

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated in Malaysia under the Act as a private limited company on 21 July 2022. Our Company was incorporated as a special purpose vehicle to facilitate the Listing. The historical financial information of our Group for FYE 2021 to 2023 and FPE 2024 is therefore presented based on the audited combined financial statements of our Group. The historical financial information of our Group for FPE 2023 is prepared based on the historical combined unaudited financial statements of our Group.

Our audited combined financial statements for FYE 2021 to 2023 and FPE 2024 were prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

12.1.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income for FYE 2021 to 2023 and FPE 2024. It should be read in conjunction with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

| | Audited | | | Unaudited | Audited |
|---------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2023 | FPE 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 51,706 | 74,886 | 88,662 | 73,448 | 103,758 |
| Cost of sales | (37,131) | (49,833) | (62,053) | (50,984) | (72,112) |
| GP | 14,575 | 25,053 | 26,609 | 22,464 | 31,646 |
| Other operating income | 1,706 | 1,859 | 1,119 | 1,083 | 389 |
| Net (loss)/ gain on impairment of receivables and contract assets | (51) | 51 | 1,064 | 836 | 7 |
| Administrative expenses | (5,640) | (6,609) | (9,659) | (7,994) | (11,210) |
| Selling and distribution expenses | (309) | (298) | (379) | (290) | (578) |
| Other operating expenses | (233) | (539) | (197) | (92) | (84) |
| Finance costs | (620) | (952) | (1,383) | (1,198) | (1,388) |
| PBT | 9,428 | 18,565 | 17,174 | 14,809 | 18,782 |
| Tax expense | (2,061) | (3,998) | (3,057) | (2,356) | (4,370) |
| PAT | 7,367 | 14,567 | 14,117 | 12,453 | 14,412 |
| Other comprehensive income, net of tax | | | | | |
| <u>Item that may be reclassified subsequently to profit or loss</u> | | | | | |
| Foreign exchange translation, net of tax | 58 | 102 | 1,062 | 840 | 895 |
| Total comprehensive income | 7,425 | 14,669 | 15,179 | 13,293 | 15,307 |
| EBIT ⁽¹⁾ | 10,033 | 19,452 | 18,499 | 15,972 | 20,044 |
| EBITDA ⁽¹⁾ | 12,684 | 21,846 | 21,176 | 18,125 | 23,029 |
| GP margin (%) ⁽²⁾ | 28.2 | 33.5 | 30.0 | 30.6 | 30.5 |
| PBT margin (%) ⁽³⁾ | 18.2 | 24.8 | 19.4 | 20.2 | 18.1 |
| PAT margin (%) ⁽³⁾ | 14.2 | 19.5 | 15.9 | 17.0 | 13.9 |
| Effective tax rate (%) ⁽⁴⁾ | 21.9 | 21.5 | 17.8 | 15.9 | 23.3 |
| Basic EPS (sen) ⁽⁵⁾ | 1.5 | 3.0 | 2.9 | 2.6 | 3.0 |
| Diluted EPS (sen) ⁽⁶⁾ | 1.2 | 2.4 | 2.3 | 2.0 | 2.4 |

12. FINANCIAL INFORMATION (Cont'd)

Notes:

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

| | Audited | | | Unaudited | Audited |
|-------------------------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2023 | FPE 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| PAT | 7,367 | 14,567 | 14,117 | 12,453 | 14,412 |
| Less: | | | | | |
| Interest income | (15) | (65) | (58) | (35) | (126) |
| Add: | | | | | |
| Finance costs | 620 | 952 | 1,383 | 1,198 | 1,388 |
| Tax expense | 2,061 | 3,998 | 3,057 | 2,356 | 4,370 |
| EBIT | 10,033 | 19,452 | 18,499 | 15,972 | 20,044 |
| Add: | | | | | |
| Depreciation and amortisation | 2,651 | 2,394 | 2,677 | 2,153 | 2,985 |
| EBITDA | 12,684 | 21,846 | 21,176 | 18,125 | 23,029 |

- (2) GP margin is calculated based on GP divided by revenue.
- (3) PBT and PAT margin is calculated based on PBT and PAT divided by revenue, respectively.
- (4) Effective tax rate is calculated based on tax expenses divided by PBT.
- (5) Basic EPS is calculated based on PAT divided by our share capital of 483,390,000 Shares before our IPO.
- (6) Diluted EPS is calculated based on PAT divided by our enlarged share capital of 608,292,000 Shares after our IPO.

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12. FINANCIAL INFORMATION (Cont'd)

12.1.2 Historical combined statements of financial position

The following table sets out the combined statements of financial position of our Group as at 28 February 2021, 28 February 2022, 28 February 2023 and 31 December 2023. It should be read in conjunction with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

| | Audited | | | |
|----------------------------------------------------------------|---------------|---------------|---------------|----------------|
| | 28 February | 28 February | 28 February | 31 December |
| | 2021 | 2022 | 2023 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 11,567 | 8,611 | 10,901 | 13,533 |
| Right-of-use assets | 3,892 | 7,786 | 11,068 | 10,608 |
| Investment properties | 5,682 | - | - | - |
| Total non-current assets | 21,141 | 16,397 | 21,969 | 24,141 |
| Current assets | | | | |
| Inventories | 1,573 | 2,577 | 2,430 | 4,083 |
| Contract assets | 11,200 | 16,457 | 24,140 | 38,376 |
| Trade and other receivables | 15,559 | 20,418 | 21,980 | 35,472 |
| Cash and bank balances | 7,194 | 9,588 | 15,273 | 16,730 |
| Total current assets | 35,526 | 49,040 | 63,823 | 94,661 |
| Assets held for sale | 918 | 6,161 | - | - |
| | 36,444 | 55,201 | 63,823 | 94,661 |
| TOTAL ASSETS | 57,585 | 71,598 | 85,792 | 118,802 |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to owners of the combining entities | | | | |
| Invested equity* | 2,353 | 2,508 | 3,908 | 3,908 |
| Reserves | 23,960 | 33,257 | 44,598 | 59,905 |
| TOTAL EQUITY | 26,313 | 35,765 | 48,506 | 63,813 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 798 | 1,135 | 1,365 | 1,115 |
| Deferred income | - | - | 171 | 158 |
| Lease liabilities | 3,098 | 4,888 | 6,344 | 5,946 |
| Borrowings | 7,950 | 4,126 | 4,188 | 2,917 |
| Total non-current liabilities | 11,846 | 10,149 | 12,068 | 10,136 |
| Current liabilities | | | | |
| Trade and other payables | 10,782 | 6,765 | 8,232 | 19,598 |
| Deferred income | - | - | 16 | 16 |
| Contract liabilities | - | - | 155 | 1,054 |
| Lease liabilities | 779 | 1,915 | 2,589 | 2,801 |
| Borrowings | 6,397 | 11,053 | 12,810 | 17,524 |
| Current tax liabilities | 1,468 | 2,234 | 1,416 | 3,860 |
| Total current liabilities | 19,426 | 21,967 | 25,218 | 44,853 |
| Borrowings associated with assets held for sale | - | 3,717 | - | - |
| Total liabilities | 31,272 | 35,833 | 37,286 | 54,989 |
| TOTAL EQUITY AND LIABILITIES | 57,585 | 71,598 | 85,792 | 118,802 |

Note:

* Number of ordinary shares on combined basis.

12. FINANCIAL INFORMATION (Cont'd)
12.1.3 Historical combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for FYE 2021 to 2023 and FPE 2024. It should be read in conjunction with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

| | Audited | | | |
|------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash flows from operating activities | | | | |
| Profit before tax | 9,428 | 18,565 | 17,174 | 18,782 |
| Adjustments for: | | | | |
| Amortisation of deferred income | - | - | (6) | (13) |
| Assets written off | 178 | - | - | - |
| Depreciation of property, plant and equipment | 1,481 | 920 | 850 | 1,045 |
| Depreciation of right-of-use assets | 928 | 1,232 | 1,833 | 1,953 |
| Depreciation of investment properties | 242 | 242 | - | - |
| Gain on lease termination | (1) | (35) | - | - |
| Net loss/(gain) on impairment of receivables and contract assets | 51 | (51) | (1,064) | (7) |
| Interest expenses | 620 | 952 | 1,383 | 1,388 |
| Interest income | (15) | (65) | (58) | (126) |
| Loss/(gain) on disposal of right-of-use assets | 39 | (64) | - | - |
| (Gain)/loss on disposal of property, plant and equipment | (17) | 242 | 71 | (14) |
| Gain on disposal of assets held for sale | - | (481) | (339) | - |
| Property, plant and equipment written off | - | 289 | 123 | 37 |
| Bad debt written off/(back) | - | 20 | (5) | - |
| Unrealised loss on foreign exchange | 4 | - | - | - |
| Operating profit before changes in working capital | 12,938 | 21,766 | 19,962 | 23,045 |
| Changes in working capital: | | | | |
| Inventories | (20) | (1,004) | 147 | (1,650) |
| Contract assets/contract liabilities | (5,915) | (5,246) | (7,178) | (13,196) |
| Trade and other receivables | (1,641) | (4,783) | 11 | (13,127) |
| Trade and other payables | 4,554 | (2,096) | 2,930 | 11,317 |
| Cash generated from operations | 9,916 | 8,637 | 15,872 | 6,389 |
| Tax paid | (737) | (3,206) | (3,792) | (2,466) |
| Tax refunded | 117 | 304 | - | 203 |
| Net cash from operating activities | 9,296 | 5,735 | 12,080 | 4,126 |
| Cash flows from investing activities | | | | |
| Purchases of property, plant and equipment | (3,821) | (4,117) | (2,533) | (2,421) |
| Additions of right-of-use assets | (189) | (562) | (619) | (142) |
| Placement of pledged deposits with licensed banks | (500) | (500) | (2,430) | (2,015) |
| Proceeds from disposal of property, plant and equipment | 82 | 1,989 | 760 | 14 |
| Proceeds from disposal of right-of-use assets | 432 | 260 | - | - |
| Proceeds from disposal of assets held for sale | - | 1,400 | 6,500 | - |
| (Advance to)/repayments from a related party | (5) | 5 | - | - |
| Interest received | 15 | 65 | 58 | 126 |
| Net cash (used in)/from investing activities | (3,986) | (1,460) | 1,736 | (4,438) |

12. FINANCIAL INFORMATION (Cont'd)

| | Audited | | | |
|----------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash flow from financing activities | | | | |
| Dividend paid | (3,906) | (5,371) | (3,839) | - |
| Interest paid for borrowings | (524) | (676) | (1,002) | (1,027) |
| Net drawdown/(repayment) of borrowings | 8,287 | 4,506 | (3,528) | 3,591 |
| Proceeds from issuance of ordinary shares | 50 | 155 | 1,400 | * |
| Repayments to: | | | | |
| - Director | (870) | (730) | (1,630) | - |
| - Related parties | (65) | (229) | (121) | (4) |
| Advances from related parties | 19 | 93 | 125 | - |
| Net repayment of lease liabilities | (1,013) | (181) | (2,671) | (2,992) |
| Net cash from/(used in) financing activities | 1,978 | (2,433) | (11,266) | (432) |
| Net increase/(decrease) in cash and cash equivalents | 7,288 | 1,842 | 2,550 | (744) |
| Effect of exchange rate fluctuations on cash and cash equivalents | 12 | 52 | 510 | 371 |
| Cash and cash equivalents at the beginning of financial year/period | (606) | 6,694 | 8,588 | 11,648 |
| Cash and cash equivalents at the end of financial year/period | 6,694 | 8,588 | 11,648 | 11,275 |

Note:

- * Represents RM8. On 17 May 2023, our Company allotted 80 Shares at an issue price of RM8 which increased our share capital of RM2 comprising 20 Shares to arrive at a share capital base of RM10 comprising 100 Shares to facilitate the enlarged number of Shares under our Listing Scheme.

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12. FINANCIAL INFORMATION (Cont'd)**12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

The following discussion and segmental analysis of our audited combined financial statements for FYE 2021 to 2023 and FPE 2024 should be read in conjunction with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations**(a) Principal activities**

Our core business activities are as follows:

- (i) provision of underground utilities engineering solutions; and
- (ii) manufacturing and trading of HDPE pipes.

Please refer to Section 7 for our Group's detailed business overview.

(b) Revenue

Our revenue for FYE 2021 to 2023 and FPE 2024 was derived from Malaysia and Singapore based on our services provided.

Our Group generally enters into contracts with our customers on a project-by-project basis for provision of underground utilities engineering solutions. While our sales of HDPE pipes are based on purchase orders from our customers. Our Group's revenue recognition criteria are as follow:

- (i) Provision of underground utilities engineering solutions

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that our Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of our Group does not create an asset with an alternative use to our Group and we have an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the input method, which is based on the total actual construction cost incurred to date as compared to the total budgeted costs for the respective construction projects.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

- (ii) Manufacturing and trading of HDPE pipes

Revenue from sales of goods is recognised at a point in time when the goods has been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

12. FINANCIAL INFORMATION (Cont'd)

(c) Cost of sales

The cost of sales comprises purchase of raw materials, construction materials, subcontractors' fee and overhead. Raw materials include purchase of HDPE resin and masterbatches for the manufacturing of HDPE pipes. Construction materials include the purchase of pipes, cables and accessories for our underground utilities engineering solutions. Subcontractors' fee comprise amount paid for contractual workers' salaries and third-party subcontractors which we engaged to carry out selected portions of our works. Overhead include maintenance (comprising regular maintenance and service of machineries and motor vehicles), rental of machineries, site expenses, insurance, transport charges, depreciation and staff costs.

(d) Other operating income

Other operating income mainly includes gain on disposal of fixed assets, insurance compensation received, lease of machinery, interest income, rental income and government subsidies.

(e) Administrative expenses

Administrative expenses mainly comprise overheads incurred to maintain our operations such as staff costs, depreciation, directors' remuneration, expenses for investment properties, professional fees, maintenance, rental of premises and marketing expenses.

(f) Selling and distribution expenses

Selling and distribution expenses comprise of sales commission paid to our marketing employees and unrelated third party salesperson based on the sales secured by the said employee or salesperson, staff costs and transportation costs.

(g) Other operating expenses

Other operating expenses relate to expenses incurred which are not directly related to our operations such as fixed assets written off including renovations, plant and machinery, furniture and fittings as well as office equipment, loss on disposal of fixed assets as well as realised and unrealised loss on foreign exchange.

(h) Finance costs

Finance costs comprise interest expense on our borrowings and lease liabilities.

(i) Recent developments

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

(j) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items for FYE 2021 to 2023 and FPE 2024. In addition, our audited combined financial statements for FYE 2021 to 2023 and FPE 2024 were not subject to any audit qualifications.

12. FINANCIAL INFORMATION (Cont'd)

12.2.2 Significant factors affecting our revenue

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

(a) Our Group's revenue is project-based and our Group's historical financial performance may not be indicative of our future financial performance

In our industry, it is common for projects to be awarded based on competitive bidding, and as such, we have to bid competitively for every contract that we wish to secure.

Accordingly, the scale and number of projects and the amount of revenue that we are able to derive therefrom are affected by a series of factors including but not limited to changes in our customers' businesses, economic downturn and availability of funds/ budgetary considerations on the part of project owners. Consequentially, our revenue may vary significantly from period to period, and it may be difficult to forecast our financial performance.

Please refer to Section 9.1.1 for further details.

(b) Our Group is dependent on major customers

Our Group's top 3 customers for FYE 2021 to 2023 and FPE 2024 were Komasi Engineering, Wee Guan Group and Sutera Utama. Collectively, Komasi Engineering, Wee Guan Group and Sutera Utama contributed to 84.0%, 92.1%, 77.8% and 78.4% of our Group's revenue for FYE 2021 to 2023 and FPE 2024 respectively.

Based on our historical relationship established with the major customers, the Exclusive Engineering Service Provider Agreements, and our unbilled order book as at LPD amounting to RM223.4 million, which expected to be realised over the next 3 financial years, we expect that the abovementioned major customers will continue to contribute significantly to our Group's revenue in the future. As at LPD, the order book attributable to the abovementioned major customers is RM214.1 million, representing 95.8% of our Group's unbilled order book. We will continue to serve our other customers and strive to pursue business development activities to expand our customer base and reduce dependency on the abovementioned major customers through our future plans and strategies. Please refer to Section 7.18 for further details on our Group's business strategies and prospects.

Please refer to Section 9.1.2 for further details.

(c) Our contracts may be subject to early termination

In the event we experience any early termination of our contracts, the loss of revenue and/ or costs incurred arising from such termination may have an adverse impact on the financial condition and prospects of our Group. If our Group is at fault, we may also be susceptible to the risks of legal claims, liabilities and compensation to our customers. This could have a negative impact on our financial condition and reputation.

Please refer to Section 9.1.11 for further details.

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12.2.3 Review of our results of operations

(a) Revenue

Analysis of revenue by business segment

| Business segment | Audited | | | | | | Unaudited | | Audited | |
|--------------------------------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|----------------|--------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Underground utilities engineering solutions | 44,061 | 85.2 | 68,596 | 91.6 | 79,720 | 89.9 | 65,869 | 89.7 | 92,849 | 89.5 |
| Manufacturing and trading of HDPE pipes ⁽¹⁾ | 7,645 | 14.8 | 6,290 | 8.4 | 8,942 | 10.1 | 7,579 | 10.3 | 10,909 | 10.5 |
| Total | 51,706 | 100.0 | 74,886 | 100.0 | 88,662 | 100.0 | 73,448 | 100.0 | 103,758 | 100.0 |

Note:

(1) Being the sales of HDPE pipes to external parties.

Analysis of revenue by geographical market

| Country | Audited | | | | | | Unaudited | | Audited | |
|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|----------------|--------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Malaysia | 43,249 | 83.6 | 57,278 | 76.5 | 65,774 | 74.2 | 52,751 | 71.8 | 78,089 | 75.3 |
| Singapore | 8,457 | 16.4 | 17,608 | 23.5 | 22,888 | 25.8 | 20,697 | 28.2 | 25,669 | 24.7 |
| Total | 51,706 | 100.0 | 74,886 | 100.0 | 88,662 | 100.0 | 73,448 | 100.0 | 103,758 | 100.0 |

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

- (i) Our Group's total revenue increased by RM23.2 million or 44.9% to RM74.9 million in FYE 2022 (FYE 2021: RM51.7 million). This was mainly due to revenue from underground utilities engineering solutions which increased by RM24.5 million or 55.6% to RM68.6 million in FYE 2022 (FYE 2021: RM44.1 million), mainly attributed to the following contracts:
- (a) Commencement of project in relation to the supply and installation of 66kV power cables, auxiliary cables and accessories at multiple locations across Singapore ("**Project NDC 265**"), where RM4.8 million was recognised during FYE 2022;
 - (b) On-going works in relation to the LOA for laying of 33kV cables and connection works for Unit Pembangunan Aset Zon Johor, Distribution Network, specifically for works under the PPU Wangsa Idaman to PPU Senai Hi-Tech areas, where RM4.5 million was recognised during FYE 2022, representing an increase from the RM3.2 million recognised in FYE 2021;
 - (c) Commencement of project in relation to the installation of 33kV power cables and cable interlink from PPU Seri Austin to PPU Pelangi Indah (laying of 33kV cables and connection works for Unit Pembangunan Aset Zon Johor, Distribution Network) where RM3.7 million was recognised during FYE 2022;
 - (d) Commencement of project in relation to the installation of 11kV cable at PPU Mobile Sungai Raya, Muar Johor (laying of 11kV cables using HDD method for Zone J2 Unit Pembangunan Aset Johor) where RM3.1 million was recognised during FYE 2022;
 - (e) Commencement of project in relation to the installation of 11kV power cables at Bandar Tasik Senangin, Seremban (laying of 11kV cables using HDD method for Selatan Bulk 2019 in Johor, Negeri Sembilan and Melaka) where RM2.0 million was recognised during FYE 2022;
 - (f) Commencement of project in relation to the installation of 33kV power cables at PPU Lukut to PPU Petron (laying of 33kV cables and connection works for Unit Pembangunan Aset Negeri Sembilan, Distribution Network) where RM1.9 million was recognised during FYE 2022;
 - (g) Commencement of project in relation to the installation of 33kV power cables from PPU Seelong to PPU Senai Hi-Tech (laying of 33kV cables using HDD method for Pembangunan Aset Zon Johor) where RM1.9 million was recognised during FYE 2022; and
 - (h) Commencement of project in relation to the installation of 33kV power cables from PPU Salak Tinggi to PPU Mesahill (laying of 33kV cables and connection works for Unit Pembangunan Aset Negeri Sembilan, Distribution Network) where RM1.7 million was recognised during FYE 2022.

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- (ii) Due to operational restrictions during the COVID-19 pandemic, our Group experienced delay in project delivery schedules in FYE 2021 which resulted in delayed recognition of revenue of RM2.5 million in FYE 2021. Our Group's revenue growth was 33.6% in FYE 2022 after excluding the impact of the delayed recognition of revenue in FYE 2021.
- (iii) The increase in our Group's revenue was partially offset by lower revenue from the sales of HDPE pipes, which decreased by RM1.3 million or 17.1% to RM6.3 million in FYE 2022 (FYE 2021: RM7.6 million). Most of the new contracts awarded by our Group to the subcontractors in FYE 2022 were for installation services, which meant that our Group had directly supplied HDPE pipes to the subcontractors for installation in those projects as opposed to outright sales of the HDPE pipes to the subcontractors, which resulted in decrease in sale of HDPE pipes to subcontractors.
- (iv) Revenue from Malaysia increased by RM14.1 million or 32.6% to RM57.3 million in FYE 2022 (FYE 2021: RM43.2 million). A significant portion of this increase can be attributed to the aforementioned 7 contracts in Malaysia, which collectively contributed RM18.8 million. Meanwhile, revenue from Singapore increased by RM9.1 million or 107.1% to RM17.6 million in FYE 2022 (FYE 2021: RM8.5 million). Such increase can be attributed to Project NDC 265 whereby our Group recognised total revenue of RM4.8 million from the underground utilities engineering solutions and revenue of RM1.1 million from sales of HDPE pipes during FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our Group's total revenue increased by RM13.8 million or 18.4% to RM88.7 million in FYE 2023 (FYE 2022: RM74.9 million). This was mainly due to the following:

- (i) Revenue from underground utilities engineering solutions which increased by RM11.1 million or 16.2% to RM79.7 million in FYE 2023 (FYE 2022: RM68.6 million), mainly attributed to the following contracts:
 - (a) On-going works in relation to Project NDC 265, where RM9.6 million was recognised during FYE 2023, an increase from RM4.8 million in FYE 2022;
 - (b) On-going works in relation to the installation of 33kV power cables from PPU Seelong to PMU Senai Hi-Tech (laying of 33kV cables and connection works for Unit Pembangunan Aset Zon Johor, Distribution Network) where RM4.9 million was recognised during FYE 2023, an increase from RM1.4 million in FYE 2022;
 - (c) Commencement of project in relation to the installation of 33kV power cables from PPU Perling to SSU DPTN (laying of 33kV cables and connection works for Unit Pembangunan Aset Zon Johor, Distribution Network) where RM4.6 million was recognised during FYE 2023; and
 - (d) Commencement of project in relation to the installation of 33kV power cables at Majlis Bandaraya Johor Bahru (project development PPU (mobile) Tiara for Package 3 and 33kV cables laying and connection works at route of Majlis Bandaraya Johor Bahru) where RM4.0 million was recognised during FYE 2023.

12. FINANCIAL INFORMATION (Cont'd)

- (ii) Revenue from sales of HDPE pipes which increased by RM2.6 million, or 41.3% to RM8.9 million in FYE 2023 (FYE 2022: RM6.3 million). Such increase was mainly driven by additional sales of RM1.5 million recorded during FYE 2023 as compared to FYE 2022, as our Group's Malaysian customers had purchased the HDPE pipes from our Group for their own projects.

Comparison between FPE 2023 and FPE 2024

Our Group's total revenue increased by RM30.4 million or 41.4% to RM103.8 million in FPE 2024 (FPE 2023: RM73.4 million). This was mainly due to the following:

- (i) Revenue from underground utilities engineering solutions segment increased by RM27.1 million or 41.2% to RM92.9 million in FPE 2024 (FPE 2023: RM65.8 million), mainly attributed to the following contracts:
- (a) Commencement of project in relation to the supply and installation of 66kV power cables, auxiliary cables and accessories at Jurong Pier Road, Google Tower 1B, Singapore where RM7.9 million was recognised during FPE 2024;
 - (b) Commencement of project in relation to the supply and installation of new infrastructure from Kulai Iskandar Data Exchange to Southern Industrial Logistic Clusters, Johor where RM5.3 million was recognised during FPE 2024;
 - (c) Commencement of project in relation to the fibre infrastructure and cable works from Kulai to Tanjung Kupang, Johor where RM4.6 million was recognised during FPE 2024;
 - (d) On-going works in relation to the installation of 33kV power cables at PPU Seremban (laying of 33kV cables and connection works for Unit Pembangunan Aset Negeri Sembilan, Distribution Network) where RM3.1 million was recognised during FPE 2024, an increase from RM1.8 million in FPE 2023;
 - (e) Commencement of project in relation to the implementation of civil infrastructure and fibre optic cabling work in Terengganu (survey, construction and implementation of civil infrastructure, fibre optic cabling system and all related works of fibre optic infrastructure – Package 3 (Terengganu)) where RM1.8 million was recognised during FPE 2024;
 - (f) Commencement of project in relation to the installation of 11kV power cables at building Majlis Perbandaran Muar (Installation, testing and commissioning of 11kV cables and accessories for asset development all zones, Distribution Network Division, TNB – Mainhead E (Johor)) where RM1.8 million was recognised during FPE 2024; and
 - (g) On-going works in relation to the installation of 33kV power cables at PPU Sentral U1 (laying of 33kV cables and connection works for Unit Pembangunan Aset Negeri Sembilan, Distribution Network) where RM1.7 million was recognised during FPE 2024, an increase from RM0.6 million in FPE 2023.

12. FINANCIAL INFORMATION (Cont'd)

- (ii) Revenue from manufacturing and trading of HDPE pipes increased by RM3.3 million or 43.4% to RM10.9 million in FPE 2024 (FPE 2023: RM7.6 million). The increase was mainly attributed to increase in sales of HDPE pipes to our Singaporean customers by RM2.1 million in FPE 2024.
- (iii) Revenue from Malaysia increased by RM25.4 million or 48.2% to RM78.1 million in FPE 2024 (FPE 2023: RM52.7 million). The increase was attributed to increase in revenue from underground utilities engineering solutions segment and manufacturing and trading of HDPE pipes segment of RM24.2 million and RM1.2 million respectively.

Revenue from Singapore increased by RM5.0 million or 24.2% to RM25.7 million in FPE 2024 (FPE 2023: RM20.7 million). This was attributed to the increase in revenue from underground utilities engineering solutions segment and manufacturing and trading of HDPE pipes segment of RM2.9 million and RM2.1 million respectively.

(b) Cost of sales, GP and GP margin

Analysis of cost of sales by components

| Component | Audited | | | | | | Unaudited | | Audited | |
|---------------------------------------|---------------|--------------|-----------------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Subcontractors' fee | 20,742 | 55.9 | ⁽¹⁾ 27,023 | 54.2 | 31,262 | 50.4 | 26,101 | 51.2 | 33,579 | 46.6 |
| Construction materials ⁽²⁾ | 6,346 | 17.1 | ⁽¹⁾ 11,294 | 22.7 | 13,652 | 22.0 | 10,927 | 21.4 | 16,817 | 23.3 |
| Raw materials | 5,170 | 13.9 | 4,109 | 8.2 | 6,323 | 10.2 | 5,398 | 10.6 | 6,158 | 8.5 |
| Overhead | 4,873 | 13.1 | 7,407 | 14.9 | 10,816 | 17.4 | 8,558 | 16.8 | 15,558 | 21.6 |
| Total | 37,131 | 100.0 | 49,833 | 100.0 | 62,053 | 100.0 | 50,984 | 100.0 | 72,112 | 100.0 |

Notes:

- (1) We gradually reduce the scope of our subcontractors from installation and supply of HDPE pipes to solely installation of HDPE pipes as Kum Fatt purchases HDPE pipes internally from PPI for its underground utilities engineering projects.
- (2) Includes cost of production incurred by PPI for HDPE pipes purchased by Kum Fatt.

12. FINANCIAL INFORMATION (Cont'd)**Analysis of cost of sales by business segment**

| Business Segment | Audited | | | | | | Unaudited | | Audited | |
|---------------------------------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|------------------|--------------|-----------------|--------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Underground utilities engineering solutions | 31,237 | 84.1 | 45,052 | 90.4 | 54,863 | 88.4 | 44,824 | 87.9 | 65,079 | 90.2 |
| Manufacturing and trading of HDPE pipes | 5,894 | 15.9 | 4,781 | 9.6 | 7,190 | 11.6 | 6,160 | 12.1 | 7,033 | 9.8 |
| Total | 37,131 | 100.0 | 49,833 | 100.0 | 62,053 | 100.0 | 50,984 | 100.0 | 72,112 | 100.0 |

Analysis of cost of sales by geographical market

| Country | Audited | | | | | | Unaudited | | Audited | |
|----------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|------------------|--------------|-----------------|--------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Malaysia | 33,339 | 89.8 | 44,097 | 88.5 | 51,530 | 83.0 | 42,216 | 82.8 | 60,163 | 83.4 |
| Singapore | 3,792 | 10.2 | 5,736 | 11.5 | 10,523 | 17.0 | 8,768 | 17.2 | 11,949 | 16.6 |
| Total | 37,131 | 100.0 | 49,833 | 100.0 | 62,053 | 100.0 | 50,984 | 100.0 | 72,112 | 100.0 |

Comparison between FYE 2021 and FYE 2022

Our Group's total cost of sales increased by RM12.7 million or 34.2% to RM49.8 million in FYE 2022 (FYE 2021: RM37.1 million). This was mainly attributed to the higher cost of sales recognised from the underground utilities engineering solutions which increased RM13.8 million or 44.2% to RM45.0 million in FYE 2022 (FYE 2021: RM31.2 million).

In terms of component, the overall increase was mainly attributable to the following cost items:

- (i) Increase in subcontractors' fee of RM6.3 million or 30.4% to RM27.0 million in FYE 2022 (FYE 2021: RM20.7 million), was mainly due to commencement of numerous newly secured projects in FYE 2022. Our Group delegated these projects to subcontractors to handle the growing demands of the newly secured projects to carry out the works in order to achieve the targeted level of construction activities. The percentage of subcontractors' fees over the total cost of sales decreased from 55.9% in FYE 2021 to 54.2% in FYE 2022;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) Increase in purchase of construction materials of RM5.0 million or 79.4% to RM11.3 million in FYE 2022 (FYE 2021: RM6.3 million). Purchase of construction materials accounted for 17.1% and 22.7% of the total cost of sales in FYE 2021 and FYE 2022 respectively.

The increase in purchase of construction materials mainly attributed to the commencement of the following contracts in FYE 2022:

- (a) Installation of 33kV power cables and cable interlink from PPU Seri Austin to PPU Pelangi Indah;
- (b) Installation of 11kV cable at PPU Mobile Sungai Raya, Muar Johor;
- (c) Installation of 11kV power cables at Bandar Tasik Senangin, Seremban;
- (d) Installation of 33kV power cables at PPU Lukut to PPU Petron; and
- (e) Installation of 33kV power cables from PPU Setia Indah to PPU Pelangi Indah.

