



HE GROUP BERHAD

*(Registration No. 202301016404 (1510326-M))
(Incorporated in Malaysia under the Companies Act 2016)*

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

HE GROUP BERHAD

(Registration No: 202301016404 (1510326-M))
(Incorporated in Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.12.2023 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.12.2022 ⁽²⁾ Unaudited RM'000	CURRENT YEAR-TO- DATE 31.12.2023 Unaudited RM'000	PRECEDING YEAR-TO- DATE 31.12.2022 ⁽²⁾ Unaudited RM'000
Revenue	44,223	N/A	204,378	N/A
Cost of sales	(37,878)	N/A	(179,917)	N/A
Gross profit	6,345	N/A	24,461	N/A
Other income	321	N/A	788	N/A
Administrative expenses	(3,196)	N/A	(9,501)	N/A
Net reversal/(loss) on impairment of financial assets	68	N/A	(87)	N/A
Profit from operations	3,538	N/A	15,661	N/A
Finance costs	(119)	N/A	(908)	N/A
Profit before tax	3,419	N/A	14,753	N/A
Taxation	(807)	N/A	(3,845)	N/A
Profit after tax	2,612	N/A	10,908	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive income for the financial years/periods	2,612	N/A	10,908	N/A
Total comprehensive income for the financial years / periods attributable to:				
Owners of the company	2,612	N/A	10,908	N/A
Non-controlling interest	-		-	
	2,612	N/A	10,908	N/A
Basic and diluted earnings per share (sen) ^{(3) (4)}	0.74	N/A	3.09	N/A

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UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

Notes:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 12 January 2024 and the accompanying explanatory notes attached in the interim financial report.
 - (2) This is the first interim financial report for the fourth quarter ended 31 December 2023 being announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). There are no comparative figures for the preceding corresponding quarter and period as there is no interim financial report prepared for the comparative period concerned.
 - (3) Computed based on profit attributable to owners of the Company divided by the number of ordinary shares of 353,110,300 before the Initial Public Offering ("**IPO**") of the Company.
 - (4) The diluted earnings per share of the Company is equivalent to the basic earnings per share as the Company does not have convertible options at the end of the reporting period.
- N/A Not applicable.

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HE GROUP BERHAD

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UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	UNAUDITED 31.12.2023 RM'000	AUDITED 31.12.2022 ⁽²⁾ RM'000
Non-current Assets		
Property, plant, and equipment	3,110	1,911
Investment properties	1,180	1,180
Receivables	784	-
	<u>5,074</u>	<u>3,091</u>
Current Assets		
Inventories	1,938	724
Receivables	61,479	42,606
Contract assets	1,730	24,271
Cash and cash equivalents	22,918	13,775
	<u>88,065</u>	<u>81,376</u>
Non-current asset held for sale	-	4,800
TOTAL ASSETS	<u>93,139</u>	<u>89,267</u>
EQUITY		
Share capital	15,890	-
Invested equity	-	1,000
Merger reserve	(14,890)	-
Retained earnings	25,798	14,890
TOTAL EQUITY	<u>26,798</u>	<u>15,890</u>
Non-current liabilities		
Borrowings	1,175	675
Lease liabilities	1,084	498
Deferred tax liabilities	86	133
	<u>2,345</u>	<u>1,306</u>
Current Liabilities		
Payables	32,143	40,779
Contract liabilities	29,375	21,504
Tax payable	1,665	784
Borrowings	344	8,732
Lease liabilities	469	272
	<u>63,996</u>	<u>72,071</u>
TOTAL LIABILITIES	<u>66,341</u>	<u>73,377</u>
TOTAL EQUITY AND LIABILITIES	<u>93,139</u>	<u>89,267</u>
Net assets per share (RM) ⁽³⁾	0.08	0.05

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(Incorporated in Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

Notes:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 12 January 2024 and the accompanying explanatory notes attached in the interim financial report.
- (2) The comparative figures as at 31 December 2022 reflect only the financial information of Hexatech Engineering Sdn. Bhd. as there is no financial information for HE Group Berhad which is only incorporated on 2 May 2023.
- (3) Computed based on total equity attributable to owners of the Company divided by the number of ordinary shares of 353,110,300 before the IPO.

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UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY ^{(1) (2)}

	SHARE CAPITAL RM'000	INVESTED EQUITY RM'000	MERGER RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000
Balance as at 1 January 2023	-	1,000	-	14,890	15,890
Total comprehensive income for the financial year	-	-	-	10,908	10,908
Transactions with owners:					
- Issuance of shares	*	-	-	-	*
- Effect of restructuring exercise	15,890	(1,000)	(14,890)	-	-
Balance as at 31 December 2023 (Unaudited)	15,890	-	(14,890)	25,798	26,798

Notes:

* Amount is less than RM1,000.

