-
- (i) A legal charge over the freehold land and freehold building as disclosed in Note 6 to the combined financial statements; and
  - (ii) Jointly and severally guarantee by certain directors of the Group.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**18. DEFERRED TAX LIABILITIES**

<b>Audited</b>	At 1.12.2019 RM	Recognised in Profit or Loss (Note 28) RM	At 30.11.2020 RM
<b>30.11.2020</b>			
<i>Deferred Tax Liabilities</i>			
Property and equipment	27,205	(27,205)	-
<hr/>			
<b>Audited</b>	At 1.12.2020 RM	Recognised in Profit or Loss (Note 28) RM	At 30.11.2021 RM
<b>30.11.2021</b>			
<i>Deferred Tax Liabilities</i>			
Property and equipment	-	-	-
<hr/>			
<b>Audited</b>	At 1.12.2021 RM	Recognised in Profit or Loss (Note 28) RM	At 30.11.2022 RM
<b>30.11.2022</b>			
<i>Deferred Tax Liabilities</i>			
Property and equipment	-	-	-
<hr/>			
<b>Audited</b>	At 1.12.2021 RM	Recognised in Profit or Loss (Note 28) RM	At 31.5.2022 RM
<b>31.5.2022</b>			
<i>Deferred Tax Liabilities</i>			
Property and equipment	-	-	-
<hr/>			

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****18. DEFERRED TAX LIABILITIES (CONT'D)**

<b>Audited</b>	At 1.12.2022 RM	Recognised in Profit or Loss (Note 28) RM	At 31.5.2023 RM
<b>31.5.2023</b>			
<i>Deferred Tax Liabilities</i>			
Property and equipment	-	-	-

**19. TRADE PAYABLES**

- (a) The normal trade credit term granted to the Group range from 30 to 60 (31.5.2022 - 30 to 60; 30.11.2022 - 30 to 60; 30.11.2021 - 30 to 60 and 30.11.2020 - 30 to 60) days.
- (b) Included in the trade payables are retention sum payables totaling RM4,219,283 (31.5.2022 - RM4,827,411; 30.11.2022 - RM4,477,592; 30.11.2021 - RM4,152,916 and 30.11.2020 - RM4,843,988). The retention sums are expected to be settled within the periods ranging from 1 to 2 (31.5.2022 - 1 to 2; 30.11.2022 - 1 to 2; 30.11.2021 - 1 to 2 and 30.11.2020 - 1 to 2) years.

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**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****20. OTHER PAYABLES AND ACCRUALS**

	Audited 30.11.2020 RM	Audited 30.11.2021 RM	Audited 30.11.2022 RM	Audited 31.5.2022 RM	Audited 31.5.2023 RM
Other payables:-					
Third parties	4,440,470	2,522,445	225,569	5,323,992	544,784
Advances from customers	108,000	108,000	108,000	108,000	-
	4,548,470	2,630,445	333,569	5,431,992	544,784
Accruals	5,092,800	10,033,059	16,466,781	2,093,435	1,818,275
	<u>9,641,270</u>	<u>12,663,504</u>	<u>16,800,350</u>	<u>7,525,427</u>	<u>2,363,059</u>

**21. AMOUNT OWING TO DIRECTORS**

The amount owing in previous financial years was non-trade in nature and represented unsecured interest-free advances. The amount owing was repayable on demand and was settled in cash.

**22. BANKER'S ACCEPTANCES**

- (a) The banker's acceptances of the Group at the end of the reporting period bore effective interest rates ranging from 2.29% to 4.11% (31.5.2022 - 2.27% to 2.59%; 30.11.2022 - 2.23% to 3.64%; 30.11.2021 - 2.23% to 3.67% and 30.11.2020 - 2.25% to 3.76%) per annum.
- (b) The banker's acceptances are secured by:-
- (i) A legal charge over the freehold land and freehold building, registered under the name of certain directors of the Group;
  - (ii) A third party legal charge over the leasehold land and buildings, registered under the name of a related party of the Group;
  - (iii) Fixed deposits with licensed financial institution as disclosed in Note 14 to the combined financial statements; and
  - (iv) Jointly and severally guarantee by certain directors of the Group.



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**13. ACCOUNTANTS' REPORT (Cont'd)**

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**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**23. TRADE FINANCING**

- (a) The trade financing of the Group at the end of the reporting period bore effective interest rates ranging from 5.87% to 6.40% (31.5.2022 - 4.65% to 4.68%; 30.11.2022 - 4.49% to 6.15%; 30.11.2021 - 4.49% to 4.59% and 30.11.2020 - 0.30% to 4.68%) per annum.
- (b) The trade financing are secured by:-
  - (i) A legal charge over the freehold land and freehold building, registered under the name of certain directors of the Group;
  - (ii) A third party legal charge over the leasehold land and buildings, registered under the name of a related party of the Group;
  - (iii) A third party legal charge over the vacant industrial land, registered under the name of a related party of the Group; and
  - (iv) Jointly and severally guarantee by certain directors of the Group.

**24. BANK OVERDRAFT**

- (a) The bank overdraft of the Group was secured by a legal charge over the freehold land and freehold building as disclosed in Note 6 to the combined financial statements.
- (b) The bank overdraft of the Group at the end of the reporting period bore floating interest rates ranging from 7.22% to 7.89% (31.5.2022 - nil; 30.11.2022 - 6.64% and 30.11.2021 - 6.97% and 30.11.2020 - nil) per annum.

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**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**25. REVENUE**

	<b>Audited 1.12.2019 to 30.11.2020 RM</b>	<b>Audited 1.12.2020 to 30.11.2021 RM</b>	<b>Audited 1.12.2021 to 30.11.2022 RM</b>	<b>Audited 1.12.2021 to 31.5.2022 RM</b>	<b>Audited 1.12.2022 to 31.5.2023 RM</b>
<b>Revenue from Contracts with Customers</b>					
<u>Revenue recognised over time</u>					
Construction contracts	<u>112,665,551</u>	<u>96,413,197</u>	<u>234,611,763</u>	<u>105,591,833</u>	<u>46,002,910</u>
Represented by geographical markets:- Malaysia	<u>112,665,551</u>	<u>96,413,197</u>	<u>234,611,763</u>	<u>105,591,833</u>	<u>46,002,910</u>

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**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. NET IMPAIRMENT LOSS/(GAIN) ON FINANCIAL ASSETS**

	<b>Audited 1.12.2019 to 30.11.2020 RM</b>	<b>Audited 1.12.2020 to 30.11.2021 RM</b>	<b>Audited 1.12.2021 to 30.11.2022 RM</b>	<b>Audited 1.12.2021 to 31.5.2022 RM</b>	<b>Audited 1.12.2022 to 31.5.2023 RM</b>
Impairment losses:					
- trade receivables (Note 10)	1,140,634	-	-	-	625,483
- other receivables (Note 11)	62,619	-	-	-	-
- amount owing by related parties (Note 13)	191,864	25,065	-	25,366	-
	<u>1,395,117</u>	<u>25,065</u>	<u>-</u>	<u>25,366</u>	<u>625,483</u>
Reversal of impairment losses:					
- trade receivables (Note 10)	-	(946,026)	(2,080,842)	(1,739,751)	-
- other receivables (Note 11)	-	(8,200)	(54,419)	(54,419)	-
- amount owing by related parties (Note 13)	-	(887,609)	(24,043)	-	-
	<u>1,395,117</u>	<u>(1,816,770)</u>	<u>(2,159,304)</u>	<u>(1,768,804)</u>	<u>625,483</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****27. PROFIT BEFORE TAXATION**

	<b>Audited 1.12.2019 to 30.11.2020 RM</b>	<b>Audited 1.12.2020 to 30.11.2021 RM</b>	<b>Audited 1.12.2021 to 30.11.2022 RM</b>	<b>Audited 1.12.2021 to 31.5.2022 RM</b>	<b>Audited 1.12.2022 to 31.5.2023 RM</b>
Profit before taxation is arrived at after charging/ (crediting):-					
Auditors' remuneration	35,000	35,000	60,000	17,500	72,501
Amortisation of intangible assets	118,916	129,727	129,727	64,864	64,864
Bad debts written off	924,668	-	-	-	-
Depreciation:					
- investment property	114,952	114,946	114,946	57,473	57,473
- plant and equipment	279,241	328,408	437,122	196,341	263,613
- right-of-use assets	409,857	344,544	467,099	179,697	468,986
Directors' remuneration (Note 32)	605,644	770,330	884,471	433,233	450,958
Interest expense on lease liabilities	37,740	42,824	66,020	30,443	47,152
Interest expense on financial liabilities that are not at fair value through profit or loss:					
- bank guarantee	411,727	358,009	294,913	213,657	306,709
- banker's acceptances	186,290	153,526	291,530	122,012	200,979
- term loans	290,929	259,785	349,207	131,078	179,139
- trade financing	56,403	103,064	350,131	84,496	453,166
- others	67,726	42,335	60,439	37,515	24,360

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****27. PROFIT BEFORE TAXATION (CONT'D)**

	<b>Audited 1.12.2019 to 30.11.2020 RM</b>	<b>Audited 1.12.2020 to 30.11.2021 RM</b>	<b>Audited 1.12.2021 to 30.11.2022 RM</b>	<b>Audited 1.12.2021 to 31.5.2022 RM</b>	<b>Audited 1.12.2022 to 31.5.2023 RM</b>
Profit before taxation is arrived at after charging/ (crediting):- (Cont'd)					
Lease expenses:					
- short-term leases	608,261	734,826	778,379	380,897	320,108
Plant and equipment written off	311	-	2	-	-
Staff costs:					
- salaries, bonuses and allowances	6,466,250	6,410,639	7,586,965	3,662,511	4,023,027
- defined contribution benefits	668,675	656,575	839,280	407,314	416,522
- others	136,925	167,545	725,407	532,181	91,764
CIDB levy fee	353,780	97,703	135,070	37,187	29,561
Gain on disposal of plant and equipment	(30,999)	(19,611)	(270)	(207)	-
Interest income on financial assets that are not at fair value through profit or loss:					
- deposits from licensed banks	(133,061)	(89,461)	(79,970)	(44,190)	(24,968)
- loan and advances to related parties	(134,319)	(94,068)	-	-	-
- others	-	(4,121)	-	-	-
Lease income from investment property	(598,718)	(638,035)	(548,910)	(275,910)	(115,375)
Gain on lease modification	-	(16,480)	(2,183)	-	-
Gain on disposal of a subsidiary	(7,474)	-	-	-	-
Gain on disposal of an associate	(112,500)	-	-	-	-
Realised (gain)/loss on foreign exchange	-	(7,140)	4	-	(70,756)

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****28. INCOME TAX EXPENSE**

	<b>Audited 1.12.2019 to 30.11.2020 RM</b>	<b>Audited 1.12.2020 to 30.11.2021 RM</b>	<b>Audited 1.12.2021 to 30.11.2022 RM</b>	<b>Audited 1.12.2021 to 31.5.2022 RM</b>	<b>Audited 1.12.2022 to 31.5.2023 RM</b>
Current tax expense	3,105,000	1,956,000	2,467,000	1,641,000	1,091,868
Under/(Over)provision in the previous financial year/ period	-	581,255	(386,132)	(386,132)	49,359
	<u>3,105,000</u>	<u>2,537,255</u>	<u>2,080,868</u>	<u>1,254,868</u>	<u>1,141,227</u>
Deferred tax (Note 18): - overprovision in the previous financial year	(27,205)	-	-	-	-
Income tax expense from continuing operations	<u>3,077,795</u>	<u>2,537,255</u>	<u>2,080,868</u>	<u>1,254,868</u>	<u>1,141,227</u>

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**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****28. INCOME TAX EXPENSE (CONT'D)**

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	<b>Audited</b> <b>1.12.2019</b> <b>to</b> <b>30.11.2020</b> <b>RM</b>	<b>Audited</b> <b>1.12.2020</b> <b>to</b> <b>30.11.2021</b> <b>RM</b>	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>30.11.2022</b> <b>RM</b>	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>31.5.2022</b> <b>RM</b>	<b>Audited</b> <b>1.12.2022</b> <b>to</b> <b>31.5.2023</b> <b>RM</b>
Profit before taxation from continuing operations	10,719,975	9,776,007	11,212,575	8,343,260	3,231,895
Tax at the statutory tax rate of 24%	2,572,794	2,346,242	2,691,018	2,002,382	775,655
Tax effects of:-					
Non-deductible expenses	406,875	75,068	665,953	76,375	239,678
Non-taxable income	(114,050)	(9,695)	(12,421)	(72)	(16,938)
Differential in tax rates	(42,000)	-	-	-	-
Deferred tax assets not recognised during the financial year	281,381	-	-	-	93,473
Utilisation of deferred tax assets previously not recognised	-	(455,615)	(877,550)	(437,685)	-
Under/(Over)provision of current taxation in the previous financial year/period	-	581,255	(386,132)	(386,132)	49,359
Overprovision of deferred taxation in the previous financial year	(27,205)	-	-	-	-
	<u>3,077,795</u>	<u>2,537,255</u>	<u>2,080,868</u>	<u>1,254,868</u>	<u>1,141,227</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year/period.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**28. INCOME TAX EXPENSE (CONT'D)**

Deferred tax assets/(liabilities) was not recognised in respect of the following items:-

	<b>Audited</b> <b>30.11.2020</b> RM	<b>Audited</b> <b>30.11.2021</b> RM	<b>Audited</b> <b>30.11.2022</b> RM	<b>Audited</b> <b>31.5.2022</b> RM	<b>Audited</b> <b>31.5.2023</b> RM
Accelerated capital allowances	(477,915)	(559,539)	(385,487)	(688,253)	(621,499)
Provision	5,996,548	4,179,778	755,372	2,410,974	1,380,855
	<u>5,518,633</u>	<u>3,620,239</u>	<u>369,885</u>	<u>1,722,721</u>	<u>759,356</u>

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**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**29. PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS**

- (a) In the previous financial years, the Group disposed of its entire equity interest in QCastS Sdn. Bhd. (formerly known as JT Solar Sdn. Bhd.) for a total consideration of RM100.