The increase in purchase of construction materials corresponds to the reduction in sale of HDPE pipes to subcontractors as Kum Fatt purchase HDPE pipes internally from PPI for its underground utilities engineering projects in FYE 2022; and

- (iii) Increase in overhead expenses of RM2.5 million or 51.0% to RM7.4 million in FYE 2022 (FYE 2021: RM4.9 million). Overhead expense accounted for 13.1% and 14.9% of the total cost of sales in FYE 2021 and FYE 2022 respectively which is relatively consistent. The commencement of Project NDC 265 during FYE 2022 led to our Group incurring additional expenses, including incentives, allowances, and overtime payments to site workers in Singapore. As a result, there was an increase in staff costs for Singapore operations by RM1.1 million, contributing to the overall rise in overhead expenses during the period.

In terms of geographical market, the cost of sales to Malaysian customers increased by RM10.8 million or 32.4% to RM44.1 million in FYE 2022 (FYE 2021: RM33.3 million). The cost of sales to Singaporean customers increased by RM1.9 million or 50.0% to RM5.7 million in FYE 2022 (FYE 2021: RM3.8 million). These increases in cost of sales reflect the growth and expansion of our business in both Malaysia and Singapore.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2022 and FYE 2023**

Our Group's total cost of sales increased by RM12.3 million or 24.7% to RM62.1 million in FYE 2023 (FYE 2022: RM49.8 million). This was mainly attributed to higher cost of sales recognised from the underground utilities engineering solutions segment which increased by RM9.9 million or 22.0% to RM54.9 million in FYE 2023 (FYE 2022: RM45.0 million).

In terms of components, the overall increase was mainly attributable to the following cost items:

- (i) Increase in subcontractors' fee of RM4.3 million or 15.9% to RM31.3 million in FYE 2023 (FYE 2022: RM27.0 million). Subcontractors' fee accounted for 54.2% and 50.4% of the total cost of sales in FYE 2022 and FYE 2023 respectively;
- (ii) Increase in purchase of construction materials of RM2.4 million or 21.2% to RM13.7 million in FYE 2023 (FYE 2022: RM11.3 million). Purchase of construction materials accounted for 22.7% and 22.0% of the total cost of sales in FYE 2022 and FYE 2023 respectively;
- (iii) Increase in purchase of raw materials of RM2.2 million or 53.7% to RM6.3 million in FYE 2023 (FYE 2022: RM4.1 million). Purchase of raw materials accounted for 8.2% and 10.2% of the total cost of sales in FYE 2022 and FYE 2023 respectively; and
- (iv) Increase in overhead expenses of RM3.4 million or 45.9% to RM10.8 million in FYE 2023 (FYE 2022: RM7.4 million). Overhead expense accounted for 14.9% and 17.4% of the total cost of sales in FYE 2022 and FYE 2023 respectively.

The increase in overall cost of sales is in line with the increased level of construction activities and scale of projects undertaken by our Group. The increase in subcontractors' fee was in line with the increase in revenue from underground utilities engineering solutions segment. Revenue from underground utilities engineering solutions segment increased 16.2% while the subcontractors' fees increased 15.9%. The increase in price of HDPE resin led to an increase in costs for purchasing construction and raw materials during FYE 2023. In FYE 2023, our Singapore operation witnessed an expansion in our HDD team, with the number of workers in HDD team increasing from 16 in FYE 2022 to 22 in FYE 2023. We have also created additional 3 teams of general workers with each team comprising of 8 to 10 workers, in order to expand the scope of our underground utilities engineering projects to include full-scale services which includes, amongst others, project planning, site survey, underground utility tracing, procurement, supply as well as testing and commissioning. This resulted in the increase in staff costs for our Singapore operations by RM1.9 million which led to an increase in overhead expenses.

In terms of geographical market, the cost of sales to Malaysian customers increased by RM7.5 million or 17.0% to RM51.6 million in FYE 2023 (FYE 2022: RM44.1 million). The cost of sales to Singaporean customers increased by RM4.8 million or 84.2% to RM10.5 million in FYE 2023 (FYE 2022: RM5.7 million). Such increase was in line with our continued growth and expansion in both Malaysia and Singapore.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FPE 2023 and FPE 2024**

Our Group's total cost of sales increased by RM21.1 million or 41.4% to RM72.1 million in FPE 2024 (FPE 2023: RM51.0 million). This was mainly attributed to the higher cost of sales recognised from the underground utilities engineering solutions segment which increased by RM20.3 million or 45.3% to RM65.1 million in FPE 2024 (FPE 2023: RM44.8 million).

In terms of component, the overall increase in cost of sales was mainly attributable to the following cost items:

- (i) Increase in subcontractors' fee of RM7.5 million or 28.7% to RM33.6 million in FPE 2024 (FPE 2023: RM26.1 million) as we engaged more subcontractors to perform the construction works due to increase in level of construction activities and number of projects undertaken by our Group, of which the projects undertaken by our Group increased by 63 in FPE 2024.

Due to the increased number of projects we are undertaking, there is a capacity limitation faced by our subcontractors, they were not able to undertake certain labour-intensive scope of works such as cable laying, traffic management as well as site preparation, maintenance and cleaning prior to handing over the project site to customers. Therefore, we had expanded our own Project Department in Malaysia by hiring 96 general workers to perform these tasks, and have begun deploying them to some of our project sites to undertake the abovementioned works, which resulted in decrease in percentage of subcontractors' fee over the total cost of sales from 51.2% in FPE 2023 to 46.6% in FPE 2024;

- (ii) Increase in overhead expenses of RM7.0 million or 82.4% to RM15.5 million in FPE 2024 (FPE 2023: RM8.5 million). Overhead expense accounted for 16.8% and 21.6% of the total cost of sales in FPE 2023 and FPE 2024 respectively. The increase was mainly attributed to the following:
- (a) Increase in staff costs by RM4.4 million mainly due to recruitment of 99 site general workers (additional 96 site general workers for Malaysia operations and 3 general workers for Singapore operations) as well as annual salary increment;
- (b) Increase in transport charges and petrol for motor vehicles by RM0.7 million mainly due to commencement of projects located in Terengganu, Pahang and Kelantan and transport charges for delivery of construction material to the sites located in Melaka and Negeri Sembilan;
- (c) Increase in rental of excavators, backhoes, lorry cranes and lorries by RM0.6 million, mainly for the new teams of general workers in Singapore and projects located in Terengganu, Pahang and Kelantan; and
- (d) Increase in rental of dormitory by RM0.4 million mainly for the newly recruited foreign workers in Singapore. The new dormitory rented for our foreign workers were located at Block 12, 9 and 3, 18A Kranji Way, Singapore 739443 and 37 Tuas View Place Singapore 637883.

12. FINANCIAL INFORMATION (Cont'd)

(iii) Increase in purchase of construction materials of RM5.9 million or 54.1% to RM16.8 million in FPE 2024 (FPE 2023: RM10.9 million) mainly attributed to the following contracts:

- (a) Fibre infrastructure and cable works from Kulai to Tanjung Kupang, Johor;
- (b) Supply and installation of new infrastructure from Kulai Iskandar Data Exchange to Southern Industrial Logistic Clusters, Johor;
- (c) Installation of 33kV power cables at PPU Seremban; and
- (d) Installation of 33kV power cables at PPU Sentral U1.

In terms of geographical market, the cost of sales to Malaysian customers increased by RM18.0 million or 42.7% to RM60.2 million in FPE 2024 (FPE 2023: RM42.2 million). The cost of sales to Singaporean customers increased by RM3.1 million or 35.2% to RM11.9 million in FPE 2024 (FPE 2023: RM8.8 million). Such increase in cost of sales reflect the growth and expansion of our business in both Malaysia and Singapore.

Analysis of GP and GP margin by business segment

| Business Segment | Audited | | | | | | Unaudited | | Audited | |
|---------------------------------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | GP RM'000 | GP margin % | GP RM'000 | GP margin % | GP RM'000 | GP margin % | GP RM'000 | GP margin % | GP RM'000 | GP margin % |
| Underground utilities engineering solutions | 12,824 | 29.1 | 23,544 | 34.3 | 24,857 | 31.2 | 21,045 | 32.0 | 27,770 | 29.9 |
| Manufacturing and trading of HDPE pipes | 1,751 | 22.9 | 1,509 | 24.0 | 1,752 | 19.6 | 1,419 | 18.7 | 3,876 | 35.5 |
| Total | 14,575 | 28.2 | 25,053 | 33.5 | 26,609 | 30.0 | 22,464 | 30.6 | 31,646 | 30.5 |

12. FINANCIAL INFORMATION (Cont'd)**Analysis of GP and GP margin by geographical market**

| Country | Audited | | | | | | Unaudited | | Audited | |
|--------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | GP RM'000 | GP margin % | GP RM'000 | GP margin % | GP RM'000 | GP margin % | GP RM'000 | GP margin % | GP RM'000 | GP margin % |
| Malaysia | 9,910 | 22.9 | 13,181 | 23.0 | 14,244 | 21.7 | 10,535 | 20.0 | 17,926 | 23.0 |
| Singapore | 4,665 | 55.2 | 11,872 | 67.4 | 12,365 | 54.0 | 11,929 | 57.6 | 13,720 | 53.4 |
| Total | 14,575 | 28.2 | 25,053 | 33.5 | 26,609 | 30.0 | 22,464 | 30.6 | 31,646 | 30.5 |

Comparison between FYE 2021 and FYE 2022

Our Group's GP increased by RM10.5 million or 71.9% to RM25.1 million in FYE 2022 (FYE 2021: RM14.6 million), while the overall GP margin increased from 28.2% in FYE 2021 to 33.5% in FYE 2022.

Such increase in GP margin in FYE 2022 was mainly driven by the underground utilities engineering solutions, whereby our GP margin increased from 29.1% in FYE 2021 to 34.3% in FYE 2022. Our Group managed to maintain a low overhead costs (in proportion to the contract value of Project NDC 265) in the completion of Project NDC 265, which contributed significantly to GP, as our overhead costs primarily consist of fixed costs, which encompass depreciation of plant and machinery and staff costs. As a result, our Group's GP in Singapore increased by RM7.2 million or 153.2% to RM11.9 million in FYE 2022 (FYE 2021: RM4.7 million). Meanwhile, our Group's GP in Malaysia increased by RM3.3 million or 33.3% to RM13.2 million in FYE 2022 (FYE 2021: RM9.9 million).

Comparison between FYE 2022 and FYE 2023

Our Group's GP increased by RM1.5 million or 6.0% to RM26.6 million in FYE 2023 (FYE 2022: RM25.1 million), while our Group's overall GP margin decreased from 33.5% in FYE 2022 to 30.0% in FYE 2023.

The underground utilities engineering solutions recorded an increase in GP of RM1.3 million or 5.5% to RM24.9 million in FYE 2023 (FYE 2022: RM23.6 million). In addition, the sales of HDPE pipes recorded an increase in GP of RM0.2 million or 13.3% to RM1.7 million in FYE 2023 (FYE 2022: RM1.5 million). Such increases were in line with our Group's overall revenue growth.

12. FINANCIAL INFORMATION (Cont'd)

However, our Group's decrease in GP margin in FYE 2023 was mainly due to decrease in GP margin for Singapore by 13.4% from 67.4% in FYE 2022 to 54.0% in FYE 2023. This was mainly due to our Group's decision to hire additional 39 site workers in Singapore in preparation for provision of a full-scale service as a subcontractor, which resulted in higher labour costs. For Singapore, our Group currently provides labour and HDD machinery for the installation services to our customers whilst the HDPE pipes for installation are supplied by the customers of the projects. In addition to the aforementioned services, our Group is currently in the preparation for the provision of full-scale services to our customers where this includes, amongst others, project planning, site survey, underground utility tracing, procurement, supply as well as testing and commissioning, of which our Group will require site workers for the provision of full-scale services. As at LPD, our Group has yet to identify/secure any project which involves provision of full-scale services.

On the other hand, our Group's GP margin for sales of HDPE pipes recorded a decrease of 4.4% from 24.0% in FYE 2022 to 19.6% in FYE 2023. This was primarily due to an increase in the price of HDPE resin throughout the year. Such increase was in line with the increase in global market price of HDPE resin. The average cost of HDPE resin was RM5.3 per kg in FYE 2022 (FYE 2023: RM5.6 per kg).

Comparison between FPE 2023 and FPE 2024

Our Group's GP increased by RM9.3 million or 41.5% to RM31.7 million in FPE 2024 (FPE 2023: RM22.4 million), mainly attributable to:

- (i) Underground utilities engineering solutions segment which increased by RM6.8 million or 32.4% to RM27.8 million in FPE 2024 (FPE 2023: RM21.0 million); and
- (ii) Manufacturing and trading of HDPE pipes segment which increased by RM2.5 million or 178.6% to RM3.9 million in FPE 2024 (FPE 2023: RM1.4 million).

The increase was in line with our Group's overall revenue growth in FPE 2024.

Despite the increase in GP, our Group's GP margin declined marginally from 30.6% in FPE 2023 to 30.5% in FPE 2024. Our Group's underground utilities engineering solutions segment has recorded a lower GP margin of 29.9% in FPE 2024 (FPE 2023: 32.0%). This was mainly due to higher overhead expenses incurred in Singapore, as we hired additional site workers in preparation for provision of full-scale service as a subcontractor since last financial year and additional cost incurred for rental of dormitory for these workers. As a result, our Group's GP margin in Singapore decreased from 57.6% in FPE 2023 to 53.4% in FPE 2024.

The decrease in GP margin from underground utilities engineering solutions segment was partially offset by the increase in GP margin from manufacturing and trading of HDPE pipes segment, which increased from 18.7% in FPE 2023 to 35.5% in FPE 2024. Such increase was attributed to the decrease in the average purchase price of HDPE resin from RM5.74 per kg in FPE 2023 to RM4.32 per kg in FPE 2024.

12. FINANCIAL INFORMATION (Cont'd)

The decrease in average purchase price of HDPE resin has a positive impact on our manufacturing and trading of HDPE pipes segment and underground utilities engineering solutions segment in Malaysia, as 84.1% of the HDPE pipes utilised in our underground utilities engineering projects in Malaysia were produced internally by PPI. As a result, our Group's GP margin in Malaysia increased from 20.0% in FPE 2023 to 23.0% in FPE 2024.

(c) Other operating income

| | Audited | | | | | | Unaudited | | Audited | |
|--------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Gain on disposal of assets held for sale | - | - | 481 | 25.9 | 339 | 30.3 | 339 | 31.3 | - | - |
| Gain on disposal of property, plant and equipment | 17 | 1.0 | - | - | - | - | - | - | 14 | 3.6 |
| Gain on disposal of right-of-use assets ⁽¹⁾ | - | - | 64 | 3.4 | - | - | - | - | - | - |
| Gain on lease termination | 1 | 0.1 | 35 | 1.9 | - | - | - | - | - | - |
| Government subsidies ⁽²⁾ | 527 | 30.9 | 362 | 19.5 | 201 | 17.9 | 195 | 18.0 | 98 | 25.2 |
| Insurance compensation | - | - | 58 | 3.1 | - | - | - | - | - | - |
| Interest income | 15 | 0.9 | 65 | 3.5 | 58 | 5.2 | 35 | 3.2 | 126 | 32.4 |
| Lease of machinery | 459 | 26.9 | 146 | 7.9 | - | - | - | - | - | - |
| Rental of VR HDD and direct control simulator (for training purposes) ⁽³⁾ | - | - | 55 | 2.9 | 37 | 3.3 | 37 | 3.4 | - | - |
| Realised gain on foreign exchange | 2 | 0.1 | 37 | 2.0 | 142 | 12.7 | 138 | 12.8 | - | - |
| Rental income from motor vehicles | 99 | 5.8 | 78 | 4.2 | - | - | - | - | - | - |
| Rental income from properties | 524 | 30.7 | 465 | 25.0 | 300 | 26.8 | 300 | 27.7 | - | - |
| Sales of scrap | 43 | 2.5 | 12 | 0.6 | 29 | 2.6 | 27 | 2.5 | 125 | 32.1 |
| Transport income | 19 | 1.1 | 1 | 0.1 | 8 | 0.7 | 7 | 0.6 | 23 | 5.9 |
| Others | - | - | - | - | 5 | 0.5 | 5 | 0.5 | 3 | 0.8 |
| Total | 1,706 | 100.0 | 1,859 | 100.0 | 1,119 | 100.0 | 1,083 | 100.0 | 389 | 100.0 |

Notes:

(1) Relates to gain on disposal of motor vehicles which were acquired under hire purchase.

12. FINANCIAL INFORMATION (Cont'd)

- (2) Mainly relate to the following subsidy, levy rebate and hiring incentive from the Government and government of Singapore:
- (i) wage subsidies programmes introduced by both governments as part of their COVID-19 economic stimulus package. Our Group received the said subsidies from April 2020 to September 2021;
 - (ii) foreign worker levy rebate from the government of Singapore in respect of a financial assistance programme for construction sector for retaining the employees during the COVID-19 pandemic. Our Group received the said levy rebate from April 2020 to July 2022;
 - (iii) Job Growth Incentive programme introduced by the government of Singapore, which aims to support employers to expand local hiring. Our Group received the said subsidy from September 2021 to March 2023;
 - (iv) Progressive Wage Credit Scheme introduced by the government of Singapore, which provide transitional support for employers to adjust to the Progressive Wage moves, as well as to encourage employers to voluntarily raise the wages of their lower-wage employees. Our Group received the said subsidy in March 2023;
 - (v) SGUnited Mid-Career Pathways Programme introduced by the Singapore Business Federation, which aims to support mature mid-career individuals aged 40 and above, to widen their professional networks and gain meaningful industry-relevant skills and experience. Our Group received the said subsidy in July 2023 and August 2023; and
 - (vi) SkillsFuture Enterprise Credit Scheme introduced by the government of Singapore, which aims to encourage enterprises to embark on business and workforce transformation. Our Group received the said subsidy in September 2023 and December 2023.
- (3) Relates to rental of VR HDD and simulator received from Iconix Skills Academy Sdn Bhd and Wee Guan Construction Pte Ltd for training purpose. These were one-off transactions.

Comparison between FYE 2021 and FYE 2022

Our Group's other operating income increased by RM0.2 million or 11.8% to RM1.9 million in FYE 2022 (FYE 2021: RM1.7 million) was mainly due to the gain on disposal of assets held for sale of RM0.5 million in FYE 2022. Our Group disposed of the investment property located in Petaling Jaya in October 2021. Please refer to Section 6.5(a) for further details of the said disposal.

Despite the increase in gain on disposal of assets held for sale, this was offset by the decrease of RM0.3 million in leasing machinery. During FYE 2022, our Group entered into a service agreement with a subcontractor, namely Ecobore Sdn Bhd, where we provided machinery to the subcontractor in return for reduced subcontractor fees which resulted in the decrease of income from lease of machinery. To the best of our management's knowledge, an exchange of services to reduced fees, as with any kind of exchange of goods and services, is common industry practice.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2022 and FYE 2023

Our Group's other operating income decreased by RM0.8 million or 42.1% to RM1.1 million in FYE 2023 (FYE 2022: RM1.9 million) mainly attributable to:

- (i) Absence of gain on disposal of right-of-use assets in FYE 2023;
- (ii) Absence of rental income from motor vehicles and lease of machinery in FYE 2023;
- (iii) Absence of compensation received in FYE 2023 from insurance claims in relation to a pipes damage incident which occurred in FYE 2022;
- (iv) Decrease in government subsidies of RM0.2 million in FYE 2023 mainly due to absence of wage subsidies from the Government and government of Singapore as well as lower foreign worker levy rebate received from the government of Singapore; and
- (v) Decrease in rental income from properties of RM0.2 million in FYE 2023 as our Group disposed the properties located in Bandar Baru Permas Jaya and Taman Molek, Johor in December 2022.

The decrease in other income was partially offset by an increase in realised gain on foreign exchange of RM0.1 million in FYE 2023. This was due to the strengthening of the SGD throughout the period.

Comparison between FPE 2023 and FPE 2024

Other operating income decreased by RM0.7 million or 63.6% to RM0.4 million in FPE 2024 (FPE 2023: RM1.1 million) mainly due to:

- (i) Absence of rental income from properties in FPE 2024 as our Group had disposed the properties located in Bandar Baru Permas Jaya and Taman Molek, Johor in December 2022. Please refer to Section 6.5(b) for further details of the said disposal;
- (ii) Absence of gain on disposal of assets held for sale in FPE 2024; and
- (iii) Absence of realised gain on foreign exchange in FPE 2024.

12. FINANCIAL INFORMATION (Cont'd)
(d) Administrative expenses

| | Audited | | | | | | Unaudited | | Audited | |
|---------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Bank charges | 72 | 1.3 | 58 | 0.9 | 89 | 0.9 | 77 | 1.0 | 79 | 0.7 |
| Depreciation ⁽¹⁾ | 1,839 | 32.6 | 1,486 | 22.5 | 1,657 | 17.1 | 1,315 | 16.4 | 1,985 | 17.7 |
| Directors' remuneration | 1,231 | 21.8 | 1,610 | 24.4 | 2,151 | 22.3 | 1,764 | 22.1 | 2,112 | 18.8 |
| Expenses for investment properties ⁽²⁾ | 172 | 3.0 | 73 | 1.1 | 39 | 0.4 | 45 | 0.6 | - | - |
| Insurance ⁽³⁾ | 69 | 1.2 | 99 | 1.5 | 104 | 1.1 | 137 | 1.7 | 174 | 1.6 |
| IPO expenses | - | - | - | - | - | - | - | - | 1,443 | 12.9 |
| Maintenance ⁽⁴⁾ | 149 | 2.6 | 269 | 4.1 | 259 | 2.7 | 201 | 2.5 | 181 | 1.6 |
| Marketing expenses ⁽⁵⁾ | 139 | 2.5 | 123 | 1.9 | 234 | 2.4 | 155 | 1.9 | 129 | 1.2 |
| Petrol, toll and parking | 20 | 0.4 | 34 | 0.5 | 37 | 0.4 | 24 | 0.3 | 35 | 0.3 |
| Printing and stationery | 40 | 0.7 | 54 | 0.8 | 81 | 0.8 | 70 | 0.9 | 53 | 0.5 |
| Professional fee ⁽⁶⁾ | 131 | 2.3 | 353 | 5.3 | 454 | 4.7 | 420 | 5.3 | 517 | 4.6 |
| Rental of premises | 212 | 3.8 | 166 | 2.5 | 160 | 1.7 | 129 | 1.6 | 70 | 0.6 |
| Staff costs ⁽⁷⁾ | 1,216 | 21.6 | 1,844 | 27.9 | 3,614 | 37.4 | 3,009 | 37.6 | 3,596 | 32.1 |
| Stamp duty | 31 | 0.5 | 32 | 0.5 | 87 | 0.9 | 83 | 1.0 | 67 | 0.6 |
| Travelling expenses | 7 | 0.1 | 15 | 0.2 | 105 | 1.1 | 100 | 1.3 | 138 | 1.2 |
| Utilities | 110 | 2.0 | 112 | 1.7 | 121 | 1.3 | 99 | 1.2 | 135 | 1.2 |
| Other ⁽⁸⁾ | 202 | 3.6 | 281 | 4.2 | 467 | 4.8 | 366 | 4.6 | 496 | 4.4 |
| Total | 5,640 | 100.0 | 6,609 | 100.0 | 9,659 | 100.0 | 7,994 | 100.0 | 11,210 | 100.0 |

Notes:

- (1) Depreciation includes depreciation of property, plant and equipment, investment properties and right-of-use assets.
- (2) Expenses for investment properties namely properties at Permas Jaya and Taman Molek at Johor Bahru, include insurance, utilities, quit rent and assessment and etc.

12. FINANCIAL INFORMATION (Cont'd)

- (3) Insurance premium for motor vehicles, properties and key management.
- (4) Maintenance is in relation to the upkeep of computers, motor vehicles, premises and office equipment.
- (5) Marketing expenses include expenses for advertisements, entertainment and sponsorship.
- (6) Professional fees incurred for audit, tax, legal, consultation and secretarial.
- (7) Staff costs includes salaries, bonuses, allowances, overtime costs, statutory contributions, medical expenses and staff welfare.
- (8) Others include mainly expenses incurred for quit rent and assessment (non-investment properties), service tax, subscription fee, freight charges, agent fee, donation, cleaning fee and etc.

Comparison between FYE 2021 and FYE 2022

Our Group's administrative expenses increased by RM1.0 million or 17.9% to RM6.6 million in FYE 2022 (FYE 2021: RM5.6 million) mainly attributable to:

- (i) The increase in staff costs of RM0.6 million was mainly due to salary increments and recruitment of 10 new staffs for our office in FYE 2022 (additional 9 staffs for Malaysia operation and 1 staff for Singapore operation) and lower staff costs and staff related expenses in FYE 2021 due to temporary closure of office during the implementation of the MCO;
- (ii) The increase in director's remuneration of RM0.4 million in consideration of our business growth. The increase was mainly due to salary increment for Datuk Dr Ting and Hin Wai Mun as well as appointment of new director, Chong Tuoo Choi, in December 2021; and
- (iii) The increase in professional fee of RM0.2 million was mainly due to higher audit fee, agent fee for disposal of property and permit submission fee related to the renovation of offices and factory.

The above increase was offset by decrease in depreciation expenses of RM0.3 million. This was caused by the disposal of assets held for sale, property, plant and equipment as well as right-of-use assets.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2022 and FYE 2023

Our Group's administrative expenses increased by RM3.1 million or 47.0% to RM9.7 million in FYE 2023 (FYE 2022: RM6.6 million) mainly attributable to:

- (i) Increase in staff costs of RM1.8 million mainly due to salary increments and recruitment of 17 new staffs (additional 14 staffs for Malaysia operations and 3 staffs for Singapore operations);
- (ii) Increase in directors' remuneration of RM0.5 million in consideration of our Group's business growth;
- (iii) Increase in other expenses of RM0.2 million mainly due to agent fees and work permit fees incurred for newly recruited foreign workers for Singapore operations and service tax incurred for key management insurance; and
- (iv) Increase in depreciation of RM0.2 million mainly due to the depreciation on renovations for new office, warehouse and dormitory as well as new motor vehicles purchased during FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our Group's administrative expenses increased by RM3.2 million or 40.0% to RM11.2 million in FPE 2024 (FPE 2023: RM8.0 million) mainly attributable to:

- (i) Increase in IPO expenses of RM1.4 million in FPE 2024 in relation to our Listing;
- (ii) Increase in depreciation of RM0.7 million mainly for renovations for new office, warehouse and dormitory, depreciation of rented office, warehouse and dormitory (right-of-use assets) as well as new motor vehicles purchased in FPE 2024;
- (iii) Increase in staff costs of RM0.6 million mainly due to annual salary increments and recruitment of 10 new staffs for Malaysia operations from FPE 2023 to FPE 2024; and
- (iv) Increase in directors' remuneration of RM0.3 million due to annual salary increment as well as appointment of new director, Vincent Wong Soon Choy, in May 2023.

12. FINANCIAL INFORMATION (Cont'd)

(e) Net loss/(gain) on impairment of receivables and contract assets

| | Audited | | | | | | Unaudited | | Audited | |
|-------------------------------|-----------|--------------|-------------|--------------|----------------|--------------|--------------|--------------|------------|--------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Impairment losses: | | | | | | | | | | |
| Trade receivables | | | | | | | | | | |
| - Impairment loss | 87 | 170.6 | 791 | 1,551.0 | - | - | - | - | 130 | 1,857.1 |
| - Reversal of impairment loss | (36) | (70.6) | (832) | (1,631.4) | (819) | 77.0 | (802) | 95.9 | (103) | (1,471.4) |
| Contract assets | | | | | | | | | | |
| - Impairment loss | - | - | - | - | - | - | - | - | 171 | 2,442.9 |
| - Reversal of impairment loss | - | - | (10) | (19.6) | (245) | 23.0 | (34) | 4.1 | (205) | (2,928.6) |
| Total | 51 | 100.0 | (51) | 100.0 | (1,064) | 100.0 | (836) | 100.0 | (7) | 100.0 |

Comparison between FYE 2021 and FYE 2022

In FYE 2022, there was an impairment loss on trade receivables of RM0.8 million based on the expected credit loss computation under MFRS 9. The amount of expected credit loss was assessed at each reporting period to reflect changes in credit risk since the initial recognition of trade receivables.

Due to strong collection in FYE 2022, we were able to reverse our impairment loss on financial assets, amounting to RM0.9 million. This has resulted in a net reversal of impairment loss of RM0.05 million.

Comparison between FYE 2022 and FYE 2023

In FYE 2023, we reversed the impairment on trade receivables and contract assets of RM1.1 million as the amount impaired were subsequently collected.

Comparison between FPE 2023 and FPE 2024

In FPE 2024, we recognised impairment loss on trade receivables and contract assets of RM0.3 million based on the assessment on expected credit loss. This was offset by reversal of impairment loss on trade receivables and contract assets of RM0.3 million as the amount impaired were subsequently collected.

12. FINANCIAL INFORMATION (Cont'd)**(f) Selling and distribution expenses**

| | Audited | | | | | | Unaudited | | Audited | |
|----------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|------------------|--------------|-----------------|--------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Sales commission | 41 | 13.3 | 27 | 9.1 | 25 | 6.6 | 17 | 5.9 | 71 | 12.3 |
| Staff costs | 23 | 7.4 | 42 | 14.1 | 40 | 10.6 | 34 | 11.7 | 34 | 5.9 |
| Transportation costs | 245 | 79.3 | 229 | 76.8 | 314 | 82.8 | 239 | 82.4 | 473 | 81.8 |
| Total | 309 | 100.0 | 298 | 100.0 | 379 | 100.0 | 290 | 100.0 | 578 | 100.0 |

Comparison between FYE 2021 and FYE 2022

Selling and distribution expenses decreased by RM0.01 million or 3.6% mainly attributable to the decrease in transportation costs of RM0.02 million. In FYE 2022, most of our projects were located in Johor Bahru, resulting in lower transportation costs.

Comparison between FYE 2022 and FYE 2023

Selling and distribution expenses increased by RM0.1 million or 33.3% mainly attributable to the increase in transportation costs of RM0.1 million. It was in line with the growth in revenue from manufacturing and trading of HDPE pipes segment.

Comparison between FPE 2023 and FPE 2024

Selling and distribution expenses increased by RM0.3 million or 100.0% to RM0.6 million in FPE 2024 (FPE 2023: RM0.3 million) mainly attributable to the increase in transportation costs of RM0.3 million for delivery of HDPE pipes to the sites located in Terengganu, Pahang and Kelantan.

12. FINANCIAL INFORMATION (Cont'd)

(g) Other operating expenses

| | Audited | | | | | | Unaudited | | Audited | |
|---------------------------------------------------|------------|--------------|------------|--------------|------------|--------------|-----------|--------------|-----------|--------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Assets written off ⁽¹⁾ | 178 | 76.4 | - | - | - | - | - | - | - | - |
| Loss on disposal of property, plant and equipment | - | - | 242 | 44.9 | 71 | 36.0 | 71 | 77.2 | - | - |
| Loss on disposal of right-of-use assets | 39 | 16.7 | - | - | - | - | - | - | - | - |
| Loss on foreign exchange | | | | | | | | | | |
| - Realised | 12 | 5.2 | 8 | 1.5 | 3 | 1.5 | 2 | 2.2 | 47 | 56.0 |
| - Unrealised | 4 | 1.7 | - | - | - | - | - | - | - | - |
| Property, plant and equipment written off | - | - | 289 | 53.6 | 123 | 62.5 | 19 | 20.6 | 37 | 44.0 |
| Total | 233 | 100.0 | 539 | 100.0 | 197 | 100.0 | 92 | 100.0 | 84 | 100.0 |

Note:

- (1) Relates to renovations for investment properties located in Bandar Baru Permas Jaya, Johor. The renovation cost was written off due to change of the tenant's usage on the investment properties from coffee shop to convenience stores.

