



# **HE GROUP BERHAD**

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

## **UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

# HE GROUP BERHAD

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME <sup>(1)</sup>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.03.2024 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.03.2023 <sup>(2)</sup> Unaudited RM'000	CURRENT YEAR-TO- DATE 31.03.2024 Unaudited RM'000	PRECEDING YEAR-TO- DATE 31.03.2023 <sup>(2)</sup> Unaudited RM'000
Revenue	64,834	N/A	64,834	N/A
Cost of sales	(57,397)	N/A	(57,397)	N/A
<b>Gross profit</b>	<b>7,437</b>	<b>N/A</b>	<b>7,437</b>	<b>N/A</b>
Other income	460	N/A	460	N/A
Administrative expenses <sup>(3)</sup>	(4,924)	N/A	(4,924)	N/A
Net reversal on impairment of financial assets	4	N/A	4	N/A
<b>Profit from operations</b>	<b>2,977</b>	<b>N/A</b>	<b>2,977</b>	<b>N/A</b>
Finance costs	(161)	N/A	(161)	N/A
<b>Profit before tax <sup>(3)</sup></b>	<b>2,816</b>	<b>N/A</b>	<b>2,816</b>	<b>N/A</b>
Taxation	(1,317)	N/A	(1,317)	N/A
<b>Profit after tax</b>	<b>1,499</b>	<b>N/A</b>	<b>1,499</b>	<b>N/A</b>
Other comprehensive income	-	N/A	-	N/A
<b>Total comprehensive income for the financial periods</b>	<b>1,499</b>	<b>N/A</b>	<b>1,499</b>	<b>N/A</b>
<b>Total comprehensive income for the financial periods attributable to:</b>				
Owners of the company	1,499	N/A	1,499	N/A
Non-controlling interest	-		-	
	<b>1,499</b>	<b>N/A</b>	<b>1,499</b>	<b>N/A</b>
Basic and diluted earnings per share (sen) <sup>(4)</sup>	0.36	N/A	0.36	N/A

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME <sup>(1)</sup>

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached in the interim financial report.
- (2) This is the first interim financial report for the first quarter ended 31 March 2024 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) Administrative expenses included non-recurring listing expenses of RM2.65 million in the current financial quarter under review. For illustration purpose only, the Group's financial performance after adjusting for the non-recurring listing expenses is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.03.2024 RM'000	31.03.2023 <sup>(2)</sup> RM'000	31.03.2024 RM'000	31.03.2023 <sup>(2)</sup> RM'000
Profit before tax	2,816	N/A	2,816	N/A
Add : Listing expenses	2,650	N/A	2,650	N/A
Adjusted profit before tax	5,466	N/A	5,466	N/A

- (4) The basic earnings per share is computed based on profit after tax attributable to owners of the Company and divided by weighted average number of ordinary shares. No diluted earnings per share is computed as the Company does not have dilutive potential ordinary shares as at the end of the financial period.

N/A Not applicable.

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# HE GROUP BERHAD

(Registration No: 202301016404 (1510326-M))

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION <sup>(1)</sup>

	UNAUDITED 31.03.2024 RM'000	AUDITED 31.12.2023 RM'000
<b>Non-current Assets</b>		
Property, plant and equipment	3,154	3,110
Investment properties	1,180	1,180
Receivables	794	784
	<u>5,128</u>	<u>5,074</u>
<b>Current Assets</b>		
Inventories	1,289	1,938
Receivables	56,261	61,479
Contract assets	6,792	1,723
Cash and cash equivalents	45,329	22,918
	<u>109,671</u>	<u>88,058</u>
<b>TOTAL ASSETS</b>	<b><u>114,799</u></b>	<b><u>93,132</u></b>
<b>EQUITY</b>		
Share capital	38,997	15,890
Merger reserve	(14,890)	(14,890)
Retained earnings	27,349	25,850
<b>TOTAL EQUITY</b>	<b><u>51,456</u></b>	<b><u>26,850</u></b>
<b>Non-current Liabilities</b>		
Borrowings	1,088	1,175
Lease liabilities	1,122	1,084
Deferred tax liabilities	86	86
	<u>2,296</u>	<u>2,345</u>
<b>Current Liabilities</b>		
Payables	40,766	31,908
Contract liabilities	17,169	29,535
Tax payable	2,293	1,681
Borrowings	347	344
Lease liabilities	472	469
	<u>61,047</u>	<u>63,937</u>
<b>TOTAL LIABILITIES</b>	<b><u>63,343</u></b>	<b><u>66,282</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>114,799</u></b>	<b><u>93,132</u></b>
Net assets per share (RM) <sup>(2)</sup>	0.12	0.06

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION <sup>(1)</sup>

### Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached in the interim financial report.
- (2) Computed based on total equity attributable to owners of the Company divided by 440,000,000 shares in issue as at 31 March 2024.