The disposal was completed on 17 November 2020 and its results have also been presented separately in the combined statements of profit or loss and other comprehensive income as "Profit after taxation from discontinued operations".

- (b) In the previous financial years, the Group disposed of its entire equity interest in Crossing Master Engineering Sdn. Bhd. for a total consideration of RM112,500.

The disposal was completed on 30 November 2020 and its share of results have also been presented separately in the combined statements of profit or loss and other comprehensive income as "Profit after taxation from discontinued operations".

An analysis of the results of the discontinued operations is as follows:-

	<b>Audited</b> <b>1.12.2019</b> <b>to</b> <b>30.11.2020</b> RM	<b>Audited</b> <b>1.12.2020</b> <b>to</b> <b>30.11.2021</b> RM	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>30.11.2022</b> RM	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>31.5.2022</b> RM	<b>Audited</b> <b>1.12.2022</b> <b>to</b> <b>31.5.2023</b> RM
Revenue	-	-	-	-	-
Cost of sales	-	-	-	-	-
Gross profit	-	-	-	-	-
Other income	119,974	-	-	-	-
Administrative expenses	(3,329)	-	-	-	-
Share of loss of equity accounted associate	(105,507)	-	-	-	-
Profit before taxation	11,138	-	-	-	-
Income tax expense	-	-	-	-	-
Profit after taxation from discontinued operations	11,138	-	-	-	-

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. EARNINGS PER SHARE**

	<b>Audited 1.12.2019 to 30.11.2020 RM</b>	<b>Audited 1.12.2020 to 30.11.2021 RM</b>	<b>Audited 1.12.2021 to 30.11.2022 RM</b>	<b>Audited 1.12.2021 to 31.5.2022 RM</b>	<b>Audited 1.12.2022 to 31.5.2023 RM</b>
<b>CONTINUING OPERATIONS</b>					
Profit after taxation attributable to owners of the Company	7,642,180	7,238,752	9,131,707	7,088,392	2,090,668
Enlarged issued and paid-up shares upon listing #	1,000,000	1,000,000	1,000,800	1,000,000	1,000,800
Basic and diluted earnings per share (sen)	764.22	723.88	912.44	708.84	208.90
<b>DISCONTINUED OPERATIONS</b>					
Profit after taxation attributable to owners of the Company	11,138	-	-	-	-
Number of shares in issue #	1,000,000	1,000,000	1,000,800	1,000,000	1,000,800
Basic and diluted earnings per share (sen)	1.11	-	-	-	-

# - Assumed to be the number of ordinary shares. Such number of ordinary shares is before the completion of acquisition of JTHSB and public issue.

The Company has not issued any potentially dilutive ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31. CASH FLOW INFORMATION**

(a) The cash disbursed for the purchase of property and equipment and the addition of right-of-use assets are as follows:-

	<b>Audited</b> <b>1.12.2019</b> <b>to</b> <b>30.11.2020</b> <b>RM</b>	<b>Audited</b> <b>1.12.2020</b> <b>to</b> <b>30.11.2021</b> <b>RM</b>	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>30.11.2022</b> <b>RM</b>	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>31.5.2022</b> <b>RM</b>	<b>Audited</b> <b>1.12.2022</b> <b>to</b> <b>31.5.2023</b> <b>RM</b>
<b>Plant and equipment</b>					
Cost of plant and equipment purchased	333,131	208,959	1,671,833	1,025,664	29,412
Less: Addition of new lease liabilities	-	-	(124,000)	-	-
	<u>333,131</u>	<u>208,959</u>	<u>1,547,833</u>	<u>1,025,664</u>	<u>29,412</u>
<b>Right-of-use assets</b>					
Cost of right-of-use assets acquired	352,480	811,997	1,607,335	264,387	-
Less: Addition of new lease liabilities	(363,800)	(773,472)	(1,584,948)	(242,000)	-
	<u>(11,320)</u>	<u>38,525</u>	<u>22,387</u>	<u>22,387</u>	<u>-</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:-

<b>Audited</b>	Term Loans RM	Hire Purchase RM	Lease Liabilities RM	Banker's Acceptances RM	Trade Financing RM	Total RM
<b>30.11.2020</b>						
At 1 December, as previously reported	7,971,231	333,958	-	3,717,000	-	12,022,189
Effects on adoption of MFRS 16	-	(333,958)	782,277	-	-	448,319
	7,971,231	-	782,277	3,717,000	-	12,470,508
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	28,399	-	-	16,979,000	4,626,092	21,633,491
Repayment of principal	(137,973)	-	(362,914)	(13,226,000)	-	(13,726,887)
Repayment of interests	(150,537)	-	(37,740)	(186,290)	(56,403)	(430,970)
	(260,111)	-	(400,654)	3,566,710	4,569,689	7,475,634
<u>Non-cash Changes</u>						
Acquisition of new leases	-	-	363,800	-	-	363,800
Interest expense recognised in profit or loss	290,929	-	37,740	186,290	56,403	571,362
	290,929	-	401,540	186,290	56,403	935,162
At 30 November	8,002,049	-	783,163	7,470,000	4,626,092	20,881,304

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

<b>Audited</b>	Term Loans RM	Lease Liabilities RM	Banker's Acceptances RM	Trade Financing RM	Total RM
<b>30.11.2021</b>					
At 1 December	8,002,049	783,163	7,470,000	4,626,092	20,881,304
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	175	-	13,326,802	4,923,834	18,250,811
Repayment of principal	(20,560)	(503,469)	(14,720,802)	(5,316,027)	(20,560,858)
Repayment of interests	(223,390)	(42,824)	(153,526)	(103,064)	(522,804)
	(243,775)	(546,293)	(1,547,526)	(495,257)	(2,832,851)
<u>Non-cash Changes</u>					
Acquisition of new leases	-	773,472	-	-	773,472
Changes due to lease modification	-	344,419	-	-	344,419
Changes due to lease termination	-	(321,937)	-	-	(321,937)
Interest expense recognised in profit or loss	259,785	42,824	153,526	103,064	559,199
	259,785	838,778	153,526	103,064	1,355,153
At 30 November	8,018,059	1,075,648	6,076,000	4,233,899	19,403,606

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

<b>Audited</b>	Term Loans RM	Lease Liabilities RM	Banker's Acceptances RM	Trade Financing RM	Total RM
<b>30.11.2022</b>					
At 1 December	8,018,059	1,075,648	6,076,000	4,233,899	19,403,606
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	-	-	15,546,000	27,886,405	43,432,405
Repayment of principal	(195,485)	(475,841)	(16,042,000)	(21,008,889)	(37,722,215)
Repayment of interests	(349,207)	(66,020)	(291,530)	(350,131)	(1,056,888)
	(544,692)	(541,861)	(787,530)	6,527,385	4,653,302
<u>Non-cash Changes</u>					
Acquisition of new leases	-	1,708,948	-	-	1,708,948
Changes due to lease modification	-	92,850	-	-	92,850
Derecognition due to lease modification	-	(297,924)	-	-	(297,924)
Interest expense recognised in profit or loss	349,207	66,020	291,530	350,131	1,056,888
	349,207	1,569,894	291,530	350,131	2,560,762
At 30 November	7,822,574	2,103,681	5,580,000	11,111,415	26,617,670

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

<b>Audited</b>	Term Loans RM	Lease Liabilities RM	Banker's Acceptances RM	Trade Financing RM	Total RM
<b>31.5.2022</b>					
At 1 December	8,018,059	1,075,648	6,076,000	4,233,899	19,403,606
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	25,028	-	6,267,000	4,745,282	11,037,310
Repayment of principal	(160,877)	(186,717)	(7,743,000)	(5,549,258)	(13,639,852)
Repayment of interests	(107,468)	(30,443)	(122,012)	(84,496)	(344,419)
	(243,317)	(217,160)	(1,598,012)	(888,472)	(2,946,961)
<u>Non-cash Changes</u>					
Acquisition of new leases	-	242,000	-	-	242,000
Interest expense recognised in profit or loss	131,078	30,443	122,012	84,496	368,029
	131,078	272,443	122,012	84,496	610,029
At 31 May	7,905,820	1,130,931	4,600,000	3,429,923	17,066,674

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

<b>Audited</b>	Term Loans RM	Lease Liabilities RM	Banker's Acceptances RM	Trade Financing RM	Total RM
<b>31.5.2023</b>					
At 1 December	7,822,574	2,103,681	5,580,000	11,111,415	26,617,670
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	-	-	13,791,522	26,588,677	40,380,199
Repayment of principal	(109,667)	(479,740)	(11,713,522)	(23,272,008)	(35,574,937)
Repayment of interests	(179,139)	(47,152)	(200,979)	(453,166)	(880,436)
	(288,806)	(526,892)	1,877,021	2,863,503	3,924,826
<u>Non-cash Changes</u>					
Acquisition of new leases	-	-	-	-	-
Interest expense recognised in profit or loss	179,139	47,152	200,979	453,166	880,436
	179,139	47,152	200,979	453,166	880,436
At 31 May	7,712,907	1,623,941	7,658,000	14,428,084	31,422,932



**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31. CASH FLOW INFORMATION (CONT'D)**

(c) The cash and cash equivalents comprise the following:-

	<b>Audited</b> <b>30.11.2020</b> RM	<b>Audited</b> <b>30.11.2021</b> RM	<b>Audited</b> <b>30.11.2022</b> RM	<b>Audited</b> <b>31.5.2022</b> RM	<b>Audited</b> <b>31.5.2023</b> RM
Fixed deposits with licensed banks	2,684,526	2,441,911	3,487,176	3,667,576	3,599,749
Cash and bank balances	2,289,445	2,160,694	13,795,721	3,419,401	2,476,441
Bank overdraft	-	(786,086)	(428,987)	-	(1,130,188)
	<u>4,973,971</u>	<u>3,816,519</u>	<u>16,853,910</u>	<u>7,086,977</u>	<u>4,946,002</u>
Less: Fixed deposits pledged to licensed banks (Note 14)	(2,473,904)	(2,221,319)	(3,477,176)	(3,445,245)	(3,589,749)
Less: Fixed deposits with tenure of more than 3 months	(10,000)	-	-	-	-
	<u>2,490,067</u>	<u>1,595,200</u>	<u>13,376,734</u>	<u>3,641,732</u>	<u>1,356,253</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****32. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel compensation during the financial year/period are as follows:-

	<b>Audited</b> <b>1.12.2019</b> <b>to</b> <b>30.11.2020</b> <b>RM</b>	<b>Audited</b> <b>1.12.2020</b> <b>to</b> <b>30.11.2021</b> <b>RM</b>	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>30.11.2022</b> <b>RM</b>	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>31.5.2022</b> <b>RM</b>	<b>Audited</b> <b>1.12.2022</b> <b>to</b> <b>31.5.2023</b> <b>RM</b>
<b>Directors</b>					
Short-term employee benefits:					
- fees	-	-	4,000	-	4,000
- salaries, bonuses and other benefits	563,885	702,770	815,241	401,385	413,658
	<u>563,885</u>	<u>702,770</u>	<u>819,241</u>	<u>401,385</u>	<u>417,658</u>
Defined contribution benefits	41,759	67,560	65,230	31,848	33,300
Total directors' remuneration (Note 27)	<u>605,644</u>	<u>770,330</u>	<u>884,471</u>	<u>433,233</u>	<u>450,958</u>

**33. RELATED PARTY DISCLOSURES****(a) Identities of Related Parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the combined financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. RELATED PARTY DISCLOSURES (CONT'D)****(b) Significant Related Party Transactions and Balances**

Other than those disclosed elsewhere in the combined financial statements, the Group also carried out the following transactions with the related parties during the financial year/period:-

	<b>Audited</b> <b>1.12.2019</b> <b>to</b> <b>30.11.2020</b> RM	<b>Audited</b> <b>1.12.2020</b> <b>to</b> <b>30.11.2021</b> RM	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>30.11.2022</b> RM	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>31.5.2022</b> RM	<b>Audited</b> <b>1.12.2022</b> <b>to</b> <b>31.5.2023</b> RM
<b>Related Parties</b>					
- Interest income received/receivable	134,319	94,068	-	-	-
- Purchase of materials and services	(3,182,921)	(11,535,102)	(2,365,741)	(1,960,601)	(673,562)
- Short-term office leases paid/payable to directors	(228,285)	(240,300)	(294,323)	(120,150)	(198,173)

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the combined financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

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**13. ACCOUNTANTS' REPORT (Cont'd)**

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**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**34. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products provided.

The Group is organised into 2 main reportable segments as follows:-

- (i) provision of underground utilities engineering services and solutions "U"
- (ii) provision of substation EPCC services, trading of equipment for substations and street lighting services "O"

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on combination.