Comparison between FYE 2021 and FYE 2022

Other operating expenses increased by RM0.3 million or 150.0% to RM0.5 million in FYE 2022 (FYE 2021: RM0.2 million) mainly attributable to:

- (i) The increase in property, plant and equipment written off of approximately RM0.3 million. This was because our group terminated our tenancy agreement at Senawang Factory, resulting in the write-off of renovation cost previously incurred; and
- (ii) Increase in loss on disposal of property, plant and equipment i.e. auger boring machine of RM0.2 million (previously acquired from Ecobore Sdn Bhd in FYE 2021 in conjunction with Datuk Dr Ting's departure from the company) which is no longer in use for our operations.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2022 and FYE 2023**

Other operating expenses decreased by RM0.3 million or 60.0% to RM0.2 million in FYE 2023 (FYE 2022: RM0.5 million) mainly attributable to the decrease in loss on disposal of property, plant and equipment of RM0.2 million and property, plant and equipment written off of RM0.1 million.

Comparison between FPE 2023 and FPE 2024

Other operating expenses decreased by RM0.01 million or 11.1% to RM0.08 million in FPE 2024 (FPE 2023: RM0.09 million) as we did not record any loss on disposal of property, plant and equipment in FPE 2024.

(h) Finance costs

| | Audited | | | | | | Unaudited | | Audited | |
|------------------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|------------------|--------------|-----------------|--------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2023 | | FPE 2024 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Bank overdrafts | 56 | 9.0 | 19 | 2.0 | 44 | 3.2 | 35 | 2.9 | 85 | 6.1 |
| Lease liabilities | 96 | 15.5 | 276 | 29.0 | 381 | 27.5 | 307 | 25.6 | 361 | 26.0 |
| Guarantee fee ⁽¹⁾ | 36 | 5.8 | 56 | 5.9 | 76 | 5.5 | 73 | 6.1 | 85 | 6.1 |
| Trade financing | 202 | 32.6 | 299 | 31.4 | 588 | 42.5 | 522 | 43.6 | 704 | 50.7 |
| Term loans | 230 | 37.1 | 302 | 31.7 | 294 | 21.3 | 261 | 21.8 | 153 | 11.1 |
| Total | 620 | 100.0 | 952 | 100.0 | 1,383 | 100.0 | 1,198 | 100.0 | 1,388 | 100.0 |

Note:

- ⁽¹⁾ Being the guarantee fee paid to Syarikat Jaminan Pembiayaan Perniagaan Berhad and Credit Guarantee Corporation Malaysia Berhad for our banking facilities. The said guarantees are both under the Working Capital Guarantee Scheme introduced by the Government, which is established to assist small and medium-sized enterprises to gain access to working capital financing.

Comparison between FYE 2021 and FYE 2022

Our Group's finance costs increased by RM0.3 million or 50.0% to RM0.9 million in FYE 2022 (FYE 2021: RM0.6 million). The increase was mainly attributable to the increase in interest on lease liabilities, term loans and trade financing. During FYE 2022, our Group obtained the following banking facilities:

12. FINANCIAL INFORMATION (Cont'd)

- (i) Term loan of RM1.0 million for working capital; and
- (ii) Hire purchase facilities of RM5.1 million for purchase of new motor vehicles as well as plant and machinery for underground utilities engineering solutions segment and manufacturing and trading of HDPE pipes segment.

Comparison between FYE 2022 and FYE 2023

Our Group's finance costs increased by RM0.5 million or 55.6% to RM1.4 million in FYE 2023 (FYE 2022: RM0.9 million). The increase was mainly attributable to the increase in interest on lease liabilities and trade financing. During FYE 2023, our Group obtained the following banking facilities:

- (i) Trade financing of RM5.1 million from several banks for purchase of raw materials, construction materials and payment of subcontractors' fees; and
- (ii) Hire purchase facilities of RM2.5 million for purchase of new motor vehicles, QC testing equipment as well as plant and machinery for underground utilities engineering solutions segment and manufacturing and trading of HDPE pipes segment.

Comparison between FPE 2023 and FPE 2024

Finance costs increased by RM0.2 million or 16.7% to RM1.4 million in FPE 2024 (FPE 2023: RM1.2 million) mainly attributed to the increase in interest on trade financing due to higher utilisation of facilities for purchases of materials and payment of subcontractors' fees as well as increase in interest on lease liabilities for the newly rented office, warehouse and dormitory. The increase was partially offset by the decrease in interest on term loans as term loans for the 5 disposed properties located in Bandar Baru Permas Jaya and Taman Molek, Johor have been fully settled in October 2022.

12. FINANCIAL INFORMATION (Cont'd)**(i) PBT and PAT margin**

| | Audited | | | Unaudited | Audited |
|----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2023 | FPE 2024 |
| PBT (RM'000) | 9,428 | 18,565 | 17,174 | 14,809 | 18,782 |
| PBT margin (%) | 18.2 | 24.8 | 19.4 | 20.2 | 18.1 |
| PAT (RM'000) | 7,367 | 14,567 | 14,117 | 12,453 | 14,412 |
| PAT margin (%) | 14.2 | 19.5 | 15.9 | 17.0 | 13.9 |

Comparison between FYE 2021 and FYE 2022

We recorded an increase in PBT of RM9.1 million or 96.8% to RM18.5 million in FYE 2022 (FYE 2021: RM9.4 million). Such increase was mainly due to higher revenue generated in FYE 2022 which resulted to increase in GP of RM10.5 million. However, this was partially offset by the increase in administrative expenses and finance costs of RM1.0 million and RM0.3 million respectively.

Our PBT margin increased from 18.2% in FYE 2021 to 24.8% in FYE 2022, mainly attributed to the increase in GP margin from 28.2% in FYE 2021 to 33.5% in FYE 2022, as explained in Section 12.2.3(b) above.

Correspondingly, our PAT margin increased from 14.2% in FYE 2021 to 19.5% in FYE 2022, while our PAT increased by RM7.2 million or 97.3% to RM14.6 million in FYE 2022 (FYE 2021: RM7.4 million).

Comparison between FYE 2022 and FYE 2023

Our Group's PBT decreased by RM1.4 million or 7.6% to RM17.1 million in FYE 2023 (FYE 2022: RM18.5 million). Although the GP generated from our business increased by RM1.5 million in FYE 2023, the higher administrative expenses and finance costs of RM3.1 million and RM0.5 million respectively had contributed to the decline in PBT.

Our PBT margin decreased from 24.8% in FYE 2022 to 19.4% in FYE 2023. This was attributed to the decrease in GP margin of 3.5% as well as higher administrative expenses and finance costs in FYE 2023 as explained above.

Correspondingly, our Group's PAT margin decreased from 19.5% in FYE 2022 to 15.9% in FYE 2023, while our PAT decreased by RM0.5 million or 3.4% to RM14.1 million in FYE 2023 (FYE 2022: RM14.6 million).

Comparison between FPE 2023 and FPE 2024

Our Group's PBT increased by RM4.0 million or 27.0% to RM18.8 million in FPE 2024 (FPE 2023: RM14.8 million). Such increase was mainly due to higher GP generated from our business by RM9.2 million. The increase in GP was partially offset by increase in administrative expenses of RM3.2 million as well as decrease in other operating income and gain on impairment of receivables and contract assets of RM0.7 million and RM0.8 million respectively in FPE 2024.

Despite the increase in PBT, our PBT margin decreased from 20.2% in FPE 2023 to 18.1% in FPE 2024, mainly attributed to higher administrative expenses incurred in relation to IPO expenses, staff costs and depreciation in FPE 2024.

Correspondingly, our Group's PAT margin decreased from 17.0% in FPE 2023 to 13.9% in FPE 2024. Notwithstanding, our Group's PAT increased by RM2.0 million or 16.1% to RM14.4 million in FPE 2024 (FPE 2023: RM12.4 million).

12. FINANCIAL INFORMATION (Cont'd)**(j) Tax expense**

| | Audited | | | Unaudited | Audited |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2023 | FPE 2024 |
| Tax expense (RM'000) | 2,061 | 3,998 | 3,057 | 2,356 | 4,370 |
| Statutory tax rate (%) | | | | | |
| - Malaysia | (1) 17.0 / 24.0 | (2) 17.0 / 24.0 | (2) 17.0 / 24.0 | (2) 17.0 / 24.0 | (2) 17.0 / 24.0 |
| - Singapore | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 |
| Effective tax rate (%) | 21.9 | 21.5 | 17.8 | 15.9 | 23.3 |

Notes:

- (1) Kum Fatt and PPI qualified for the preferential tax rate of 17.0% on the first chargeable income of RM0.6 million for FYE 2021 as their share capital was below RM2.5 million and annual sales was less than RM50.0 million. For chargeable income in excess of RM0.6 million, the statutory income tax rate of 24.0%, is still applicable.
- (2) PPI qualified for the preferential tax rate of 17.0% on the first chargeable income of RM0.6 million for FYE 2022 and FYE 2023 as its share capital was below RM2.5 million and annual sales was less than RM50.0 million. For chargeable income in excess of RM0.6 million, the statutory income tax rate of 24.0%, is still applicable.

We are subject to income tax at the applicable statutory tax rates in Malaysia and Singapore, where we have foreign subsidiary. We assume responsibility for withholding tax on payments to our service providers who are not residents in the relevant country where the services are rendered. There are no significant restrictions on the remittance of profits, dividend and the return of capital by Konnection to UUE. Please refer to Section 15.4 for further details on the repatriation of capital and remittance of profits.

The effective tax rate for FYE 2021 to 2023 and FPE 2024 were 21.9%, 21.5%, 17.8% and 23.3% respectively. The effective tax rate for FYE 2021 and FYE 2022 were consistently remained at 21%.

However, the effective tax rate decreased from 21.5% in FYE 2022 to 17.8% in FYE 2023 mainly due to:

- (i) The reversal of impairment loss on trade receivables and contract assets, amounting to RM1.1 million during FYE 2023, which was not subject to tax; and
- (ii) Overprovision of income tax and deferred tax of RM0.2 million and RM0.1 million respectively in previous financial year.

The effective tax rate increased from 15.9% in FPE 2023 to 23.3% in FPE 2024 mainly due to the following:

- (i) IPO expenses of RM1.4 million, which are non-deductible expenses; and
- (ii) Decrease in non-taxable income from reversal of impairment loss of trade receivables and contract assets by RM0.8 million.

Our effective tax rate for FYE 2021 to 2023 and FPE 2024 was in the range of Malaysia and Singapore statutory tax rate of 24.0% and 17.0% respectively.

12. FINANCIAL INFORMATION (Cont'd)**12.2.4 Review of cash flows****12.2.4.1 Cash flows summary**

The table below sets out the summary of our combined statements of cash flows for FYE 2021 to FYE 2023 and FPE 2024 and should be read in conjunction with the Accountants' Report as set out in Section 13:

| | Audited | | | |
|----------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net cash from operating activities | 9,296 | 5,735 | 12,080 | 4,126 |
| Net cash (used in)/from investing activities | (3,986) | (1,460) | 1,736 | (4,438) |
| Net cash from/(used in) financing activities | 1,978 | (2,433) | (11,266) | (432) |
| Net increase/(decrease) in cash and cash equivalents | 7,288 | 1,842 | 2,550 | (744) |
| Effect of exchange rate fluctuations on cash and cash equivalents | 12 | 52 | 510 | 371 |
| Cash and cash equivalents at the beginning of financial year/period | (606) | 6,694 | 8,588 | 11,648 |
| Cash and cash equivalents at the end of financial year/period | 6,694 | 8,588 | 11,648 | 11,275 |

FYE 2021**Net cash for operating activities**

In FYE 2021, our Group generated operating profit before working capital changes of RM12.9 million. Net cash flow from operating activities was RM9.3 million after taking into account the following working capital changes:

- (a) Increase in contract assets by RM5.9 million mainly due to unbilled progress payments from on-going projects namely HDD work to PPU Ajinomoto and installation of 33kV power cables and cable interlink from PPU SDTV to Sendayan during FYE 2021; and
- (b) Increase in trade and other receivables by RM1.6 million in line with business growth and issuance of billings to customers.

The cash outflow was offset by the increase in trade and other payables of RM4.6 million due to higher progress billings by subcontractors for installation services and supply of materials. These billings were issued in accordance with work required, mainly attributed to the following contracts:

- (a) Installation and supply of HDPE pipes from PPU KPME to PPU Sendayan;
- (b) Installation and supply of HDPE pipes from PPU Sendayan to PPU Ara Sendayan; and
- (c) Installation and supply of HDPE pipes from PMU Enstek to SSU Ajinomoto.

12. FINANCIAL INFORMATION (Cont'd)**Net cash for investing activities**

In FYE 2021, our Group recorded net cash outflow for investing activities of RM4.0 million mainly due to:

- (a) Purchase of property, plant and equipment amounted to RM3.8 million primarily comprising plant and machinery (RM2.6 million) which include mainly 1 unit of auger boring machine, 1 unit of HDD machine and 4 units of transmitter, 9 units of motor vehicles (RM0.5 million) and renovation for office (RM0.4 million); and
- (b) Increase in deposits pledged with licensed bank of RM0.5 million for new facilities secured.

Net cash for financing activities

In FYE 2021, our Group recorded net cash inflow for financing activities of RM2.0 million arising from net drawdown of a total of RM8.3 million from term loans and trade financing, which were mainly used for working capital and purchase of raw materials, construction materials and payment of subcontractors' fees.

The cash inflow was offset by the following payments:

- (a) A total of RM1.0 million net repayment of lease liabilities mainly for hire purchase of machinery and equipment, motor vehicles and rental obligations;
- (b) Repayments to directors namely Datuk Dr Ting and Datuk Ting Meng Pheng of RM0.9 million for advances from directors for working capital purpose. The said advances from directors were interest-free; and
- (c) Dividend payments of RM3.9 million.

FYE 2022**Net cash for operating activities**

In FYE 2022, our Group generated operating profit before working capital changes of RM21.8 million. Net cash flow from operating activities was RM5.7 million after taking into account the following working capital changes:

- (a) Increase in trade and other receivables by RM4.8 million due to increase in trade receivable arising from higher progress billing to customers due to increase in works completed towards the end of financial year;
- (b) Increase in contract assets by RM5.2 million mainly in relation to projects from installation of 33kV power cables and cable interlink from PPU Seri Austin to PPU Pelangi Indah and installation of 33kV power cables from PPU Wangsa Idaman to PPU Senai Hi-Tech for which works have been performed but not yet billed as at the end of financial year;

12. FINANCIAL INFORMATION (Cont'd)

- (c) Increase in inventories by RM1.0 million due to higher purchase of raw materials and construction materials in tandem with our Group's business growth and anticipation of future increase in the price of HDPE resin;
- (d) Decrease in trade and other payables by RM2.1 million due to lesser scope of work by subcontractors in FYE 2022. During this period, most of our Group's subcontractors were primarily engaged in installation services, which resulted in a lower outstanding amount compared to FYE 2021; and
- (e) Net payment of tax expense of RM2.9 million.

Net cash for investing activities

In FYE 2022, our Group recorded net cash outflow for investing activities of RM1.5 million mainly due to:

- (a) Purchase of property, plant and equipment amounted to RM4.1 million primarily comprising plant and machinery (RM2.0 million) mainly comprising 3 units of HDD machines, 2 units of winch, 1 unit of air compressor, 1 unit of laser printing machine and 2 units of detectors, capital work-in-progress mainly comprising 1 unit of pipe extrusion machines (RM0.6 million), renovations for own factory and rented offices (RM0.4 million), furniture and fittings (RM0.3 million), office equipment (RM0.3 million) and motor vehicles (RM0.2 million); and
- (b) Increase in deposits pledged with licensed bank of RM0.5 million for new facilities secured.

The cash outflow was however offset by the proceeds from disposal of property, plant and equipment of RM2.0 million, right-of-use assets of RM0.3 million and assets held for sale of RM1.4 million.

Net cash for financing activities

In FYE 2022, our Group recorded net cash outflow for financing activities of RM2.4 million mainly being dividends paid of RM5.4 million, as well as the repayment to directors namely Datuk Dr Ting and Datuk Ting Meng Pheng amounting to RM0.7 million for the advances from directors for working capital purpose. The said advances from directors were interest-free. Such cash outflow was partially offset by net drawdown of term loan for working capital and trade financing for purchase of raw materials, construction materials and payment of subcontractors' fees, amounting to RM4.5 million.

12. FINANCIAL INFORMATION (Cont'd)**FYE 2023****Net cash for operating activities**

In FYE 2023, our Group generated operating profit before working capital changes of RM20.0 million. Net cash flow from operating activities was RM12.1 million after taking into account the following working capital changes:

- (a) Increase in contract assets by RM7.2 million mainly in relation to projects from installation of 33kV power cables at Seremban and HDD works for TNB supply from PPU Pasir Putih to PPU Vance Bioenergy Sdn Bhd for which works have been performed but not yet billed as at the end of financial year;
- (b) Increase in trade and other payables by RM2.9 million mainly due to more progress claims from subcontractors for services undertaken which are pending payment verification by our Group; and
- (c) Payment of tax expense of RM3.8 million.

Net cash for investing activities

In FYE 2023, our Group recorded net cash inflow for investing activities of RM1.7 million mainly due to proceeds from disposal of assets held for sale amounting to RM6.5 million.

The cash inflow was offset by the following:

- (a) Purchase of property, plant and equipment of RM2.5 million mainly comprising plant and machinery (comprising 2 units of HDD machines, 1 unit of solar system, 1 unit of utility mapping device, 12 units of rock reamers, 3 units of transmitter and 1 unit of air compressor of RM1.1 million), renovations for own factory and rented office (RM0.9 million) and furniture and fittings (RM0.3 million); and
- (b) Increase in deposits pledged with licensed banks of RM2.4 million with RM2.0 million for existing facilities and RM0.4 million for new facilities secured.

Net cash for financing activities

In FYE 2023, our Group recorded net cash outflow for financing activities of RM11.3 million mainly due to dividend payment of RM3.8 million, repayment to director of RM1.6 million, repayment of bank borrowings of RM3.5 million and repayment of lease liabilities of RM2.7 million. The proceeds from new issue of shares in PPI amounting to RM1.4 million partially offsetted the cash outflow for financing activities.

12. FINANCIAL INFORMATION (Cont'd)**FPE 2024****Net cash for operating activities**

In FPE 2024, our Group generated operating profit before changes in working capital of RM23.0 million. Net cash flow from operating activities was RM4.1 million after taking into account the following working capital changes:

- (a) Increase in contract assets by RM13.2 million mainly in relation to the following contracts which works have been performed but not yet billed as at the end of the financial period:
 - (i) Fibre infrastructure and cable works from Kulai to Tanjung Kupang, Johor;
 - (ii) Supply and installation of new infrastructure from Kulai Iskandar Data Exchange to Southern Industrial Logistic Clusters, Johor; and
 - (iii) Supply and installation of pipes using HDD method in Pasir Gudang.
- (b) Increase in trade and other receivables by RM13.1 million mainly due to increase in trade receivables arising from the progress billing issued to customers at the end of the financial period, mainly attributed to the following contracts:
 - (i) Installation of 33kV power cables at PPU SKMT and PPU SSTL;
 - (ii) Installation of 33kV power cables at SSU Macfood; and
 - (iii) Installation of 33kV power cables from PMU Sungai Rampai to Pot End Daerah Jasin, Melaka.
- (c) Net payment of tax expense of RM2.3 million.

The cash outflow was offset by the increase in trade and other payables of RM11.3 million due to more progress claims from subcontractors for services undertaken which are pending payment verification by our Group.

Net cash for investing activities

In FPE 2024, our Group recorded net cash outflow for investing activities of RM4.4 million mainly due to:

- (a) Purchase of property, plant and equipment of RM2.4 million mainly comprising plant and machinery (RM1.7 million) mainly comprising HDD machines, forklift, transmitters, locator and winch machine as well as renovations for rented office and warehouse (RM0.4 million); and
- (b) Placement of pledged deposits with licensed banks of RM2.0 million with RM1.6 million for new facilities secured and RM0.4 million for existing facilities.

Net cash for financing activities

In FPE 2024, our Group recorded net cash outflow for financing activities of RM0.4 million arising from repayment of lease liabilities of RM3.0 million and interest paid for borrowings of RM1.0 million.

The cash outflow was partially offset by net drawdown of RM3.6 million from trade financing, which were mainly used for purchase of raw materials, construction materials and payment of subcontractors' fees and term loan to finance the keyman insurance premium.

12. FINANCIAL INFORMATION (Cont'd)

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

Our business is financed by a combination of credit extended by trade payables, internal and external sources of funds. Our internal sources of funds are shareholders' equity and cash generated from operations while our external sources of funds comprise lease liabilities, term loans, bank overdrafts and trade financing. The principal usage of these funds are for working capital purposes and purchases of plant and machinery, properties and motor vehicles.

We monitor our working capital to ensure that our financial obligations can be met when due, by, inter alia:

- (a) Ensuring healthy bank balances and cash for payment of our short-term working capital needs;
- (b) Monitoring our trade receivables and the aging monthly, and following up closely to ensure timely collection (we have dedicated finance department to work closely with our project team, to assess and prepare the works to be submitted to our customers in our progress claims);
- (c) Monitoring our trade payables and the aging monthly, to ensure that payments to our suppliers and subcontractors are made on a planned basis; and
- (d) Monitoring our borrowing repayments.

Based on our audited combined statements of financial position as at 31 December 2023, our cash and bank balances amounted to RM11.3 million (excluding restricted cash and pledged fixed deposits with financial institutions), and total borrowings and lease liabilities were RM26.0 million (excluding lease liabilities arising from lease of premises). As at 31 December 2023, our gearing ratio was 0.4 times and current ratio was 2.1 times.

Our Board is confident, after taking into consideration the following and above statement, that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus:

- (a) Cash and bank balances as at LPD of approximately RM16.6 million (excluding restricted cash and pledged fixed deposits with financial institutions);
- (b) Our banking facilities as at LPD up to a total limit of RM67.6 million, of which RM30.6 million has been utilised;
- (c) Our additional billing from ongoing and newly completed contracts issued from 31 December 2023 up to LPD of RM46.9 million; and
- (d) The proceeds expected to be raised from our Public Issue.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. Our finance and accounting team work closely with our project team for the collection of outstanding balances on a monthly basis.

12. FINANCIAL INFORMATION (Cont'd)**12.4 BORROWINGS AND INDEBTEDNESS**

We utilise banking facilities such as bankers' acceptance, invoice financing, import financing and promissory note to finance purchases of raw materials, construction materials and payment for subcontractor fees while term loans are used to finance the acquisition of factory building, plant and machinery, key management insurance and working capital. Bank overdrafts are used to finance working capital. Lease liabilities are used to finance the purchase of plant and machinery, QC testing equipment and motor vehicles.

Our total outstanding borrowings and lease liabilities as at 31 December 2023 stood at RM26.0 million (excluding lease liabilities arising from lease of premises), details of which are set out below:

| | Purpose | Number of borrowing/facility/indebtedness | Tenure of facility | Security | Effective interest rate % | As at 31 December 2023 | |
|-------------------------|---------------------|-------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------|---------|
| | | | | | | RM'000 | SGD'000 |
| Current Malaysia | Bankers' acceptance | 6 | 120 to 150 days | (a) Fixed deposits with licensed financial institutions; (b) Joint and several guarantee of the Directors ⁽³⁾ ; and (c) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad ⁽⁶⁾ | 3.8 to 5.9 | 8,540 | - |
| | Invoice financing | 2 | 120 to 150 days | (a) Fixed deposits with licensed financial institutions; (b) Joint and several guarantee of the Directors ⁽³⁾ ; and (c) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad ⁽⁶⁾ | 5.3 to 5.6 | 2,440 | - |

12. FINANCIAL INFORMATION (Cont'd)

| | Purpose | Number of borrowing/ facility/ indebtedness | Tenure of facility | Security | Effective interest rate | As at 31 December 2023 | |
|------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------------|---------|
| | | | | | % | RM'000 | SGD'000 |
| Import financing | Finance the purchase of raw materials, construction materials and payment of subcontractors' fees | 2 | 120 days | (a) Fixed deposits with licensed financial institutions; (b) Joint and several guarantee of the Directors ⁽³⁾ ; and (c) Guarantee from Government of Malaysia under Working Capital Guarantee Scheme ⁽⁶⁾ | 4.8 to 5.2 | 5,136 | - |
| Promissory note | Finance the purchase of construction materials and payment of subcontractors' fees | 1 | 120 days | (a) Fixed deposits with licensed financial institutions; and (b) Joint and several guarantee of the Directors ⁽³⁾ | 5.9 | 324 | - |
| Term loans | Finance the purchase of factory building ⁽⁵⁾ , plant and machinery, key management insurance and working capital | 9 | 3 to 15 years | (a) Legal charge over a freehold land and building; (b) Joint and several guarantee of the Directors ⁽³⁾ ; and (c) Guarantee from Credit Guarantee Corporation Malaysia Berhad and Syarikat Jaminan Pembiayaan Perniagaan Berhad ⁽⁶⁾ | 3.3 to 5.8 | 1,084 | - |

12. FINANCIAL INFORMATION (Cont'd)

| | | Purpose | Number of borrowing/ facility/ indebtedness | Tenure of facility | Security | Effective interest rate % | As at 31 December 2023 | |
|---------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------|------------|
| | | | | | | | RM'000 | SGD'000 |
| | Lease liabilities | Finance the purchase of plant and machinery, QC testing equipment and motor vehicles | 27 | 3 to 5 years | (a) Plant and machinery, QC testing equipment and motor vehicles; and (b) Lease liabilities are secured by joint and several guarantee of the Directors ⁽³⁾ | 3.9 to 7.0 | 1,410 | - |
| Singapore | Lease liabilities | Finance the purchase of plant and machinery and motor vehicles | 12 | 3 to 7 years | (a) Plant and machinery and motor vehicles; and (b) Lease liabilities are secured by joint and several guarantee of the Directors ⁽³⁾ | 3.6 to 6.3 | ⁽⁴⁾ 533 | 153 |
| Total current borrowings | | | | | | | 19,467 | 153 |
| Non-current | | | | | | | | |
| Malaysia | Term loans | Finance the purchase of factory building ⁽⁵⁾ , plant and machinery, key management insurance and working capital | 9 | 3 to 15 years | (a) Legal charge over a freehold land and building; (b) Joint and several guarantee of the Directors ⁽³⁾ ; and (c) Guarantee from Credit Guarantee Corporation Malaysia Berhad and Syarikat Jaminan Pembiayaan Perniagaan Berhad ⁽⁶⁾ | 3.3 to 5.8 | 2,917 | - |

12. FINANCIAL INFORMATION (Cont'd)

| | | Purpose | Number of borrowing/ facility/ indebtedness | Tenure of facility | Security | Effective interest rate % | As at 31 December 2023 | |
|-------------------------------------|-------------------|--------------------------------------------------------------------------------------|---------------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------|------------|
| | | | | | | | RM'000 | SGD'000 |
| | Lease liabilities | Finance the purchase of plant and machinery, QC testing equipment and motor vehicles | 27 | 3 to 5 years | (a) Plant and machinery, QC testing equipment and motor vehicles; and (b) Lease liabilities are secured by joint and several guarantee of the Directors ⁽³⁾ | 3.9 to 7.0 | 2,311 | - |
| Singapore | Lease liabilities | Finance the purchase of plant and machinery and motor vehicles | 12 | 3 to 7 years | (a) Plant and machinery and motor vehicles; and (b) Lease liabilities are secured by joint and several guarantee of the Directors ⁽³⁾ | 3.6 to 6.3 | ⁽⁴⁾ 1,353 | 389 |
| Total non-current borrowings | | | | | | | 6,581 | 389 |
| Total borrowings | | | | | | | 26,048 | 542 |

Gearing (times)

After the Acquisitions but before Public Issue and utilisation of proceeds⁽¹⁾

0.4

After Public Issue and utilisation of proceeds⁽²⁾

0.3

Notes:

(1) Computed based on our pro forma total equity of RM63.8 million in the pro forma combined statements of financial position after the Acquisitions but before Public Issue and utilisation of proceeds.

(2) Computed based on our pro forma total equity of RM91.9 million in the pro forma combined statements of financial position after Public Issue and utilisation of proceeds.

12. FINANCIAL INFORMATION (Cont'd)

- (3) Personal guarantee by directors will be converted to corporate guarantee by UUE upon successful listing. Please refer to Section 10.2.2(b) for further details.
- (4) Being the RM equivalent of these borrowings, which are denominated in SGD as the case may be.
- (5) Relates to the purchase of our factory building located at Ulu Tiram, Johor. Please refer to Section 6.9.1 for further details on the factory building.
- (6) Relates to the Working Capital Guarantee Scheme introduced by the Government to assist small and medium-sized enterprises to gain access to working capital financing.

The maturity profile of our total outstanding borrowings as at 31 December 2023 is as follows:

| | RM'000 |
|-------------------|---------------|
| Within 1 year | 19,467 |
| 1 to 5 years | 5,927 |
| More than 5 years | 654 |
| Total | 26,048 |

Separately, we have also recognised the following lease liabilities:

| | Purpose | Tenure | As at 31 December 2023 | | |
|-----------|--------------------------------------------|-----------------------------------------------------------------------------|------------------------|--------------------|------------|
| | | | RM'000 | SGD'000 | |
| Malaysia | Lease liabilities payable within 1 year | Rental for offices, training centre, warehouse and dormitory ⁽²⁾ | 10 years | 202 | - |
| Singapore | Lease liabilities payable within 1 year | Rental for office and workers' accommodations ⁽³⁾ | 2 to 3 years | ⁽¹⁾ 656 | 188 |
| Malaysia | Lease liabilities payable more than 1 year | Rental for offices, training centre, warehouse and dormitory ⁽²⁾ | 10 years | 1,798 | - |
| Singapore | Lease liabilities payable more than 1 year | Rental for office and workers' accommodations ⁽³⁾ | 2 to 3 years | ⁽¹⁾ 484 | 139 |
| | | | Total | 3,140 | 327 |

12. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) Being the RM equivalent of these lease liabilities, which are denominated in SGD as the case may be.
- (2) Being the rented offices, training centre, warehouse and dormitory located at:
 - (i) 55, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor;
 - (ii) 57, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor;
 - (iii) 69, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor;
 - (iv) 3, Jalan Istimewa 4, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor; and
 - (v) 1, Jalan Istimewa 4, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor.
- (3) Being the rented office and workers' accommodations located at:
 - (i) 8B Admiralty Street #07-07 Singapore 757440;
 - (ii) Block 682A Woodlands Drive 62 #06-87 Singapore 731682;
 - (iii) Block 123 Teck Whye Lane #08-852 Singapore 680123;
 - (iv) Block 630 Senja Road #19-218, Singapore 670630; and
 - (v) Block 345 Choa Chu Kang Ave 3 #09-29, Singapore 689876.