(1) The basis of preparation of the Unaudited Condensed Combined Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 12 January 2024 and the accompanying explanatory notes attached in the interim financial report.

(2) This is the first interim financial report for the fourth quarter ended 31 December 2023 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period as there is no interim financial report prepared for the comparative period concerned.

HE GROUP BERHAD

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UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS ⁽¹⁾

	CURRENT YEAR- TO-DATE 31.12.2023 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.12.2022 ⁽²⁾ Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,753	N/A
Adjustments for:		
Depreciation on property, plant and equipment	656	N/A
Discount on non-current financial assets	197	N/A
Fair value gain on other investment	(85)	N/A
Interest expenses	711	N/A
Interest income	(351)	N/A
Impairment loss on expected credit losses on trade receivables	87	N/A
Gain on early termination of lease contracts	(1)	N/A
Unwinding of discount on non-current financial assets	(36)	N/A
Operating profit before working capital changes	15,931	N/A
Changes in working capital:		
Inventories	(1,215)	N/A
Receivables	(19,904)	N/A
Payables	(8,156)	N/A
Contract assets and liabilities	30,412	N/A
Cash generated from operations	17,068	N/A
Tax paid	(3,018)	N/A
Tax refunded	6	N/A
Net cash from operating activities	14,056	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	351	N/A
Withdrawal of other investment	85	N/A
Purchase of property, plant and equipment	(627)	N/A
Proceed from issuance of shares	*	N/A
Proceed from disposal of non-current asset held for sale	4,320	N/A
Placement of fixed deposits pledged with licensed banks	(820)	N/A
Net cash from investing activities	3,309	N/A

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UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS ⁽¹⁾

	CURRENT YEAR- TO-DATE 31.12.2023 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.12.2022 ⁽²⁾ Unaudited RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(711)	N/A
Repayments of lease liabilities	(443)	N/A
Drawdown of term loans	1,095	N/A
Repayments of term loans	(467)	N/A
Drawdown of bankers' acceptances	2,454	N/A
Repayment of bankers' acceptances	(10,970)	N/A
Net cash used in financing activities	(9,042)	N/A
NET CHANGES IN CASH AND CASH EQUIVALENTS	8,323	N/A
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	7,531	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	15,854	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR COMPRISES:		
Cash and bank balances	2,727	N/A
Fixed deposits with licensed banks	5,625	N/A
Short-term investment	14,566	N/A
	22,918	N/A
Less: Cash collateral pledged with licensed banks	(1,439)	N/A
Less: Fixed deposits pledged with licensed banks	(5,625)	N/A
	15,854	N/A

Notes:

* Amount is less than RM1,000.

(1) The basis of preparation of the Unaudited Condensed Combined Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 12 January 2024 and the accompanying explanatory notes attached in the interim financial report.

(2) This is the first interim financial report for the fourth quarter ended 31 December 2023 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding year-to-date as there is no interim financial report prepared for the comparative period concerned.

N/A Not applicable.

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A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements of HE Group Berhad (“**HE Group**” or the “**Company**”) and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with the requirements of the MFRS 134 “Interim Financial Reporting” and Appendix 9B of the Listing Requirements.

This is the first interim financial report on the Group’s unaudited condensed combined interim financial statements for the fourth quarter ended 31 December 2023 being announced by the Group in compliance with the Listing Requirements. As such, there are no comparative figures for the preceding corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 12 January 2024 and the accompanying explanatory notes attached to this interim financial report.

A2 Significant accounting policies

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the Accountants’ Report as disclosed in the Prospectus dated 12 January 2024, save for the following:

MFRS and Amendments to MFRSs in issue but not yet effective

The Group has not adopted the following Standards and Amendments to MFRS effective for annual periods beginning on or after 1 January 2024:

- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Non-current Liabilities with Covenants*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosure - Supplier Finance Arrangements*

The Group has not adopted the following Standards and Amendments to MFRS effective for annual periods beginning on or after 1 January 2025:

- Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect on the financial statements of the Group upon their initial application.

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONT'D)

A3 Auditors' report on preceding annual financial statements

The Company was incorporated on 2 May 2023 as a private company limited by shares and was subsequently converted into a public company on 23 May 2023. The audited financial statements of the Group for the financial year ended 31 December 2022 were not subject to any qualification.