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**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****34. OPERATING SEGMENTS (CONT'D)**

<b>Audited</b>	<-----FYE 30 November----->		
	<b>Malaysia (U) RM</b>	<b>Malaysia (O) RM</b>	<b>Total RM</b>
<b>2020</b>			
<b>Revenue</b>			
External revenue	109,153,281	3,512,270	112,665,551
Inter-segment revenue	-	-	-
<b>Total revenue</b>	<b>109,153,281</b>	<b>3,512,270</b>	<b>112,665,551</b>
<b>Results</b>			
Segment profit	8,079,352	730,288	8,809,640
Finance costs	(1,050,815)	-	(1,050,815)
Share of loss of equity-accounted associate	-	(105,507)	(105,507)
<b>Combined profit before taxation</b>	<b>7,028,537</b>	<b>624,781</b>	<b>7,653,318</b>
<b>Other information</b>			
Interest income	267,380	-	267,380
Interest expense	(1,013,075)	-	(1,013,075)
Interest expense on lease liabilities	(37,740)	-	(37,740)
Impairment loss on financial assets	(1,395,117)	-	(1,395,117)
Amortisation of intangible assets	(118,916)	-	(118,916)
Depreciation:			
- investment property	(114,952)	-	(114,952)
- plant and equipment	(279,241)	-	(279,241)
- right-of-use assets	(409,857)	-	(409,857)
Gain on disposal of plant and equipment	30,999	-	30,999
Gain on disposal of a subsidiary	7,474	-	7,474
Gain on disposal of an associate	-	112,500	112,500

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****34. OPERATING SEGMENTS (CONT'D)**

<b>Audited</b>	<-----FYE 30 November----->		
	<b>Malaysia (U) RM</b>	<b>Malaysia (O) RM</b>	<b>Total RM</b>
<b>2021</b>			
<b>Revenue</b>			
External revenue	93,712,635	2,700,562	96,413,197
Inter-segment revenue	-	-	-
<b>Total revenue</b>	<b>93,712,635</b>	<b>2,700,562</b>	<b>96,413,197</b>
<b>Results</b>			
Segment profit	7,412,068	786,227	8,198,295
Finance costs	(959,543)	-	(959,543)
<b>Combined profit before taxation</b>	<b>6,452,525</b>	<b>786,227</b>	<b>7,238,752</b>
<b>Other information</b>			
Interest income	187,650	-	187,650
Interest expense	(916,719)	-	(916,719)
Interest expense on lease liabilities	(42,824)	-	(42,824)
Impairment loss on financial assets	(25,065)	-	(25,065)
Amortisation of intangible assets	(129,727)	-	(129,727)
Depreciation:			
- investment property	(114,946)	-	(114,946)
- plant and equipment	(328,408)	-	(328,408)
- right-of-use assets	(344,544)	-	(344,544)
Gain on disposal of plant and equipment	19,611	-	19,611
Reversal of impairment loss on financial assets	1,841,835	-	1,841,835

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****34. OPERATING SEGMENTS (CONT'D)**

	<-----FYE 30 November----->		
	Malaysia (U) RM	Malaysia (O) RM	Total RM
<b>Audited</b>			
<b>2022</b>			
<b>Revenue</b>			
External revenue	227,539,247	7,072,516	234,611,763
Inter-segment revenue	-	-	-
Total revenue	227,539,247	7,072,516	234,611,763
<b>Results</b>			
Segment profit	9,862,287	681,660	10,543,947
Finance costs	(1,412,240)	-	(1,412,240)
Combined profit before taxation	8,450,047	681,660	9,131,707
<u>Other information</u>			
Interest income	79,970	-	79,970
Interest expense	(1,346,220)	-	(1,346,220)
Interest expense on lease liabilities	(66,020)	-	(66,020)
Amortisation of intangible assets	(129,727)	-	(129,727)
Depreciation:			
- investment property	(114,946)	-	(114,946)
- plant and equipment	(437,122)	-	(437,122)
- right-of-use assets	(467,099)	-	(467,099)
Gain on disposal of plant and equipment	(270)	-	(270)
Reversal of impairment loss on financial assets	2,159,304	-	2,159,304

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****34. OPERATING SEGMENTS (CONT'D)**

	<----- FPE 31 May ----->		
	Malaysia (U) RM	Malaysia (O) RM	Total RM
<b>Audited</b>			
<b>2023</b>			
<b>Revenue</b>			
External revenue	45,752,634	250,276	46,002,910
Inter-segment revenue	-	-	-
Total revenue	45,752,634	250,276	46,002,910
<b>Results</b>			
Segment profit/(loss)	3,784,186	(482,013)	3,302,173
Finance costs	(1,211,505)	-	(1,211,505)
Combined profit/(loss) before taxation	2,572,681	(482,013)	2,090,668
<b>Other information</b>			
Interest income	24,968	-	24,968
Interest expense	(1,164,353)	-	(1,164,353)
Interest expense on lease liabilities	(47,152)	-	(47,152)
Impairment loss on financial assets	(625,483)	-	(625,483)
Amortisation of intangible assets	(64,864)	-	(64,864)
Depreciation:			
- investment property	(57,473)	-	(57,473)
- plant and equipment	(263,613)	-	(263,613)
- right-of-use assets	(468,986)	-	(468,986)



**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****34. OPERATING SEGMENTS (CONT'D)**

	<----- FPE 31 May ----->		
	Malaysia (U) RM	Malaysia (O) RM	Total RM
<b>Audited</b>			
<b>2022</b>			
<b>Revenue</b>			
External revenue	102,806,207	2,785,626	105,591,833
Inter-segment revenue	-	-	-
Total revenue	102,806,207	2,785,626	105,591,833
<b>Results</b>			
Segment profit	7,282,679	424,914	7,707,593
Finance costs	(619,201)	-	(619,201)
Combined profit before taxation	6,663,478	424,914	7,088,392
<b>Other information</b>			
Interest income	44,190	-	44,190
Interest expense	(588,758)	-	(588,758)
Interest expense on lease liabilities	(30,443)	-	(30,443)
Impairment loss on financial assets	(25,366)	-	(25,366)
Amortisation of intangible assets	(64,864)	-	(64,864)
Depreciation:			
- investment property	(57,473)	-	(57,473)
- plant and equipment	(196,341)	-	(196,341)
- right-of-use assets	(179,697)	-	(179,697)
Gain on disposal of plant and equipment	207	-	207
Reversal of impairment loss on financial assets	1,794,170	-	1,794,170

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****34. OPERATING SEGMENTS (CONT'D)**

	<b>Audited 30.11.2020 RM</b>	<b>Audited 30.11.2021 RM</b>	<b>Audited 30.11.2022 RM</b>	<b>Audited 31.5.2022 RM</b>	<b>Audited 31.5.2023 RM</b>
<b>Assets</b>					
Segment assets	89,759,263	80,956,750	115,031,302	89,164,510	104,200,831
<b>Liabilities</b>					
Segment liabilities	(69,196,914)	(53,566,262)	(79,592,404)	(55,234,696)	(66,777,327)
Unallocated liabilities:-					
Current tax liabilities	(1,846,668)	(1,436,055)	(352,708)	(886,989)	(246,646)
Deferred tax liabilities	-	-	-	-	-
Combined total liabilities	(71,043,582)	(55,002,317)	(79,945,112)	(56,121,685)	(67,023,973)

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

	<b>Audited 30.11.2020 RM</b>	<b>Audited 30.11.2021 RM</b>	<b>Audited 30.11.2022 RM</b>	<b>Audited 31.5.2022 RM</b>	<b>Audited 31.5.2023 RM</b>	<b>Segment</b>
Customer A	67,740,410	56,338,084	158,004,028	85,048,177	21,888,259	Malaysia
Customer B	34,620,522	25,302,984	N/A	N/A	N/A	Malaysia
Customer C	N/A	N/A	62,663,840	N/A	17,078,150	Malaysia

**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**35. CONTINGENT LIABILITY**

No provision are recognised on the following matter as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	<b>Audited</b> <b>30.11.2020</b> RM	<b>Audited</b> <b>30.11.2021</b> RM	<b>Audited</b> <b>30.11.2022</b> RM	<b>Audited</b> <b>31.5.2022</b> RM	<b>Audited</b> <b>31.5.2023</b> RM
Performance guarantee extended to third parties	<u>22,869,653</u>	<u>26,902,613</u>	<u>28,472,096</u>	<u>29,293,196</u>	<u>33,347,082</u>

**36. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**36.1 FINANCIAL RISK MANAGEMENT POLICIES**

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(a) Market Risk**

**(i) Foreign Currency Risk**

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)****36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amounts nor their future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period are disclosed in Notes 17, 22, 23 and 24 to the financial statements.

*Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	<b>Audited</b> <b>1.12.2019</b> <b>to</b> <b>30.11.2020</b> RM	<b>Audited</b> <b>1.12.2020</b> <b>to</b> <b>30.11.2021</b> RM	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>30.11.2022</b> RM	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>31.5.2022</b> RM	<b>Audited</b> <b>1.12.2022</b> <b>to</b> <b>31.5.2023</b> RM
<b>Effects on Profit After Taxation</b>					
Increase of 100 basis points	(152,746)	(145,267)	(189,569)	(121,112)	(235,062)
Decrease of 100 basis points	152,746	145,267	189,569	121,112	235,062

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)****36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(iii) Equity Price Risk**

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

**(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

**(i) Credit Risk Concentration Profile**

The Group's major concentration of credit risk relates to the amounts owing by two (2) (31.5.2022 - two (2); 30.11.2022 - two (2); 30.11.2021 - two (2) and 30.11.2020 - two (2)) customers which constituted approximately 87% (31.5.2022 - 87%; 30.11.2022 - 90%; 30.11.2021 - 88% and 30.11.2020 - 90%) of its trade receivables at the end of the reporting period.

**(ii) Exposure to Credit Risk**

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

**(iii) Assessment of Impairment Losses**

The Group has a formal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)****36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**

A financial asset is credit impaired when any of the following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period of 12 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

There are no significant changes in the estimation and assumptions as compared to the previous financial year.

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For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have a low risk of default as they have a strong capacity to meet their debts.

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)*Allowance of Impairment Losses*

<b>Audited</b>	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>30.11.2020</b>				
Current (not past due)	51,890,995	-	(883,771)	51,007,224
1 to 30 days past due	1,640,343	-	(65,908)	1,574,435
31 to 60 days past due	1,307,377	-	(84,242)	1,223,135
61 to 90 days past due	259,843	-	(21,114)	238,729
More than 90 days Credit impaired	5,289,761	-	(2,196,185)	3,093,576
	1,796,122	(1,796,122)	-	-
Trade receivables	62,184,441	(1,796,122)	(3,251,220)	57,137,099
Contract assets	718,836	-	-	718,836
	62,903,277	(1,796,122)	(3,251,220)	57,855,935

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**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)*Allowance of Impairment Losses (Cont'd)*

<b>Audited</b>	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>30.11.2021</b>				
Current (not past due)	48,912,765	-	(722,946)	48,189,819
1 to 30 days past due	734,228	-	(26,570)	707,658
31 to 60 days past due	902,225	-	(60,346)	841,879
61 to 90 days past due	2,648,290	-	(179,804)	2,468,486
More than 90 days Credit impaired	4,813,666	-	(1,846,548)	2,967,118
	1,032,224	(1,032,224)	-	-
Trade receivables	59,043,398	(1,032,224)	(2,836,214)	55,174,960
<b>30.11.2022</b>				
Current (not past due)	67,879,333	-	(364,357)	67,514,976
1 to 30 days past due	5,310,516	-	(57,256)	5,253,260
31 to 60 days past due	-	-	-	-
61 to 90 days past due	224,707	-	(5,109)	219,598
More than 90 days Credit impaired	1,685,432	-	(328,650)	1,356,782
	-	-	-	-
Trade receivables	75,099,988	-	(755,372)	74,344,616



**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)*Allowance of Impairment Losses (Cont'd)*

<b>Audited</b>	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>31.5.2022</b>				
Current (not past due)	40,145,336	-	(242,224)	39,903,112
1 to 30 days past due	1,960,220	-	(24,958)	1,935,262
31 to 60 days past due	983,966	-	(19,716)	964,250
61 to 90 days past due	7,810,054	-	(679,235)	7,130,819
More than 90 days	341,315	-	(130,330)	210,985
Credit impaired	1,032,224	(1,032,224)	-	-
	<u>52,273,115</u>	<u>(1,032,224)</u>	<u>(1,096,463)</u>	<u>50,144,428</u>

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**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)*Allowance of Impairment Losses (Cont'd)*

<b>Audited</b>	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>31.5.2023</b>				
Current (not past due)	41,475,479	-	(250,457)	41,225,022
1 to 30 days past due	4,638,932	-	(45,295)	4,593,637
31 to 60 days past due	8,640,718	-	(139,989)	8,500,729
61 to 90 days past due	7,774,009	-	(141,332)	7,632,677
More than 90 days	15,282,510	-	(731,434)	14,551,076
Credit impaired	72,348	(72,348)	-	-
	<u>77,883,996</u>	<u>(72,348)</u>	<u>(1,308,507)</u>	<u>76,503,141</u>

The movements in the loss allowances in respect of trade receivables is disclosed in Note 10 to the combined financial statements.

Other Receivables and Amount Owing by Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related parties.

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

Under this approach, the Group assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Other Receivables and Amount Owing by Related Parties (Cont'd)

The Group uses 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

<u>Category</u>	<u>Definition of Category</u>	<u>Loss Allowance</u>
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing:	There is evidence indicating the receivable is credit impaired more than 90 days past due	Lifetime expected credit losses

The Group measures the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on individual basis. Other receivables are grouped based on shared credit risk characteristics and assessed on collective basis.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Other Receivables and Amount Owing by Related Parties (Cont'd)*Allowance for Impairment Losses*

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>Audited</b>			
<b>30.11.2020</b>			
Low credit risk	5,491,243	(700,423)	4,790,820
Credit impaired	248,783	(248,783)	-
	<u>5,740,026</u>	<u>(949,206)</u>	<u>4,790,820</u>
<b>Audited</b>			
<b>30.11.2021</b>			
Low credit risk	2,040,975	(256,921)	1,784,054
Credit impaired	54,419	(54,419)	-
	<u>2,095,394</u>	<u>(311,340)</u>	<u>1,784,054</u>
<b>Audited</b>			
<b>30.11.2022</b>			
Low credit risk	<u>1,929,266</u>	-	<u>1,929,266</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Other Receivables and Amount Owing by Related Parties (Cont'd)Allowance for Impairment Losses (Cont'd)

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>Audited</b>			
<b>31.5.2023</b>			
Low credit risk	1,821,658	-	1,821,658
<b>Audited</b>			
<b>31.5.2022</b>			
Low credit risk	9,270,740	(49,409)	9,221,331
Credit impaired	232,878	(232,878)	-
	9,503,618	(282,287)	9,221,331

The movements in the loss allowances in respect of other receivables and amount owing by related parties are disclosed in Notes 11 and 13 to the combined financial statements.