12. FINANCIAL INFORMATION (Cont'd)

We also rely on bank guarantees for performance bonds issued to our customer for project where we are the main contractor. Such bank guarantees are renewed annually from the start of the project up to completion including defect liability period. Our total bank guarantees as at 31 December 2023 stood at RM0.5 million, details as set out below. All our bank guarantees are secured, interest-bearing and denominated in RM:

| | Purpose | Security | Tenure | Bank charges % per month | As at 31 December 2023 RM'000 |
|----------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------------------|--------------------------------------------------|
| Bank guarantee | As performance bond in favour of our customer approved by the bank in relation to the contract | (i) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad; (ii) Personal guarantee by Directors; and (iii) Fixed deposit with licensed financial institution | 1 year | 0.125%, subject to a minimum sum of RM100 | 500 |

The liabilities in respect of the bank guarantees will only crystallise and become payable following a call by our customers. During FYE 2021 to 2023 and FPE 2024, we did not experience any call on the bonds issued to our customers.

As at LPD, we do not have any borrowings which are non-interest bearing.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout FYE 2021 to 2023 and FPE 2024 and up to LPD.

As at LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan, which can materially affect our financial position and results or business operations or the investments by holders of our securities. During FYE 2021 to 2023 and FPE 2024, we did not experience any clawback or reduction in the facilities limit granted to us by our lenders.

In conjunction with our Listing, we have applied to the financiers to release and/or discharge all the personal guarantees extended by our Promoters and substantial shareholders, Datuk Dr Ting, Hin Wai Mun and Chong Tuoo Choi, substantial shareholder and/or non-executive director of Kum Fatt, Datuk Ting Meng Pheng and Dato' Tan Sui Hou to our financiers in respect of our banking facilities. We have obtained conditional release and/or discharge of the said personal guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. The release and/or discharge is subject to, amongst others, the successful completion of our Listing. Until such release and/or discharge are obtained from the respective financiers, our Promoters and substantial shareholders, Datuk Dr Ting, Hin Wai Mun and Chong Tuoo Choi, substantial shareholder and/or non-executive director of Kum Fatt, Datuk Ting Meng Pheng and Dato' Tan Sui Hou will continue to guarantee the banking facilities extended to our Group.

12. FINANCIAL INFORMATION (Cont'd)

12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

Save as disclosed in Section 12.4, we do not have or utilise any other financial instruments or have any other treasury policies. All our banking facilities are used for our business such as working capital, purchase of raw materials, construction materials, payment for subcontractor fees and purchase of property, plant and equipment. As at 31 December 2023, save for our lease liabilities and certain term loans which are based on fixed rates, all our other facilities with licensed financial institutions are based on base lending rate/cost of fund plus or minus a rate which varies depending on the type of facility. As at 31 December 2023, the outstanding fixed rate term loans amounted to RM1.6 million.

12.6 MATERIAL CAPITAL COMMITMENTS

Save for the purchase of machinery and equipment as disclosed in Section 4.9.1(a) which are approved but not contracted for, our Group does not have any material capital commitment as at LPD.

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES**12.7.1 Material litigation**

As at LPD, we are not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which may have or have had in the 12 months immediately preceding the date of this Prospectus a material effect on our financial position or profitability, and there are also no proceedings pending or threatened, or any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

12.7.2 Contingent liabilities

As at LPD, save for the bank guarantees as disclosed in Section 12.4, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable, may have a material effect on our Group's business, financial results and financial position.

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12. FINANCIAL INFORMATION (Cont'd)**12.8 KEY FINANCIAL RATIOS**

The key financial ratios of our Group for FYE 2021 to 2023 and FPE 2024 are as follows:

| | Audited | | | |
|--------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2024 |
| Trade receivables turnover (days) ⁽¹⁾ | 97 | 81 | 77 | 71 |
| Trade payables turnover (days) ⁽²⁾ | 35 | 34 | 30 | 47 |
| Inventory turnover (days) ⁽³⁾ | 51 | 49 | 49 | 42 |
| Current ratio (times) ⁽⁴⁾ | 1.8 | 2.2 | 2.5 | 2.1 |
| Gearing ratio (times) ⁽⁵⁾ | 0.6 | 0.6 | 0.5 | 0.4 |

Notes:

- (1) Computed based on average trade receivables as at financial year-end over revenue for the respective financial years / period, multiplied by 365 / 305 days for each financial years / period.
- (2) Computed based on average trade payables as at financial year-end over cost of sales for the respective financial years / period, multiplied by 365 / 305 days for each financial years / period.
- (3) Computed based on average inventories as at financial year-end over total purchases for the respective financial years / period, multiplied by 365 / 305 days for each financial years / period.
- (4) Computed based on current assets over current liabilities as at the end of the respective financial years / period.
- (5) Computed based on total interest-bearing borrowings and lease liabilities (excluding lease liabilities arising from lease of premises) over total equity as at the end of the respective financial years / period.

12.8.1 Trade receivables turnover

Our average trade receivables turnover days for FYE 2021 to 2023 and FPE 2024 are set out as follows:

| | Audited | | | |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Opening trade receivables | 13,036 | 14,486 | 18,937 | 18,567 |
| Closing trade receivables | 14,486 | 18,937 | 18,567 | 29,528 |
| Average trade receivables | 13,761 | 16,712 | 18,752 | 24,048 |
| Revenue | 51,706 | 74,886 | 88,662 | 103,758 |
| Trade receivables turnover (days) | 97 | 81 | 77 | 71 |

The normal trade credit terms granted by our Group to the customers ranges from 30 to 150 days from the date of invoice. Our Group has in place a credit procedure to monitor and minimise the exposure of default. Other credit terms are assessed and approved on a case-by-case basis. Our Group's credit terms to customers are assessed and approved on individual customer basis taking into consideration various factors such as relationship with customers, customers' payment history, credit worthiness, quantum of amount owing as well as the reason for the customers' inability to pay within the normal credit period. Our Group uses ageing analysis to monitor the credit quality of our trade receivables.

12. FINANCIAL INFORMATION (Cont'd)

The trade receivables turnover days for FYE 2021 to 2023 and FPE 2024 are within our Group's credit terms period granted by our Group to the customers. Despite of the growth in our revenue throughout FYE 2021 to 2023 and FPE 2024, our Group has closely monitored the collections from the customers on a monthly basis. Our Group's trade receivables turnover days have gradually improved year-on-year from 97 days to 81 days to 77 days to 71 days in FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

Although our average balances for trade receivables have increased by RM2.9 million from FYE 2021 to FYE 2022, the turnover days unaffected. This can be attributed to the increase in our Group's revenue, which amounted to RM23.2 million in FYE 2022. Therefore, our Group's trade receivables turnover days has improved from 97 days to 81 days in FYE 2021 and 2022 respectively.

In FYE 2023, our Group's trade receivables turnover days further improved to 77 days due to better collection of receivables during the year including reversal of impairment loss on trade receivables amounting to RM0.8 million.

In FPE 2024, our Group's trade receivables turnover days decreased from 77 days in FYE 2023 to 71 days in FPE 2024, mainly attributable to improved collections from customers during FPE 2024.

The ageing analysis of our trade receivables as at 31 December 2023 is as follows:

| | Trade receivables as at 31 December 2023 | Collection from 1 January 2024 up to LPD | Balance as at LPD |
|-------------------------------|-----------------------------------------------------|-------------------------------------------------------------|------------------------------|
| | RM'000 | RM'000 | RM'000 |
| | (a) | (b) | (c) = (a)-(b) |
| Neither past due nor impaired | (1)17,368 | 14,591 | 2,777 |
| Past due but not impaired: | | | |
| - less than 30 days | 2,577 | 2,312 | 265 |
| - 31 to 60 days | 1,253 | 1,058 | 195 |
| - 61 to 90 days | 882 | 814 | 68 |
| - over 90 days | 1,276 | 1,267 | 9 |
| | 5,988 | 5,451 | 537 |
| Total | 23,356 | 20,042 | 3,314 |

Note:

(1) Excluding retention sum amounting to approximately RM6.2 million as the amount is only due within 12 months from the completion date.

As at LPD, RM20.0 million or 85.8% of our total trade receivables as at 31 December 2023 has been collected. As at LPD, the remaining RM3.3 million or 14.2% of our total trade receivables as at 31 December 2023 is still outstanding.

12. FINANCIAL INFORMATION (Cont'd)

Trade receivables past due but not impaired amounting to RM0.5 million is mainly from our customers, namely Hi Power Pte Ltd and Selatan Takzim Sdn Bhd. We have continued to receive partial payments from those customers and we are confident that the amount due are collectible.

Our Group has not encountered any major disputes with our trade debtors and majority of their receivables as at 31 December 2023 were within the normal credit period. Hence, our Board is of the opinion that the remaining outstanding trade receivables are recoverable and will monitor closely the recoverability of the said receivables on a regular basis, and when required, provide for impairment of these receivables.

12.8.2 Trade payables turnover

Our average trade payables turnover days for FYE 2021 to 2023 and FPE 2024 is stated as below:

| | Audited | | | |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Opening trade payables | 1,461 | 5,694 | 3,579 | 6,518 |
| Closing trade payables | 5,694 | 3,579 | 6,518 | 15,782 |
| Average trade payables | 3,578 | 4,637 | 5,049 | 11,150 |
| Cost of sales | 37,131 | 49,833 | 62,053 | 72,112 |
| Trade payables turnover (days) | 35 | 34 | 30 | 47 |

The normal trade credit terms granted to our Group by the suppliers ranges from 30 to 90 days depending on the suppliers and subcontractors as well as the type of supplies or services procured. To maintain good relationship with our suppliers and subcontractors, our Group generally pays the suppliers and subcontractors as their amounts fall due.

Our Group's trade payables turnover days for FYE 2021 to 2022 were fairly consistent at 35 days and 34 days respectively, which were within the credit terms granted by the suppliers and subcontractors.

In FYE 2023, our Group's trade payables turnover days decreased to 30 days. In line with faster collection of trade receivables, our Group had similarly also paid the trade payables faster.

In FPE 2024, our Group's trade payables turnover days increased to 47 days mainly due to higher progress claims from subcontractors which are pending payment verification by our Group at the end of the financial period, which resulted in higher average trade payable in FPE 2024. Our Group's trade payables turnover days of 47 days was within the credit terms granted by the suppliers and subcontractors.

12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our trade payables as at 31 December 2023 is as follows:

| | Trade payables as at 31 December 2023 | Settlement from 1 January 2024 to LPD | Balance as at LPD |
|--------------------------|--------------------------------------------------|--------------------------------------------------------------|------------------------------|
| | RM'000 | RM'000 | RM'000 |
| | (a) | (b) | (c) = (a)-(b) |
| Within credit period | (1)13,762 | 13,439 | 323 |
| Exceeding credit period: | | | |
| - 1 to 30 days | 1,275 | 1,275 | - |
| | 1,275 | 1,275 | - |
| | 15,037 | 14,714 | 323 |

Note:

(1) Excluding retention sum amounting to approximately RM0.7 million as the amount is only due within 12 months from the completion date.

As at LPD, we have settled the outstanding trade payables of RM14.7 million, representing 98.0% of our trade payables as at 31 December 2023.

As at LPD, we do not have any material disputes in respect of our trade payables and no material legal proceedings to demand for payment have been initiated by our suppliers against us.

12.8.3 Inventory turnover

Our inventories comprise raw materials and construction materials. Our average inventory turnover days for FYE 2021 to 2023 and FPE 2024 is stated as below:

| | Audited | | | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Opening inventories | 1,552 | 1,573 | 2,577 | 2,430 |
| Closing inventories | 1,573 | 2,577 | 2,430 | 4,083 |
| Average inventories | 1,563 | 2,075 | 2,504 | 3,256 |
| Total purchases | 11,102 | 15,510 | 18,696 | 23,649 |
| Inventories turnover (days) | 51 | 49 | 49 | 42 |

It is our Group's general practice to maintain adequate level of materials to reduce the risk of disruption to ensure timely delivery of our projects.

Our Group's inventory turnover days were 51 days for FYE 2021 and reduced to 49 days for both FYE 2022 and 2023. The higher inventory turnover days for FYE 2021 was mainly due to COVID-19, where our Group's projects were temporarily disrupted by the implementation of MCO in Malaysia and Circuit Breaker in Singapore. Coupled with the extension of the Group's weekly operations (Line 1's operations) this caused higher inventory turnover days.

Our Group's inventory turnover days was further reduced to 42 days for FPE 2024. The decrease in inventory turnover days was mainly due to faster utilisation of inventories for our underground utilities engineering projects.

12. FINANCIAL INFORMATION (Cont'd)**12.8.4 Current ratio**

Our current ratio throughout FYE 2021 to 2023 and FPE 2024 is as follows:

| | Audited | | | |
|---------------------------|-----------------|-----------------|-----------------|-----------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current assets | 35,526 | 49,040 | 63,823 | 94,661 |
| Current liabilities | 19,426 | 21,967 | 25,218 | 44,853 |
| Net current assets | 16,100 | 27,073 | 38,605 | 49,808 |
| Current ratio (times) | 1.8 | 2.2 | 2.5 | 2.1 |

Our Group's current ratio ranges from 1.8 times to 2.5 times for FYE 2021 to 2023 and FPE 2024. This indicates that our Group is capable of meeting short-term obligations as our current assets such as inventory and trade receivables are readily converted to cash, and together with our cash in bank, are enough to meet the current liabilities.

Our Group's current ratio increased from 1.8 times in FYE 2021 to 2.2 times in FYE 2022 due to the increase in contract assets and trade receivables in line with business growth. The increase in current ratio for FYE 2023 was mainly due to increase in contract assets and cash and bank balances in line with business growth.

Our Group's current ratio was decreased from 2.5 times in FYE 2023 to 2.1 times in FPE 2024. This was mainly attributed to increase in trade and other payables by RM11.3 million due to more progress claims from subcontractors for services undertaken which are pending payment verification by our Group.

12.8.5 Gearing ratio

Our gearing ratio throughout FYE 2021 to 2023 and FPE 2024 is as follows:

| | Audited | | | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Total borrowings ⁽¹⁾ | 16,069 | 20,740 | 23,381 | 26,048 |
| Total equity | 26,313 | 35,765 | 48,506 | 63,813 |
| Gearing ratio (times) | 0.6 | 0.6 | 0.5 | 0.4 |

Note:

- ⁽¹⁾ Computed based on total interest-bearing borrowings and lease liabilities (excluding lease liabilities arising from lease of premises) over total equity as at the end of the respective financial years.

Our Group's gearing ratio remained stable at 0.6 times for FYE 2021 and FYE 2022. Gearing ratio decreased slightly to 0.5 times in FYE 2023 and 0.4 times in FPE 2024, mainly due to increase in total equity as a result of profits generated in FYE 2023 and FPE 2024 respectively.

12. FINANCIAL INFORMATION (Cont'd)**12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES**

Save for policies in relation to COVID-19, there were no government, economic, fiscal or monetary policies or factors which had materially affected our operations during FYE 2021 to 2023 and FPE 2024.

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

12.10 IMPACT OF INFLATION

During FYE 2021 to 2023 and FPE 2024, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we were unable to pass on the higher costs to our customers through an increase in selling prices.

12.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR OPERATIONS**(a) Impact of foreign exchange rates**

Our proportion of sales denominated in local and foreign currencies are as follows:

| | Audited | | | | | | | |
|-----------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
| | FYE 2021 | | FYE 2022 | | FYE 2023 | | FPE 2024 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Sales denominated in: | | | | | | | | |
| RM | 43,249 | 83.6 | 57,278 | 76.5 | 65,774 | 74.2 | 78,089 | 75.3 |
| SGD | 8,457 | 16.4 | 17,608 | 23.5 | 22,888 | 25.8 | 25,669 | 24.7 |
| Total sales | 51,706 | 100.0 | 74,886 | 100.0 | 88,662 | 100.0 | 103,758 | 100.0 |

We are exposed to transactional currency exposure as 16.4%, 23.5%, 25.8% and 24.7% of our total revenue were denominated in foreign currencies for FYE 2021 to 2023 and FPE 2024 respectively.

Any significant change in foreign exchange rates may affect our financial performance.

Our Group's gain or loss from foreign exchange fluctuations for FYE 2021 to 2023 and FPE 2024 are as follows:

| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2024 |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Gain on foreign exchange | 2 | 37 | 142 | - |
| Loss on foreign exchange | (16) | (8) | (3) | (47) |
| Net (loss)/gain | (14) | 29 | 139 | (47) |

Based on the table above, our Group has not been materially impacted by the foreign exchange fluctuations.

12. FINANCIAL INFORMATION (Cont'd)

Impact of foreign exchange rates to our Group as at 31 December 2023 is as follows:

| | RM'000 equivalent of balances denominated in SGD |
|-------------------------------------------------|-----------------------------------------------------------------|
| Financial assets | |
| Trade and other receivables, net of prepayments | 12,164 |
| Cash and bank balances | 8,326 |
| Financial liabilities | |
| Trade and other payables | 1,841 |
| Lease liabilities | 3,026 |

Based on the table above:

- (i) Our foreign currency cash and bank balances represent 49.7% of our total cash and bank balances of RM16.7 million as at 31 December 2023;
- (ii) Our foreign currency trade and other receivables represent 34.4% of our total trade and other receivables of RM35.5 million as at 31 December 2023;
- (iii) Our foreign currency trade and other payables represent 9.2% of our total trade and other payables of RM19.6 million as at 31 December 2023; and
- (iv) Our foreign currency lease liabilities represent 34.5% of our total lease liabilities of RM8.7 million as at 31 December 2023.

A sensitivity analysis performed on our Group's foreign currency financial assets and liabilities as at 31 December 2023 indicates that our PAT for FPE 2024 would increase or decrease by approximately RM0.6 million, as a result of a 5% strengthening or weakening of RM against SGD.

(b) Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our bank borrowings.

A sensitivity analysis performed on our Group based on the outstanding floating rate of our bank borrowings as at 31 December 2023 indicates that our PAT for FPE 2024 would decrease or increase by approximately RM0.1 million, as a result of increase or decrease in interest rates by 100 basis points on these borrowings.

Our financial results for FYE 2021 to 2023 and FPE 2024 were not materially affected by fluctuations in interest rates.

12. FINANCIAL INFORMATION (Cont'd)**(c) Impact of commodity prices**

Our direct materials mainly consist of raw materials and construction materials such as HDPE resin, masterbatches, HDPE pipes, cables and accessories. These materials are widely available in Malaysia and from a large base of suppliers.

Our financial performance was not materially affected by fluctuations in commodity prices for FYE 2021 to 2023 and FPE 2024. Our strategy to provide sufficient buffer in our budgeted project cost which allows better planning for potential cost overruns that may arise due to increase price of raw materials. The buffers in our budgeted project cost had been sufficient to contain price fluctuations wherever possible, to minimise the impact on financial performance.

12.12 SIGNIFICANT CHANGES

There are no significant changes which may have a material effect on the financial position and results of our Group subsequent to FYE 2023 and FPE 2024 and up to LPD.

12.13 ORDER BOOK

Our Group generates revenue based on LOAs issued to us (if applicable) followed by subsequent contracts executed or purchase orders awarded. Our Group's unbilled order book as at LPD is as follows:

| | As at LPD |
|----------------------------|------------------|
| Geographical market | RM'000 |
| Malaysia | 215,744 |
| Singapore | 7,624 |
| | 223,368 |

Our Group's unbilled order book as at LPD is expected to be realised over the next 3 financial years. As at LPD, our Group has participated in requests for quotations for various projects in both Malaysia and Singapore. These projects, if awarded to our Group, will further increase our order book.

12.14 DIRECTORS' STATEMENT ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

- (a) Our Group's revenue will remain sustainable with an upward growth trend, in line with positive outlook of the electricity supply industry as set out in the IMR Report in Section 8;
- (b) Our liquidity will improve subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our future plans business strategies as stated in Section 7.18; and
- (c) Our capital resources will strengthen, considering the proceeds to be raised from the Public Issue as well as internally generated funds. We may consider debt funding for our business expansion should the need arise.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12. FINANCIAL INFORMATION (Cont'd)

12.15 TREND INFORMATION

Based on our track record for FYE 2021 to 2023 and FPE 2024, the following trends may continue to affect our business:

- (a) During FYE 2021 to 2023 and FPE 2024, an average 89.4% of our revenue was derived from underground utilities engineering solutions. We expect these services to continue contributing significantly to our revenue of our Group in the future;
- (b) During FYE 2021 to 2023 and FPE 2024, the main components of our cost of sales were subcontractors' fees and construction materials which constituted average of 72.7% of total cost of sales. We expect this trend to continue; and
- (c) Our Group achieved a GP margin of 28.2%, 33.5%, 30.0% and 30.5% for FYE 2021 to 2023 and FPE 2024, respectively. We hope to maintain our GP margin within the same range in the future. This would depend on, amongst others, our continued ability to manage our costs efficiently and our geographical revenue segmentation in the future as we derive higher GP margin from revenue generated in Singapore.

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

- (a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations, as well as liquidity and capital resources other than those discussed in Sections 7.11, 12.2.2, 12.2.3, 12.9, 12.10 and 12.11;
- (b) Material commitments for capital expenditure save as disclosed in Section 12.6;
- (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 7.11, 12.2.2, 12.2.3, 12.9, 12.10 and 12.11;
- (d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 7.11, 12.2.2, 12.2.3, 12.9, 12.10 and 12.11; and
- (e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 7.11, 12.2.2, 12.2.3, 12.9, 12.10 and 12.11.

Based on the above, our Board is optimistic about the future prospects of our Group given the long term positive outlook of the electricity supply industry in Malaysia and Singapore as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.17 and our Group's intention to implement the business strategies as set out in Section 7.18.

12. FINANCIAL INFORMATION (Cont'd)**12.16 DIVIDEND POLICY**

Our Group presently does not have any formal dividend payout under its dividend policy. The declaration of dividends and other distributions are subject to the discretion of our Board. It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require its financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

During FYE 2021 to 2023 and FPE 2024 and up to LPD, we declared and paid the following dividends:

| | FYE 2021 | FYE 2022 | FYE 2023 | FPE 2024 | 1 January 2024 up to LPD |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Dividend(s) declared and paid | 3,906 | 5,371 | 3,839 | - | 2,810 |

The dividends declared and paid in FYE 2021 to 2023 and from 1 January 2024 up to LPD were funded via internally generated profit.

Any dividend declared will be at the discretion of our Board and any final dividends declared will be subject to approval of our shareholders at our AGM.

You should take note that this dividend policy merely describes our current intention and shall not constitute legally binding statements in respect of our future dividends that are subject to our Board's discretion.

When recommending the actual dividends for approval by shareholders or when declaring any interim dividends, our Board will consider, amongst others:

- our anticipated future operating conditions as well as future expansion, capital expenditures and investment plans;
- our operating cash flow requirements and financing commitments;
- our expected and actual financial performance including return on equity and retained earnings;
- any restrictive covenants contained in our current and future financing arrangements;
- the availability of adequate reserves and cash flows; and
- any material impact of tax laws and regulatory requirements.

12. FINANCIAL INFORMATION (Cont'd)
12.17 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness:

- (a) Based on latest unaudited combined financial information of our Group as at 31 March 2024; and
- (b) After adjusting for the effects of Acquisitions, the Public Issue and utilisation of proceeds.

| | Unaudited | I | II | III |
|-------------------------------------------------------|------------------------------------|-------------------------------|-------------------------------------|-----------------------------------------------------|
| | As at 31 March 2024 | After Acquisitions | After I and Public Issue | After II and utilisation of proceeds |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Capitalisation | | | | |
| Share capital | 3,908 | 48,339 | 78,315 | 77,625 |
| Total capitalisation | 3,908 | 48,339 | 78,315 | 77,625 |
| Indebtedness | | | | |
| <u>Current</u> | | | | |
| <i>Secured and guaranteed</i> | | | | |
| Term loans | 1,103 | 1,103 | 1,103 | 1,103 |
| Trade financing | 22,435 | 22,435 | 22,435 | 22,435 |
| Bank overdrafts | 1,713 | 1,713 | 1,713 | 1,713 |
| Lease liabilities owing to financial institutions | 2,315 | 2,315 | 2,315 | 2,315 |
| <i>Unsecured and unguaranteed</i> | | | | |
| Lease liabilities owing to non-financial institutions | 838 | 838 | 838 | 838 |
| <u>Non-current</u> | | | | |
| <i>Secured and guaranteed</i> | | | | |
| Term loans | 2,644 | 2,644 | 2,644 | 2,644 |
| Lease liabilities owing to financial institutions | 4,335 | 4,335 | 4,335 | 4,335 |
| <i>Unsecured and unguaranteed</i> | | | | |
| Lease liabilities owing to non-financial institutions | 2,092 | 2,092 | 2,092 | 2,092 |
| Total indebtedness | 37,475 | 37,475 | 37,475 | 37,475 |
| Total capitalisation and indebtedness | 41,383 | 85,814 | 115,790 | 115,100 |
| Debt-to-capital ratio (times) | 9.6 | 0.8 | 0.5 | 0.5 |

13. ACCOUNTANTS' REPORT



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The Board of Directors
UUE Holdings Berhad
No. 55 & 57, Jalan Teratai 7
Taman Johor Jaya
81100 Johor Bahru
Johor Darul Takzim
Malaysia.

Date: 3 May 2024

Our ref: BDO/JS/TTXW/oew

Dear Sirs,

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of UUE Holdings Berhad ("UUE" or "the Company")

Opinion

We have audited the combined financial statements of UUE Holdings Berhad and its combining entities (collectively known as the "Group"), which comprise the combined statements of financial position as at 28 February 2021, 28 February 2022, 28 February 2023 and 31 December 2023 of the Group, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years/period ended 28 February 2021, 28 February 2022, 28 February 2023 and 31 December 2023 and notes to the combined financial statements, including material accounting policy information as set out in this report.

The historical combined financial statements have been prepared for inclusion in the prospectus of the Company (the "Prospectus") in connection with the listing of and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing"). This report is given for the purpose of complying with the ACE Market listing requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad and the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 28 February 2021, 28 February 2022, 28 February 2023 and 31 December 2023 and of their financial performance and their cash flows for each of the financial years/period ended 28 February 2021, 28 February 2022, 28 February 2023 and 31 December 2023 in accordance with Malaysian Financial Reporting Standards ("MFRS") and IFRS Accounting Standards.

Basis for Opinion

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

13. ACCOUNTANTS' REPORT (Cont'd)



Basis for Opinion (continued)

Independence and Other Ethical Responsibilities

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

Directors’ Responsibility for the Combined Financial Statements

The Directors of the Company (“Directors”) are responsible for the preparation of the combined financial statements of the Group that gives a true and fair view in accordance with MFRS and IFRS Accounting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

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

Reporting Accountants’ Responsibility for the Audit of the Combined Financial Statements

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)



Reporting Accountants' Responsibility for the Audit of the Combined Financial Statements (continued)

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

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represents the underlying transactions and events in a manner that achieve fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Matters


The comparative information in respect of the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity, combined statements of cash flows and related notes to the combined financial statements for the financial period ended 31 December 2022 has not been audited.

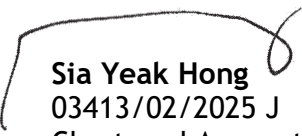
13. ACCOUNTANTS' REPORT (Cont'd)



Restriction on Distribution and Use

This report has been prepared solely to comply with Appendix 3B, Part A of the Listing Requirements and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.


BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants


Sia Yeak Hong
03413/02/2025 J
Chartered Accountant

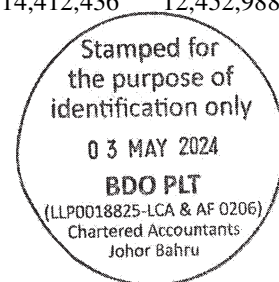
13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**HISTORICAL FINANCIAL INFORMATION
COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP**

| | Note | 28.2.2021 Audited RM | 28.2.2022 Audited RM | 28.2.2023 Audited RM | 31.12.2023 Audited RM |
|----------------------------------------------------------------|------|----------------------------|----------------------------|----------------------------|-----------------------------|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 9 | 11,567,031 | 8,611,543 | 10,900,498 | 13,533,642 |
| Right-of-use assets | 10 | 3,892,230 | 7,785,872 | 11,068,198 | 10,607,770 |
| Investment properties | 11 | 5,681,430 | - | - | - |
| | | 21,140,691 | 16,397,415 | 21,968,696 | 24,141,412 |
| Current assets | | | | | |
| Inventories | 12 | 1,572,542 | 2,576,756 | 2,429,713 | 4,082,674 |
| Contract assets | 13 | 11,200,413 | 16,456,973 | 24,139,614 | 38,375,818 |
| Trade and other receivables | 14 | 15,558,894 | 20,417,838 | 21,980,082 | 35,472,021 |
| Cash and bank balances | 15 | 7,194,011 | 9,587,980 | 15,273,652 | 16,730,494 |
| | | 35,525,860 | 49,039,547 | 63,823,061 | 94,661,007 |
| Assets held for sale | 16 | 918,485 | 6,160,706 | - | - |
| TOTAL ASSETS | | 57,585,036 | 71,597,668 | 85,791,757 | 118,802,419 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the combining entities | | | | | |
| Invested equity* | 17 | 2,353,380 | 2,508,035 | 3,908,037 | 3,908,045 |
| Reserves | 18 | 23,959,979 | 33,257,473 | 44,597,596 | 59,904,947 |
| TOTAL EQUITY | | 26,313,359 | 35,765,508 | 48,505,633 | 63,812,992 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | 19 | 797,683 | 1,135,083 | 1,364,884 | 1,115,466 |
| Deferred income | 20 | - | - | 171,159 | 157,747 |
| Lease liabilities | 10 | 3,097,693 | 4,887,598 | 6,343,621 | 5,945,991 |
| Borrowings | 21 | 7,950,301 | 4,125,875 | 4,188,445 | 2,917,154 |
| | | 11,845,677 | 10,148,556 | 12,068,109 | 10,136,358 |
| Current liabilities | | | | | |
| Trade and other payables | 22 | 10,782,102 | 6,765,291 | 8,231,636 | 19,598,164 |
| Deferred income | 20 | - | - | 16,095 | 16,095 |
| Contract liabilities | 13 | - | - | 155,474 | 1,053,632 |
| Lease liabilities | 10 | 779,012 | 1,914,510 | 2,589,369 | 2,801,130 |
| Borrowings | 21 | 6,396,761 | 11,052,601 | 12,809,494 | 17,524,501 |
| Current tax liabilities | | 1,468,125 | 2,234,240 | 1,415,947 | 3,859,547 |
| | | 19,426,000 | 21,966,642 | 25,218,015 | 44,853,069 |
| Borrowings associated with assets held for sale | 21 | - | 3,716,962 | - | - |
| TOTAL LIABILITIES | | 31,271,677 | 35,832,160 | 37,286,124 | 54,989,427 |
| TOTAL EQUITY AND LIABILITIES | | 57,585,036 | 71,597,668 | 85,791,757 | 118,802,419 |

* Number of ordinary shares on combined basis

13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**HISTORICAL FINANCIAL INFORMATION
COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
OF THE GROUP**

| | Note | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|---------------------------------------------------------------------|-------|----------------------------------------------|----------------------------------------------|----------------------------------------------|-----------------------------------------------|-------------------------------------------------|
| Revenue | 23 | 51,706,136 | 74,886,234 | 88,662,165 | 103,758,187 | 73,448,247 |
| Cost of sales | | <u>(37,130,804)</u> | <u>(49,833,162)</u> | <u>(62,053,492)</u> | <u>(72,111,691)</u> | <u>(50,983,729)</u> |
| Gross profit | | 14,575,332 | 25,053,072 | 26,608,673 | 31,646,496 | 22,464,518 |
| Other operating income | | 1,705,858 | 1,858,968 | 1,118,999 | 388,778 | 1,082,721 |
| Net (loss)/gain on impairment of receivables and contract assets | 25 | (50,902) | 50,828 | 1,064,310 | 6,735 | 836,179 |
| Administrative expenses | | (5,639,839) | (6,609,566) | (9,659,222) | (11,209,702) | (7,993,748) |
| Selling and distribution expenses | | (308,662) | (297,781) | (378,959) | (577,909) | (290,558) |
| Other operating expenses | | (233,919) | (538,978) | (196,474) | (83,779) | (92,003) |
| Finance costs | 24 | <u>(619,778)</u> | <u>(951,810)</u> | <u>(1,382,809)</u> | <u>(1,388,621)</u> | <u>(1,198,472)</u> |
| Profit before tax | 25 | 9,428,090 | 18,564,733 | 17,174,518 | 18,781,998 | 14,808,637 |
| Tax expense | 26 | <u>(2,061,054)</u> | <u>(3,997,542)</u> | <u>(3,057,152)</u> | <u>(4,369,562)</u> | <u>(2,355,649)</u> |
| Profit for the financial year/period | | 7,367,036 | 14,567,191 | 14,117,366 | 14,412,436 | 12,452,988 |
| Other comprehensive income, net of tax | | | | | | |
| Item that may be reclassified subsequently to profit or loss | | | | | | |
| Foreign exchange translation, net of tax | 26(d) | <u>57,953</u> | <u>101,678</u> | <u>1,061,847</u> | <u>894,915</u> | <u>839,910</u> |
| Total comprehensive income | | <u><u>7,424,989</u></u> | <u><u>14,668,869</u></u> | <u><u>15,179,213</u></u> | <u><u>15,307,351</u></u> | <u><u>13,292,898</u></u> |
| Earnings per share attributable to owners of the combining entities | | | | | | |
| Basic and diluted (RM) | 28 | <u><u>3.85</u></u> | <u><u>7.46</u></u> | <u><u>4.69</u></u> | <u><u>4.24</u></u> | <u><u>4.47</u></u> |

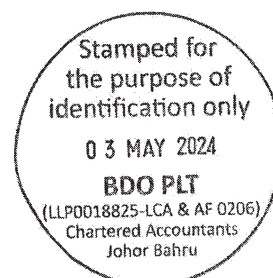


13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**HISTORICAL FINANCIAL INFORMATION
COMBINED STATEMENTS OF CHANGES IN EQUITY OF THE GROUP**

| Audited | Note | Invested equity RM | Retained earnings RM | Foreign exchange translation reserve RM | Total equity RM |
|---------------------------------------------|------|--------------------------|----------------------------|-----------------------------------------------------|-----------------------|
| Balance as at 1 March 2020 | | 2,303,380 | 20,440,027 | 1,123 | 22,744,530 |
| Profit for the financial year | | - | 7,367,036 | - | 7,367,036 |
| Other comprehensive income, net of tax | | - | - | 57,953 | 57,953 |
| Total comprehensive income | | - | 7,367,036 | 57,953 | 7,424,989 |
| Transactions with owners | | | | | |
| Issuance of ordinary shares | 17 | 50,000 | - | - | 50,000 |
| Dividends | 29 | - | (3,906,160) | - | (3,906,160) |
| Balance as at 28 February 2021/1 March 2021 | | 2,353,380 | 23,900,903 | 59,076 | 26,313,359 |
| Profit for the financial year | | - | 14,567,191 | - | 14,567,191 |
| Other comprehensive income, net of tax | | - | - | 101,678 | 101,678 |
| Total comprehensive income | | - | 14,567,191 | 101,678 | 14,668,869 |
| Transactions with owners | | | | | |
| Issuance of ordinary shares | 17 | 154,655 | - | - | 154,655 |
| Dividends | 29 | - | (5,371,375) | - | (5,371,375) |
| Balance as at 28 February 2022/1 March 2022 | | 2,508,035 | 33,096,719 | 160,754 | 35,765,508 |
| Profit for the financial year | | - | 14,117,366 | - | 14,117,366 |
| Other comprehensive income, net of tax | | - | - | 1,061,847 | 1,061,847 |
| Total comprehensive income | | - | 14,117,366 | 1,061,847 | 15,179,213 |
| Transactions with owners | | | | | |
| Issuance of ordinary shares | 17 | 1,400,002 | - | - | 1,400,002 |
| Dividends | 29 | - | (3,839,090) | - | (3,839,090) |
| Balance as at 28 February 2023/1 March 2023 | | 3,908,037 | 43,374,995 | 1,222,601 | 48,505,633 |
| Profit for the financial period | | - | 14,412,436 | - | 14,412,436 |
| Other comprehensive income, net of tax | | - | - | 894,915 | 894,915 |
| Total comprehensive income | | - | 14,412,436 | 894,915 | 15,307,351 |
| Transactions with owners | | | | | |
| Issuance of ordinary shares | 17 | 8 | - | - | 8 |
| Balance as at 31 December 2023 | | 3,908,045 | 57,787,431 | 2,117,516 | 63,812,992 |

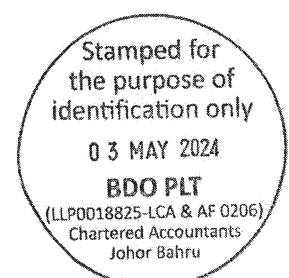
13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**HISTORICAL FINANCIAL INFORMATION
COMBINED STATEMENTS OF CHANGES IN EQUITY OF THE GROUP (continued)**

| Unaudited | Note | Invested equity RM | Retained earnings RM | Foreign exchange translation reserve RM | Total equity RM |
|----------------------------------------|-------------|-----------------------------------|-------------------------------------|----------------------------------------------------------------|--------------------------------|
| Balance as at 1 March 2022 | | 2,508,035 | 33,096,719 | 160,754 | 35,765,508 |
| Profit for the financial period | | - | 12,452,988 | - | 12,452,988 |
| Other comprehensive income, net of tax | | - | - | 839,910 | 839,910 |
| Total comprehensive income | | - | 12,452,988 | 839,910 | 13,292,898 |
| Transactions with owners | | | | | |
| Issuance of ordinary shares | 17 | 1,400,002 | - | - | 1,400,002 |
| Dividends | 29 | - | (3,839,090) | - | (3,839,090) |
| Balance as at 31 December 2022 | | 3,908,037 | 41,710,617 | 1,000,664 | 46,619,318 |



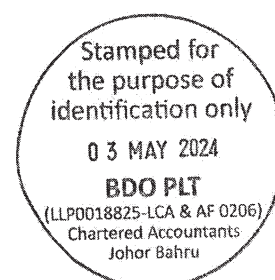
13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**HISTORICAL FINANCIAL INFORMATION
COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP**

| | | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|------------------------------------------------------------------|-------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | Note | | | | | |
| Profit before tax | | 9,428,090 | 18,564,733 | 17,174,518 | 18,781,998 | 14,808,637 |
| Adjustments for: | | | | | | |
| Amortisation of deferred income | 20 | - | - | (5,889) | (13,412) | (2,683) |
| Assets written off | 11 | 177,770 | - | - | - | - |
| Depreciation of: | | | | | | |
| - property, plant and equipment | 9 | 1,480,877 | 919,912 | 850,382 | 1,045,269 | 693,587 |
| - right-of-use assets | 10 | 928,510 | 1,232,217 | 1,832,402 | 1,953,396 | 1,461,891 |
| - investment properties | 11 | 242,122 | 242,120 | - | - | - |
| Gain on lease termination | 10(b) | (703) | (35,039) | - | - | - |
| Net loss/(gain) on impairment of receivables and contract assets | 25 | 50,902 | (50,828) | (1,064,310) | (6,735) | (836,179) |
| Interest expenses | 24 | 619,778 | 951,810 | 1,382,809 | 1,388,621 | 1,198,472 |
| Interest income | 25 | (15,407) | (64,531) | (57,661) | (126,025) | (34,723) |
| (Gain)/Loss on disposal of: | 25 | | | | | |
| - property, plant and equipment | | (17,297) | 242,425 | 71,528 | (13,998) | 71,528 |
| - right-of-use assets | | 38,907 | (64,663) | - | - | - |
| - assets held for sale | | - | (481,515) | (339,294) | - | (339,294) |
| Property, plant and equipment written off | 9 | - | 289,293 | 123,092 | 37,013 | 18,529 |
| Bad debt written off/(back) | 25 | - | 19,977 | (5,000) | - | (5,000) |
| Unrealised loss on foreign exchange | 25 | 4,332 | - | - | - | - |
| Operating profit before changes in working capital | | 12,937,881 | 21,765,911 | 19,962,577 | 23,046,127 | 17,034,765 |



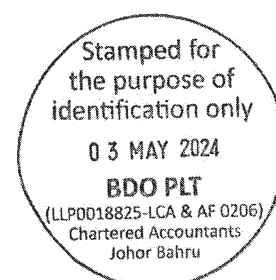
13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**HISTORICAL FINANCIAL INFORMATION
COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP (continued)**

| | | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|---------------------------------------------------------|-------|----------------------------------------------|----------------------------------------------|----------------------------------------------|-----------------------------------------------|-------------------------------------------------|
| | Note | | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES (continued) | | | | | | |
| Changes in working capital: | | | | | | |
| Contract assets/Contract liabilities | | (5,915,214) | (5,245,827) | (7,178,216) | (13,196,047) | (4,723,603) |
| Inventories | | (20,158) | (1,004,214) | 147,043 | (1,649,740) | (655,840) |
| Trade and other receivables | | (1,641,345) | (4,782,596) | 10,463 | (13,127,304) | (4,408,252) |
| Trade and other payables | | 4,554,660 | (2,096,061) | 2,929,752 | 11,316,634 | 1,728,319 |
| Cash generated from operations | | 9,915,824 | 8,637,213 | 15,871,619 | 6,389,670 | 8,975,389 |
| Tax paid | | (737,142) | (3,206,529) | (3,791,655) | (2,466,350) | (3,374,550) |
| Tax refunded | | 116,892 | 304,522 | - | 202,691 | - |
| Net cash from operating activities | | 9,295,574 | 5,735,206 | 12,079,964 | 4,126,011 | 5,600,839 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchases/Additions of: | | | | | | |
| - property, plant and equipment | 9(a) | (3,821,362) | (4,117,191) | (2,533,125) | (2,420,442) | (1,914,854) |
| - right-of-use assets | 10(d) | (189,116) | (561,972) | (618,625) | (141,790) | (548,744) |
| Placement of pledged deposits with licensed banks | | (500,000) | (500,000) | (2,430,000) | (2,015,399) | (2,430,000) |
| Proceeds from disposal of: | | | | | | |
| - property, plant and equipment | | 82,500 | 1,988,776 | 760,500 | 14,000 | 760,500 |
| - right-of-use assets | | 432,000 | 260,000 | - | - | - |
| - assets held for sale | | - | 1,400,000 | 6,500,000 | - | 6,500,000 |
| (Advance to)/Repayment from a related party | | (5,439) | 5,439 | - | - | - |
| Interest received | | 15,407 | 64,531 | 57,661 | 126,025 | 34,723 |
| Net cash (used in)/from investing activities | | (3,986,010) | (1,460,417) | 1,736,411 | (4,437,606) | 2,401,625 |



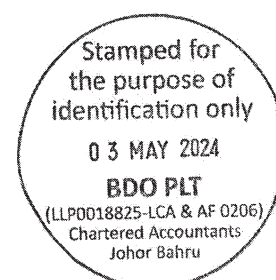
13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**HISTORICAL FINANCIAL INFORMATION
COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP (continued)**

| | | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|-------------------------------------------------------------------|-------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| | Note | | | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Dividends paid | 29 | (3,906,160) | (5,371,375) | (3,839,090) | - | (3,839,090) |
| Interest paid for borrowings | | (523,407) | (675,574) | (1,001,513) | (1,027,299) | (891,451) |
| Net drawdown/(repayment) of borrowings | | 8,286,535 | 4,505,740 | (3,527,851) | 3,591,138 | (2,721,991) |
| Proceeds from issuance of ordinary shares | 17 | 50,000 | 154,655 | 1,400,002 | 8 | 1,400,002 |
| Repayments to: | | | | | | |
| - Director | | (869,491) | (729,902) | (1,630,502) | - | (1,630,502) |
| - related parties | | (65,000) | (228,698) | (120,866) | (4,278) | - |
| Advances from related parties | | 18,700 | 93,000 | 125,144 | - | - |
| Net repayment of lease liabilities | | <u>(1,012,695)</u> | <u>(181,103)</u> | <u>(2,671,235)</u> | <u>(2,991,582)</u> | <u>(2,156,473)</u> |
| Net cash from/(used in) financing activities | | <u>1,978,482</u> | <u>(2,433,257)</u> | <u>(11,265,911)</u> | <u>(432,013)</u> | <u>(9,839,505)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 7,288,046 | 1,841,532 | 2,550,464 | (743,608) | (1,837,041) |
| Effect of exchange rate fluctuations on cash and cash equivalents | | 12,058 | 52,437 | 509,872 | 370,442 | 378,850 |
| Cash and cash equivalents at beginning of financial year/period | | <u>(606,093)</u> | <u>6,694,011</u> | <u>8,587,980</u> | <u>11,648,316</u> | <u>8,587,980</u> |
| Cash and cash equivalents at end of financial year/period | 15 | <u>6,694,011</u> | <u>8,587,980</u> | <u>11,648,316</u> | <u>11,275,150</u> | <u>7,129,789</u> |



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**HISTORICAL FINANCIAL INFORMATION
COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP (continued)****RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

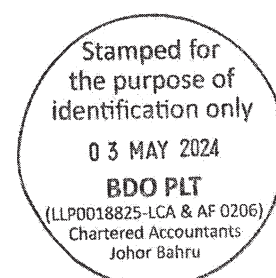
| <u>Audited</u> | Lease liabilities | [-----Borrowings-----] | |
|----------------------------------------------|--------------------------|-------------------------------|------------------------|
| | (Note 10) | Term loans | Trade financing |
| | RM | RM | RM |
| At 1 March 2020 | 3,449,589 | 4,647,184 | 1,414,208 |
| Cash flows: | | | |
| - Drawdown | - | 4,858,190 | 18,092,661 |
| - Principal repayment | - | (151,171) | (14,513,145) |
| - Lease payment | (916,324) | - | - |
| - Interest paid | (96,371) | (229,789) | (201,959) |
| Non-cash flows: | | | |
| - Addition of lease liabilities | 1,361,045 | - | - |
| - Lease termination | (19,791) | - | - |
| - Unwinding of interest | 96,371 | 229,789 | 201,959 |
| - Translation differences | 2,186 | (865) | - |
| At 28 February 2021/1 March 2021 | 3,876,705 | 9,353,338 | 4,993,724 |
| Cash flows: | | | |
| - Drawdown | 1,743,199 | 1,000,000 | 38,600,059 |
| - Principal repayment | - | (1,076,802) | (34,017,517) |
| - Lease payment | (1,648,066) | - | - |
| - Interest paid | (276,236) | (302,356) | (298,657) |
| Non-cash flows: | | | |
| - Addition of lease liabilities | 4,175,240 | - | - |
| - Lease termination | (1,345,953) | - | - |
| - Unwinding of interest | 276,236 | 302,356 | 298,657 |
| - Translation differences | 983 | 42,636 | - |
| At 28 February 2022/1 March 2022 | 6,802,108 | 9,319,172 | 9,576,266 |
| Cash flows: | | | |
| - Drawdown | - | 666,600 | 46,084,819 |
| - Principal repayment | - | (5,344,952) | (44,934,318) |
| - Leases payment | (2,289,939) | - | - |
| - Interest paid | (381,296) | (293,585) | (587,529) |
| Non-cash flows: | | | |
| - Additions of property, plant and equipment | - | 1,275,715 | - |
| - Additions of lease liabilities | 4,233,192 | - | - |
| - Unwinding of interest | 381,296 | 293,585 | 587,529 |
| - Translation differences | 187,629 | 159,301 | - |
| At 28 February 2023 | 8,932,990 | 6,075,836 | 10,726,767 |



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**HISTORICAL FINANCIAL INFORMATION
COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP (continued)****RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)**

| <u>Audited</u> | Lease liabilities | [-----Borrowings-----] | |
|----------------------------------------------|--------------------------|-------------------------------|------------------------|
| | (Note 10) | Term loans | Trade financing |
| | RM | RM | RM |
| At 1 March 2023 | 8,932,990 | 6,075,836 | 10,726,767 |
| Cash flows: | | | |
| - Drawdown | 595,799 | 424,880 | 47,853,210 |
| - Principal repayment | - | (2,547,303) | (42,139,649) |
| - Lease payment | (3,226,059) | - | - |
| - Interest paid | (361,322) | (152,696) | (703,795) |
| Non-cash flows: | | | |
| - Addition of lease liabilities | 2,306,414 | - | - |
| - Unwinding of interest | 361,322 | 152,696 | 703,795 |
| - Translation differences | 137,977 | 47,914 | - |
| At 31 December 2023 | <u>8,747,121</u> | <u>4,001,327</u> | <u>16,440,328</u> |
| <u>Unaudited</u> | | | |
| At 1 March 2022 | 6,802,108 | 9,319,172 | 9,576,266 |
| Cash flows: | | | |
| - Drawdown | - | 315,600 | 39,347,493 |
| - Principal repayment | - | (4,703,304) | (37,681,780) |
| - Lease payment | (1,849,452) | - | - |
| - Interest paid | (307,021) | (261,343) | (521,785) |
| Non-cash flows: | | | |
| - Additions of property, plant and equipment | - | 1,275,715 | - |
| - Addition of lease liabilities | 3,885,450 | - | - |
| - Unwinding of interest | 307,021 | 261,343 | 521,785 |
| - Translation differences | 150,170 | 134,807 | - |
| At 31 December 2022 | <u>8,988,276</u> | <u>6,341,990</u> | <u>11,241,979</u> |

* Borrowings excluded bank overdraft.



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

UUE HOLDINGS BERHAD [202201026669] (1472366-A)

(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in Malaysia under the Companies Act 2016 on 21 July 2022 as a private limited liability company under the name of UUE Holdings Sdn. Bhd. ("UUE" or the "Company"). Subsequently on 21 August 2023, the Company was converted to a public limited company.

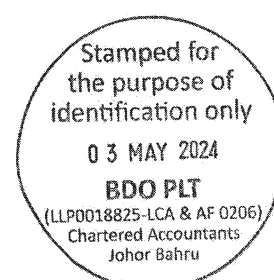
The registered office of the Company is located at Suite 5.11 & 5.12, 5th Floor, Menara TJB No. 9, Jalan Syed Mohd. Mufti 80000 Johor Bahru, Johor, Malaysia.

The principal place of business of the Company is located at No. 55 & 57, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim.

The Company was incorporated for the purpose of undertaking, among others, a restructuring and acquisition exercise that would result in the Company becoming the holding company of Kum Fatt Engineering Sdn. Bhd. ("KFE"), Premier Plastic Industry Sdn. Bhd. ("PPI") and Konnection Engineering Pte. Ltd. ("KEPL") (collectively referred to as the "other combining entities"). Since the acquisitions of other combining entities by the Company would be completed after the latest financial year required to be reported in accordance with paragraph 10.04 of Chapter 10, Part II Division 1 : Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia, for the purpose of this Accountants' Report, the Company has prepared the combined financial statements instead of consolidated financial statements. Note 2 to the combined financial statements explains further the basis of preparation of the combined financial statements.

The principal activity of the Company is investment holding. The principal activities of the other combining entities are as disclosed in Note 7 to the combined financial statements.

These combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

2. BASIS OF PREPARATION

The Accountants' Report comprises the combined financial statements of the Company and the other combining entities (collectively referred to as the "Group") for the FYEs 28 February 2021, 28 February 2022, 28 February 2023 and FPE 31 December 2023. The combined financial statements of the Group consist of the audited financial statements of the other combining entities and are prepared solely for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of UUE on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing").

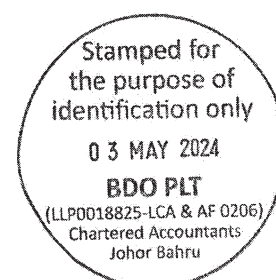
The combined financial statements of the Group are prepared using the audited financial statements of the other combining entities for the relevant financial years/period and their statutory auditors are as follows:

| Company | Relevant Financial Years/Period | Auditors |
|------------------------------------|--------------------------------------------------------------|------------------------|
| UUE Holdings Berhad | FPE 21 July 2022 (date of incorporation) to 28 February 2023 | BDO PLT |
| | FPE 31 December 2023 | BDO PLT |
| Kum Fatt Engineering Sdn. Bhd. | FYE 28 February 2021 | BDO PLT |
| | FYE 28 February 2022 | BDO PLT |
| | FYE 28 February 2023 | BDO PLT |
| | FPE 31 December 2023 | BDO PLT |
| Premier Plastic Industry Sdn. Bhd. | FYE 31 December 2020* | Danny Loo & Co PLT |
| | FPE 1 January 2021 to 28 February 2022* | BDO PLT |
| | FYE 28 February 2023 | BDO PLT |
| | FPE 31 December 2023 | BDO PLT |
| Konnection Engineering Pte. Ltd. | FYE 31 December 2020* @ | N/A |
| | FPE 1 January 2021 to 28 February 2022* | UHY Lee Seng Chan & Co |
| | FYE 28 February 2023 | UHY Lee Seng Chan & Co |
| | FPE 31 December 2023# | BDO PLT |

* The financial statements of other combining entities for the financial years ended 28 February 2021 and 28 February 2022 were re-prepared by management and re-audited by BDO PLT for the purpose of inclusion into the combined financial statements of the Group.

@ The financial statements of Konnection Engineering Pte. Ltd. for the financial year ended 28 February 2021 were not required to be audited in its country of incorporation.

The financial statements of Konnection Engineering Pte. Ltd. for the financial period ended 31 December 2023 have been audited by BDO PLT for the purposes of inclusion into the combined financial statements of the Group.



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**2. BASIS OF PREPARATION (continued)**

The audited financial statements of the other combining entities for the relevant financial years/period reported above were not subject to any qualification or modification.

The combined financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards, Guidance Note on combined financial statements issued by the Malaysian Institute of Accountants and on the assumption that the Group has been operating as a single economic entity throughout the financial years/period presented in these combined financial statements.

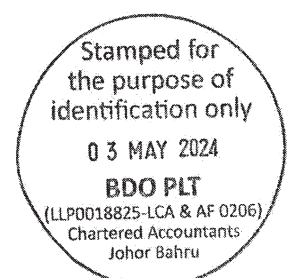
The combined financial statements consist of the financial statements of combining entities as disclosed in Note 7 to the combined financial statements, which were under common control throughout the reporting periods. The common control of the combining entities has been established by virtue of Datuk Dr. Ting Kok Hwa, being the promoter, substantial shareholder and Executive Director of the combining entities.

The combined financial statements of the Group for the relevant period are prepared under historical cost convention except as otherwise stated in the combined financial statements.

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

The financial information as presented in the combined financial statements may not correspond with the consolidated financial statements of the Group as the relevant acquisitions to legally constitute the Group have been incorporated for the respective financial years and period. Consequently, such financial information in the combined financial statements does not purport to predict the financial positions, results of operations and cash flows of the Group for the financial years/period.

The preparation of these combined financial statements in conformity with MFRS and IFRS Accounting Standards requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in the combined financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

3. MATERIAL ACCOUNTING POLICIES

3.1 Common control business combinations

3.1.1 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its combined entities. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

3.2 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

| | |
|-------------------------|-------------|
| Buildings | 2% |
| Computers | 10% |
| Equipment | 10% |
| Electrical installation | 10% - 20% |
| Furniture and fittings | 10% |
| Motor vehicles | 20% |
| Laboratory equipment | 10% |
| Office equipment | 10% |
| Plant and machinery | 8.33% - 20% |
| Renovations | 10% |
| Signboard | 10% |



Freehold land has unlimited useful life and is not depreciated.

Capital work-in-progress represents plant and machinery under installation and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**3. MATERIAL ACCOUNTING POLICIES (continued)****3.3 Leases****The Group as lessee**

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

| | |
|------------------------|--------------|
| Buildings (rented) | 2 - 10 years |
| Heavy movable machines | 5 - 12 years |
| Laboratory equipment | 10 years |
| Motor vehicles | 5 years |
| Plant and machinery | 12 years |

The Group as lessor

As a lessor, Group determines at lease inception whether each lease is a finance lease or an operating lease. To clarify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

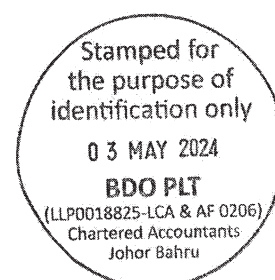
3.4 Investment properties

After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates for the investment properties are as follows:

| | |
|-------------|-----|
| Buildings | 2% |
| Renovations | 10% |

Freehold land has unlimited useful life and is not depreciated.



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**3. MATERIAL ACCOUNTING POLICIES (continued)****3.5 Inventories**

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. Cost of raw materials comprises all cost of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods includes the cost of raw materials, direct labour, other direct costs and a proportion of production overheads based on normal operating capacity of the production facilities.

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

3.6 Financial instruments**(a) Financial assets**

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

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and met the definition of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

3.7 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

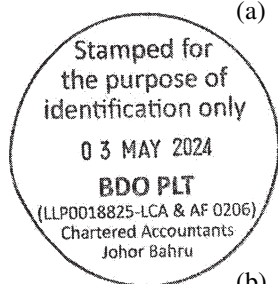
3.8 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.9 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all the attached conclusion will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as deduction in calculating the carrying amount of the asset. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

3. MATERIAL ACCOUNTING POLICIES (continued)**3.10 Foreign currencies**

(a) Functional and presentation currency

Items included in the combined financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

3.11 Revenue recognition

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(i) Construction contracts

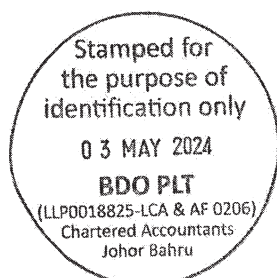
Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the input method, which is based on the total actual construction cost incurred to date as compared to the total budgeted costs for the respective construction projects.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

(ii) Sale of goods

Revenue from sale of goods is recognised at a point in time when the goods has been transferred to the customer and coincides with the delivery of goods and acceptance by customers.



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

3. MATERIAL ACCOUNTING POLICIES (continued)

3.11 Revenue recognition (continued)

Revenue not contracted with customers

(i) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(ii) Rental income

Rental income is recognised on a straight line basis over the lease term of an ongoing lease.

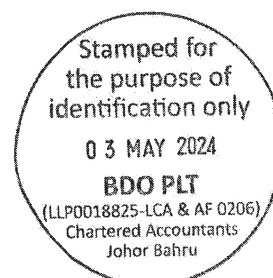
3.12 Operating segments

Operating segments are defined as components of the Group that:

- (a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision maker of the Group particularly in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial period in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**4.1 New MFRSs adopted during the financial period**

The Group adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial period ended 31 December 2023:

| Title | Effective Date |
|----------------------------------------------------------------------------------------------------------------|---------------------------------|
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> | 1 January 2023 |
| Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i> | 1 January 2023 |
| Amendments to MFRS 108 <i>Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i> | Refer paragraph 98M of MFRS 112 |

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group except for the following:

(a) Amendments to MFRS 101 Disclosure of Accounting Policies

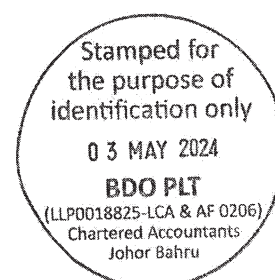
The Amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Group has applied and updated the accounting policy information of the Group.

4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

| Title | Effective Date |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i> | 1 January 2024 |
| Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i> | 1 January 2024 |
| Amendments to MFRS 121 <i>Lack of Interchangeability</i> | 1 January 2025 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

5. FINANCIAL INFORMATION AND LIMITATIONS

The financial information in this Report is based on the respective audited results of the other combining entities with applicable appropriate adjustments and reclassifications made for the purpose of this Report.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of each reporting period.

6.2 Critical judgements made in applying accounting policies

There are no significant judgements made by the management in the process of applying the accounting policies of the Group that have a significant effect on the amounts recognised in the combined financial statements.

6.3 Key sources of estimation uncertainty

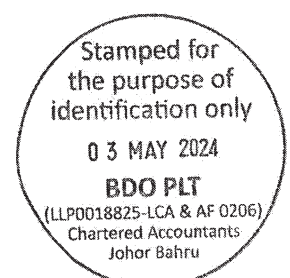
The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Revenue recognition for construction contracts

Revenue recognition for construction contracts requires management to exercise significant judgement in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocation and costs in applying the input method to recognise revenue over time.

Recoverability of trade receivables and contract assets

Recoverability of trade receivables and contract assets requires management to exercise significant judgements in determining the probability of default by trade receivables and contract customers and appropriate forward looking information.



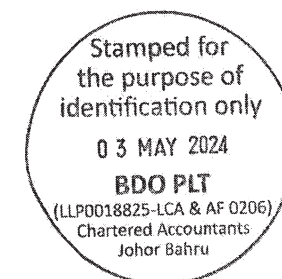
13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

7. COMBINING ENTITIES

Details of the combining entities are as follows:

| Name of combining entities | Effective interest in equity held | | | | Date of incorporation | Country of incorporation | Principal activities |
|------------------------------------|-----------------------------------|-----------|-----------|------------|-----------------------|--------------------------|-----------------------------------------------------------------------|
| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 | | | |
| Kum Fatt Engineering Sdn. Bhd. | 100% | 100% | 100% | 100% | 6 February 2009 | Malaysia | Provision of underground utilities engineering services and solutions |
| Premier Plastic Industry Sdn. Bhd. | 100% | 100% | 100% | 100% | 30 March 2017 | Malaysia | Manufacturing and trading in plastic pipe |
| Konnection Engineering Pte. Ltd. | 100% | 100% | 100% | 100% | 16 January 2009 | Singapore | Provision of underground utilities engineering services and solutions |



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

8. OPERATING SEGMENTS

The Group has arrived at two (2) reportable segments that are organised and managed separately based on information reported internally to the Management and the Board of Directors. The reportable segments are summarised as follows:

Underground utilities engineering Provision of underground utilities engineering solutions.

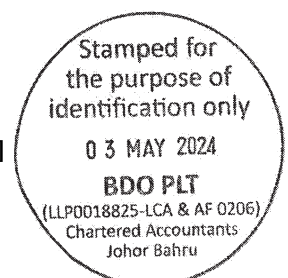
Manufacturing and trading Manufacturing and trading of HDPE pipes.

The accounting policies of operating segments are the same as those described in this report. The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the financial years ended 28 February 2021, 28 February 2022, 28 February 2023 and financial period ended 31 December 2023.