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# HE GROUP BERHAD

(Registration No: 202301016404 (1510326-M))

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <sup>(1) (2)</sup>

	SHARE CAPITAL	MERGER RESERVE	RETAINED EARNINGS	TOTAL
	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2024</b>	<b>15,890</b>	<b>(14,890)</b>	<b>25,850</b>	<b>26,850</b>
Total comprehensive income for the financial period	-	-	1,499	1,499
<i>Transactions with owners:</i>				
- Issuance of shares	24,329	-	-	24,329
- Share issuance expenses	(1,222)	-	-	(1,222)
<b>Balance as at 31 March 2024 (Unaudited)</b>	<b>38,997</b>	<b>(14,890)</b>	<b>27,349</b>	<b>51,456</b>

### Notes:

- (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 Company's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached in the interim financial report.
- (2) This is the first interim financial report for the first quarter ended 31 March 2024 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 CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>

	<b>CURRENT YEAR- TO-DATE 31.03.2024 Unaudited RM'000</b>	<b>PRECEDING YEAR- TO-DATE 31.03.2023 <sup>(2)</sup> Unaudited RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,816	N/A
Adjustments for:		
Depreciation on property, plant and equipment	184	N/A
Fair value gain on other investment	(39)	N/A
Interest expenses	161	N/A
Interest income	(203)	N/A
Impairment loss on expected credit losses on trade receivables	(4)	N/A
Unwinding of discount on non-current financial assets	(10)	N/A
Operating profit before working capital changes	2,905	N/A
Changes in working capital:		
Inventories	649	N/A
Receivables	5,955	N/A
Payables	8,857	N/A
Contract assets and liabilities	(17,436)	N/A
Cash generated from operations	930	N/A
Tax paid	(704)	N/A
<b>Net cash from operating activities</b>	<b>226</b>	<b>N/A</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	203	N/A
Withdrawal of other investment	39	N/A
Purchase of property, plant and equipment	(57)	N/A
Placement of fixed deposits pledged with licensed banks	(145)	N/A
<b>Net cash from investing activities</b>	<b>40</b>	<b>N/A</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(161)	N/A
Repayments of lease liabilities	(130)	N/A
Repayments of term loans	(84)	N/A
Proceed from issuance of shares	24,329	N/A
Payment for listing expenses	(1,956)	N/A
<b>Net cash used in financing activities</b>	<b>21,998</b>	<b>N/A</b>

# HE GROUP BERHAD

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>

	CURRENT YEAR- TO-DATE 31.03.2024 Unaudited RM'000	PRECEDING YEAR- TO-DATE 31.03.2023 <sup>(2)</sup> Unaudited RM'000
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	22,264	N/A
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	15,854	N/A
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>38,118</u>	<u>N/A</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISES:</b>		
Cash and bank balances	6,369	N/A
Fixed deposits with licensed banks	10,772	N/A
Short-term investment	28,188	N/A
	<u>45,329</u>	<u>N/A</u>
Less: Cash collateral pledged with licensed banks	(1,439)	N/A
Less: Fixed deposits pledged with licensed banks	(5,772)	N/A
	<u>38,118</u>	<u>N/A</u>

### Notes:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached in the interim financial report.

(2) This is the first interim financial report for the first quarter ended 31 March 2024 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.



# HE GROUP BERHAD

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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 consolidated interim financial statements for the first quarter ended 31 March 2024 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 Company’s audited financial statements for the financial year ended 31 December 2023 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 Company’s audited financial statements for the financial year ended 31 December 2023, save for the following:

#### **MFRS and Amendments to MFRSs in issue and effective**

The Group has 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*

#### **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 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 audited financial statements of the Group for the financial year ended 31 December 2023 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**

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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# HE GROUP BERHAD

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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 31.03.2024 Unaudited		PRECEDING CORRESPONDING QUARTER 31.03.2023 <sup>(1)</sup> Unaudited		CURRENT YEAR-TO-DATE 31.03.2024 Unaudited		PRECEDING YEAR-TO-DATE 31.03.2023 <sup>(1)</sup> Unaudited	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Business activities</b>								
Power distribution system	45,438	70.08	N/A	N/A	45,438	70.08	N/A	N/A
Other building systems and works	14,968	23.09	N/A	N/A	14,968	23.09	N/A	N/A
Electrical equipment hook-up and retrofitting	4,428	6.83	N/A	N/A	4,428	6.83	N/A	N/A
Trading of electrical products	-	-	N/A	N/A	-	-	N/A	N/A
<b>Total revenue</b>	<b>64,834</b>	<b>100.00</b>	<b>N/A</b>	<b>N/A</b>	<b>64,834</b>	<b>100.00</b>	<b>N/A</b>	<b>N/A</b>