*Fixed Deposits with Licensed Banks, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

<b>Audited</b>	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>30.11.2020</b>						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	4.39 - 6.37	783,163	837,942	498,136	339,806	-
Term loans	4.52 - 4.92	8,002,049	12,598,761	585,480	2,341,920	9,671,361
Banker's acceptances	2.25 - 3.76	7,470,000	7,470,000	7,470,000	-	-
Trade financing	0.30 - 4.68	4,626,092	4,626,092	4,626,092	-	-
Trade payables	-	35,665,387	35,665,387	35,665,387	-	-
Other payables and accruals	-	9,641,270	9,641,270	9,641,270	-	-
Amount owing to related parties	-	3,008,953	3,008,953	3,008,953	-	-
Corporate guarantee given to related parties	-	-	2,895,525	129,649	253,663	2,512,213
		69,196,914	76,743,930	61,624,967	2,935,389	12,183,574

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (c) Liquidity Risk (Cont'd)

*Maturity Analysis (Cont'd)*

<b>Audited</b>	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>30.11.2021</b>						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	4.01 - 6.37	1,075,648	1,184,236	358,292	825,944	-
Term loans	4.52 - 4.92	8,018,059	12,594,932	585,480	2,341,920	9,667,532
Banker's acceptances	2.23 - 3.67	6,076,000	6,076,000	6,076,000	-	-
Trade financing	4.49 - 4.59	4,233,899	4,233,899	4,233,899	-	-
Bank overdraft	6.79	786,086	786,086	786,086	-	-
Trade payables	-	20,127,861	20,127,861	20,127,861	-	-
Other payables and accruals	-	12,663,504	12,663,504	12,663,504	-	-
Amount owing to related parties	-	574,948	574,948	574,948	-	-
Amount owing to directors	-	10,257	10,257	10,257	-	-
Corporate guarantee given to related parties	-	-	2,840,516	129,649	124,003	2,586,864
		<b>53,566,262</b>	<b>61,092,239</b>	<b>45,545,976</b>	<b>3,291,867</b>	<b>12,254,396</b>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**39. FINANCIAL INSTRUMENTS (CONT'D)**

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

<b>Audited</b>	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>30.11.2022</b>						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	4.01 - 6.46	2,103,681	2,245,498	1,050,519	1,194,979	-
Term loans	3.26 - 6.47	7,822,574	11,220,033	632,784	2,531,136	8,056,113
Banker's acceptances	2.23 - 3.64	5,580,000	5,580,000	5,580,000	-	-
Trade financing	4.49 - 6.15	11,111,415	11,111,415	11,111,415	-	-
Bank overdraft	6.64	428,987	428,987	428,987	-	-
Trade payables	-	35,559,704	35,559,704	35,559,704	-	-
Other payables and accruals	-	16,800,350	16,800,350	16,800,350	-	-
Amount owing to related parties	-	185,693	185,693	185,693	-	-
		<b>79,592,404</b>	<b>83,131,680</b>	<b>71,349,452</b>	<b>3,726,115</b>	<b>8,056,113</b>



**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**36. FINANCIAL INSTRUMENTS (CONT'D)**

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

<b>Audited</b>	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>31.5.2023</b>						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	4.01 - 6.46	1,623,941	1,718,871	1,017,073	701,798	-
Term loans	4.52 - 4.92	7,712,907	11,205,303	644,291	2,577,216	7,983,796
Banker's acceptances	2.29 - 4.11	7,658,000	7,658,000	7,658,000	-	-
Trade financing	5.87 - 6.40	14,428,084	14,428,084	14,428,084	-	-
Bank overdraft	7.22 - 7.89	1,130,188	1,130,188	1,130,188	-	-
Trade payables	-	31,288,184	31,288,184	31,288,184	-	-
Other payables and accruals	-	2,363,059	2,363,059	2,363,059	-	-
Amount owing to related parties	-	572,964	572,964	572,964	-	-
		<b>66,777,327</b>	<b>70,364,653</b>	<b>59,101,843</b>	<b>3,279,014</b>	<b>7,983,796</b>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**36. FINANCIAL INSTRUMENTS (CONT'D)**

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

<b>Audited</b>	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>31.5.2022</b>						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	4.01 - 6.04	1,130,931	1,236,283	410,082	826,201	-
Term loans	4.52 - 4.92	7,905,820	12,305,050	585,480	2,341,920	9,377,650
Banker's acceptances	2.27 - 2.59	4,600,000	4,600,000	4,600,000	-	-
Trade financing	4.65 - 4.68	3,429,923	3,429,923	3,429,923	-	-
Trade payables	-	29,932,209	29,932,209	29,932,209	-	-
Other payables and accruals	-	7,525,427	7,525,427	7,525,427	-	-
Amount owing to related parties	-	710,386	710,386	710,386	-	-
Corporate guarantee given to related parties	-	-	2,795,253	129,649	69,978	2,595,626
		<b>55,234,696</b>	<b>62,534,531</b>	<b>47,323,156</b>	<b>3,238,099</b>	<b>11,973,276</b>

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group 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 Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	<b>Audited</b> <b>30.11.2020</b> RM	<b>Audited</b> <b>30.11.2021</b> RM	<b>Audited</b> <b>30.11.2022</b> RM	<b>Audited</b> <b>31.5.2022</b> RM	<b>Audited</b> <b>31.5.2023</b> RM
Lease liabilities	783,163	1,075,648	2,103,681	1,130,931	1,623,941
Term loans	8,002,049	8,018,059	7,822,574	7,905,820	7,712,907
Banker's acceptances	7,470,000	6,076,000	5,580,000	4,600,000	7,658,000
Trade financing	4,626,092	4,233,899	11,111,415	3,429,923	14,428,084
Bank overdraft	-	786,086	428,987	-	1,130,188
	<u>20,881,304</u>	<u>20,189,692</u>	<u>27,046,657</u>	<u>17,066,674</u>	<u>32,553,120</u>
Less: Fixed deposits with licensed banks	(2,684,526)	(2,441,911)	(3,487,176)	(3,667,576)	(3,599,749)
Less: Cash and bank balances	(2,289,445)	(2,160,694)	(13,795,721)	(3,419,401)	(2,476,441)
Net debt	<u>15,907,333</u>	<u>15,587,087</u>	<u>9,763,760</u>	<u>9,979,697</u>	<u>26,476,930</u>
Total equity	<u>18,715,681</u>	<u>25,954,433</u>	<u>35,086,190</u>	<u>33,042,825</u>	<u>37,176,858</u>
Debt-to-equity ratio	<u>0.85</u>	<u>0.60</u>	<u>0.28</u>	<u>0.30</u>	<u>0.71</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)****36.2 CAPITAL RISK MANAGEMENT (CONT'D)**

There was no change in the Group's approach to capital management during the financial year/period.

**36.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	<b>Audited</b> <b>30.11.2020</b> RM	<b>Audited</b> <b>30.11.2021</b> RM	<b>Audited</b> <b>30.11.2022</b> RM	<b>Audited</b> <b>31.5.2022</b> RM	<b>Audited</b> <b>31.5.2023</b> RM
<b>Financial Assets</b>					
<u>Amortised Cost</u>					
Trade receivables	57,137,099	55,174,960	74,344,616	50,144,428	76,503,141
Other receivables	391,266	159,909	712,389	8,046,135	604,781
Amount owing by related parties	4,399,554	1,624,145	1,216,877	1,175,196	1,216,877
Fixed deposits with licensed banks	2,684,526	2,441,911	3,487,176	3,667,576	3,599,749
Cash and bank balances	2,289,445	2,160,694	13,795,721	3,419,401	2,476,441
	<u>66,901,890</u>	<u>61,561,619</u>	<u>93,556,779</u>	<u>66,452,736</u>	<u>84,400,989</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	<b>Audited</b> <b>30.11.2020</b> RM	<b>Audited</b> <b>30.11.2021</b> RM	<b>Audited</b> <b>30.11.2022</b> RM	<b>Audited</b> <b>31.5.2022</b> RM	<b>Audited</b> <b>31.5.2023</b> RM
<b>Financial Liabilities</b>					
<u>Amortised Cost</u>					
Lease liabilities	783,163	1,075,648	2,103,681	1,130,931	1,623,941
Term loans	8,002,049	8,018,059	7,822,574	7,905,820	7,712,907
Banker's acceptances	7,470,000	6,076,000	5,580,000	4,600,000	7,658,000
Trade financing	4,626,092	4,233,899	11,111,415	3,429,923	14,428,084
Bank overdraft	-	786,086	428,987	-	1,130,188
Trade payables	35,665,387	20,127,861	35,559,704	29,932,209	31,288,184
Other payables and accruals	9,641,270	12,663,504	16,800,350	7,525,427	2,363,059
Amount owing to related parties	3,008,953	574,948	185,693	710,386	572,964
Amount owing to directors	-	10,257	-	-	-
	<u>69,196,914</u>	<u>53,566,262</u>	<u>79,592,404</u>	<u>55,234,696</u>	<u>66,777,327</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	<b>Audited 1.12.2019 to 30.11.2020 RM</b>	<b>Audited 1.12.2020 to 30.11.2021 RM</b>	<b>Audited 1.12.2021 to 30.11.2022 RM</b>	<b>Audited 1.12.2021 to 31.5.2022 RM</b>	<b>Audited 1.12.2022 to 31.5.2023 RM</b>
<b>Financial Assets</b>					
<u>Amortised Cost</u>					
Net gains/(losses) recognised in profit or loss	267,380	187,650	2,239,274	44,190	(600,515)
<b>Financial Liabilities</b>					
<u>Amortised Cost</u>					
Net losses recognised in profit or loss	(1,018,421)	(940,763)	(1,383,243)	(588,004)	(1,208,200)

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**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**36. FINANCIAL INSTRUMENTS (CONT'D)**

**36.5 FAIR VALUE INFORMATION**

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>Audited</b>								
<b>30.11.2020</b>								
<u>Financial Liabilities</u>								
Term loans:								
- floating rate	-	-	-	-	8,002,049	-	8,002,049	8,002,049
<b>Audited</b>								
<b>30.11.2021</b>								
<u>Financial Liabilities</u>								
Term loans:								
- floating rate	-	-	-	-	8,018,059	-	8,018,059	8,018,059

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. FINANCIAL INSTRUMENTS (CONT'D)**

## 36.5 FAIR VALUE INFORMATION (CONT'D)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>Audited</b>								
<b>30.11.2022</b>								
<u>Financial Liabilities</u>								
Term loans:								
- floating rate	-	-	-	-	7,822,574	-	7,822,574	7,822,574
<b>Audited</b>								
<b>31.5.2023</b>								
<u>Financial Liabilities</u>								
Term loans:								
- floating rate	-	-	-	-	7,712,907	-	7,712,907	7,712,907
<b>Audited</b>								
<b>31.5.2022</b>								
<u>Financial Liabilities</u>								
Term loans:								
- floating rate	-	-	-	-	7,905,820	-	7,905,820	7,905,820



**13. ACCOUNTANTS' REPORT (Cont'd)**

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**36. FINANCIAL INSTRUMENTS (CONT'D)**

**36.5 FAIR VALUE INFORMATION (CONT'D)**

**Fair Value of Financial Instruments Not Carried at Fair Value**

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair value of banker's acceptances and trade financing that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	<b>Audited</b> <b>1.12.2019</b> <b>to</b> <b>30.11.2020</b> <b>%</b>	<b>Audited</b> <b>1.12.2020</b> <b>to</b> <b>30.11.2021</b> <b>%</b>	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>30.11.2022</b> <b>%</b>	<b>Audited</b> <b>1.12.2021</b> <b>to</b> <b>31.5.2022</b> <b>%</b>	<b>Audited</b> <b>1.12.2022</b> <b>to</b> <b>31.5.2023</b> <b>%</b>
Banker's acceptances	2.25 - 3.76	2.23 - 3.67	2.23 - 3.64	2.27 - 2.59	2.29 - 4.11
Trade financing	0.30 - 4.68	4.49 - 4.59	4.49 - 6.15	4.65 - 4.68	5.87 - 6.40

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****37. COMPARATIVE FIGURES**

The following figures have been reclassified to conform with the presentation of the current financial year/period:

	As Previously Reported RM	As Restated RM
Combined Statements of Profit or Loss and Other Comprehensive Income (Extract):-		
<b>FYE 30.11.2021</b>		
Cost of sales	(82,252,946)	(82,719,070)
Administrative expenses	(6,106,512)	(5,671,650)
Other expenses	(744,702)	(713,440)
	<hr/>	<hr/>
<b>FYE 30.11.2022</b>		
Cost of sales	(217,027,153)	(217,212,393)
Other expenses	(895,069)	(709,829)
	<hr/>	<hr/>
<b>FPE 31.5.2022</b>		
Cost of sales	(94,536,353)	(95,250,758)
Administrative expenses	(4,553,741)	(3,860,179)
Other expenses	(385,285)	(364,442)
	<hr/>	<hr/>

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**13. ACCOUNTANTS' REPORT (Cont'd)**

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**JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. INITIAL APPLICATION OF MFRS 16**

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 December 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 December 2019.

**(a) Lessee Accounting**

At 1 December 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rate at that date of 9.61%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 December 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 December 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

**(b) Lessor Accounting**

The Group did not make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of MFRS 16.

There were no financial impacts to the Group's retained profits as at 1 December 2019.

**13. ACCOUNTANTS' REPORT (Cont'd)****JATI TINGGI GROUP BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. INITIAL APPLICATION OF MFRS 16 (CONT'D)****(c) Financial Impacts**

The main impacts resulting from the adoption of MFRS 16 as at 1 December 2019 are summarised below:-

The Group	< ----- 1 December 2019 ----- >		
	As Previously Reported RM	MFRS 16 Adjustments RM	As Restated RM
<i>Statements of Financial Position</i>			
Plant and equipment	1,398,106	(159,110)	1,238,996
Right-of-use assets	-	607,429	607,429
Lease liabilities:			
- current liabilities	-	(434,487)	(434,487)
- non-current liabilities	-	(347,790)	(347,790)
Hire purchase payables:			
- current liabilities	(233,931)	233,931	-
- non-current liabilities	(100,027)	100,027	-

**39. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL PERIOD**

- (a) On 26 September 2022, the shareholders of the Company entered into a conditional share sale agreement to acquire the entire issued and paid-up capital of JTHSB of RM1,000,000 comprising 1,000,000 ordinary shares for a total consideration of RM26,000,000 to be satisfied by the issuance of 325,000,000 new ordinary shares at an issue price of RM0.08 per Share. The said acquisition was completed on 13 July 2023.

Upon the completion of the Acquisition, the Company became the holding company of JTHSB.

- (b) On 12 May 2023, the Company obtained conditional approval from Bursa Securities for its Listing on the ACE Market of Bursa Securities.
- (c) On 17 August 2023, the Group entered into a sale and purchase agreement with a purchaser to dispose of its freehold land and building for a cash consideration of RM16,000,000.