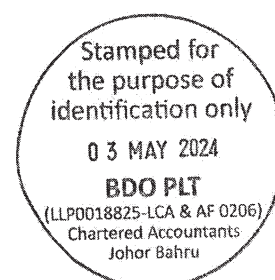
Segment assets exclude tax assets. Segment liabilities exclude current tax liabilities and deferred tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

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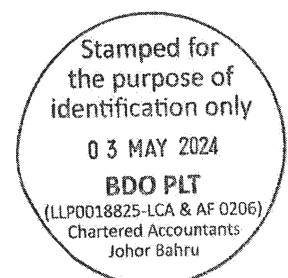
13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**8. OPERATING SEGMENTS (continued)**

| 1.3.2020 to 28.2.2021 (Audited) | Underground utilities engineering RM | Manufacturing and trading RM | Total RM |
|-----------------------------------------------------------|-----------------------------------------------|------------------------------------|-------------------|
| Revenue | | | |
| Total revenue | 44,061,280 | 12,237,414 | 56,298,694 |
| Inter-segment revenue | - | (4,592,558) | (4,592,558) |
| Revenue from external customers | 44,061,280 | 7,644,856 | 51,706,136 |
| Interest income | 12,522 | 2,885 | 15,407 |
| Finance costs | (606,041) | (13,737) | (619,778) |
| Depreciation | | | |
| - Property, plant and equipment | (1,395,136) | (85,741) | (1,480,877) |
| - Right-of-use assets | (849,819) | (78,691) | (928,510) |
| - Investment properties | (242,122) | - | (242,122) |
| Segment profit before income tax | 7,995,482 | 1,432,608 | 9,428,090 |
| Tax expense | (1,539,864) | (521,190) | (2,061,054) |
| Other segment information: | | | |
| Assets written off | (177,770) | - | (177,770) |
| Gain on lease termination | (703) | - | (703) |
| Net loss on impairment of receivables and contract assets | (50,902) | - | (50,902) |
| Segment assets | 52,566,917 | 5,018,119 | 57,585,036 |
| Additions to property, plant and equipment | 4,646,356 | 233,006 | 4,879,362 |
| Additions to right-of-use assets | 1,550,161 | - | 1,550,161 |
| Segment liabilities | 26,515,338 | 2,490,531 | 29,005,869 |



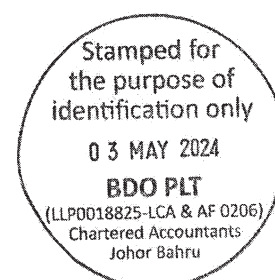
13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**8. OPERATING SEGMENTS (continued)**

| 1.3.2021 to 28.2.2022 (Audited) | Underground utilities engineering RM | Manufacturing and trading RM | Total RM |
|-----------------------------------------------------------|-----------------------------------------------|------------------------------------|-------------------|
| Revenue | | | |
| Total revenue | 68,596,212 | 14,679,180 | 83,275,392 |
| Inter-segment revenue | - | (8,389,158) | (8,389,158) |
| Revenue from external customers | 68,596,212 | 6,290,022 | 74,886,234 |
| Interest income | 63,271 | 1,260 | 64,531 |
| Finance costs | (867,651) | (84,159) | (951,810) |
| Depreciation | | | |
| - Property, plant and equipment | (826,911) | (93,001) | (919,912) |
| - Right-of-use assets | (1,150,654) | (81,563) | (1,232,217) |
| - Investment properties | (242,120) | - | (242,120) |
| Segment profit before income tax | 17,722,626 | 842,107 | 18,564,733 |
| Tax expense | (3,702,706) | (294,836) | (3,997,542) |
| Other segment information: | | | |
| Gain on lease termination | 35,039 | - | 35,039 |
| Net gain on impairment of receivables and contract assets | 50,828 | - | 50,828 |
| Property, plant and equipment written off | (289,293) | - | (289,293) |
| Bad debt written off | (19,977) | - | (19,977) |
| Segment assets | 65,215,159 | 6,382,509 | 71,597,668 |
| Additions to property, plant and equipment | 3,050,513 | 1,066,678 | 4,117,191 |
| Additions to right-of-use assets | 3,679,212 | - | 3,679,212 |
| Segment liabilities | 26,908,997 | 5,553,840 | 32,462,837 |



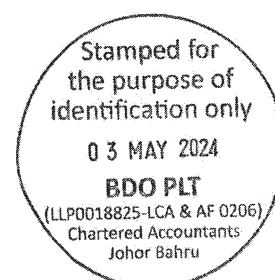
13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**8. OPERATING SEGMENTS (continued)**

| 1.3.2022 to 28.2.2023 (Audited) | Underground utilities engineering RM | Manufacturing and trading RM | Total RM |
|-----------------------------------------------------------|-----------------------------------------------|------------------------------------|-------------------|
| Revenue | | | |
| Total revenue | 79,719,922 | 20,231,457 | 99,951,379 |
| Inter-segment revenue | - | (11,289,214) | (11,289,214) |
| Revenue from external customers | 79,719,922 | 8,942,243 | 88,662,165 |
| Interest income | 48,439 | 9,222 | 57,661 |
| Finance costs | (1,165,913) | (216,896) | (1,382,809) |
| Amortisation of deferred income | 5,889 | - | 5,889 |
| Depreciation | | | |
| - Property, plant and equipment | (706,520) | (143,862) | (850,382) |
| - Right-of-use assets | (1,735,040) | (97,362) | (1,832,402) |
| Segment profit before income tax | 16,664,264 | 510,254 | 17,174,518 |
| Tax expense | (2,727,539) | (329,613) | (3,057,152) |
| Other segment information: | | | |
| Bad debt written back | 5,000 | - | 5,000 |
| Net gain on impairment of receivables and contract assets | 1,064,310 | - | 1,064,310 |
| Property, plant and equipment written off | (109,970) | (13,122) | (123,092) |
| Segment assets | 75,959,790 | 9,831,967 | 85,791,757 |
| Additions to property, plant and equipment | 3,317,458 | 608,762 | 3,926,220 |
| Additions to right-of-use assets | 4,607,597 | 244,220 | 4,851,817 |
| Segment liabilities | 28,998,068 | 5,507,225 | 34,505,293 |



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**8. OPERATING SEGMENTS (continued)**

| 1.3.2023 to 31.12.2023 (Audited) | Underground utilities engineering RM | Manufacturing and trading RM | Total RM |
|-----------------------------------------------------------|-----------------------------------------------|------------------------------------|--------------------|
| Revenue | | | |
| Total revenue | 92,849,257 | 21,528,811 | 114,378,068 |
| Inter-segment revenue | - | (10,619,881) | (10,619,881) |
| Revenue from external customers | 92,849,257 | 10,908,930 | 103,758,187 |
| Interest income | 96,855 | 29,170 | 126,025 |
| Finance costs | (1,188,375) | (200,246) | (1,388,621) |
| Amortisation of deferred income | 13,412 | - | 13,412 |
| Depreciation | | | |
| - Property, plant and equipment | (828,944) | (216,325) | (1,045,269) |
| - Right-of-use assets | (1,862,700) | (90,696) | (1,953,396) |
| Segment profit before income tax | 16,283,245 | 2,498,753 | 18,781,998 |
| Tax expense | (3,737,111) | (632,451) | (4,369,562) |
| Other segment information: | | | |
| Net gain on impairment of receivables and contract assets | 6,735 | - | 6,735 |
| Property, plant and equipment written off | (37,013) | - | (37,013) |
| Segment assets | 107,022,133 | 11,780,286 | 118,802,419 |
| Additions to property, plant and equipment | 2,346,234 | 74,208 | 2,420,442 |
| Additions to right-of-use assets | 2,448,204 | - | 2,448,204 |
| Segment liabilities | 43,135,537 | 6,878,877 | 50,014,414 |

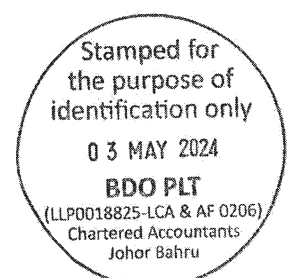


13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

8. OPERATING SEGMENTS (continued)

| 1.3.2022 to 31.12.2022 (Unaudited) | Underground utilities engineering RM | Manufacturing and trading RM | Total RM |
|-----------------------------------------------------------|-----------------------------------------------|------------------------------------|-------------------|
| Revenue | | | |
| Total revenue | 65,868,971 | 16,173,994 | 82,042,965 |
| Inter-segment revenue | - | (8,594,718) | (8,594,718) |
| Revenue from external customers | 65,868,971 | 7,579,276 | 73,448,247 |
| Interest income | 25,626 | 9,097 | 34,723 |
| Finance costs | (1,021,658) | (176,814) | (1,198,472) |
| Amortisation of deferred income | 2,683 | - | 2,683 |
| Depreciation | | | |
| - Property, plant and equipment | (579,026) | (114,561) | (693,587) |
| - Right-of-use assets | (1,382,490) | (79,401) | (1,461,891) |
| Segment profit before income tax | 14,476,493 | 332,144 | 14,808,637 |
| Tax expense | (2,158,023) | (197,626) | (2,355,649) |
| Other segment information: | | | |
| Bad debt written back | 5,000 | - | 5,000 |
| Net gain on impairment of receivables and contract assets | 836,179 | - | 836,179 |
| Property, plant and equipment written off | (5,407) | (13,122) | (18,529) |
| Segment assets | 76,446,467 | 9,168,168 | 85,614,635 |
| Additions to property, plant and equipment | 2,581,807 | 608,762 | 3,190,569 |
| Additions to right-of-use assets | 4,189,974 | 244,220 | 4,434,194 |
| Segment liabilities | 31,767,289 | 4,757,744 | 36,525,033 |



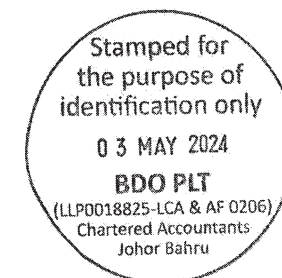
13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

8. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|----------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Revenue | | | | | |
| Total revenue for reportable segment | 56,298,694 | 83,275,392 | 99,951,379 | 114,378,068 | 82,042,965 |
| Elimination of inter-segment revenue | <u>(4,592,558)</u> | <u>(8,389,158)</u> | <u>(11,289,214)</u> | <u>(10,619,881)</u> | <u>(8,594,718)</u> |
| Revenue of the Group per combined statement of profit or loss and other comprehensive income | <u>51,706,136</u> | <u>74,886,234</u> | <u>88,662,165</u> | <u>103,758,187</u> | <u>73,448,247</u> |
| Profit for the financial year/period | | | | | |
| Total profit for reportable segment | 9,428,090 | 18,564,733 | 17,174,518 | 18,781,998 | 14,808,637 |
| Less: Tax expense | <u>(2,061,054)</u> | <u>(3,997,542)</u> | <u>(3,057,152)</u> | <u>(4,369,562)</u> | <u>(2,355,649)</u> |
| Profit for the financial year/period | <u>7,367,036</u> | <u>14,567,191</u> | <u>14,117,366</u> | <u>14,412,436</u> | <u>12,452,988</u> |
| Assets | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM | |
| Total assets per combined statements of financial position | <u>57,585,036</u> | <u>71,597,668</u> | <u>85,791,757</u> | <u>118,802,419</u> | |



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

8. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:
(continued)

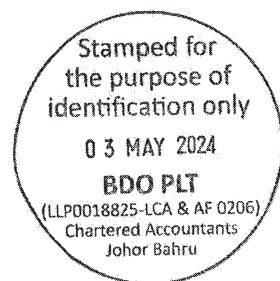
| Liabilities | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|------------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|
| Total liabilities for reportable segments | 29,005,869 | 32,462,837 | 34,505,293 | 50,014,414 |
| Deferred tax liabilities | 797,683 | 1,135,083 | 1,364,884 | 1,115,466 |
| Current tax liabilities | <u>1,468,125</u> | <u>2,234,240</u> | <u>1,415,947</u> | <u>3,859,547</u> |
| Total liabilities per combined statements of financial position | <u><u>31,271,677</u></u> | <u><u>35,832,160</u></u> | <u><u>37,286,124</u></u> | <u><u>54,989,427</u></u> |

Geographical information

The business activities of the Group are predominantly located in Malaysia and Singapore.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of its customers.

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|----------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Revenue from external customers | | | | | |
| Malaysia | 43,249,390 | 57,278,340 | 65,774,583 | 78,088,963 | 52,750,816 |
| Singapore | <u>8,456,746</u> | <u>17,607,894</u> | <u>22,887,582</u> | <u>25,669,224</u> | <u>20,697,431</u> |
| | <u><u>51,706,136</u></u> | <u><u>74,886,234</u></u> | <u><u>88,662,165</u></u> | <u><u>103,758,187</u></u> | <u><u>73,448,247</u></u> |



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

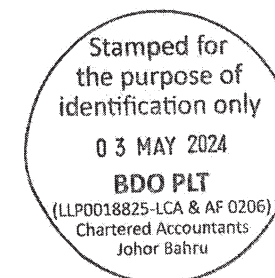
8. OPERATING SEGMENTS (continued)

Geographical information (continued)

The business activities of the Group are predominantly located in Malaysia and Singapore. (continued)

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of its customers. (continued)

| Locations of the assets | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|--------------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Malaysia | | | | |
| - Non-current asset | 17,840,935 | 11,732,246 | 14,742,160 | 15,830,164 |
| - Current asset | 27,196,347 | 41,161,073 | 45,935,397 | 71,558,880 |
| | 45,037,282 | 52,893,319 | 60,677,557 | 87,389,044 |
| Singapore | | | | |
| - Non-current asset | 3,299,756 | 4,665,169 | 7,226,536 | 8,311,248 |
| - Current asset | 9,247,998 | 14,039,180 | 17,887,664 | 23,102,127 |
| | 12,547,754 | 18,704,349 | 25,114,200 | 31,413,375 |
| | <u>57,585,036</u> | <u>71,597,668</u> | <u>85,791,757</u> | <u>118,802,419</u> |



Major customers

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group:

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|-------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Customer A | 25,264,045 | 42,803,319 | 39,721,444 | 27,951,809 | 34,596,646 |
| Customer B | 10,884,777 | 10,753,225 | 12,310,777 | 32,662,167 | 8,482,652 |
| Customer C group of companies | 7,238,257 | 15,362,337 | 16,920,520 | 20,771,994 | 15,942,311 |
| | <u>43,387,079</u> | <u>68,918,881</u> | <u>68,952,741</u> | <u>81,385,970</u> | <u>59,021,609</u> |

13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

9. PROPERTY, PLANT AND EQUIPMENT

| | Balance as at 1.3.2020 RM | Additions RM | Disposals RM | Reclassification from right-of-use assets (Note 10) RM | Reclassification to assets held for sale (Note 16) RM | Depreciation charge for the financial year RM | Translation differences RM | Balance as at 28.2.2021 RM |
|--------------------------|------------------------------------|------------------|-----------------|--------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------|----------------------------------|-------------------------------------|
| 28.2.2021 | | | | | | | | |
| Carrying amount | | | | | | | | |
| Freehold land | 2,358,669 | - | - | - | (656,061) | - | - | 1,702,608 |
| Buildings | 1,949,086 | - | - | - | (262,424) | (100,900) | - | 1,585,762 |
| Computers | 77,097 | 48,053 | - | - | - | (12,467) | 24 | 112,707 |
| Equipment | 808,413 | - | - | - | - | (97,896) | - | 710,517 |
| Electrical installation | 61,500 | 13,861 | - | - | - | (8,631) | - | 66,730 |
| Furniture and fittings | 323,289 | 4,400 | - | - | - | (42,601) | - | 285,088 |
| Motor vehicles | 452,889 | 1,645,967 | (65,201) | 117,708 | - | (432,273) | 1,374 | 1,720,464 |
| Laboratory equipment | 1,675 | 62,100 | - | - | - | (7,122) | - | 56,653 |
| Office equipment | 71,783 | 7,410 | - | - | - | (24,257) | 7 | 54,943 |
| Plant and machinery | 1,910,511 | 2,571,104 | (2) | 727,787 | - | (672,771) | 10,168 | 4,546,797 |
| Renovations | 278,991 | 381,926 | - | - | - | (81,656) | - | 579,261 |
| Signboard | 1,263 | 1,485 | - | - | - | (303) | - | 2,445 |
| Capital work-in-progress | - | 143,056 | - | - | - | - | - | 143,056 |
| | 8,295,166 | 4,879,362 | (65,203) | 845,495 | (918,485) | (1,480,877) | 11,573 | 11,567,031 |

| | <----- As at 28.2.2021 -----> | | |
|--------------------------|-------------------------------|-----------------------------------|--------------------------|
| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
| Freehold land | 1,702,608 | - | 1,702,608 |
| Buildings | 1,972,587 | (386,825) | 1,585,762 |
| Computers | 144,059 | (31,352) | 112,707 |
| Equipment | 978,953 | (268,436) | 710,517 |
| Electrical installation | 77,730 | (11,000) | 66,730 |
| Furniture and fittings | 396,701 | (111,613) | 285,088 |
| Motor vehicles | 3,673,116 | (1,952,652) | 1,720,464 |
| Laboratory equipment | 63,950 | (7,297) | 56,653 |
| Office equipment | 108,903 | (53,960) | 54,943 |
| Plant and machinery | 9,388,728 | (4,841,931) | 4,546,797 |
| Renovations | 691,916 | (112,655) | 579,261 |
| Signboard | 2,893 | (448) | 2,445 |
| Capital work-in-progress | 143,056 | - | 143,056 |
| | 19,345,200 | (7,778,169) | 11,567,031 |



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

9. PROPERTY, PLANT AND EQUIPMENT (continued)

| | Balance as at 1.3.2021 RM | Additions RM | Disposals RM | Written off RM | Reclassi- fication RM | Reclassification to right-of-use assets (Note 10) RM | Reclassification to assets held for sale (Note 16) RM | Depreciation charge for the financial year RM | Translation differences RM | Balance as at 28.2.2022 RM |
|--------------------------|------------------------------------|------------------|--------------------|-------------------|-----------------------------|------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------|----------------------------------|-------------------------------------|
| Carrying amount | | | | | | | | | | |
| Freehold land | 1,702,608 | - | - | - | - | - | - | - | - | 1,702,608 |
| Buildings | 1,585,762 | - | (470,652) | - | - | - | - | (15,612) | - | 1,099,498 |
| Computers | 112,707 | 54,207 | (3,200) | (2,686) | - | - | - | (18,539) | 455 | 142,944 |
| Equipment | 710,517 | 6,600 | (41,215) | - | - | - | (484,347) | (93,730) | - | 97,825 |
| Electrical installation | 66,730 | 29,567 | - | - | 36,008 | - | - | (21,426) | - | 110,879 |
| Furniture and fittings | 285,088 | 341,666 | (2,700) | - | - | - | (224,254) | (74,726) | - | 325,074 |
| Motor vehicles | 1,720,464 | 191,200 | (446,309) | - | - | (1,006,526) | - | (126,547) | 2,222 | 334,504 |
| Laboratory equipment | 56,653 | 51,900 | - | - | - | - | - | (6,867) | - | 101,686 |
| Office equipment | 54,943 | 264,907 | (12,415) | (14,829) | - | - | (12,795) | (31,491) | - | 248,320 |
| Plant and machinery | 4,546,797 | 2,006,368 | (1,254,710) | (24,802) | 196,627 | (1,359,116) | - | (496,012) | 37,611 | 3,652,763 |
| Renovations | 579,261 | 408,764 | - | (246,976) | - | - | - | (34,669) | - | 706,380 |
| Signboard | 2,445 | - | - | - | - | - | - | (293) | - | 2,152 |
| Capital work-in-progress | 143,056 | 762,012 | - | - | (232,635) | (585,523) | - | - | - | 86,910 |
| | <u>11,567,031</u> | <u>4,117,191</u> | <u>(2,231,201)</u> | <u>(289,293)</u> | <u>-</u> | <u>(2,951,165)</u> | <u>(721,396)</u> | <u>(919,912)</u> | <u>40,288</u> | <u>8,611,543</u> |

<----- As at 28.2.2022 ----->

| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
|--------------------------|-------------------|-----------------------------------|--------------------------|
| Freehold land | 1,702,608 | - | 1,702,608 |
| Buildings | 1,301,166 | (201,668) | 1,099,498 |
| Computers | 188,739 | (45,795) | 142,944 |
| Equipment | 150,705 | (52,880) | 97,825 |
| Electrical installation | 143,305 | (32,426) | 110,879 |
| Furniture and fittings | 373,746 | (48,672) | 325,074 |
| Motor vehicles | 2,030,561 | (1,696,057) | 334,504 |
| Laboratory equipment | 115,850 | (14,164) | 101,686 |
| Office equipment | 313,865 | (65,545) | 248,320 |
| Plant and machinery | 8,544,581 | (4,891,818) | 3,652,763 |
| Renovations | 788,340 | (81,960) | 706,380 |
| Signboard | 2,893 | (741) | 2,152 |
| Capital work-in-progress | 86,910 | - | 86,910 |
| | <u>15,743,269</u> | <u>(7,131,726)</u> | <u>8,611,543</u> |



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

9. PROPERTY, PLANT AND EQUIPMENT (continued)

| | Balance as at 1.3.2022 RM | Additions RM | Disposals RM | Written off RM | Reclassification RM | Depreciation charge for the financial year RM | Translation differences RM | Balance as at 28.2.2023 RM |
|--------------------------|------------------------------------|------------------|------------------|-------------------|------------------------|--------------------------------------------------------|----------------------------------|-------------------------------------|
| 28.2.2023 | | | | | | | | |
| Carrying amount | | | | | | | | |
| Freehold land | 1,702,608 | - | - | - | - | - | - | 1,702,608 |
| Buildings | 1,099,498 | - | - | - | - | (10,410) | - | 1,089,088 |
| Computers | 142,944 | 233,473 | - | (1,065) | - | (36,630) | 4,309 | 343,031 |
| Equipment | 97,825 | - | (95,313) | - | - | (2,512) | - | - |
| Electrical installation | 110,879 | - | - | - | - | (21,233) | - | 89,646 |
| Furniture and fittings | 325,074 | 256,847 | (18,837) | (15,134) | - | (48,861) | 501 | 499,590 |
| Motor vehicles | 334,504 | 1,500 | (57,713) | (1) | - | (33,998) | - | 244,292 |
| Laboratory equipment | 101,686 | 4,035 | - | - | - | (12,390) | - | 93,331 |
| Office equipment | 248,320 | 97,999 | - | (4,592) | - | (35,592) | 3,650 | 309,785 |
| Plant and machinery | 3,652,763 | 2,417,876 | (660,165) | (101,667) | 86,910 | (512,514) | 159,777 | 5,042,980 |
| Renovations | 706,380 | 904,546 | - | - | - | (135,998) | - | 1,474,928 |
| Signboard | 2,152 | - | - | (633) | - | (244) | - | 1,275 |
| Capital work-in-progress | 86,910 | 9,944 | - | - | (86,910) | - | - | 9,944 |
| | 8,611,543 | 3,926,220 | (832,028) | (123,092) | - | (850,382) | 168,237 | 10,900,498 |

| | <----- As at 28.2.2023 -----> | | |
|--------------------------|-------------------------------|-----------------------------------|--------------------------|
| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
| Freehold land | 1,702,608 | - | 1,702,608 |
| Buildings | 1,301,166 | (212,078) | 1,089,088 |
| Computers | 425,524 | (82,493) | 343,031 |
| Electrical installation | 143,305 | (53,659) | 89,646 |
| Furniture and fittings | 586,323 | (86,733) | 499,590 |
| Motor vehicles | 1,390,501 | (1,146,209) | 244,292 |
| Laboratory equipment | 119,885 | (26,554) | 93,331 |
| Office equipment | 410,092 | (100,307) | 309,785 |
| Plant and machinery | 8,334,767 | (3,291,787) | 5,042,980 |
| Renovations | 1,692,886 | (217,958) | 1,474,928 |
| Signboard | 1,903 | (628) | 1,275 |
| Capital work-in-progress | 9,944 | - | 9,944 |
| | 16,118,904 | (5,218,406) | 10,900,498 |



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

9. PROPERTY, PLANT AND EQUIPMENT (continued)

| 31.12.2023 | Balance as at 1.3.2023 RM | Additions RM | Disposals RM | Written off RM | Reclassification RM | Reclassification from right-of-use assets (Note 10) RM | Depreciation charge for the financial period RM | Translation differences RM | Balance as at 31.12.2023 RM |
|--------------------------|---------------------------|--------------|--------------|----------------|---------------------|--------------------------------------------------------|-------------------------------------------------|----------------------------|-----------------------------|
| Carrying amount | | | | | | | | | |
| Freehold land | 1,702,608 | - | - | - | - | - | - | - | 1,702,608 |
| Buildings | 1,089,088 | - | - | - | - | - | (21,687) | - | 1,067,401 |
| Computers | 343,031 | 79,104 | - | - | - | - | (37,722) | 3,715 | 388,128 |
| Equipment | - | 67,428 | - | - | - | - | (3,635) | - | 63,793 |
| Electrical installation | 89,646 | - | - | - | - | - | (17,694) | - | 71,952 |
| Furniture and fittings | 499,590 | 18,997 | - | - | - | - | (49,045) | 394 | 469,936 |
| Motor vehicles | 244,292 | - | (2) | - | - | 918,659 | (124,492) | 13,894 | 1,052,351 |
| Laboratory equipment | 93,331 | 74,208 | - | - | - | - | (14,684) | - | 152,855 |
| Office equipment | 309,785 | 52,413 | - | - | - | - | (29,540) | 2,086 | 334,744 |
| Plant and machinery | 5,042,980 | 1,721,614 | - | (37,013) | 9,944 | 228,006 | (571,649) | 128,232 | 6,522,114 |
| Renovations | 1,474,928 | 406,678 | - | - | - | - | (174,964) | - | 1,706,642 |
| Signboard | 1,275 | - | - | - | - | - | (157) | - | 1,118 |
| Capital work-in-progress | 9,944 | - | - | - | (9,944) | - | - | - | - |
| | 10,900,498 | 2,420,442 | (2) | (37,013) | - | 1,146,665 | (1,045,269) | 148,321 | 13,533,642 |

| | As at 31.12.2023 | | |
|-------------------------|------------------|-----------------------------|--------------------|
| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
| Freehold land | 1,702,608 | - | 1,702,608 |
| Buildings | 1,301,166 | (233,765) | 1,067,401 |
| Computers | 509,212 | (121,084) | 388,128 |
| Equipment | 67,428 | (3,635) | 63,793 |
| Electrical installation | 143,305 | (71,353) | 71,952 |
| Furniture and fittings | 605,774 | (135,838) | 469,936 |
| Motor vehicles | 2,553,683 | (1,501,332) | 1,052,351 |
| Laboratory equipment | 194,093 | (41,238) | 152,855 |
| Office equipment | 465,174 | (130,430) | 334,744 |
| Plant and machinery | 10,749,608 | (4,227,494) | 6,522,114 |
| Renovations | 2,099,564 | (392,922) | 1,706,642 |
| Signboard | 1,903 | (785) | 1,118 |
| | 20,393,518 | (6,859,876) | 13,533,642 |



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

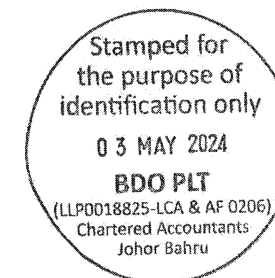
9. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year/period, the Group made the following cash payments to purchase property, plant and equipment:

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Purchase of property, plant and equipment | 4,879,362 | 4,117,191 | 3,926,220 | 2,420,442 | 3,190,569 |
| Financed by term loans | - | - | (1,275,715) | - | (1,275,715) |
| Amount owing to a vendor (Note 22) | <u>(1,058,000)</u> | <u>-</u> | <u>(117,380)</u> | <u>-</u> | <u>-</u> |
| Cash payments on purchase of property, plant and equipment | <u>3,821,362</u> | <u>4,117,191</u> | <u>2,533,125</u> | <u>2,420,442</u> | <u>1,914,854</u> |

(b) Certain freehold land and buildings of the Group have been charged to financial institution for banking facilities granted to the Group as disclosed in Note 21 to the combined financial statements with carrying amounts as follows:

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|-----------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Freehold land | 1,702,608 | 1,702,608 | 1,702,608 | 1,702,608 |
| Buildings | 1,115,110 | 1,099,498 | 1,089,088 | 1,067,401 |
| Renovation | <u>-</u> | <u>156,114</u> | <u>407,758</u> | <u>368,557</u> |
| Carrying amount | <u>2,817,718</u> | <u>2,958,220</u> | <u>3,199,454</u> | <u>3,138,566</u> |



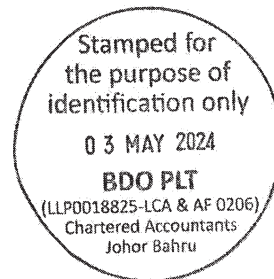
13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

(I) Right-of-use assets



| | Balance as at 1.3.2020 RM | Additions RM | Disposals RM | Lease termination RM | Depreciation RM | Reclassification to property, plant and equipment (Note 9) RM | Translation differences RM | Balance as at 28.2.2021 RM |
|------------------------|------------------------------------|------------------|------------------|----------------------------|--------------------|------------------------------------------------------------------------------|----------------------------------|-------------------------------------|
| Carrying amount | | | | | | | | |
| Buildings | 1,878,022 | 627,922 | - | (19,088) | (358,340) | - | 2,194 | 2,130,710 |
| Heavy movable machines | 232,000 | 400,000 | - | - | (91,333) | - | - | 540,667 |
| Motor vehicles | 989,740 | 270,639 | (470,907) | - | (257,088) | (117,708) | - | 414,676 |
| Plant and machinery | 1,504,113 | 251,600 | - | - | (221,749) | (727,787) | - | 806,177 |
| | <u>4,603,875</u> | <u>1,550,161</u> | <u>(470,907)</u> | <u>(19,088)</u> | <u>(928,510)</u> | <u>(845,495)</u> | <u>2,194</u> | <u>3,892,230</u> |

| | Balance as at 1.3.2021 RM | Additions RM | Disposals RM | Lease termination RM | Depreciation RM | Reclassification from property, plant and equipment (Note 9) RM | Translation differences RM | Balance as at 28.2.2022 RM |
|------------------------|------------------------------------|------------------|------------------|----------------------------|--------------------|--------------------------------------------------------------------------------|----------------------------------|-------------------------------------|
| Carrying amount | | | | | | | | |
| Buildings | 2,130,710 | 847,219 | - | (1,310,914) | (448,279) | - | 1,036 | 1,219,772 |
| Heavy movable machines | 540,667 | 386,933 | - | - | (123,578) | - | - | 804,022 |
| Motor vehicles | 414,676 | 1,650,060 | (195,337) | - | (355,238) | 1,006,526 | 697 | 2,521,384 |
| Plant and machinery | 806,177 | 795,000 | - | - | (305,122) | 1,944,639 | - | 3,240,694 |
| | <u>3,892,230</u> | <u>3,679,212</u> | <u>(195,337)</u> | <u>(1,310,914)</u> | <u>(1,232,217)</u> | <u>2,951,165</u> | <u>1,733</u> | <u>7,785,872</u> |

13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

(I) Right-of-use assets (continued)

| Carrying amount | Balance as at 1.3.2022 RM | Additions RM | Depreciation RM | Translation differences RM | Balance as at 28.2.2023 RM | |
|------------------------|----------------------------------------------|-------------------------|----------------------------|------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------|
| Buildings | 1,219,772 | 1,706,055 | (451,903) | 30,440 | 2,504,364 | |
| Heavy movable machines | 804,022 | - | (123,578) | - | 680,444 | |
| Laboratory equipment | - | 125,720 | (6,286) | - | 119,434 | |
| Motor vehicles | 2,521,384 | 2,901,542 | (932,312) | 142,308 | 4,632,922 | |
| Plant and machinery | 3,240,694 | 118,500 | (318,323) | 90,163 | 3,131,034 | |
| | <u>7,785,872</u> | <u>4,851,817</u> | <u>(1,832,402)</u> | <u>262,911</u> | <u>11,068,198</u> | |
| | Balance as at 1.3.2023 RM | Additions RM | Depreciation RM | Reclassification to property, plant and equipment (Note 9) RM | Translation differences RM | Balance as at 31.12.2023 RM |
| Buildings | 2,504,364 | 1,186,974 | (662,799) | - | 29,479 | 3,058,018 |
| Heavy movable machines | 680,444 | - | (102,981) | - | - | 577,463 |
| Laboratory equipment | 119,434 | - | (11,059) | - | - | 108,375 |
| Motor vehicles | 4,632,922 | 389,030 | (886,362) | (918,659) | 109,375 | 3,326,306 |
| Plant and machinery | 3,131,034 | 872,200 | (290,195) | (228,006) | 52,575 | 3,537,608 |
| | <u>11,068,198</u> | <u>2,448,204</u> | <u>(1,953,396)</u> | <u>(1,146,665)</u> | <u>191,429</u> | <u>10,607,770</u> |



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)****The Group as lessee (continued)****(II) Lease liabilities**

| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 |
|-------------------------------------|------------------|------------------|------------------|-------------------|
| | RM | RM | RM | RM |
| Balance at beginning of year/period | 3,449,589 | 3,876,705 | 6,802,108 | 8,932,990 |
| Additions | 1,361,045 | 5,918,439 | 4,233,192 | 2,902,213 |
| Termination | (19,791) | (1,345,953) | - | - |
| Payment of lease liabilities | (916,324) | (1,648,066) | (2,289,939) | (3,226,059) |
| Payment of lease interests | (96,371) | (276,236) | (381,296) | (361,322) |
| Interest expense | 96,371 | 276,236 | 381,296 | 361,322 |
| Translation differences | 2,186 | 983 | 187,629 | 137,977 |
| Balance at end of year/period | <u>3,876,705</u> | <u>6,802,108</u> | <u>8,932,990</u> | <u>8,747,121</u> |
| Represented by: | | | | |
| Current liability | 779,012 | 1,914,510 | 2,589,369 | 2,801,130 |
| Non-current liability | <u>3,097,693</u> | <u>4,887,598</u> | <u>6,343,621</u> | <u>5,945,991</u> |
| | <u>3,876,705</u> | <u>6,802,108</u> | <u>8,932,990</u> | <u>8,747,121</u> |
| Lease liabilities owing to: | | | | |
| Financial institutions | 1,516,655 | 5,111,633 | 6,383,192 | 5,606,401 |
| Non-financial institutions | <u>2,360,050</u> | <u>1,690,475</u> | <u>2,549,798</u> | <u>3,140,720</u> |
| | <u>3,876,705</u> | <u>6,802,108</u> | <u>8,932,990</u> | <u>8,747,121</u> |



- (a) The Group entered into certain leases of premises during the financial year/period with lease term of 12 months or less. The Group applies the "short-term lease" exemption for these leases.