A4 Seasonal or cyclical factors

The Group's business operations for the current financial quarter under review were not affected by any seasonal or cyclical factors.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows of the Group, that are unusual by reason of their nature, size or incidence for the financial quarter under review.

A6 Material changes in estimates

There were no material changes in estimates which have a material effect on the results for the financial quarter under review.

A7 Debt and equity securities

Save as disclosed in Note B6 below, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial quarter under review.

A8 Dividend paid

There was no dividend paid during the current financial quarter under review.

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONT'D)

A9 Segment information

The segmental reporting of the Group's revenue for the financial year-to-date is as follows:

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT QUARTER 31.12.2023 Unaudited		PRECEDING CORRESPONDING QUARTER 31.12.2022 ⁽¹⁾ Unaudited		CURRENT YEAR-TO-DATE 31.12.2023 Unaudited		PRECEDING YEAR-TO-DATE 31.12.2022 ⁽¹⁾ Unaudited	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Business activities								
Power distribution system	27,921	63.14	N/A	N/A	133,356	65.25	N/A	N/A
Other building systems and works	13,007	29.41	N/A	N/A	59,921	29.32	N/A	N/A
Electrical equipment hook-up and retrofitting	3,144	7.11	N/A	N/A	10,557	5.16	N/A	N/A
Trading of electrical products	151	0.34	N/A	N/A	544	0.27	N/A	N/A
Total revenue	44,223	100.00	N/A	N/A	204,378	100.00	N/A	N/A

Notes:

(1) This is the first interim financial report for the fourth quarter ended 31 December 2023 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding year-to-date as there is no interim financial report prepared for the comparative period concerned.

N/A Not applicable.

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONT'D)

A10 Valuation of property, plant and equipment, and investment properties

There was no valuation of property, plant and equipment, and investment properties undertaken during the current financial quarter under review.

A11 Significant events subsequent to the end of the interim financial period

Save as disclosed in Note B6 below, there were no other material events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

A12 Changes in the composition of the Group

Save as disclosed in Note B6 below, there were no changes in the composition of the Group during the current financial quarter under review.

A13 Fair value of financial instruments

There were no gain or loss arising from fair value changes of financial assets and liabilities for the current financial quarter under review.

A14 Capital commitments

There were no capital commitments at the end of the financial quarter under review.

A15 Contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities as at the end of the financial quarter under review.

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONT'D)

A16 Significant related party transactions

The related party transactions of the Group have been entered into in the normal course of business. Listed below are the significant transactions with related parties of the Group during the current financial quarter under review:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.12.2023 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.12.2022 ⁽¹⁾ Unaudited RM'000	CURRENT YEAR-TO-DATE 31.12.2023 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.12.2022 ⁽¹⁾ Unaudited RM'000
Transactions with related companies				
Sales of goods	200	N/A	210	N/A
Purchase of goods	40	N/A	8,051	N/A
Rental income	-	N/A	72	N/A
Rental paid	6	N/A	6	N/A

Notes:

(1) This is the first interim financial report for the fourth quarter ended 31 December 2023 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding year-to-date as there is no interim financial report prepared for the comparative period concerned.

N/A Not applicable.

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2023 Unaudited RM'000	31.12.2022 ⁽¹⁾ Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2022 ⁽¹⁾ Unaudited RM'000
Revenue	44,223	N/A	204,378	N/A
Gross profit	6,345	N/A	24,461	N/A
Profit before tax	3,419	N/A	14,753	N/A
Profit after tax	2,612	N/A	10,908	N/A

Notes:

- (1) This is the first interim financial report for the fourth quarter ended 31 December 2023 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding year-to-date as there is no interim financial report prepared for the comparative period concerned.

N/A Not applicable.

The Group recorded revenue of RM44.22 million for the current financial quarter ended 31 December 2023 mainly derived from the provision of power distribution system which contributed to RM27.92 million or 63.14% of the total revenue.

The Group registered a profit before tax ("PBT") and PBT margin of RM3.42 million and 7.73% respectively in the current financial quarter after deducting expenses which mainly attributable to administrative expenses of RM3.20 million.

B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER		VARIANCE	
	CURRENT QUARTER 31.12.2023 RM'000	PRECEDING QUARTER 30.09.2023 RM'000	RM'000	%
Revenue	44,223	78,904	(34,681)	(43.95)
PBT	3,419	4,806	(1,387)	(28.86)

The Group recorded a revenue of RM44.22 million for the current financial quarter ended 31 December 2023 which is 43.95% lower than the revenue recorded in the preceding financial quarter ended 30 September 2023 of RM78.90 million. The decrease was mainly due to completion of certain projects during the immediate preceding financial quarter ended 30 September 2023.