On 5 October 2023, the conditions precedent as stated in the said sale and purchase agreement have been complied. The said disposal is pending completion. The Group expects the said disposal to be completed by 1st quarter of 2024.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**STATEMENT BY DIRECTORS**

We, Dato' Seri Lim Yeong Seong and Chin Jiunn Shyong, being two of the directors of Jati Tinggi Group Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 4 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of Jati Tinggi Group Berhad and its combined entities (collectively known as the "Group") as of 30 November 2020, 2021 and 2022 and of their financial performance and their cash flows for the financial years ended 30 November 2020, 2021 and 2022 and are drawn up in accordance with MFRS 134 "Interim Financial Reporting", International Accounting Standard 34 "Interim Financial Reporting" and the Prospectus Guidelines so as to give a true and fair view of the financial position of the Group as of 31 May 2023 and of its financial performance and its cash flows for the financial period ended 31 May 2023.

Signed in accordance with a resolution of the directors dated 09 NOV 2023



Dato' Seri Lim Yeong Seong



Chin Jiunn Shyong

**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION**



**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants  
Level 16, Tower C, Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Malaysia  
Main +6 03 2788 9999  
Fax +6 03 2788 9998  
www.crowe.my

Date: **09 NOV 2023**

The Board of Directors  
**Jati Tinggi Group Berhad**  
No. 23 & 25 Jalan Temenggung 13/9,  
Bandar Mahkota Cheras,  
Seksyen 9,  
43200 Cheras, Selangor.

Dear Sirs

**JATI TINGGI GROUP BERHAD ("Jati Tinggi" or the "Company")  
REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31  
MAY 2023**

We have completed our assurance engagement to report on the compilation of Pro Forma Statements of Financial Position of Jati Tinggi Group Berhad and its subsidiary (hereinafter referred to as the "Group") as at 31 May 2023 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors of the Company for inclusion in the Prospectus in connection with the listing of and quotation for the entire issued share capital of Jati Tinggi on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Statements of Financial Position are described in Note 3 of Appendix A. The Pro Forma Statements of the 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 ("the Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The Pro Forma Statements of Financial Position have been compiled by the Board of Directors of the Company to illustrate the impact of the events or transactions set out in the notes thereon to the Pro Forma Statements of Financial Position as if the events have occurred or the transactions have been undertaken on 31 May 2023. As part of this process, information about the Group's financial position has been extracted by the Board of Directors of the Company from the Group's audited statements of financial position as at 31 May 2023.

**THE BOARD OF DIRECTORS' RESPONSIBILITIES**

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



**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL**

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

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

**REPORTING ACCOUNTANTS' RESPONSIBILITIES**

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

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

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

The purpose of Pro Forma Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)**

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position has been compiled, in all material respects, on the basis set out in notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines, 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 Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

**OPINION**

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

**OTHER MATTER**

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

Yours faithfully,

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur

**Chong Wei-Chnoong**  
03525/08/2024 J  
Chartered Accountant



14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

Initialed For Identification Purposes Only



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Crowe Malaysia PLT  
20190600005 (LLP0010017-LCA) & AF 1018  
Chartered Accountants

Appendix A

JATI TINGGI GROUP BERHAD

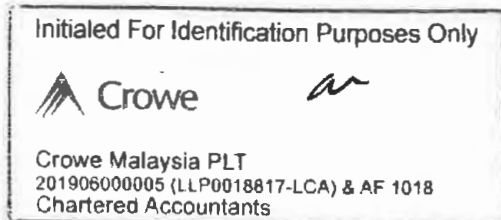
PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023

	Jati Tinggi Audited As at 31 May 2023 RM'000	JTHSB Audited As at 31 May 2023 RM'000	Acquisition of JTHSB RM'000	Pro Forma 1 After Acquisition of JTHSB RM'000	Public Issue RM'000	Pro Forma 2 After Pro Forma 1 and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma 3 After Pro Forma 2 and Utilisation of Proceeds RM'000
<b>ASSETS</b>								
<b>NON-CURRENT ASSETS</b>								
Plant and equipment	-	2,173	-	2,173	-	2,173	-	2,173
Investment property	-	8,277	-	8,277	-	8,277	-	8,277
Right-of-use assets	-	1,525	-	1,525	-	1,525	-	1,525
Intangible assets	-	205	-	205	-	205	-	205
	-	12,180	-	12,180	-	12,180	-	12,180
<b>CURRENT ASSETS</b>								
Inventories	-	409	-	409	-	409	-	409
Trade receivables	-	76,503	-	76,503	-	76,503	-	76,503
Other receivables, deposits and prepayments	373	7,443	-	7,816	-	7,816	-	7,816
Amount owing by Jati Tinggi	-	2,098	(2,098)	-	-	-	-	-
Amount owing by related parties	-	1,217	-	1,217	-	1,217	-	1,217
Fixed deposits with licensed banks	-	3,600	-	3,600	-	3,600	-	3,600
Cash and bank balances	6.1	2,476	-	2,476	18,036	20,512	(10,500)	10,012
	373	93,746	(2,098)	92,021	18,036	110,057	(10,500)	99,557
<b>TOTAL ASSETS</b>	<b>373</b>	<b>105,926</b>	<b>(2,098)</b>	<b>104,201</b>	<b>18,036</b>	<b>122,237</b>	<b>(10,500)</b>	<b>111,737</b>

## 14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

## JATI TINGGI GROUP BERHAD

## PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)



Appendix A

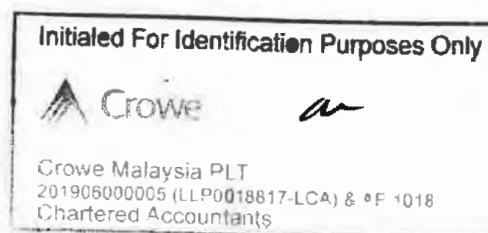
	Note	Jati Tinggi Audited As at 31 May 2023 RM'000	JTHSB Audited As at 31 May 2023 RM'000	Acquisition of JTHSB RM'000	Pro Forma 1 After Acquisition of JTHSB RM'000	Public Issue RM'000	Pro Forma 2 After Pro Forma 1 and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma 3 After Pro Forma 2 and Utilisation of Proceeds RM'000
<b>EQUITY AND LIABILITIES</b>									
<b>EQUITY</b>									
Share capital	6.2	#	1,000	25,000	26,000	18,036	44,036	(595)	43,441
Merger deficit	6.3	-	-	(25,000)	(25,000)	-	(25,000)	-	(25,000)
(Accumulated losses)/Retained profits	6.4	(1,860)	38,037	-	36,177	-	36,177	(2,905)	33,272
<b>TOTAL EQUITY</b>		<b>(1,860)</b>	<b>39,037</b>	<b>-</b>	<b>37,177</b>	<b>18,036</b>	<b>55,213</b>	<b>(3,500)</b>	<b>51,713</b>
<b>LIABILITIES</b>									
<b>NON-CURRENT LIABILITIES</b>									
Lease liabilities		-	666	-	666	-	666	-	666
Term loans		-	7,410	-	7,410	-	7,410	-	7,410
		-	8,076	-	8,076	-	8,076	-	8,076

# - Amount represent RM50

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

JATI TINGGI GROUP BERHAD

PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

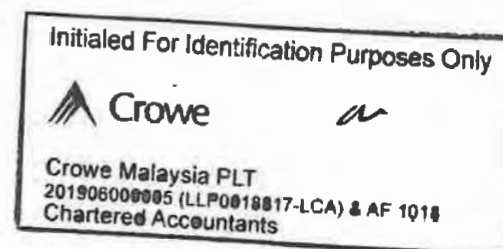


Appendix A

	Note	Jati Tinggi Audited As at 31 May 2023 RM'000	JTHSB Audited As at 31 May 2023 RM'000	Acquisition of JTHSB RM'000	Pro Forma 1 After Acquisition of JTHSB RM'000	Public Issue RM'000	Pro Forma 2 After Pro Forma 1 and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma 3 After Pro Forma 2 and Utilisation of Proceeds RM'000
<b>CURRENT LIABILITIES</b>									
Trade payables		-	31,288	-	31,288	-	31,288	-	31,288
Other payables and accruals	135	135	2,228	-	2,363	-	2,363	-	2,363
Amount owing to JTHSB		2,098	-	(2,098)	-	-	-	-	-
Amount owing to related parties		-	573	-	573	-	573	-	573
Lease liabilities		-	958	-	958	-	958	-	958
Term loans		-	303	-	303	-	303	-	303
Banker's acceptances	6.5	-	7,658	-	7,658	-	7,658	(2,146)	5,512
Trade financing	6.6	-	14,428	-	14,428	-	14,428	(4,854)	9,574
Bank overdraft		-	1,130	-	1,130	-	1,130	-	1,130
Current tax liabilities		-	247	-	247	-	247	-	247
		2,233	58,813	(2,098)	58,948	-	58,948	(7,000)	51,948
<b>TOTAL LIABILITIES</b>		2,233	66,889	(2,098)	67,024	-	67,024	(7,000)	60,024
<b>TOTAL EQUITY AND LIABILITIES</b>		373	105,926	(2,098)	104,201	18,036	122,237	(10,500)	111,737

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

Appendix A



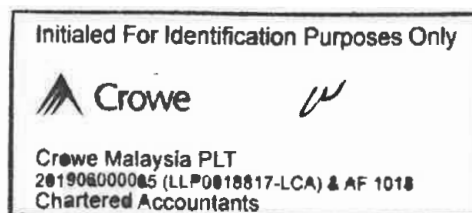
JATI TINGGI GROUP BERHAD

PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

	Jati Tinggi Audited As at 31 May 2023 RM'000	JTHSB Audited As at 31 May 2023 RM'000	Acquisition of JTHSB RM'000	Pro Forma 1 After Acquisition of JTHSB RM'000	Public Issue RM'000	Pro Forma 2 After Pro Forma 1 and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma 3 After Pro Forma 2 and Utilisation of Proceeds RM'000
Share capital	#	1,000	25,000	26,000	18,036	44,036	(595)	43,441
Merger deficit	-	-	(25,000)	(25,000)	-	(25,000)	-	(25,000)
(Accumulated losses)/Retained profits	(1,860)	38,037	-	36,177	-	36,177	(2,905)	33,272
Net (Liabilities)/Assets ((NL)/NA)/Total equity attributable to owners of the Company (RM'000)	(1,860)	39,037	-	37,177	18,036	55,213	(3,500)	51,713
Number of shares ('000)	1	1,000	325,000	325,001	66,800	391,801	-	391,801
(NL)/NA per Share (RM)	(1,860)	39	-	0.11	0.27	0.14	-	0.13
Total borrowings (RM'000)	-	32,553	-	32,553	-	32,553	(7,000)	25,553
Gearing (times)	-	0.83	-	0.88	-	0.59	-	0.49

# - Amount represent RM50

**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**



Appendix A

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023**

**1. ABBREVIATIONS**

Unless the context otherwise requires, the following abbreviations shall apply throughout this report:

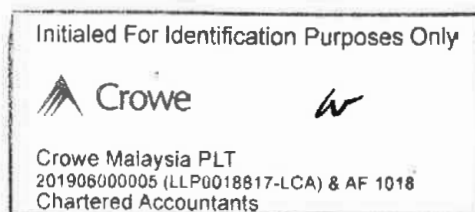
**Abbreviations**

Acquisition of JTHSB	: Acquisition by Jati Tinggi for the entire equity interest of JTHSB for a purchase consideration of RM26,000,000 to be fully satisfied via the issuance of 325,000,000 new Shares at an issue price of RM0.08 per Share, which was completed on 13 July 2023
Broad River Capital	: Broad River Capital Sdn. Bhd. Registration No. 202201028619 (1474316 - H)
Bursa Securities	: Bursa Malaysia Securities Berhad Registration No. 200301033577 (635998 - W)
IPO	: Initial public offering comprising the Public Issue and Offer for Sale, collectively
Jati Tinggi or the Company	: Jati Tinggi Group Berhad Registration No.: 202101043655 (1443955 - H)
Jati Tinggi Group or the Group	: Jati Tinggi Group Berhad, Jati Tinggi Holding Sdn. Bhd. Registration No.: 200301020328 (622748 - W)
Jati Tinggi Shares or Shares	: Ordinary shares in Jati Tinggi
JTHSB	: Jati Tinggi Holding Sdn. Bhd.
Listing	: Admission of Jati Tinggi to the Official List of Bursa Securities and listing of and quotation for the entire enlarged issued share capital of Jati Tinggi on the ACE Market of Bursa Securities
LPD	: 31 October 2023, being the latest practicable date
Offer for sale	: Offer for sale of 35,000,000 Shares by the offerors (namely Dato' Seri Lim Yeong Seong, Chin Jiunn Shyong and Lim Ming Hong) at RM0.27 each
Public issue	: Public issue of 66,800,000 new shares at RM0.27 each
RM and Sen	: Ringgit Malaysia and sen, respectively

**2. INTRODUCTION**

The Pro Forma Statements of Financial Position of the Group as at 31 May 2023 together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the Listing and should not be relied upon for any other purposes.

**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**



Appendix A

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)**

**3. BASIS OF PREPARATION**

**Pro Forma Statements of Financial Position**

The Pro Forma Statements of Financial Position of the Group as at 31 May 2023 is prepared based on the audited combined statements of financial position of the Group as at 31 May 2023 which, was prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the format of the financial statements and accounting policies of the Group.

The combined financial statements used in the preparation of these Pro Forma Statements of Financial Position were not subject to any audit qualification, disclaimer of opinion or emphasis of matter.

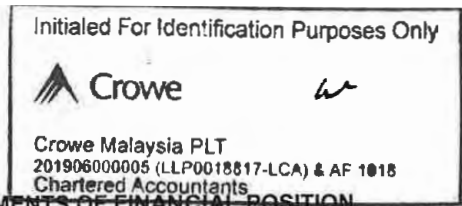
A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same parties before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs.