13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

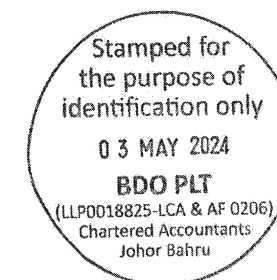
10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**The Group as lessee (continued)**

(b) The following are the amounts recognised in profit or loss:

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|----------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses) | 928,510 | 1,232,217 | 1,832,402 | 1,953,396 | 1,461,891 |
| Interest expense on lease liabilities (included in finance costs) | 96,371 | 276,236 | 381,296 | 361,322 | 307,021 |
| Expense relating to short-term leases (included in administrative expenses) | 212,390 | 181,856 | 194,725 | 117,198 | 154,088 |
| Gain on lease termination (included in other operating income) | <u>(703)</u> | <u>(35,039)</u> | <u>-</u> | <u>-</u> | <u>-</u> |

(c) The Group lease contract that includes extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

There are no undiscounted potential future rental payments that are not included in the lease term as at the end of each reporting period.



13. ACCOUNTANTS' REPORT (Cont'd)

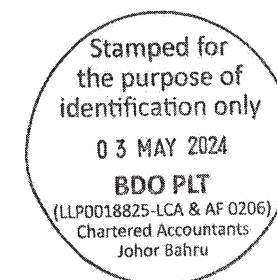
UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**The Group as lessee (continued)**

(d) During the financial year/period, the Group made the following cash payments on right-of-use assets:

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Additions of right-of-use assets | 1,550,161 | 3,679,212 | 4,851,817 | 2,448,204 | 4,434,194 |
| Financed by lease arrangements | (733,123) | (2,270,021) | (2,527,137) | (1,119,440) | (2,180,201) |
| Recognition of right-of-use assets for rented buildings | <u>(627,922)</u> | <u>(847,219)</u> | <u>(1,706,055)</u> | <u>(1,186,974)</u> | <u>(1,705,249)</u> |
| Cash payments on right-of-use assets | <u>189,116</u> | <u>561,972</u> | <u>618,625</u> | <u>141,790</u> | <u>548,744</u> |

(e) Weighted average incremental borrowing rate of the lease liabilities of the Group as at the end of the reporting period 31.12.2023 at 5.27% (28.2.2023: 5.00%) (28.2.2022: 5.05%) (28.2.2021: 5.65%) per annum.



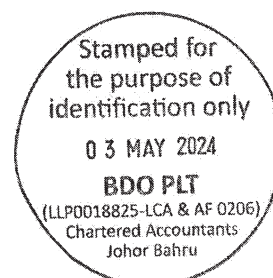
13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**11. INVESTMENT PROPERTIES**

| 28.2.2021 | Balance as at 1.3.2020 RM | Written off RM | Depreciation charge for the financial year RM | Balance as at 28.2.2021 RM |
|------------------------|------------------------------------|-------------------|--------------------------------------------------------|-------------------------------------|
| Carrying amount | | | | |
| Freehold land | 1,467,260 | - | - | 1,467,260 |
| Buildings | 3,096,289 | - | (67,854) | 3,028,435 |
| Renovations | 1,537,773 | (177,770) | (174,268) | 1,185,735 |
| | 6,101,322 | (177,770) | (242,122) | 5,681,430 |

[----- As at 28.2.2021 -----]

| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
|---------------|------------|-----------------------------------|--------------------------|
| Freehold land | 1,467,260 | - | 1,467,260 |
| Buildings | 3,392,626 | (364,191) | 3,028,435 |
| Renovations | 1,742,671 | (556,936) | 1,185,735 |
| | 6,602,557 | (921,127) | 5,681,430 |

| 28.2.2022 | Balance as at 1.3.2021 RM | Depreciation charge for the financial year RM | Reclassification to assets held for sale (Note 16) RM | Balance as at 28.2.2022 RM |
|------------------------|------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------|
| Carrying amount | | | | |
| Freehold land | 1,467,260 | - | (1,467,260) | - |
| Buildings | 3,028,435 | (67,853) | (2,960,582) | - |
| Renovations | 1,185,735 | (174,267) | (1,011,468) | - |
| | 5,681,430 | (242,120) | (5,439,310) | - |



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**11. INVESTMENT PROPERTIES (continued)**

(a) The following are recognised in profit or loss:

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|-------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Lease income | 399,151 | 385,184 | - | - | - |
| Direct operating expenses: | | | | | |
| - income generating investment properties | 14,292 | 33,657 | - | - | - |

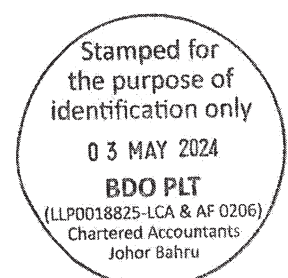
(b) The fair value of the investment properties of approximately RM5,700,000 in financial year 2021 at Level 3 was recommended by the Directors as at the end of reporting period based on comparison method that make reference to recent market value of a similar property in the vicinity on a price per square feet basis. Any changes in the price per square feet will result in a reasonable change in the fair value of the investment property.

(c) Investment properties have been charged to a financial institution for credit facilities granted to the Group as disclosed in Note 21 to the combined financial statements at the end of the financial year 28 February 2021 and 28 February 2022.

12. INVENTORIES

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| At cost | | | | |
| Construction materials | 13,430 | 419,187 | 773,637 | 1,106,997 |
| Raw materials | 950,350 | 317,679 | 726,128 | 1,623,925 |
| Finished goods | 608,762 | 1,839,890 | 929,948 | 1,351,752 |
| | <u>1,572,542</u> | <u>2,576,756</u> | <u>2,429,713</u> | <u>4,082,674</u> |

(a) Inventories of the Group recognised as cost of sales during the financial period 31.12.2023 amounted to RM22,420,857 (28.2.2023: RM17,909,917) (28.2.2022: RM15,737,043) (28.2.2021: RM11,081,640).



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

13. CONTRACT ASSETS/(LIABILITIES)

| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 |
|-----------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | RM | RM | RM | RM |
| At beginning of financial year/period | 5,285,227 | 11,200,413 | 16,456,973 | 23,984,140 |
| Revenue recognised during the financial year/period | 44,061,280 | 68,596,212 | 79,719,922 | 92,849,257 |
| Progress billings | (38,146,066) | (63,350,385) | (72,541,707) | (79,653,199) |
| Translation difference | (28) | 982 | 103,373 | 107,550 |
| Net reversal on impairment of contract assets | - | 9,751 | 245,579 | 34,438 |
| At end of financial year/period | <u>11,200,413</u> | <u>16,456,973</u> | <u>23,984,140</u> | <u>37,322,186</u> |
| Represented by: | | | | |
| Contract assets | 11,200,413 | 16,456,973 | 24,139,614 | 38,375,818 |
| Contract liabilities | - | - | (155,474) | (1,053,632) |
| | <u>11,200,413</u> | <u>16,456,973</u> | <u>23,984,140</u> | <u>37,322,186</u> |

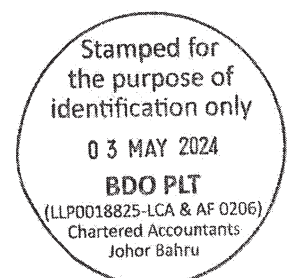
- (a) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 |
|-----------------|-------------------|-------------------|-------------------|-------------------|
| | RM | RM | RM | RM |
| Within one year | <u>18,908,450</u> | <u>20,675,366</u> | <u>52,249,706</u> | <u>93,876,561</u> |

- (b) Contract assets that are impaired at the end of the reporting period and the reconciliation of movements in allowance for impairment accounts is as follows:

| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 |
|---------------------------------------|------------------|------------------|------------------|-------------------|
| | RM | RM | RM | RM |
| At beginning of financial year/period | 709,736 | 709,736 | 699,985 | 454,406 |
| Charge | - | - | - | 170,696 |
| Reversal | - | (9,751) | (245,579) | (205,134) |
| Written off | - | - | - | (168,592) |
| At end of financial year/period | <u>709,736</u> | <u>699,985</u> | <u>454,406</u> | <u>251,376</u> |

- (c) 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. Typically, the amount as at 31.12.2023 will be billed within 30 to 180 days (28.2.2023: 30 to 180 days) (28.2.2022: 30 to 180 days) (28.2.2021: 30 to 180 days).

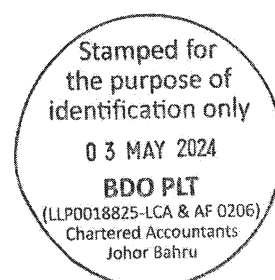


13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**14. TRADE AND OTHER RECEIVABLES**

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|-------------------------------------------|--------------------|--------------------|-------------------|-------------------|
| Trade receivables | | | | |
| Third parties | 13,521,210 | 16,119,342 | 14,434,091 | 24,004,254 |
| Retention sums | 2,116,691 | 4,104,840 | 4,752,793 | 6,171,267 |
| Amounts owing by related parties | 374,226 | 151,298 | - | - |
| | 16,012,127 | 20,375,480 | 19,186,884 | 30,175,521 |
| Less: Impairment losses | <u>(1,525,888)</u> | <u>(1,438,861)</u> | <u>(620,130)</u> | <u>(647,833)</u> |
| Total trade receivables | 14,486,239 | 18,936,619 | 18,566,754 | 29,527,688 |
| Other receivables | | | | |
| Third parties | 168,446 | 426,360 | 1,484,616 | 2,131,652 |
| Amount owing by a related party | 5,439 | - | - | - |
| Advance payments to third party suppliers | - | - | - | 2,074,142 |
| Deposits | 378,106 | 474,366 | 528,632 | 830,017 |
| | 551,991 | 900,726 | 2,013,248 | 5,035,811 |
| Prepayments | <u>520,664</u> | <u>580,493</u> | <u>1,400,080</u> | <u>908,522</u> |
| | <u>15,558,894</u> | <u>20,417,838</u> | <u>21,980,082</u> | <u>35,472,021</u> |

- (a) Trade receivables are non-interest bearing and the normal trade credit term granted by the Group as at 31.12.2023 is 30 to 150 days (28.2.2023: 30 to 150 days) (28.2.2022: 30 to 150 days) (28.2.2021: 30 days) from the date of invoice. They are recognised at its original invoice amounts, which represent its fair value on initial recognition.
- (b) Non-trade amount owing by a related party is unsecured and interest-free.
- (c) The currency exposure profile of trade and other receivables, excluding prepayments is as follows:

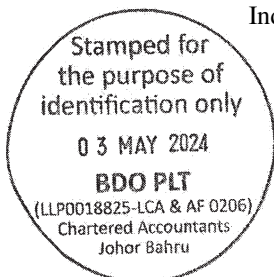
| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|------------------|-------------------|-------------------|-------------------|-------------------|
| Ringgit Malaysia | 9,946,546 | 12,029,600 | 13,363,070 | 22,399,273 |
| Singapore Dollar | <u>5,091,684</u> | <u>7,807,745</u> | <u>7,216,932</u> | <u>12,164,226</u> |
| | <u>15,038,230</u> | <u>19,837,345</u> | <u>20,580,002</u> | <u>34,563,499</u> |



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**14. TRADE AND OTHER RECEIVABLES (continued)**

(d) Lifetime expected credit losses for trade receivables of the Group are as follows:

| | Gross carrying amount RM | Lifetime ECL allowance RM | Carrying amount RM |
|-------------------------------|---------------------------------------------|----------------------------------------------|-----------------------------------|
| As at 28 February 2021 | | | |
| Not past due | 7,785,364 | - | 7,785,364 |
| Past due: | | | |
| 1 to 30 days | 2,442,220 | - | 2,442,220 |
| 31 to 60 days | 1,561,042 | - | 1,561,042 |
| 61 to 90 days | 968,591 | - | 968,591 |
| More than 90 days | 1,729,022 | - | 1,729,022 |
| | 6,700,875 | - | 6,700,875 |
| Individual assessment | 1,525,888 | (1,525,888) | - |
| | <u>16,012,127</u> | <u>(1,525,888)</u> | <u>14,486,239</u> |
| As at 28 February 2022 | | | |
| Not past due | 16,075,456 | - | 16,075,456 |
| Past due: | | | |
| 1 to 30 days | 1,507,231 | - | 1,507,231 |
| 31 to 60 days | 229,973 | - | 229,973 |
| 61 to 90 days | 93,150 | - | 93,150 |
| More than 90 days | 1,821,653 | (790,844) | 1,030,809 |
| | 3,652,007 | (790,844) | 2,861,163 |
| Individual assessment | 648,017 | (648,017) | - |
| | <u>20,375,480</u> | <u>(1,438,861)</u> | <u>18,936,619</u> |
| As at 28 February 2023 | | | |
| Not past due | 14,214,070 | - | 14,214,070 |
| Past due: | | | |
| 1 to 30 days | 1,446,439 | - | 1,446,439 |
| 31 to 60 days | 2,310,940 | - | 2,310,940 |
| 61 to 90 days | 173,750 | - | 173,750 |
| More than 90 days | 421,555 | - | 421,555 |
| | 4,352,684 | - | 4,352,684 |
| Individual assessment | 620,130 | (620,130) | - |
| | <u>19,186,884</u> | <u>(620,130)</u> | <u>18,566,754</u> |



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**14. TRADE AND OTHER RECEIVABLES (continued)**

- (d) Lifetime expected credit losses for trade receivables of the Group are as follows:
-
- (continued)

| | Gross carrying amount RM | Lifetime ECL allowance RM | Carrying amount RM |
|-------------------------------|---------------------------------------------|----------------------------------------------|-----------------------------------|
| As at 31 December 2023 | | | |
| Not past due | 23,539,457 | - | 23,539,457 |
| Past due: | | | |
| 1 to 30 days | 2,577,433 | - | 2,577,433 |
| 31 to 60 days | 1,253,293 | - | 1,253,293 |
| 61 to 90 days | 881,502 | - | 881,502 |
| More than 90 days | 1,276,003 | - | 1,276,003 |
| | 5,988,231 | - | 5,988,231 |
| Individual assessment | 647,833 | (647,833) | - |
| | <u>30,175,521</u> | <u>(647,833)</u> | <u>29,527,688</u> |

None of the trade receivables of the Group that are past due but not impaired have been renegotiated during the financial year. These receivables are not secured by any collateral.

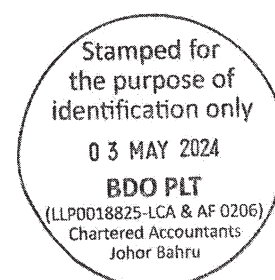
- (e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses. Loss rates are based on actual credit loss experience over past years.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. Nevertheless, the Directors believe that these factors are immaterial for the purpose of impairment calculation for the year.

It requires management to exercise judgement in determining the probability of default by trade receivables and appropriate forward looking information.

- (f) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays and past due information. No expected credit loss is recognised arising from other receivables as it is negligible.



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**14. TRADE AND OTHER RECEIVABLES (continued)**

- (g) Trade receivables inclusive retention sums that are past due and impaired at the end of the reporting period and the reconciliation of movements in allowance for impairment loss accounts is as follows:

| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 |
|---------------------------------------|------------------|------------------|------------------|-------------------|
| | RM | RM | RM | RM |
| At beginning of financial year/period | 1,474,986 | 1,525,888 | 1,438,861 | 620,130 |
| Charge | 87,449 | 790,844 | - | 130,978 |
| Reversal | (36,547) | (831,921) | (818,731) | (103,275) |
| Written off | - | (45,950) | - | - |
| | <u>1,525,888</u> | <u>1,438,861</u> | <u>620,130</u> | <u>647,833</u> |
| At end of financial year/period | <u>1,525,888</u> | <u>1,438,861</u> | <u>620,130</u> | <u>647,833</u> |

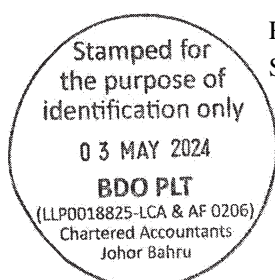
- (h) Information on financial risks of trade and other receivables is disclosed in Note 32 to the combined financial statements.

15. CASH AND BANK BALANCES

| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 |
|--------------------------------------------------------------|------------------|------------------|-------------------|-------------------|
| | RM | RM | RM | RM |
| Cash and bank balances | 6,694,011 | 8,587,980 | 11,843,652 | 11,275,150 |
| Deposits with licensed banks | 500,000 | 1,000,000 | 3,430,000 | 5,455,344 |
| | <u>7,194,011</u> | <u>9,587,980</u> | <u>15,273,652</u> | <u>16,730,494</u> |
| As reported in the combined statements of financial position | 7,194,011 | 9,587,980 | 15,273,652 | 16,730,494 |
| Less: Deposits pledged | (500,000) | (1,000,000) | (3,430,000) | (5,455,344) |
| Less: Bank overdrafts (Note 21) | - | - | (195,336) | - |
| | <u>6,694,011</u> | <u>8,587,980</u> | <u>11,648,316</u> | <u>11,275,150</u> |
| As per combined statements of cash flows | <u>6,694,011</u> | <u>8,587,980</u> | <u>11,648,316</u> | <u>11,275,150</u> |

- (a) Deposits pledged to licensed banks of the Group have maturity period of one (1) year.
- (b) As at the end of reporting period, the deposits pledged with licensed banks of the Group have been charged to financial institution as security for credit facilities granted to the Group as disclosed in Note 21 to the combined financial statements.
- (c) The currency exposure profile of cash and bank balances are as follows:

| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 |
|------------------|------------------|------------------|-------------------|-------------------|
| | RM | RM | RM | RM |
| Ringgit Malaysia | 2,949,443 | 4,112,456 | 6,676,352 | 8,404,441 |
| Singapore Dollar | 4,244,568 | 5,475,524 | 8,597,300 | 8,326,053 |
| | <u>7,194,011</u> | <u>9,587,980</u> | <u>15,273,652</u> | <u>16,730,494</u> |



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**15. CASH AND BANK BALANCES (continued)**

- (d) No expected credit losses are recognised arising from the deposits with financial institutions because the probability of default by these financial institutions are negligible.
- (e) Information on financial risks of cash and bank balances is disclosed in Note 32 to the combined financial statements.

16. ASSETS HELD FOR SALE

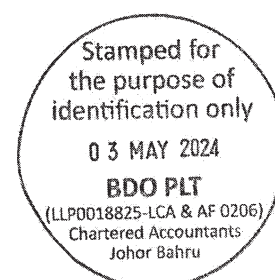
| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 |
|--------------------------------------------------------------|----------------|------------------|-------------|------------|
| | RM | RM | RM | RM |
| Balance as at beginning of financial year/period | - | 918,485 | 6,160,706 | - |
| Disposals | - | (918,485) | (6,160,706) | - |
| Reclassification from property, plant and equipment (Note 9) | 918,485 | 721,396 | - | - |
| Reclassification from investment properties (Note 11) | - | 5,439,310 | - | - |
| | <u>-</u> | <u>5,439,310</u> | <u>-</u> | <u>-</u> |
| Balance as at end of financial year/period | <u>918,485</u> | <u>6,160,706</u> | <u>-</u> | <u>-</u> |

The carrying amount of assets held for sale is the same as its carrying amount before it was being reclassified to current assets.

| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 |
|--------------------------|----------------|------------------|-----------|------------|
| | RM | RM | RM | RM |
| Cost | 984,092 | 7,769,703 | - | - |
| Accumulated depreciation | (65,607) | (1,608,997) | - | - |
| | <u>918,485</u> | <u>6,160,706</u> | <u>-</u> | <u>-</u> |
| Carrying amount | <u>918,485</u> | <u>6,160,706</u> | <u>-</u> | <u>-</u> |

- (a) During the financial year ended 28 February 2021, certain land and buildings of the Group were reclassified as assets held for sale following the commitment of the Group to dispose. The disposal was completed during the financial year 28 February 2022 for a total consideration of RM1,400,000.
- (b) During the financial year ended 28 February 2022, certain investment properties and movable assets were reclassified as assets held for sale following the commitment of the Group to dispose to a related party, namely Bestari Selatan Sdn. Bhd.. The disposal was completed during the financial year 28 February 2023 for a total consideration of RM6,500,000.

These assets held for sale have been charged to a financial institution for credit facilities granted to the Group and its outstanding balances as disclosed in Note 21 to the combined financial statements.



13. ACCOUNTANTS' REPORT (Cont'd)

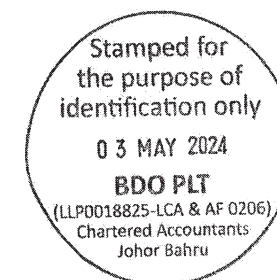
UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

17. INVESTED EQUITY

For the purpose of these combined financial statements, the invested equity at the end of the respective financial years/period is the aggregate of the share capital of the other combining entities, namely UUE Holdings Berhad, Kum Fatt Engineering Sdn. Bhd., Premier Plastic Industry Sdn. Bhd. and Konnection Engineering Pte. Ltd..

| | 28.2.2021 | | 28.2.2022 | | 28.2.2023 | | 31.12.2023 | |
|-----------------------------------------------------|---------------------|------------------|---------------------|------------------|---------------------|------------------|---------------------|------------------|
| | Number of shares | RM | Number of shares | RM | Number of shares | RM | Number of shares | RM |
| Issued and fully paid-up with no par value | | | | | | | | |
| Balance as at beginning of financial year/period | 1,900,000 | 2,303,380 | 1,950,000 | 2,353,380 | 2,000,000 | 2,508,035 | 3,400,002 | 3,908,037 |
| Shares split | - | - | - | - | - | - | 18 | - |
| Issuance of ordinary shares | 50,000 | 50,000 | 50,000 | 154,655 | 1,400,002 | 1,400,002 | 80 | 8 |
| Balance as at end of financial year/period | <u>1,950,000</u> | <u>2,353,380</u> | <u>2,000,000</u> | <u>2,508,035</u> | <u>3,400,002</u> | <u>3,908,037</u> | <u>3,400,100</u> | <u>3,908,045</u> |

- (a) The common controlling shareholders of the combining entities are entitled to receive dividends as and when declared by the combining entities and are entitled to one (1) vote per ordinary share at meetings of the combining entities. All ordinary shares rank pari passu with regard to the residual assets of the Group.



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**18. RESERVES**

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Non-distributable: | | | | |
| Foreign exchange translation reserve | 59,076 | 160,754 | 1,222,601 | 2,117,516 |
| Distributable: | | | | |
| Retained earnings | 23,900,903 | 33,096,719 | 43,374,995 | 57,787,431 |
| | <u>23,959,979</u> | <u>33,257,473</u> | <u>44,597,596</u> | <u>59,904,947</u> |

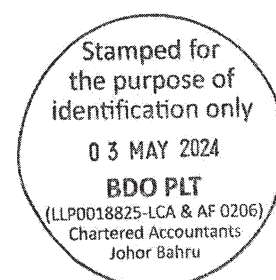
(a) Foreign exchange translation reserve

Foreign exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the combined financial statements of foreign operation whose functional currency is different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

19. DEFERRED TAX LIABILITIES

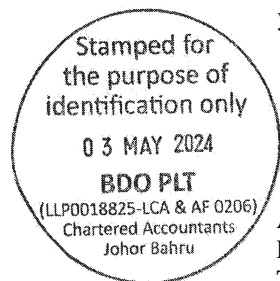
(a) The deferred tax liabilities are made up of the following:

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|------------------------------------------|-----------------|------------------|------------------|------------------|
| As at beginning of financial year/period | 499,296 | 797,683 | 1,135,083 | 1,364,884 |
| Recognised in profit or loss (Note 26) | 297,485 | 332,947 | 192,387 | (275,231) |
| Translation difference | 902 | 4,453 | 37,414 | 25,813 |
| As at end of financial year/period | <u>797,683</u> | <u>1,135,083</u> | <u>1,364,884</u> | <u>1,115,466</u> |
| After appropriate offsetting: | | | | |
| Deferred tax liabilities, net | 962,327 | 1,274,407 | 1,399,477 | 1,341,598 |
| Deferred tax asset, net | (164,644) | (139,324) | (34,593) | (226,132) |
| | <u>797,683</u> | <u>1,135,083</u> | <u>1,364,884</u> | <u>1,115,466</u> |



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**19. DEFERRED TAX LIABILITIES (continued)**

(b) The components and movements of deferred tax liabilities/(assets) during the financial year/period are as follow:



| | Property, plant and equipment RM | Other temporary differences RM | Total RM |
|----------------------------------|-----------------------------------------------------|---------------------------------------------------|---------------------|
| At 1 March 2020 | 663,940 | (164,644) | 499,296 |
| Recognised in profit or loss | 297,485 | - | 297,485 |
| Translation difference | 902 | - | 902 |
| At 28 February 2021/1 March 2021 | 962,327 | (164,644) | 797,683 |
| Recognised in profit or loss | 307,627 | 25,320 | 332,947 |
| Translation difference | 4,453 | - | 4,453 |
| At 28 February 2022/1 March 2022 | 1,274,407 | (139,324) | 1,135,083 |
| Recognised in profit or loss | 87,656 | 104,731 | 192,387 |
| Translation difference | 37,414 | - | 37,414 |
| At 28 February 2023/1 March 2023 | 1,399,477 | (34,593) | 1,364,884 |
| Recognised in profit or loss | (85,410) | (189,821) | (275,231) |
| Translation difference | 27,531 | (1,718) | 25,813 |
| At 31 December 2023 | <u>1,341,598</u> | <u>(226,132)</u> | <u>1,115,466</u> |

20. DEFERRED INCOME

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|--------------------------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Government grant | | | | |
| At cost | | | | |
| At beginning of year/period | - | - | - | 193,143 |
| Addition during the year/period | - | - | 193,143 | - |
| At end of year/period | <u>-</u> | <u>-</u> | <u>193,143</u> | <u>193,143</u> |
| Accumulated depreciation | | | | |
| At beginning of year/period | - | - | - | (5,889) |
| Amortisation charge | - | - | (5,889) | (13,412) |
| At end of year/period | <u>-</u> | <u>-</u> | <u>(5,889)</u> | <u>(19,301)</u> |
| Carrying amounts | <u>-</u> | <u>-</u> | <u>187,254</u> | <u>173,842</u> |
| Deferred income is disclosed under: | | | | |
| Non-current liabilities | - | - | 171,159 | 157,747 |
| Current liabilities | - | - | 16,095 | 16,095 |
| | <u>-</u> | <u>-</u> | <u>187,254</u> | <u>173,842</u> |

Deferred income represents a government grant receivable to part finance capital expenditure.

The government grant is amortised over the useful life of the assets.

The one-off government matching grant was obtained by Kum Fatt Engineering Sdn. Bhd. via Small Medium Enterprise Development Bank Malaysia Berhad for purchase of machinery.

13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**21. BORROWINGS**

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|-----------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Current liabilities | | | | |
| Bank overdrafts | - | - | 195,336 | - |
| Trade financing | 4,993,724 | 9,576,266 | 10,726,767 | 16,440,328 |
| Term loans | 1,403,037 | 1,476,335 | 1,887,391 | 1,084,173 |
| | 6,396,761 | 11,052,601 | 12,809,494 | 17,524,501 |
| Term loans associated with assets held for sale (Note 16) | - | 3,716,962 | - | - |
| | <u>6,396,761</u> | <u>14,769,563</u> | <u>12,809,494</u> | <u>17,524,501</u> |
| Non-current liabilities | | | | |
| Term loans | 7,950,301 | 4,125,875 | 4,188,445 | 2,917,154 |
| Total borrowings | <u>14,347,062</u> | <u>18,895,438</u> | <u>16,997,939</u> | <u>20,441,655</u> |
| Represented by: | | | | |
| Trade financing | 4,993,724 | 9,576,266 | 10,726,767 | 16,440,328 |
| Term loans | 9,353,338 | 9,319,172 | 6,075,836 | 4,001,327 |
| | 14,347,062 | 18,895,438 | 16,802,603 | 20,441,655 |
| Bank overdrafts (Note 15) | - | - | 195,336 | - |
| | <u>14,347,062</u> | <u>18,895,438</u> | <u>16,997,939</u> | <u>20,441,655</u> |

(a) Term loans are secured by:

- (i) Joint and several guarantees by certain Directors;
- (ii) Legal charges over certain freehold land and buildings of the Group as disclosed in Note 9, Note 11 and Note 16 to the combined financial statements;
- (iii) Legal charges over personal property owned by a Director of the Group which has been discharged during financial year ended 28 February 2023; and
- (iv) Guarantee from Credit Guarantee Corporation Malaysia Berhad ("CGC") under Bank Negara Malaysia's Fund for Small and Medium Enterprise or guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP").