Notes:

(1) This is the first interim financial report for the first quarter ended 31 March 2024 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**

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**

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 31.03.2024 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.03.2023 <sup>(1)</sup> Unaudited RM'000	CURRENT YEAR-TO-DATE 31.03.2024 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.03.2023 <sup>(1)</sup> Unaudited RM'000
<b>Transactions with related companies</b>				
Sales of goods	-	N/A	-	N/A
Purchase of goods	-	N/A	-	N/A
Rental paid	6	N/A	6	N/A

Notes:

(1) This is the first interim financial report for the first quarter ended 31 March 2024 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	
	31.03.2024 Unaudited RM'000	31.03.2023 <sup>(1)</sup> Unaudited RM'000	31.03.2024 Unaudited RM'000	31.03.2023 <sup>(1)</sup> Unaudited RM'000
Revenue	64,834	N/A	64,834	N/A
Gross profit	7,437	N/A	7,437	N/A
Profit before tax	2,816	N/A	2,816	N/A
Profit after tax	1,499	N/A	1,499	N/A

Notes:

- (1) This is the first interim financial report for the first quarter ended 31 March 2024 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 RM64.83 million for the current financial quarter ended 31 March 2024 mainly derived from the provision of power distribution system which contributed to RM45.44 million or 70.08% of the total revenue.

The Group registered a profit before tax ("PBT") and PBT margin of RM2.82 million and 4.34% respectively in the current financial quarter after deducting expenses which mainly attributable to administrative expenses of approximately RM4.92 million. The administrative expenses mainly comprise of directors' remuneration, staff costs and non-recurring listing expenses amounting to an aggregate of RM4.70 million for the current financial quarter under review.

### B2 Variation of results against preceding quarter

	INDIVIDUAL QUARTER		VARIANCE	
	CURRENT QUARTER 31.03.2024 RM'000	PRECEDING QUARTER 31.12.2023 RM'000	RM'000	%
Revenue	64,834	44,223	20,611	46.61
PBT	2,816	3,419	(603)	(17.64)

The Group recorded a revenue of RM64.83 million for the current financial quarter ended 31 March 2024 which is 46.61% higher than the revenue recorded in the preceding financial quarter ended 31 December 2023 of RM44.22 million. The increase was mainly due to higher work deliveries for the power distribution system segment during the current financial quarter under review.

The Group's PBT decreased by RM0.60 million or 17.64% to RM2.82 million for the current financial quarter ended 31 March 2024 as compared to the preceding financial quarter. The adjusted PBT would be RM5.47 million excluding the non-recurring listing expenses in current financial quarter under review, where a higher PBT margin of 8.43% would be recorded.

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

### **B3 Prospects**

The Malaysian economy grew at a higher rate of 4.2% in the first quarter of 2024 (4Q 2023: 2.9%), driven by stronger private expenditure and positive turnaround in exports. Household spending was higher amid continued growth in employment and wages. Better investment activities were supported by higher capital spending by both the private and public sectors. Exports rebounded amid higher external demand. On the supply side, most sectors registered higher growth. The manufacturing sector was lifted by a rebound across both the electrical and electronic (E&E) and non-E&E industries. The stronger growth in the services sector was driven by higher retail trade activities and continued support from the transport and storage subsector. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.4% (4Q 2023: -1%).

Growth in 2024 will be driven by resilient domestic expenditure with additional support from the recovery in external demand. On the domestic front, continued employment and wage growth will support household spending. Improvement in tourist arrivals and spending are expected to continue. Investment activities will be driven by progress in multi-year projects across private and public sectors, alongside catalytic initiatives announced in national master plans, as well as the higher realisation of approved investments. The growth outlook remains subject to downside risks stemming from weaker-than-expected external demand, further escalation in geopolitical conflicts and larger declines in commodity production domestically. Nonetheless, there are upside risks from greater spillover from the tech upcycle, more robust tourism activities and faster implementation of existing and new investment projects.

*(Source: Bank Negara Malaysia's Quarterly Bulletin 1Q 2024).*

The Malaysian government's implementation of the New Investment Policy and New Industrial Master Plan 2030 is driving high-value investments in key industries. These initiatives, focusing on economic growth, aim to attract investments that contribute to sustainable and holistic economic growth, with a focus on developing critical industries such as electrical & electronics and medical devices. With a stable political environment, Malaysia's attractiveness as an investment hub is poised to keep growing. HE Group, being one of the sector's beneficiaries, is experiencing increased inquiries, especially from the semiconductor industry, and anticipates this trend to continue in the latter half of 2024.