The Pro Forma Statements of Financial Position together with the related notes thereon, have been prepared solely to illustrate the impact of the events and transactions set out in Note 5 to the Pro Forma Statements of Financial Position had the events occurred or transactions been undertaken on 31 May 2023. The Pro Forma Statements of Financial Position are not necessarily indicative of the financial position that would have been attained had the Listing actually occurred at the respective dates.



**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**



Appendix A

JATI TINGGI GROUP BERHAD

NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

**4. LISTING SCHEME**

**4.1 Acquisition of JTHSB**

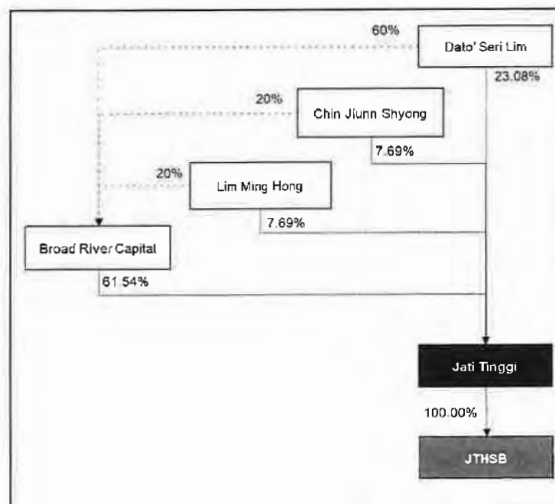
On 26 September 2022, Jati Tinggi entered into a conditional share sale agreement to acquire the entire issued share capital of JTHSB of RM1,000,000 comprising 1,000,000 ordinary shares from Dato' Seri Lim Yeong Seong ("Dato' Seri Lim"), Chin Jiunn Shyong and Lim Ming Hong ("JTHSB Vendors", collectively) for a purchase consideration of RM26,000,000. The said acquisition was completed on 13 July 2023.

The Group structure before and after the IPO are illustrated as follows:

**(i) Before the Acquisition of JTHSB and IPO**



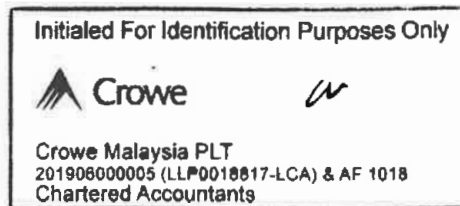
**(ii) After the Acquisition of JTHSB and before the IPO**



The purchase consideration of RM26,000,000 was arrived at on a willing-buyer willing-seller basis, after taking into account the audited net assets of JTHSB as at 30 November 2021. The purchase consideration was settled by issuance of 325,000,000 new Shares at an issue price of RM0.08 per Share.

Pursuant to the terms of the conditional share sale agreement for the Acquisition of JTHSB, 200,000,000 Shares was issued to Broad River Capital, an investment holding company incorporated with the intention to hold the investment of Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong in Jati Tinggi. As at the LPD, Dato' Seri Lim, Chin Jiunn Shyong, Lim Ming Hong, and Broad River Capital hold 75,000,480 ordinary shares (23.08%), 25,000,160 ordinary shares (7.69%) and 25,000,160 ordinary shares (7.69%) and 200,000,000 ordinary shares (61.54%), respectively in Jati Tinggi.

**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**



Appendix A

**JATI TINGGI GROUP BERHAD**

**NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MAY 2023 (CONT'D)**

**4. LISTING SCHEME (CONT'D)**

In conjunction with, and as an integral part of the Listing, Jati Tinggi intends to undertake the following:

**4.2 Public Issue**

The Public Issue of 66,800,000 new Shares ("Public Issue Shares"), representing approximately 17.06% of the enlarged total number of Shares of Jati Tinggi at an issue price of RM0.27 per Share allocated in the following manner:-

- 19,600,000 Public Issue Shares will be made available for application by the Malaysian public by way of balloting;
- 10,000,000 Public Issue Shares will be made available for application by the eligible directors, employees and persons who have contributed to the success of the Group;
- 14,000,000 Public Issue Shares will be made available for application by way of private placement to selected Bumiputera investors approved by Ministry of Investment, Trade and Industry (formerly known as Ministry of International Trade and Industry) ("MITI"); and
- 23,200,000 Public Issue Shares will be made available for application by way of private placement to selected investors.

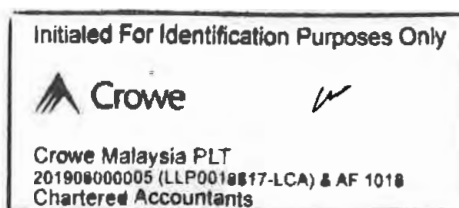
**4.3 Offer for Sale**

Concurrent with the Listing, the offer for sale of 35,000,000 Shares at the offer price of RM0.27 per Share, payable in full on application, will be made available by way of private placement to selected Bumiputera investors approved by MITI.

**4.4 Listing**

The admission of the listing of and quotation for the entire enlarged issued share capital of Jati Tinggi of RM44,036,050 comprising 391,800,800 Shares on the ACE Market of Bursa Securities.



**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**


Appendix A

JATI TINGGI GROUP BERHAD

**NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)**
**5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION**
**5.1 Pro Forma 1**

Pro Forma 1 incorporates the effects of the Acquisition of JTHSB as set out in Note 4.1 to the Pro Forma Statements of Financial Position.

**5.2 Pro Forma 2**

Pro Forma 2 incorporates the effects of Pro Forma 1 and Public Issue as set out in Note 4.2 to the Pro Forma Statements of Financial Position.

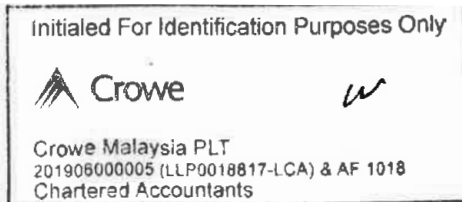
**5.3 Pro Forma 3**

Pro Forma 3 incorporates the effects of Pro Forma 2 and the utilisation of proceeds from Public Issue. The proceeds from the Public Issue will be utilised as follows:-

Purposes	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM'000	%	
Repayment of bank borrowings <sup>(1)</sup>	7,000	38.81	Within 12 months
General working capital	7,336	40.67	Within 18 months
Capital expenditure <sup>(2)</sup>	200	1.11	Within 12 months
Estimated listing expenses <sup>(3),(4)</sup>	3,500	19.41	Within 3 months
	18,036	100.00	

Notes to the utilisation of proceeds:-

- (1) The Group intends to utilise RM7,000,000 of its IPO proceeds as early settlement for certain banker's acceptances and trade financing as at 31 May 2023. The utilisation is reflected in the pro forma statements of financial position.
- (2) As at the LPD, none of the total utilisation of proceeds for capital expenditure were supportable by any purchase orders, sales and purchase agreements or contractual binding agreements. Accordingly, the use of proceeds for capital expenditure is not reflected in the pro forma statements of financial position.
- (3) If the actual listing expenses are higher than budgeted, the deficit will be funded by internally generated funds.
- (4) The estimated listing expenses of RM595,000 directly attributable to the Public Issue will be set off against share capital and the remaining estimated listing expenses of RM2,905,000 that are attributable to the Listing will be expensed off to profit or loss.

**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**


Appendix A

JATI TINGGI GROUP BERHAD

**NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MAY 2023 (CONT'D)**
**6. EFFECTS ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION**
**6.1 Cash and bank balances**

	RM'000
As at 31 May 2023/Pro Forma 1	2,476
Pursuant to Public Issue	18,036
As per Pro Forma 2	20,512
Pursuant to utilisation of proceeds	
- Repayment of bank borrowings <sup>#</sup>	(7,000)
- Estimated listing expenses <sup>^</sup>	(3,500)
As per Pro Forma 3	10,012

**6.2 Share capital**

	Number of ordinary shares '000	Amount of share capital RM'000
As at 31 May 2023*	-	-
Add: Ordinary shares issued pursuant to the Acquisition of JTHSB	325,001	26,000
As per Pro Forma 1	325,001	26,000
Pursuant to Public Issue	66,800	18,036
As per Pro Forma 2	391,801	44,036
Pursuant to utilisation of proceeds		
- Estimated listing expenses <sup>^</sup>	-	(595)
As per Pro Forma 3	391,801	43,441

**6.3 Merger deficit**

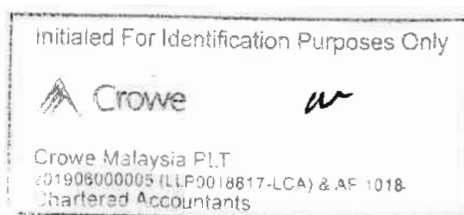
	RM'000
As at 31 May 2023	-
Pursuant to Acquisition of JTHSB	(25,000)
As per Pro Forma 1, 2 and 3	(25,000)

**6.4 Retained profits/(Accumulated losses)**

	RM'000
As at 31 May 2023/Pro Forma 1 and 2	36,177
Pursuant to utilisation of proceeds	
- Estimated listing expenses <sup>^</sup>	(2,905)
As per Pro Forma 3	33,272

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## 14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)



Appendix A

JATI TINGGI GROUP BERHAD

### NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONT'D)

#### 6. EFFECTS ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)

##### 6.5 Banker's acceptances

	RM'000
As at 31 May 2023/Pro Forma 1 and 2	7,658
Pursuant to utilisation of proceeds	
- Repayment of bank borrowings <sup>#</sup>	(2,146)
As per Pro Forma 3	<u>5,512</u>

##### 6.6 Trade financing

	RM'000
As at 31 May 2023/Pro Forma 1 and 2	14,428
Pursuant to utilisation of proceeds	
- Repayment of bank borrowings <sup>#</sup>	(4,854)
As per Pro Forma 3	<u>9,574</u>

Notes:-

- \*- *The Group intends to utilise RM7,000,000 of its IPO proceeds as early settlement for certain banker's acceptances and trade financing as at 31 May 2023. The utilisation is reflected in the pro forma statements of financial position.*
- ^- *The estimated listing expenses of RM595,000 directly attributable to the Public Issue will be set off against share capital and the remaining estimated listing expenses of RM2,905,000 that are attributable to the Listing will be expensed off to profit or loss.*
- \*- *At date of incorporation, Jati Tinggi issued 50 Shares at RM1 each. On 15 September 2022, Jati Tinggi completed the subdivision of 50 existing Shares in Jati Tinggi into 800 Shares on the basis of 16 new Shares for every 1 existing Share.*

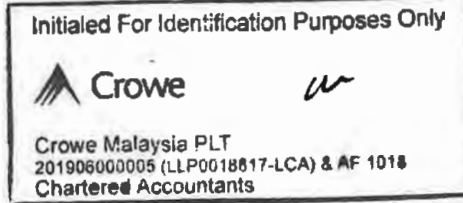
#### 7. OUTSTANDING CORPORATE EXERCISES

On 17 August 2023, JTHSB entered into a sale and purchase agreement ("SPA") with a purchaser to dispose of its freehold land and building for a cash consideration of RM16,000,000 ("the Proposed Disposal").

On 5 October 2023, the conditions precedent as stated in SPA have been complied. The said disposal is pending completion. The Group expects the said disposal to be completed by 1st quarter of 2024.

Save for the Proposed Disposal, there were no other intended corporate exercises/schemes which have been announced but yet to be completed by the Group.

**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**



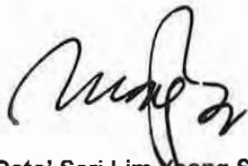
Appendix A

**JATI TINGGI GROUP BERHAD**

**APPROVAL BY THE BOARD OF DIRECTORS**

The Pro Forma Statements of Financial Position as at 31 May 2023 has been approved and adopted by the Board of Directors in accordance with a resolution dated **09 NOV 2023**

On behalf of the Board of Directors,



**Dato' Seri Lim Yeong Seong**



**Chin Jiunn Shyong**

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## 15. STATUTORY AND OTHER GENERAL INFORMATION

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### 15.1 SHARE CAPITAL

- (i) No securities will be allotted or issued or offered on the basis of this Prospectus later than 6 months after the date of the issuance of this Prospectus.
- (ii) As at the date of this Prospectus, our Company has only 1 class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save for the issuance of our subscriber's shares upon our incorporation and new Shares issued for the Acquisition of JTHSB and Public Issue as disclosed in this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company or our subsidiary have been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, during the Financial Years and Period Under Review and up to the date of this Prospectus. Details of our share capital are set out in Section 6.4 of this Prospectus. Details of the share capital of our subsidiary, namely JTHSB, are set out in Section 6.5 of this Prospectus.
- (iv) None of the share capital of our Company or our subsidiary is under option or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- (v) As at the LPD, save for the Public Issue Shares reserved for subscription by our Eligible Parties as disclosed in Section 4.3.1(ii) of this Prospectus,
  - (a) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiary; and
  - (b) there is no scheme involving our Directors or employees of our Group in the shares of our Company or our subsidiary.
- (vi) Our Company and our subsidiary do not have any outstanding convertible debt security as at the date of this Prospectus.

### 15.2 EXTRACT OF OUR CONSTITUTION

The following is extracted from our Constitution and is qualified in its entirety by the remainder of the provision of our Constitution and by applicable law.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless there are otherwise defined herein or the context otherwise requires.

#### (i) Transfer of securities

The provision in our Company's Constitution in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:

##### “Clause 14

- (1) The transfer of any Deposited Security or class of Deposited 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 Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (2) In the case of Deposited Security, the Depository may refuse to effect any transfer of Deposited Security that does not comply with the Central Depositories Act and Rules and where the reason for the transfer does not fall within any of the approved reasons provided in the Rules.”

**(ii) Remuneration of Directors**

The provisions in our Company’s Constitution in respect of the remuneration of Directors are as follows:

**“Clause 86**

A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine.”

**“Clause 95**

- (1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.
- (2) Subject to Clause 86, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders’ approval at a General Meeting.
- (3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year’s fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (4) The following expenses shall be determined by the Directors:
- (a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and
- (b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.
- (5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 86 but such remuneration shall not include a commission on or percentage of turnover.”