The Group's PBT also decreased by RM1.39 million or 28.86% to RM3.42 million for the current financial quarter ended 31 December 2023. This is in line with the lower revenue recognised.

However, PBT margin increased to 7.73% for the current financial quarter ended 31 December 2023 from 6.09% in the preceding financial quarter ended 30 September 2023 due to favourable project mix. In the financial quarter ended 31 December 2023, revenue contribution from the power distribution system and electrical equipment hook-up and retrofitting segments which carry higher profit margins represented 70.25% of revenue in the financial quarter ended 31 December 2023 as compared to 59.20% of revenue in the financial quarter ended 30 September 2023.

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B3 Prospects

The Malaysian economy grew by 3.0% in the fourth quarter of 2023. Factors supporting this growth include continued household spending, improvement in labour market conditions, further recovery in tourism activities and sustained investment activity. For 2024, growth of the Malaysian economy is expected to trend higher, lifted by the recovery in exports and resilient domestic expenditure. Household spending will be supported by continued growth in employment and wages. Moreover, investment activity would be supported by continued progress of multi-year projects in both the private and public sectors, and the implementation of catalytic initiatives under national master plans (*Source: Bank Negara Malaysia's Quarterly Bulletin 4Q 2023*).

Furthermore, the New Investment Policy (“**NIP**”) introduced in October 2022 outlines the various strategies aimed at maintaining Malaysia’s competitiveness as a destination for high-value investments, fostering sustainable and holistic economic growth. To support the overall vision of NIP, the New Industrial Master Plan 2030 (“**NIMP**”) was introduced in the third quarter of 2023. It focuses on Malaysia’s industrial development, including among others, key sectors such as Electrical and Electronics and Medical Devices. The Group believes that the NIP and NIMP will be instrumental in the growth of the industrial sector and will position Malaysia as a highly attractive investment destination, attracting more foreign direct investments into the country.

The Group believes that its prospects in the power distribution systems industry are favourable taking into consideration the Group’s competitive strengths, business strength and industry outlook. Leveraging on the proceeds raised from the Group’s IPO, the Group is confident that it will be able to execute its future plans and strategies as outlined in the Prospectus dated 12 January 2024. Barring any unforeseen circumstances, the Board is optimistic that the Group’s expansion plans will contribute positively to the Group’s financial performance for the coming financial year. The Group is confident that the secured orderbook as well as the proceeds to be utilised for its next stage of growth with the overall favourable outlook of the industry. The Group’s prospects remain positive.

B4 Profit forecast

The Group did not issue any profit forecast or guarantee during current financial quarter under review.

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.12.2023 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.12.2022 ⁽¹⁾ Unaudited RM'000	CURRENT YEAR-TO-DATE 31.12.2023 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.12.2022 ⁽¹⁾ Unaudited RM'000
In respect of the current period:				
Current tax	827	N/A	3,892	N/A
Deferred tax	(20)	N/A	(47)	N/A
Total	807	N/A	3,845	N/A
Effective tax rate (%)	23.62	N/A	26.06	N/A

Notes:

(1) This is the first interim financial report for the fourth quarter ended 31 December 2023 being announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding year-to-date as there is no interim financial report prepared for the comparative period concerned.

N/A Not applicable.

The effective tax rate for the current financial quarter was slightly lower than the statutory tax rate of 24% mainly due to non-taxable income including, among others, income distribution from short-term deposit and fair value gain on other investment.

However, the effective tax rate for the cumulative quarter ended 31 December 2023 was higher than the statutory tax rate of 24% mainly due to :

- (i) non-deductible expenses including, among others, depreciation charges, RPGT, stamp duty and legal fee for loan agreement; and
- (ii) under provision of current tax in the prior financial year of RM0.10 million.

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B6 Status of corporate proposals

There are no other corporate proposals announced but not yet completed as at the date of this interim financial report.

(i) Acquisition of Hexatech Engineering Sdn. Bhd.

On 12 May 2023, the Group entered in to a conditional share sale agreement to acquire the entire issued share capital of Hexatech Engineering Sdn. Bhd. ("Hexatech Engineering") of RM1,000,000 comprising 1,000,000 ordinary shares for a total purchase consideration of RM15,889,918.50. The purchase consideration was entirely satisfied by the issuance of 353,109,300 new ordinary shares in the Company at an issue price of RM0.045 per share.