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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(Registration No: 202301016404 (1510326-M))

(Incorporated in Malaysia)

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

### B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.03.2024 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.03.2023 <sup>(1)</sup> Unaudited RM'000	CURRENT YEAR-TO-DATE 31.03.2024 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.03.2023 <sup>(1)</sup> Unaudited RM'000
In respect of the current period:				
Current tax	1,317	N/A	1,317	N/A
Deferred tax	-	N/A	-	N/A
<b>Total</b>	<b>1,317</b>	<b>N/A</b>	<b>1,317</b>	<b>N/A</b>
<b>Effective tax rate (%)</b>	<b>46.77</b>	<b>N/A</b>	<b>46.77</b>	<b>N/A</b>

Notes:

(1) This is the first interim financial report for the first quarter ended 31 March 2024 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 higher than the statutory tax rate of 24% mainly due to non-recurring listing expenses and depreciation charges. For illustration purposes only, the effective tax rate after adjusting for the non-recurring listing expenses would be 24.09% which is slightly higher than the statutory tax rate due to depreciation charges.



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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.

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(Registration No: 202301016404 (1510326-M))

(Incorporated in Malaysia)

## 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:

<b>PURPOSES</b>	<b>PROPOSED UTILISATION</b>		<b>ACTUAL UTILISATION</b>	<b>BALANCE UNUTILISED</b>	<b>ESTIMATED TIME FRAME FOR UTILISATION</b>
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	
Business expansion	3,650	15.00	38	3,612	Within 30 months
Capital expenditure	1,750	7.19	-	1,750	Within 24 months
Working capital	15,129	62.19	67	15,062	Within 36 months
Estimated listing expenses	3,800	15.62	3,800	-	Within 1 month
	<b>24,329</b>	<b>100.00</b>	<b>3,905</b>	<b>20,424</b>	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 12 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
<b><u>Secured borrowings</u></b>			
Hire purchases	113	366	479
Term loans	347	1,088	1,435
Lease liabilities (ROU)	359	756	1,115
	<hr/>	<hr/>	<hr/>
	819	2,210	3,029
	<hr/>	<hr/>	<hr/>

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

- (a) Joint and several guarantees by certain directors of the Company;
- (b) Charges over fixed deposits of the Group.

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

# HE GROUP BERHAD

(Registration No: 202301016404 (1510326-M))

(Incorporated in Malaysia)

## 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

On 23 February 2024, 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 to be convened on 21 June 2024.

### B11 Basic and diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER 31.03.2024	PRECEDING CORRESPONDING QUARTER 31.03.2023 <sup>(2)</sup>	CURRENT YEAR TO-DATE 31.03.2024	PRECEDING YEAR-TO-DATE 31.03.2023 <sup>(2)</sup>
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	1,499	N/A	1,499	N/A
Weighted average number of shares in issue ('000)	412,310	N/A	412,310	N/A
Basic and diluted earnings per share (sen) <sup>(1)</sup>	0.36	N/A	0.36	N/A

# HE GROUP BERHAD

(Registration No: 202301016404 (1510326-M))

(Incorporated in Malaysia)

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

### **B11 Basic and diluted earnings per share (Cont'd)**

Notes:

- (1) The basic earnings per share is computed based on profit after tax attributable to owners of the Company and divided by the weighted average number of ordinary shares. No diluted earnings per share is computed as the Company does not have dilutive potential ordinary shares as at the end of the financial period.
- (2) This is the first interim financial report for the first quarter ended 31 March 2024 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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# HE GROUP BERHAD

(Registration No: 202301016404 (1510326-M))

(Incorporated in Malaysia)

## 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 31.03.2024 Unaudited RM'000	PRECEDING CORRESPONDING QUARTER 31.03.2023 Unaudited RM'000	CURRENT YEAR-TO-DATE 31.03.2024 Unaudited RM'000	PRECEDING YEAR-TO-DATE 31.03.2023 Unaudited RM'000
The following amounts have been included in arriving at profit before tax:				
Finance costs	161	N/A	161	N/A
Depreciation on property, plant and equipment	184	N/A	184	N/A
and after crediting:				N/A
Interest income	203	N/A	203	N/A
Fair value gain on other investment	39	N/A	39	N/A
Unwinding of discount on non-current financial assets	10	N/A	10	N/A
Sales of solar energy	48	N/A	48	N/A
Realised gain on foreign currency exchange	9	N/A	9	N/A
Reversal of impairment losses on trade receivables	4	N/A	4	N/A

By Order of the Board

Date : 27 May 2024