**(iii) Voting and borrowing powers of the Directors**

The provisions in our Company’s Constitution in respect of the voting and borrowing powers of Directors, including voting powers on proposals, arrangements or contracts in which they are interested in, are as follows:

**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

**“Clause 97**

Without limiting the generality of Clause 96(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

- (1) borrow money;
- (2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;
- (3) issue debentures and other Securities whether outright or as security; and/or;
- (4)
  - (a) lend and advance money or give credit to any person or company;
  - (b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;
  - (c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

Subject to the provisions of the Act, the Directors shall not acquire an undertaking or property or a substantial value or dispose of the whole or substantially the whole of the undertaking of the Company unless approval of the Members at a general meeting has been obtained.

The Directors may give security for the payment of any money payable by the Company in like manner as for the payment of money borrowed or raised, but in such case the amount shall be reckoned as part of the money borrowed.

The Directors shall cause proper register to be kept in accordance with the provisions of the Act of all charges specifically affecting the property of the Company and all floating charges on the undertaking or any property of the Company and shall duly comply with the requirements of the Act in regard to the registration of the charges therein specified and otherwise.”

**“Clause 107(a)**

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.”

**“Clause 120**

- (1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.
- (2) Each Director is entitled to cast one (1) vote on each matter for determination.”

**“Clause 121**

In the case of an equality of votes, the Chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum and only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue, the chairman of the Board Meeting shall not have a casting vote.”

**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

**(iv) Changes to share capital or variation of class rights and rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights**

The provisions in our Company's Constitution in respect of the changes to share capital and variation of class rights and rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights, which are no less stringent than those required by law, are as follows:

**"Clause 7**

- (1) The capital of the Company shall consist of ordinary shares.
- (2) A holder of ordinary share(s) shall have the following voting rights:
  - (a) Right to vote on a show of hands to one (1) vote on any resolution of the Company; and
  - (b) Right to vote on a poll to one (1) vote for every share held on any resolution of the Company.
- (3) Subject to any applicable laws and any other requirements of Bursa Securities and the SC, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are liable or at the option of the Company are liable to be redeemed and the Company shall not issue preference shares ranking in priority over preference shares already issued but may issue preference shares ranking equally therewith.
  - (a) A holder of preference shares must have a right to vote 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; and
    - (vi) during the winding up of the Company.
  - (b) 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 meetings.
- (4) Notwithstanding Clause 3 hereof, 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 resolution is not obtained at the meeting of the preference shareholders concerned, consent in writing obtained from not less than seventy-five percent (75%) of the total voting rights of the holders of the preference shares within two (2) months of the meeting shall be valid and effectual as a special resolution carried at the meeting.



**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (5) The Company shall have the power to increase, or reduce its capital, to consolidate or sub-divide the shares into shares of larger or smaller amounts, and to divide the shares forming the capital. The shares in the original or any increased or decreased capital may be divided into several classes and there may be attached thereto any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise.”

**“Clause 8**

- (1) If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:
- (a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or
  - (b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.”
- (2) The provisions of this Constitution relating to General Meetings apply with the necessary modifications to every separate meeting of the holders of the shares of the class referred to in Clause 8(1), except that:
- (a) for a meeting other than an adjourned meeting, a quorum is constituted by two (2) persons present holding at least one-third (1/3) of the number of issued shares of such class, excluding any shares of that class held as treasury shares;
  - (b) if that class of shares only has one holder, a quorum is constituted by one (1) person present holding shares of such class; and
  - (c) for an adjourned meeting, a quorum is constituted by one (1) person present holding share(s) of such class.
- (3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:
- (a) the terms of the issue of the existing preference shares; or
  - (b) this Constitution of the Company as in force at the time when the existing preference shares were issued.”

**“Clause 12**

- (1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:
- (a) issue and allot shares in the Company; and
  - (b) grant rights to subscribe for shares or options over unissued shares in the Company.

**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

If, by conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal personal representative but this provision shall not affect the liability of any allottee who may have agreed to pay the same.

- (2) Subject to the Act, the Listing Requirements, this Constitution and the relevant Shareholders' approval being obtained, the Directors may issue any shares (including rights or options over subscription of such shares):
  - (a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine;
  - (b) to any person, whether a Member or not, in such numbers or proportions as the Directors may determine; and
  - (c) for such consideration as the Directors may determine.
- (3)
  - (a) Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.
  - (b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.
  - (c) The Directors may likewise also dispose of any new share or security 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.
- (4) Subject to Rule 6.07 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue.

Except so far as otherwise provided by the conditions of issue, or by the provisions of this Constitution, any share capital raised by the issue of new shares shall be considered as part of the original share capital and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien, voting and otherwise as if it has been part of the original share capital.

**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (5) (a) Subject to Section 80 of the Act, the Company may pay commission (including brokerage) subject to the following:
    - (i) the commission shall not exceed the rate of ten percent (10%) of the price at which the shares in respect whereof the same is paid are issued; or
    - (ii) the commission shall not exceed an amount equal to ten percent (10%) of that price,

whichever is lesser;
  - (b) The rate of commission shall be disclosed in the manner prescribed in the Act; and
  - (c) The said commission may be satisfied by payment in cash or shares (fully or partly paid shares) or partly in one way and partly in the other. For the purpose of Clause 12(5), commission includes brokerage and the rates referred to in Clause 12(5)(a) shall not apply to brokerage.
- (6) Subject to Section 130 of the Act, where any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest or returns on the amount of such share capital as is for the time being paid up and charge the interest or returns paid to share capital as part of the cost of construction of the works, buildings or the provision of any plant.
  - (7) All new issues of Securities for which listing is sought shall be by way of crediting the Securities Accounts of the allottees or entitled persons held with the Depository with such Securities with the Depository, save and except where the Company is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall similarly be exempted from compliance with this provision. For this purpose, the Company must notify the Depository of the names of the allottees or entitled persons together with all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the Securities Accounts of such allottees or entitled persons."

**"Clause 46**

- (1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:
  - (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or
  - (b) subdivide its shares or any of the shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.
- (2) The Company may from time to time by special resolution and subject to other applicable requirements:

**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (a) cancel shares which, at the date of the passing of the resolution in that regard, 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 in such other manner allowed by law; or
  - (b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.
- (3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.”

**“Clause 67**

Subject to Clause 55, a Member shall be entitled to be present and to vote at any General Meeting in respect of any share or shares upon which all calls due to the Company have been paid.”

**“Clause 68**

A Member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such person as properly has the management of his estate, and any such committee or other person may vote by proxy or attorney. Evidence to the Directors’ satisfaction of the person claiming to exercise the right to vote shall be deposited at the office, at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll. If this is not done, the right to vote shall not be exercisable.”

**“Clause 69**

The legal personal representative of a deceased Member or the person entitled to any share in consequence of the death or bankruptcy of any Member may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote, or the in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, he shall satisfy the Directors of this right to any share in consequence of the death or bankruptcy of any Member unless the Directors shall have previously admitted his right to vote in respect thereof.”

**“Clause 141**

- (1) Subject to the Act, a dividend may be declared by:
- (a) the Directors; or
  - (b) the Members on the recommendation of the Board of Directors as it thinks appropriate,

provided always that the Company is solvent, but no such dividend shall be payable except out of profits of the Company.

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**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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- (2) The payment of a dividend is to those holders of such class of shares as the Directors have determined in accordance with and subject to any conditions upon which the shares have been issued.
- (3) A dividend shall not exceed the amount recommended by the Directors.”

**“Clause 146**

- (1) Subject to the rights of persons (if any) entitled to shares with special rights or conditions as to dividend entitlement or to any provisions in this Constitution, all dividends must be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid.
- (2) An amount paid or credited as paid on a share in advance of a call shall not be taken for the purposes of this Clause to be paid or credited as paid on the share and shall not, whilst carrying interest, confer a right to participate in profits.
- (3) All dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (4) If any share is issued on terms providing that it ranks for dividend as from a particular date that share ranks for dividend accordingly.”

**15.3 NO LIMITATON ON THE RIGHT TO OWN SECURITIES**

There are no limitations on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by law or by constituent documents of the Company.

**15.4 MATERIAL CONTRACTS**

Save as disclosed below, our Group has not entered into any material contracts which are not in the ordinary course of our Group's business within the Financial Years and Period Under Review up to the date of this Prospectus:

- (i) conditional share sale agreement dated 26 September 2022 entered into between our Company and the vendors of JTHSB (i.e., Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong) to acquire the entire issued share capital of JTHSB, for a purchase consideration of RM26,000,000 via the issuance of 325,000,000 new Shares at an issue price of RM0.08 per Share. The Acquisition of JTHSB was completed on 13 July 2023;
- (ii) collaboration agreement dated 23 September 2022 entered into between JTHSB and Worktime Engineering (“**Collaboration Agreement 1**”). As set out in Section 7.25 of this Prospectus, our Group is materially dependent on Collaboration Agreement 1 for our business and profitability. The salient terms of Collaboration Agreement 1 are set out in Section 15.4.1(i) below;
- (iii) collaboration agreement dated 23 September 2022 entered into between JTHSB and YM Teras (“**Collaboration Agreement 2**”). As set out in Section 7.25 of this Prospectus, our Group is materially dependent on Collaboration Agreement 2 for our business and profitability, the salient terms of Collaboration Agreement 2 are set out in Section 15.4.1(iii) below;

**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (iv) memorandum of collaboration dated 23 September 2022 entered into between JTHSB and CD Electrical (“**MOC**”). As set out in Section 7.25 of this Prospectus, our Group is materially dependent on the MOC for our business and profitability. The salient terms of the MOC are set out in Section 15.4.1(ii) below;
- (v) memorandum of understanding dated 27 February 2023 entered into between JTHSB and G.B.U. Consultant to establish a framework for cooperation to deal with business opportunities which may arise in the infrastructure utilities industry for EPCC works, which includes power cabling works as well as other related engineering, civil or electrical works for the power, telecommunication, distributed gas, water and sewerage markets in Sarawak. Further details are set out in Section 7.24.2 of this Prospectus;
- (vi) sale and purchase agreement dated 17 August 2023 entered into between JTHSB and BHSB for the Disposal of Property. The Disposal of Property is pending completion. Further details are set out in Section 12.5.3 of this Prospectus; and
- (vii) Underwriting Agreement dated 15 November 2023 entered into between our Company and the Underwriter for the underwriting of the Balloting Shares, for the underwriting commission at the rate as set out in Section 4.9.2 of this Prospectus, in accordance with the terms and conditions as set out in the Underwriting Agreement. Further details of the Underwriting Agreement are set out in Section 4.10 of this Prospectus.

**15.4.1 Salient terms of the materially dependent contracts**

**(i) Collaboration Agreement 1**

Collaboration

- (a) JTHSB and Worktime Engineering wish to enter into the Collaboration Agreement 1 to establish a framework for collaboration, to leverage on each party’s core competencies and strengths from their respective construction projects, and to deal with business opportunities which may arise in the infrastructure utilities industry for the EPCC works, which includes the power cabling works ranging from 11kV up to 500kV, as well as other related engineering or electrical works for the power, telecommunication, distributed gas, water and sewerage markets, end user sectors in the private or government sectors (“**Works**”).
- (b) JTHSB and Worktime Engineering agree to collaborate, cooperate and work together with each other, which includes the joint participation in tendering for new projects involving the Works in the forms to be mutually agreed by JTHSB and Worktime Engineering for the purpose of executing the task as described in the contract(s) that was successfully procured pursuant to the collaboration.
- (c) Neither JTHSB nor Worktime Engineering shall be authorised to assign, transfer or otherwise dispose of the Collaboration Agreement 1 or any right or obligation resulting therefrom without prior written consent of the other party. The parties undertake that all plant, materials and equipment supplied and/ or used conforms to the specifications as required by the Works.

**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (d) The parties warrant and undertake that they will be jointly and severally responsible and liable to the employer(s) of the works for the proper execution and completion of the works within the stipulated time as stated in the contracts entered into between Worktime Engineering and the employer and/ or any other ancillary documents relating thereto which is to be specified by the employer.

Scope of Works

- (a) JTHSB shall undertake to carry out the scope of work to be agreed upon by the parties as required in the contracts;
- (b) JTHSB shall undertake to provide, manage and control the quality of the agreed work as required in the contracts up to the employers' satisfaction;
- (c) Worktime Engineering shall handle contractual matters arising between the employer in relation to the contracts; and
- (d) Worktime Engineering shall ensure that works mentioned in the contracts are duly complied with in accordance with the terms and conditions of the contracts.

Term

Effective from the date of the Collaboration Agreement 1 and shall continue to remain effective and enforceable for a period of 10 years unless terminated earlier or renewed in accordance with the terms of the Collaboration Agreement 1.

First Right of Refusal

Worktime Engineering shall make a written offer containing all material terms of the offer to grant JTHSB the right to undertake the Works. The written offer shall remain open for acceptance within a period of 30 days. The acceptance period may be extended by a mutual consent of the parties.

Termination

The Collaboration Agreement 1 may be terminated upon mutual consent of the parties by giving sufficient notice in writing which shall not be less than 12 months or upon the occurrence of any events of defaults as set out below, whichever is the first to occur:

- (a) a breach of the terms of the agreement and failure to cure such breach within 30 days from the service of any written notice by the other party complaining of such breach;
- (b) where a party ceases or threatens to cease carrying on its business;
- (c) where a party is unable to pay its debts and it becomes due and payable; and
- (d) where a party goes into voluntary liquidation.

**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

Confidentiality

JTHSB shall abide by all applicable provisions of the contract with regards to confidentiality. All information received shall be kept confidential and not use, or disclose to any third party without the other party's consent.

**(ii) MOC**

Collaboration

- (a) JTHSB and CD Electrical wish to enter into the MOC to establish a framework for collaboration, to leverage on each party's core competencies and strengths from their respective construction projects, and to deal with business opportunities which may arise in the infrastructure utilities industry, which includes the power cabling works ranging from 11kV up to 500kV, as well as other related engineering or electrical works for the power, telecommunication, distributed gas, water and sewerage markets in the private or government sectors.
- (b) JTHSB and CD Electrical agree to collaborate, co-operate and work together with each other, which includes the joint participation in tendering for new projects involving the Works in the forms to be mutually agreed by JTHSB and CD Electrical for the purpose of executing the task as described in the contract(s) that was successfully procured pursuant to the collaboration.
- (c) Neither JTHSB and CD Electrical shall be authorized to assign, transfer or otherwise dispose of the MOC or any right or obligation resulting therefrom without prior written consent of the other Party. The parties undertake that all plant, materials and equipment supplied and/ or used conforms to the specifications as required by the Works.
- (d) The parties warrant and undertake that they will be jointly and severally responsible and liable to the employer(s) of the works for the proper execution and completion of the works within the stipulated time as stated in the contracts entered into between CD Electrical and the employer and/ or any other ancillary documents relating thereto which is to be specified by the employer.