The purchase consideration of RM15,889,918.50 was arrived at on a willing buyer-willing seller basis and after taking into account the audited net assets of Hexatech Engineering as at 31 December 2022 of RM15,889,915.

The acquisition of Hexatech Engineering was completed on 22 November 2023 and Hexatech Engineering became a wholly-owned subsidiary of the Company.

(ii) IPO

Public Issue

Public issue of 86,889,700 new ordinary shares in the Company in the following manner:

- (a) 22,000,000 new shares made available for application by the Malaysian public;
- (b) 11,000,000 new shares made available for application by the eligible directors, employees and persons who have contributed to the success of the Group; and
- (c) 53,889,700 new shares made available by way of private placement to selected investors.

Offer for Sale

Offer for sale of 44,000,000 existing shares by way of private placement to selected investors.

Listing

The admission of the Company to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of the Company of RM40,219,080 comprising 440,000,000 shares on the ACE Market of Bursa Securities.

The Company was successfully listed on the ACE Market of Bursa Securities on 30 January 2024.

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B7 Utilisation of proceeds raised from public issue

In conjunction with the IPO, the Company has raised gross proceeds from the public issue amounting to RM24.33 million.

The gross proceeds is intended to be utilised in the following manner:

PURPOSES	PROPOSED UTILISATION	PERCENTAGE OF UTILISATION	ESTIMATED TIME FRAME FOR UTILISATION
	RM'000	%	
Business expansion	3,650	15.00	Within 30 months
Capital expenditure	1,750	7.19	Within 24 months
Working capital	15,129	62.19	Within 36 months
Estimated listing expenses	3,800	15.62	Within 1 month
	24,329	100.00	

There is no minimum subscription to be raised from the IPO.

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 12 January 2024. The IPO is pending completion as at the current financial quarter under review. The Company was subsequently listed on the ACE Market of Bursa Securities on 30 January 2024.

HE GROUP BERHAD

(Registration No: 202301016404 (1510326-M))

(Incorporated in Malaysia)

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B8 Loans and borrowings

The Group's borrowings are as follows:

	PAYABLE WITHIN 12 MONTHS RM'000	PAYABLE AFTER 12 MONTHS RM'000	TOTAL OUTSTANDING RM'000
<u>Secured borrowings</u>			
Hire purchases	88	283	371
Term loans	344	1,175	1,519
Lease liabilities (ROU)	381	801	1,182
	<hr/>	<hr/>	<hr/>
	813	2,259	3,072
	<hr/>	<hr/>	<hr/>

The secured bank borrowings and other facilities are secured by way of:

- Legal charges over freehold land and buildings of the Group;
- Legal charges over leasehold land and buildings of the Group;
- Joint and several guarantees by certain directors of the Company;
- Legal charges over fixed deposits of the Group.

The bank borrowings and other facilities are denoted in local currency.

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B9 Material litigations

As at the date of this report, the Group is not engaged in any material litigation.

B10 Proposed dividend

The Board of Directors have proposed a final single-tier dividend of 0.40 sen per ordinary share, amounting to approximately RM1.76 million for the financial year ended 31 December 2023. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

B11 Basic and diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.12.2023	PRECEDING CORRESPONDING QUARTER 31.12.2022	CURRENT YEAR TO-DATE 31.12.2023	PRECEDING YEAR-TO-DATE 31.12.2022
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	2,612	N/A	10,908	N/A
Weighted average number of shares in issue ('000)	353,110	N/A	353,110	N/A
Basic and diluted earnings per share (sen) ^{(1) (2)}	0.74	N/A	3.09	N/A

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B12 Notes to the statement of comprehensive income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.12.2023 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.12.2022 Unaudited RM'000	CURRENT YEAR-TO-DATE 31.12.2023 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.12.2022 Unaudited RM'000
The following amounts have been included in arriving at profit before tax:				
Finance costs	119	N/A	908	N/A
Depreciation on property, plant and equipment	183	N/A	656	N/A
Impairment losses on trade receivables	-	N/A	87	N/A
	<hr/>	<hr/>	<hr/>	<hr/>
and after crediting:				N/A
Interest income	183	N/A	351	N/A
Rental income	-	N/A	72	N/A
Fair value gain on other investment	27	N/A	85	N/A
Unwinding of discount on non-current financial assets	10	N/A	36	N/A
Sales of solar energy	40	N/A	192	N/A
Realised gain on foreign currency exchange	40	N/A	29	N/A
Reversal of impairment losses on trade receivables	68	N/A	-	N/A
	<hr/>	<hr/>	<hr/>	<hr/>

By Order of the Board

Date : 23 February 2024