Scope of Works

- (a) JTHSB shall undertake to carry out the scope of work to be agreed upon by the parties as required in the contracts;
- (b) JTHSB shall undertake to provide, manage and control the quality of the agreed work as required in the contracts up to the employers' satisfaction;
- (c) CD Electrical shall handle contractual matters arising between the employer in relation to the contracts; and
- (d) CD Electrical shall ensure that works mentioned in the contracts are duly complied with in accordance with the terms and conditions of the contracts.



**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

Term

Effective from the date of the MOC and shall continue to remain effective and enforceable for a period of 10 years unless terminated earlier or renewed in accordance with the terms of the MOC.

First Right of Refusal

CD Electrical shall make a written offer containing all material terms of the offer to grant JTHSB the right to undertake the Works. The written offer shall remain open for acceptance within a period of 30 days. The acceptance period may be extended by a mutual consent of the Parties.

Termination

The MOC may be terminated upon mutual consent of the parties by giving sufficient notice in writing which shall not be less than 12 months or upon the occurrence of any events of defaults as set out below, whichever is the first to occur:

- (a) a breach of the terms of the agreement and failure to cure such breach within 30 days from the service of any written notice by the other party complaining of such breach;
- (b) where a party ceases or threatens to cease carrying on its business;
- (c) where a party is unable to pay its debts and it becomes due and payable; and
- (d) where a party goes into voluntary liquidation.

Confidentiality

JTHSB shall abide by all applicable provisions of the contract with regards to confidentiality. All information received shall be kept confidential and not use, or disclose to any third party without the other party's consent.

**(iii) Collaboration Agreement 2**

Collaboration

- (a) JTHSB and YM Teras wish to enter into the Collaboration Agreement 2 to establish a framework for collaboration, to leverage on each party's core competencies and strengths from their respective construction projects, and to deal with business opportunities which may arise in the infrastructure utilities industry for the EPCC works, which includes the power cabling works ranging from 11kV up to 500kV, as well as other related engineering or electrical works for the power, telecommunication, distributed gas, water and sewerage markets, end user sectors in the private or government sectors.
- (b) JTHSB and YM Teras agree to collaborate, co-operate and work together with each other, which includes the joint participation in tendering for new projects involving the Works in the forms to be mutually agreed by JTHSB and YM Teras

**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

for the purpose of executing the task as described in the contract(s) that was successfully procured pursuant to the collaboration.

- (c) Neither JTHSB and YM Teras shall be authorised to assign, transfer or otherwise dispose of the Collaboration Agreement 2 or any right or obligation resulting therefrom without prior written consent of the other party. The parties undertake that all plant, materials and equipment supplied and/ or used conforms to the specifications as required by the Works.
- (d) The parties warrant and undertake that they will be jointly and severally responsible and liable to the employer(s) of the works for the proper execution and completion of the works within the stipulated time as stated in the contracts entered into between YM Teras and the employer and/ or any other ancillary documents relating thereto which is to be specified by the employer.

Scope of Works

- (a) JTHSB shall undertake to carry out the scope of work to be agreed upon by the parties as required in the contracts;
- (b) JTHSB shall undertake to provide, manage and control the quality of the agreed work as required in the contracts up to the employers' satisfaction;
- (c) YM Teras shall handle contractual matters arising between the employer in relation to the contracts; and
- (d) YM Teras shall ensure that works mentioned in the contracts are duly complied with in accordance with the terms and conditions of the contracts.

Term

Effective from the date of the Collaboration Agreement 2 and shall continue to remain effective and enforceable for a period of 10 years unless terminated earlier or renewed in accordance with the terms of the Collaboration Agreement 2.

First Right of Refusal

YM Teras shall make a written offer containing all material terms of the offer to grant JTHSB the right to undertake the Works. The written offer shall remain open for acceptance within a period of 30 days. The acceptance period may be extended by a mutual consent of the parties.

Termination

The Collaboration Agreement 2 may be terminated upon mutual consent of the parties by giving sufficient notice in writing which shall not be less than 12 months or upon the occurrence of any events of defaults as set out below, whichever is the first to occur:

- (a) a breach of the terms of the agreement and failure to cure such breach within 30 days from the service of any written notice by the other party complaining of such breach;

**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (b) where a party ceases or threatens to cease carrying on its business;
- (c) where a party is unable to pay its debts and it becomes due and payable; and
- (d) where a party goes into voluntary liquidation.

Confidentiality

JTHSB shall abide by all applicable provisions of the contract with regards to confidentiality. All information received shall be kept confidential and not use, or disclose to any third party without the other party's consent.

**15.5 MATERIAL LITIGATION**

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claim and/ or arbitration, whether as plaintiff or defendant, which might materially and adversely affect our business or financial position, and our Directors confirm that there are no legal proceedings, pending or threatened, or of any fact likely to give rise to any legal proceeding which may materially and adversely affect our business or financial position:

- (i) Session Court of Petaling Jaya ("**Court**") suit no. BB-A58NCvC-151-07/2023 between LTF Energy Sdn Bhd ("**Plaintiff**") and JTHSB ("**Defendant**")
  - (a) The Plaintiff filed a writ of summons and a statement of claims on 20 July 2023 alleging the following:
    - (aa) the Defendant had via a letter of award dated 22 November 2022 offered and the Plaintiff had accepted the offer for works to be done for HDD 11kV works ("**Awarded Works**") amounting to RM201,850.00 which was then revised to RM204,245.00 vide a variation order dated 20 December 2022;
    - (bb) the Plaintiff had commenced and completed the Awarded Works and had issued several invoices to claim a total of RM204,245.00 from the Defendant and the Defendant had also issued a Final Account Statement (FAS) dated 21 December 2022 to verify that the Awarded Works have been completed by the Plaintiff up to their satisfaction; and
    - (cc) the Defendant had then paid to the Plaintiff a sum amounting to RM26,518.10 for the Awarded Works.
  - (b) the Plaintiff is claiming for judgement against the Defendant for the sum of RM177,726.90 ("**Sum Claimed**"), interest on the Sum Claimed at the rate of 6% per annum from the date of the judgement up to the date of payment, costs for the legal action and whatever ancillary actions and/ or judgements that the Court deems fit.
  - (c) the Defendant had on 28 August 2023 filed its statement of defence and counterclaim alleging that the Plaintiff had damaged some cables and fibre optics channels during the Awarded Works and had failed, neglected and/ or refused to inform the Defendant on the damages. The Defendant counterclaimed the Plaintiff for the below reliefs:

**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (aa) a sum of RM431,406.45 only for the damage to the fibre optics cables and channels on works done for the proposed 132kV double circuit underground cable installation from Kuala Lumpur South substation to Kuchai Lama switching station, Kuala Lumpur and connectivity to bulk supply station ("**Kuchai Lama Project**");
- (bb) a sum of RM76,342.62 only for the damage caused on the main pipe on works done for a project known as HDD 11kV Zon Timur Tanjung Mas ("**Tanjung Mas Project**");
- (cc) an order which states that the Defendant is allowed to set-off a sum of RM151,761.77 with the balance of payment as claimed by the Plaintiff amounting to RM177,726.90 for a HDD 11kV works for a project known as Unit Pembangunan Aset Johor Cadangan Bekalan Elektrik on Lot PTD 182919, Bukit Indah, Iskandar Puteri, Mukim Pulau, Daerah Johor Bahru ("**Bukit Indah Project**");
- (dd) general damages to be assessed by the Court;
- (ee) interest at the rate of 5% per annum on (aa), (bb) and (dd) above from the date of judgment to the date of full settlement;
- (ff) costs; and
- (gg) whatever other reliefs the Court deems fit.

The Plaintiff had on 20 September 2023 submitted a reply to the Defence. An e-Review case management was set on 29 November 2023.

The solicitor-in-charge of the abovementioned suit is of the view that JTHSB is entitled to counterclaim against the Plaintiff for all the defects and/or damage that has occurred. The solicitor-in-charge further opines that the likely outcome is that the Court would rule in favour of JTHSB for a judgment sum of RM507,749.07 against the Plaintiff, along with any other relief that the Court deems appropriate.

**15.6 PUBLIC TAKE-OVERS**

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

- (i) no public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by us in respect of other companies' shares.

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**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)****15.7 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFITS AND TAXATION**

Our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations and/ or other legislations that may affect the repatriation of capital and remittance of profit by or to our Group.

Under the single-tier taxation system in Malaysia, dividends received from corporations in Malaysia are exempted from tax in Malaysia. Further, dividends paid by corporations in Malaysia are not subject to withholding tax. Gains arising from the disposal of listed shares are not subject to tax in Malaysia, to the extent that the gains are capital in nature.

**15.8 LETTERS OF CONSENT**

- (i) The written consent of the Principal Adviser, Sponsor, Underwriter and Placement Agent, Company Secretaries, Solicitors to the Company, Solicitors to the Principal Adviser, Sponsor, Underwriter and Placement Agent, Share Registrar and Issuing House for the inclusion in this Prospectus of their names and all references herein in the form and context in which such names appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of its name, Reporting Accountants' report on the compilation of pro forma statements of financial position as at 31 May 2023, Accountants' Report and all references herein in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of the IMR for the inclusion in this Prospectus of its name, the IMR Report and all references herein in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

**15.9 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our Registered Office during the normal office hours for a period of 6 months from the date of this Prospectus:

- (i) the Constitution of our Company;
- (ii) the material contracts as referred to in Section 15.4 of this Prospectus;
- (iii) the IMR Report as set out in Section 8 of this Prospectus;
- (iv) Reporting Accountant's report on the compilation of pro forma statements of financial position as referred to in Section 14 of this Prospectus;
- (v) Accountants' Report referred to in Section 13 of this Prospectus;
- (vi) the letters of consent as referred to in Section 15.8 of this Prospectus;
- (vii) the audited financial statements of our Company for the financial period from 21 December 2021 to 30 November 2022 and FPE 2023;
- (viii) the audited financial statements of our subsidiary, JTHSB for the Financial Years and Period Under Review; and
- (ix) relevant cause papers in respect of the material litigation of our Group referred to in Section 15.5 of this Prospectus.

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**15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**15.10 RESPONSIBILITY STATEMENTS**

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

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

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE**

**THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.**

**Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.**

**Unless the context otherwise requires, words used in the singular include the plural, and vice versa.**

**16.1 OPENING AND CLOSING OF APPLICATION**

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 30 November 2023

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 6 December 2023

In the event of any changes to the dates or time stated above, we will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia newspaper within Malaysia.

**Late Applications will not be accepted.**

**16.2 METHODS OF APPLICATIONS****16.2.1 Application for our IPO Shares by the Malaysian Public and Eligible Parties**

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that your Application will succeed.

<b>Types of Application and category of investors</b>	<b>Application method</b>
Applications by Eligible Parties	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	<ul style="list-style-type: none"> <li>• White Application Form; or</li> <li>• Electronic Share Application; or</li> <li>• Internet Share Application</li> </ul>
(ii) Non-individuals	White Application Form only

**16.2.2 Application by identified institutional and/ or selected investors and identified Bumiputera Investors approved by MITI via Private Placement**

<b>Types of Application and category of investors</b>	<b>Application method</b>
Applications by:	
(i) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instruction.

**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Types of Application and category of investors	Application method
(ii) Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

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, where applicable.

**16.3 ELIGIBILITY****16.3.1 General**

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

**MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.**

**AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.**

**AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES OFFERED TO THE MALAYSIAN PUBLIC USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/HER CDS ACCOUNT TO ISSUING HOUSE. THIS IS TO ENSURE THAT ISSUING HOUSE RECEIVES IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMISE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". OUR COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.**

**16.3.2 Application by the Malaysian Public**

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one of the following:
  - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or



## 16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) a corporation/ institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/ trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
- (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) You must submit an Application by using only one of the following methods:
  - (a) White Application Form; or
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

### 16.3.3 Application by Eligible Parties

Our Eligible Parties will be provided with Pink Application Forms and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in those documents and where relevant, of our Prospectus.

## 16.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.27 for each IPO Share.

Payment must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NUMBER 631**” 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) despatched by **ORDINARY POST** in the official envelopes provided to the following address:

**Malaysian Issuing House Sdn Bhd**  
**(Registration No. 199301003608 (258345-X))**

11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

or

**P.O. Box 00010**  
Pejabat Pos Jalan Sultan  
46700 Petaling Jaya  
Selangor Darul Ehsan

## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 6 December 2023 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

### **16.5 APPLICATIONS 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 APPLICATIONS BY WAY OF INTERNET SHARE APPLICATIONS**

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

### **16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE**

The Issuing House, on the authority of our Board, reserves the right to:

- (i) reject Applications which:
- (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (b) are illegible, incomplete or inaccurate; or
  - (c) are accompanied by an improperly drawn up, or improper form of remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.8 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

**16.8 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:

**16.8.1 For applications by way of Application Form**

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/ registered post to your registered or correspondence address last maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary/ registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten (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 (ii) above (as the case may be).

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**16.8.2 For applications by way of Electronic Share Application and Internet Share Application**

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5<sup>th</sup> Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than ten (10) Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the Issuing House.

**16.9 SUCCESSFUL APPLICANTS**

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS Account.
- (ii) A notice of allotment will be despatched to you at your 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.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our IPO Shares issued/ offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and the Rules.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****16.10 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Form	Issuing House Enquiry Services Telephone at telephone no. 03-7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at [www.mih.com.my](http://www.mih.com.my), one Market Day after the balloting date.

You may also check the status of your Application by calling your respective ADA 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 copy of our Prospectus on the website of Bursa Securities or the Issuing House at the telephone no. +603-7890 4700 between 5 to 10 Market Days (during office hours only) after the final ballot day.

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