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**21. BORROWINGS (continued)**

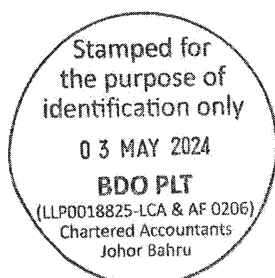
- (b) Trade financing includes bankers' acceptance, invoice financing, import financing and promissory note. Trade financing and overdrafts facilities are secured by:
- (i) Joint and several guarantees by certain Directors;
 - (ii) Deposits pledged with licensed banks of the Group as disclosed in Note 15 to the combined financial statements;
 - (iii) Legal charges over personal property owned by a Director of the Group which has been discharged during financial year ended 28 February 2023; and
 - (iv) Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP").
- (c) The currency exposure profile of borrowings are as follows:

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|------------------|-------------------|-------------------|-------------------|-------------------|
| Ringgit Malaysia | 11,047,406 | 16,408,209 | 15,266,491 | 20,441,655 |
| Singapore Dollar | 3,299,656 | 2,487,229 | 1,731,448 | - |
| | <u>14,347,062</u> | <u>18,895,438</u> | <u>16,997,939</u> | <u>20,441,655</u> |

- (d) Information on financial risks of borrowings and the remaining maturity is disclosed in Note 32 to the combined financial statements.

22. TRADE AND OTHER PAYABLES

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|----------------------------------|-------------------|------------------|------------------|-------------------|
| Trade payables | | | | |
| Third parties | 4,266,895 | 2,357,867 | 5,030,603 | 15,037,444 |
| Retention sums | 993,592 | 1,221,160 | 1,487,645 | 745,086 |
| Amounts owing to a related party | 433,315 | - | - | - |
| | 5,693,802 | 3,579,027 | 6,518,248 | 15,782,530 |
| Other payables | | | | |
| Third parties | | | | |
| - Others | 602,110 | 740,902 | 365,948 | 1,612,677 |
| - Amount owing to a vendor | 1,058,000 | - | 117,380 | - |
| Amounts owing to related parties | 135,698 | - | 4,278 | - |
| Amount owing to a Director | 2,360,404 | 1,630,502 | - | - |
| Deposits | 134,656 | 80,000 | - | - |
| Accruals | 797,432 | 734,860 | 1,225,782 | 2,202,957 |
| | <u>5,088,300</u> | <u>3,186,264</u> | <u>1,713,388</u> | <u>3,815,634</u> |
| | <u>10,782,102</u> | <u>6,765,291</u> | <u>8,231,636</u> | <u>19,598,164</u> |



13. ACCOUNTANTS' REPORT (Cont'd)

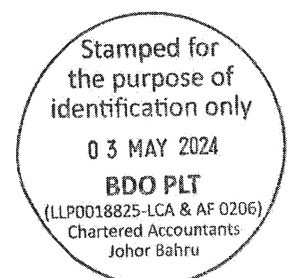
UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

22. TRADE AND OTHER PAYABLES (continued)

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group as at 31.12.2023 ranged from 30 to 90 days (28.2.2023: 30 to 90 days) (28.2.2022: 30 to 90 days) (28.2.2021: 30 to 90 days).
- (b) Non-trade amounts owing to related parties and Director are unsecured and interest-free and payable upon demand.
- (c) Amount owing to a vendor represent costs for the acquisition of property, plant and equipment as disclosed in Note 9(a) to the combined financial statements.
- (d) The currency exposure profile of trade and other payables are as follows:

| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 |
|------------------|-------------------|------------------|------------------|-------------------|
| | RM | RM | RM | RM |
| Ringgit Malaysia | 10,545,173 | 6,336,571 | 7,392,632 | 17,757,114 |
| Singapore Dollar | <u>236,929</u> | <u>428,720</u> | <u>839,004</u> | <u>1,841,050</u> |
| | <u>10,782,102</u> | <u>6,765,291</u> | <u>8,231,636</u> | <u>19,598,164</u> |

- (e) Information on financial risks of trade and other payables is disclosed in Note 32 to the combined financial statements.



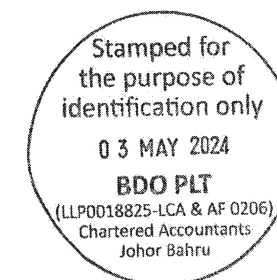
13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**23. REVENUE**

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|----------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Revenue from contracts with customers | | | | | |
| Recognised over time: | | | | | |
| Construction contracts | 37,305,624 | 54,206,718 | 60,679,153 | 72,363,737 | 48,649,861 |
| Recognised point in time: | | | | | |
| Construction contracts | 6,755,656 | 14,389,494 | 19,040,769 | 20,485,520 | 17,219,110 |
| Sale of goods | 7,644,856 | 6,290,022 | 8,942,243 | 10,908,930 | 7,579,276 |
| | <u>51,706,136</u> | <u>74,886,234</u> | <u>88,662,165</u> | <u>103,758,187</u> | <u>73,448,247</u> |

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary geographical market, and major products or service lines as disclosed in Note 8 to the combined financial statements.

There is no significant financing component in the revenue arising from sale of products and services rendered as the sales or services are made on the normal credit terms.



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

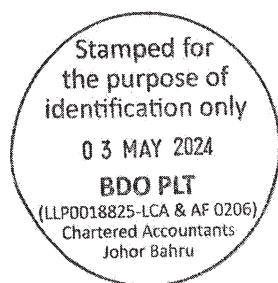
24. FINANCE COSTS

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|----------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Interest expense on: | | | | | |
| - bank overdrafts | 55,528 | 19,060 | 44,020 | 84,751 | 35,153 |
| - trade financing | 201,959 | 298,657 | 587,529 | 703,795 | 521,785 |
| - lease liabilities | 96,371 | 276,236 | 381,296 | 361,322 | 307,021 |
| - term loans | 229,789 | 302,356 | 293,585 | 152,696 | 261,343 |
| - others | 36,131 | 55,501 | 76,379 | 86,057 | 73,170 |
| | <u>619,778</u> | <u>951,810</u> | <u>1,382,809</u> | <u>1,388,621</u> | <u>1,198,472</u> |

25. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the combined financial statements, the following amounts have been included in arriving at profit before tax:

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|-------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| After charging: | | | | | |
| Assets written off | 177,770 | - | - | - | - |
| Auditors' remuneration | | | | | |
| - statutory audit | 35,000 | 74,384 | 108,261 | 98,943 | 87,428 |
| - non-statutory audit | - | - | - | 372,789 | - |
| Bad debt written off | - | 19,977 | - | - | - |
| Property, plant and equipment written off | - | 289,293 | 123,092 | 37,013 | 18,529 |
| Loss on disposal of: | | | | | |
| - property, plant and equipment | - | 242,425 | 71,528 | - | 71,528 |
| - right-of-use assets | 38,907 | - | - | - | - |



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

25. PROFIT BEFORE TAX (continued)

Other than those disclosed elsewhere in the combined financial statements, the following amounts have been included in arriving at profit before tax: (continued)

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| After charging: (continued) | | | | | |
| Net realised loss on foreign exchange | 11,200 | - | - | 46,766 | 1,946 |
| Net unrealised loss on foreign exchange | <u>4,332</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| And crediting: | | | | | |
| Bad debt written back | - | - | 5,000 | - | 5,000 |
| Governments' subsidies - Covid 19 related and others | 526,421 | 361,589 | 200,419 | 97,980 | 195,113 |
| Gain on disposal of: | | | | | |
| - property, plant and equipment | 17,297 | - | - | 13,998 | - |
| - right-of-use assets | - | 64,663 | - | - | - |
| - assets held for sale | - | 481,515 | 339,294 | - | 339,294 |
| Interest income | 15,407 | 64,531 | 57,661 | 126,025 | 34,723 |
| Lease income from: | | | | | |
| - investment properties | 399,151 | 385,184 | - | - | - |
| - assets held for sale | - | - | 300,248 | - | 300,248 |
| - other assets | 682,793 | 304,398 | - | - | - |
| Net realised gain on foreign exchange | <u>-</u> | <u>29,322</u> | <u>140,421</u> | <u>-</u> | <u>137,740</u> |
| Net (loss)/gain on impairment of: | | | | | |
| - trade receivables | (50,902) | 41,077 | 818,731 | (27,703) | 802,057 |
| - contract assets | <u>-</u> | <u>9,751</u> | <u>245,579</u> | <u>34,438</u> | <u>34,122</u> |
| | <u>(50,902)</u> | <u>50,828</u> | <u>1,064,310</u> | <u>6,735</u> | <u>836,179</u> |

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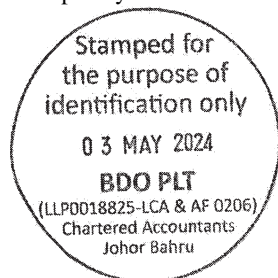
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13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

26. TAX EXPENSE

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|---------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Current tax expense | | | | | |
| - Malaysia income tax | 1,598,486 | 2,197,201 | 1,918,916 | 3,280,056 | 1,226,368 |
| - Foreign income tax | 165,083 | 1,425,839 | 1,166,951 | 1,353,089 | 1,225,624 |
| | <u>1,763,569</u> | <u>3,623,040</u> | <u>3,085,867</u> | <u>4,633,145</u> | <u>2,451,992</u> |
| (Over)/Under provision in prior years | | | | | |
| - Malaysia income tax | - | (445) | (179,198) | (34,054) | (179,198) |
| - Foreign income tax | - | - | (49,213) | 60,702 | (49,050) |
| | <u>-</u> | <u>(445)</u> | <u>(228,411)</u> | <u>26,648</u> | <u>(228,248)</u> |
| | 1,763,569 | 3,622,595 | 2,857,456 | 4,659,793 | 2,223,744 |
| Deferred tax (Note 19) | | | | | |
| - Current year | 297,485 | 391,011 | 296,570 | (29,849) | 229,032 |
| - Over provision in prior years | - | (58,064) | (104,183) | (245,382) | (104,436) |
| | 297,485 | 332,947 | 192,387 | (275,231) | 124,596 |
| Real property gain tax | | | | | |
| - Current year | - | 42,000 | 7,309 | - | 7,309 |
| - Over provision in prior years | - | - | - | (15,000) | - |
| | <u>-</u> | <u>42,000</u> | <u>7,309</u> | <u>(15,000)</u> | <u>7,309</u> |
| | <u>2,061,054</u> | <u>3,997,542</u> | <u>3,057,152</u> | <u>4,369,562</u> | <u>2,355,649</u> |



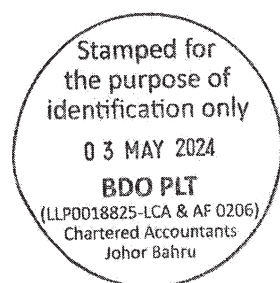
13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

26. TAX EXPENSE (continued)

- (a) The Malaysian income tax is calculated at the statutory tax rate as at 31.12.2023 of 24% (28.2.2023: 24%) (28.2.2022: 24%) (28.2.2021: 24%) of the estimated taxable profit for the fiscal year.
- (b) Tax expense for other taxation authority are calculated at the rates prevailing in the respective jurisdictions.
- (c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group are as follows:

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|-------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Profit before tax | 9,428,090 | 18,564,733 | 17,174,518 | 18,781,998 | 14,808,637 |
| Tax expense at applicable tax rate of 24% | 2,262,742 | 4,455,536 | 4,121,884 | 4,507,679 | 3,554,073 |
| Tax effects in respect of: | | | | | |
| Different tax rate in foreign entity | (247,519) | (602,431) | (507,310) | (498,600) | (541,185) |
| Non-allowable expenses | 204,422 | 314,800 | 204,448 | 700,430 | 49,784 |
| Non-taxable income | (21,395) | (15,957) | (255,434) | (1,616) | (200,683) |
| Tax incentive | - | - | (83,088) | - | (83,088) |
| Reduction in statutory tax rates on chargeable income | (137,196) | (137,897) | (98,063) | (104,597) | (97,877) |
| | 2,061,054 | 4,014,051 | 3,382,437 | 4,603,296 | 2,681,024 |
| Real property gain tax | - | 42,000 | 7,309 | - | 7,309 |
| (Over)/Under provision in prior years | | | | | |
| - income tax | - | (445) | (228,411) | 26,648 | (228,248) |
| - deferred tax | - | (58,064) | (104,183) | (245,382) | (104,436) |
| - real property gain tax | - | - | - | (15,000) | - |
| | 2,061,054 | 3,997,542 | 3,057,152 | 4,369,562 | 2,355,649 |



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**26. TAX EXPENSE (continued)**

(d) Tax on each component of other comprehensive income is as follows:

| | Before tax RM | Tax effect RM | After tax RM |
|--------------------------------------------------------------------------|------------------|------------------|------------------|
| 28.2.2021 (Audited) | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign exchange translations | <u>57,953</u> | <u>-</u> | <u>57,953</u> |
| 28.2.2022 (Audited) | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign exchange translations | <u>101,678</u> | <u>-</u> | <u>101,678</u> |
| 31.12.2022 (Unaudited) | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign exchange translations | <u>839,910</u> | <u>-</u> | <u>839,910</u> |
| 28.2.2023 (Audited) | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign exchange translations | <u>1,061,847</u> | <u>-</u> | <u>1,061,847</u> |
| 31.12.2023 (Audited) | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign exchange translations | <u>894,915</u> | <u>-</u> | <u>894,915</u> |



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

27. EMPLOYEE BENEFITS

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Salaries and allowances | 4,008,737 | 6,694,415 | 10,463,952 | 12,449,058 | 8,286,031 |
| Defined contribution plans | 305,100 | 498,942 | 807,542 | 827,236 | 653,761 |
| Social security contribution | 18,833 | 34,837 | 54,831 | 75,806 | 44,213 |
| Other benefits | 49,290 | 208,375 | 101,047 | 131,017 | 89,887 |
| | <u>4,381,960</u> | <u>7,436,569</u> | <u>11,427,372</u> | <u>13,483,117</u> | <u>9,073,892</u> |

Included in the employee benefits of the Group are Directors' remuneration of during the financial period 31.12.2023 is RM2,111,982 (1.3.2022 to 28.2.2023: RM2,151,267) (1.3.2021 to 28.2.2022: RM1,609,599) (1.3.2020 to 28.2.2021: RM1,231,046).

28. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|----------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Profit attributable to common controlling shareholders of the combining entities | <u>7,367,036</u> | <u>14,567,191</u> | <u>14,117,366</u> | <u>14,412,436</u> | <u>12,452,988</u> |
| Weighted average number of ordinary shares outstanding | <u>1,915,068</u> | <u>1,951,781</u> | <u>3,012,603</u> | <u>3,400,061</u> | <u>2,786,301</u> |
| Basic earnings per ordinary share (RM) | <u>3.85</u> | <u>7.46</u> | <u>4.69</u> | <u>4.24</u> | <u>4.47</u> |

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share equal the basic earnings per ordinary share as there were no outstanding dilutive ordinary shares at the end of each reporting periods.



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**29. DIVIDENDS**

| | Amount of dividend RM |
|---------------------------------------------------------------|-----------------------------|
| In respect of financial year ended 28 February 2021: | |
| First and second single tier interim dividend | <u>3,906,160</u> |
| In respect of financial year ended 28 February 2022: | |
| First single tier interim dividend | <u>5,371,375</u> |
| In respect of financial year ended 28 February 2023: | |
| First single tier interim dividend | <u>3,839,090</u> |
| In respect of financial period ended 31 December 2023: | |
| First single tier interim dividend | <u>-</u> |
| In respect of financial year ended 31 December 2022: | |
| First single tier interim dividend | <u>3,839,090</u> |

The Directors do not recommend the payment of any dividend in respect of the financial period ended 31 December 2023.

30. COMMITMENTS

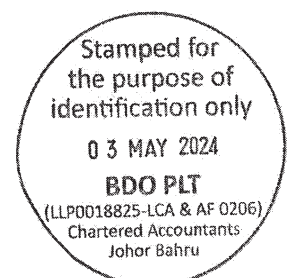
(a) Capital commitments

Capital expenditure in respect of purchase of property, plant and equipment:

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|---------------------------------|-----------------|-----------------|-----------------|------------------|
| Contracted but not provided for | <u>496,475</u> | <u>363,700</u> | <u>547,000</u> | <u>597,152</u> |

(b) Contingent liability

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|-----------------------------------------------------------|-----------------|-----------------|-----------------|------------------|
| Guarantee given to third party in respect of contracts | <u>-</u> | <u>-</u> | <u>500,000</u> | <u>500,000</u> |



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**31. FINANCIAL INSTRUMENTS**

(a) Capital management

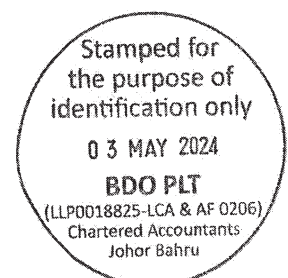
The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder's value. The overall strategy of the Group remains unchanged from that in FYEs 28 February 2021, 28 February 2022, 28 February 2023 and FPE 31 December 2023.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payout to shareholders. No changes were made in the objectives, policies or processes during the FYEs 28 February 2021, 28 February 2022, 28 February 2023 and FPE 31 December 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, lease liabilities, trade and other payables less cash and bank balances. Capital represents equity attributable to the common controlling shareholder of the Group.

| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 |
|----------------------------------------------------------------------------------|--------------------|--------------------|---------------------|---------------------|
| | RM | RM | RM | RM |
| Total borrowings | 14,347,062 | 18,895,438 | 16,997,939 | 20,441,655 |
| Total lease liabilities | 3,876,705 | 6,802,108 | 8,932,990 | 8,747,121 |
| Trade and other payables | <u>10,782,102</u> | <u>6,765,291</u> | <u>8,231,636</u> | <u>19,598,164</u> |
| | 29,005,869 | 32,462,837 | 34,162,565 | 48,786,940 |
| Less: Cash and bank balances | <u>(7,194,011)</u> | <u>(9,587,980)</u> | <u>(15,273,652)</u> | <u>(16,730,494)</u> |
| Net debt | 21,811,858 | 22,874,857 | 18,888,913 | 32,056,446 |
| Equity attributable to common controlling shareholders of the combining entities | <u>26,313,359</u> | <u>35,765,508</u> | <u>48,505,633</u> | <u>63,812,992</u> |
| Capital and net debt | <u>48,125,217</u> | <u>58,640,365</u> | <u>67,394,546</u> | <u>95,869,438</u> |
| Debt ratio | <u>45%</u> | <u>39%</u> | <u>28%</u> | <u>33%</u> |

The Group is not subject to any externally imposed capital requirements.



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**31. FINANCIAL INSTRUMENTS (continued)**

(b) Categories of financial instruments

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|----------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Financial assets | | | | |
| Amortised cost | | | | |
| Trade and other receivables, net of prepayments | 15,038,230 | 19,837,345 | 20,464,343 | 34,563,499 |
| Cash and bank balances | 7,194,011 | 9,587,980 | 15,273,652 | 16,730,494 |
| | <u>22,232,241</u> | <u>29,425,325</u> | <u>35,737,995</u> | <u>51,293,993</u> |
| Financial liabilities | | | | |
| Amortised cost | | | | |
| Borrowings | 14,347,062 | 18,895,438 | 16,997,939 | 20,441,655 |
| Trade and other payables | 10,782,102 | 6,765,291 | 8,231,636 | 19,598,164 |
| | <u>25,129,164</u> | <u>25,660,729</u> | <u>25,229,575</u> | <u>40,039,819</u> |

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities such as trade and other receivables, trade and other payables and interest-bearing borrowings, are reasonable approximation of fair values, due to their short-term nature or that they are borrowings that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the borrowing is reasonable approximation of fair value due to the insignificant impact of discounting.

(d) Fair value hierarchy

As at the end of each reporting period, the Group has no financial instruments that are measured subsequent to initial recognition at fair value hence fair value hierarchy is not presented.



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objectives of the Group are to optimise value creation for its shareholder whilst minimising the potential adverse impact arising from credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk.

The financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the financial risk management policies of the Group. The exposure of the Group to financial risks and the management of the related exposures are as follows:

(a) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade and other receivables and contracts assets. The Group's trading terms with its customers are mainly on credit. The credit period are disclosed in Notes 13 and 14 to the combined financial statements respectively. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control officer to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Credit risk concentration profile

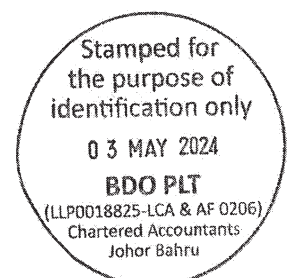
The Group determine concentration of credit risk by identifying and monitoring any significant long outstanding balance owing by any major customer or counter party on an on-going basis.

The Group's major concentration of credit risk as at 31.12.2023 relates to the amounts owing by three (3) customers (28.2.2023: two (2) customers) (28.2.2022: three (3) customers) (28.2.2021: two (2) customers) which constituted approximately 68% (28.2.2023: 55%) (28.2.2022: 80%) (28.2.2021: 64%) of its gross trade receivables at the end of each reporting period.

(b) Liquidity and cash flow risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group would encounter difficulty in meeting its financial obligations when due.

The Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The maximum exposure in relation to guarantee extended to third party as disclosed in Note 30(b) to the combined financial statements.



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(b) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group at the end of each reporting period based on contractual undiscounted repayment obligations.

| | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
|------------------------------------------|----------------------------------------------------|-------------------------------------|-----------------------------------|---------------------|
| As at 28 February 2021 | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 10,782,102 | - | - | 10,782,102 |
| Term loans | 1,679,484 | 5,703,581 | 3,625,231 | 11,008,296 |
| Trade financing | 4,993,724 | - | - | 4,993,724 |
| Lease liabilities | 1,100,471 | 2,665,250 | 818,100 | 4,583,821 |
| Total undiscounted financial liabilities | <u>18,555,781</u> | <u>8,368,831</u> | <u>4,443,331</u> | <u>31,367,943</u> |
| As at 28 February 2022 | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 6,765,291 | - | - | 6,765,291 |
| Term loans | 5,510,161 | 4,065,941 | 353,018 | 9,929,120 |
| Trade financing | 9,576,266 | - | - | 9,576,266 |
| Lease liabilities | 2,212,032 | 5,274,166 | 96,000 | 7,582,198 |
| Total undiscounted financial liabilities | <u>24,063,750</u> | <u>9,340,107</u> | <u>449,018</u> | <u>33,852,875</u> |
| As at 28 February 2023 | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 8,231,636 | - | - | 8,231,636 |
| Term loans | 2,079,832 | 3,750,279 | 795,437 | 6,625,548 |
| Bank overdraft | 195,336 | - | - | 195,336 |
| Trade financing | 10,726,767 | - | - | 10,726,767 |
| Lease liabilities | 2,979,570 | 5,611,077 | 1,204,650 | 9,795,297 |
| Total undiscounted financial liabilities | <u>24,213,141</u> | <u>9,361,356</u> | <u>2,000,087</u> | <u>35,574,584</u> |
| As at 31 December 2023 | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 19,598,164 | - | - | 19,598,164 |
| Term loans | 1,241,164 | 2,636,870 | 569,068 | 4,447,102 |
| Trade financing | 16,440,328 | - | - | 16,440,328 |
| Lease liabilities | 3,192,671 | 5,772,954 | 666,750 | 9,632,375 |
| Total undiscounted financial liabilities | <u>40,472,327</u> | <u>8,409,824</u> | <u>1,235,818</u> | <u>50,117,969</u> |

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Chartered Accountants
Johor Bahru

13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

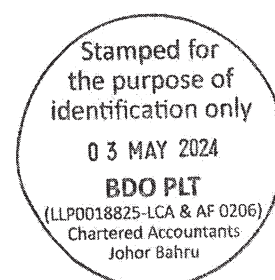
(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments would fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relates primarily to the interest-earnings deposits placed with a licensed bank and interest-bearing borrowings. The Group does not use derivative financial instruments to hedge its risk.

The following table sets out the carrying amount, the weighted average effective interest rates as at the end of the reporting year and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

| | Note | Weighted average effective interest rate % | Within one year RM | One to five years RM | More than five years RM | Total RM |
|-------------------------------|------|-----------------------------------------------------------|--------------------------|----------------------------|-------------------------------|-------------|
| As at 28 February 2021 | | | | | | |
| Fixed rates | | | | | | |
| Deposits with a licensed bank | 15 | 1.65 | 500,000 | - | - | 500,000 |
| Term loans | 21 | 2.81 | (1,066,521) | (3,617,307) | (84,020) | (4,767,848) |
| Floating rates | | | | | | |
| Trade financing | 21 | 4.53 | (4,993,724) | - | - | (4,993,724) |
| Term loans | 21 | 4.14 | (336,516) | (1,290,369) | (2,958,605) | (4,585,490) |
| As at 28 February 2022 | | | | | | |
| Fixed rates | | | | | | |
| Deposits with a licensed bank | 15 | 1.65 | 1,000,000 | - | - | 1,000,000 |
| Term loans | 21 | 2.86 | (1,168,116) | (2,700,565) | - | (3,868,681) |
| Floating rates | | | | | | |
| Trade financing | 21 | 4.54 | (9,576,266) | - | - | (9,576,266) |
| Term loans | 21 | 4.29 | (4,025,181) | (1,103,693) | (321,617) | (5,450,491) |



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

The following table sets out the carrying amount, the weighted average effective interest rates as at the end of the reporting year and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk: (continued)

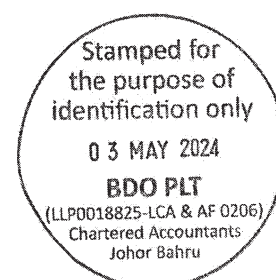
| | Note | Weighted average effective interest rate % | Within one year RM | One to five years RM | More than five years RM | Total RM |
|-------------------------------|------|--------------------------------------------|--------------------|----------------------|-------------------------|--------------|
| As at 28 February 2023 | | | | | | |
| Fixed rates | | | | | | |
| Deposits with licensed banks | 15 | 2.27 | 3,430,000 | - | - | 3,430,000 |
| Term loans | 21 | 3.06 | (1,537,623) | (2,043,948) | (163,748) | (3,745,319) |
| Floating rates | | | | | | |
| Bank overdrafts | 21 | 7.00 | (195,336) | - | - | (195,336) |
| Trade financing | 21 | 5.67 | (10,726,767) | - | - | (10,726,767) |
| Term loans | 21 | 4.21 | (349,768) | (1,400,215) | (580,534) | (2,330,517) |
| As at 31 December 2023 | | | | | | |
| Fixed rates | | | | | | |
| Deposits with licensed banks | 15 | 2.78 | 5,455,344 | - | - | 5,455,344 |
| Term loans | 21 | 4.10 | (675,097) | (820,511) | (137,189) | (1,632,797) |
| Floating rates | | | | | | |
| Trade financing | 21 | 4.94 | (16,440,328) | - | - | (16,440,328) |
| Term loans | 21 | 4.68 | (409,076) | (1,561,193) | (398,261) | (2,368,530) |

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of reporting period changed by one hundred (100) basis points with all other variables held constant:

| | 28.2.2021 RM | 28.2.2022 RM | 28.2.2023 RM | 31.12.2023 RM |
|------------------------------------|--------------|--------------|--------------|---------------|
| Profit after tax and equity | | | | |
| - Increase by 1% | (72,800) | (114,200) | (100,700) | (142,900) |
| - Decrease by 1% | 72,800 | 114,200 | 100,700 | 142,900 |

The Group's exposure to the interest rate risk is due to the outstanding borrowing during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments would fluctuate because of changes in foreign exchange rates.

The Group has assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group is also exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the respective functional currencies of the entities within the Group.

The following table demonstrates the sensitivity analysis of the profit after tax of the Group to a reasonably possible change in the Singapore Dollar ("SGD") exchange rate against the functional currency of the Group, with all other variables held constant:

| | 28.2.2021 | 28.2.2022 | 28.2.2023 | 31.12.2023 |
|-------------------------|------------------|------------------|------------------|------------------|
| | RM | RM | RM | RM |
| Profit after tax | | | | |
| SGD/RM | | | | |
| - Strengthen by 5% | 213,700 | 316,900 | 383,700 | 593,700 |
| - Weaken by 5% | <u>(213,700)</u> | <u>(316,900)</u> | <u>(383,700)</u> | <u>(593,700)</u> |

33. RELATED PARTY DISCLOSURES

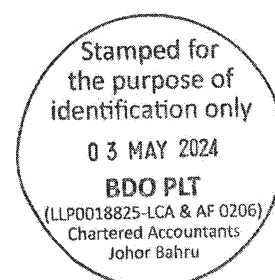
(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control 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 or common significant influence. Related parties could be individuals or other entities.

The Group has controlling related party relationship with its holding company and the direct and indirect combined entities of the holding company.

Identified related parties of the Group as at 31 December 2023 include:

- (i) Companies in which certain directors have financial interests:
 1. Bestari Selatan Sdn. Bhd.
- (ii) Key management personnel who are defined as those persons having authority and responsibility of planning, directing and controlling activities of the Group either directly or indirectly. The key management personnel includes all the directors of the Group and certain members of the senior management of the Group.



13. ACCOUNTANTS' REPORT (Cont'd)

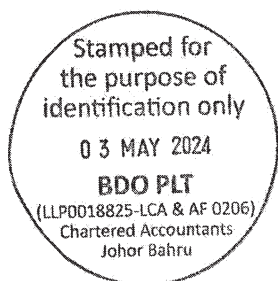
UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

33. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions and balances

In addition to the transactions and balances detailed elsewhere in the combined financial statements, the Group had the following transactions with related parties during the financial year:

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|--------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Directors: | | | | | |
| - Disposal of asset | - | - | (39,100) | - | (39,100) |
| - Purchase of assets | - | 143,050 | 182,000 | - | 182,000 |
| - Rental expenses | 16,200 | 5,000 | - | - | - |
| Related parties identified as at 31 December 2023: | | | | | |
| Bestari Selatan Sdn. Bhd. | | | | | |
| - Rental expenses | 15,000 | 93,000 | 154,350 | 244,500 | 105,450 |
| - Proceeds from disposal of assets | - | - | (6,500,000) | - | (6,500,000) |
| Related parties: | | | | | |
| Xenith IG Malaysia Sdn. Bhd. (formerly known as Speedlink Communications Sdn. Bhd.) | | | | | |
| - Contract revenue | (50,030) | - | (113,323) | (7,639) | (2,500) |
| Apex Biocare Sdn. Bhd. | | | | | |
| - Rental income | (27,750) | (35,400) | (17,500) | - | (17,500) |
| - Purchase of hamper | 7,882 | 16,244 | 600 | - | 600 |
| - Purchase of healthcare products | 5,600 | 19,050 | 7,913 | - | 7,913 |
| - Utility charges | 18,525 | 15,142 | 8,946 | - | 8,946 |



13. ACCOUNTANTS' REPORT (Cont'd)UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report**33. RELATED PARTY DISCLOSURES (continued)**

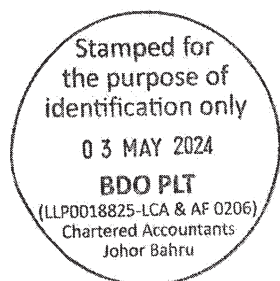
(b) Significant related party transactions and balances (continued)

In addition to the transactions and balances detailed elsewhere in the combined financial statements, the Group had the following transactions with related parties during the financial year: (continued)

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|-------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| TSE Jaya Sdn. Bhd. | | | | | |
| Contract revenue | (85,668) | - | - | - | - |
| Sales of goods | (178,968) | (71,208) | - | - | - |
| Sub-contractor charges | 1,132,308 | 907,863 | - | - | - |
| Ecobore Sdn. Bhd. | | | | | |
| Rental income | (10,500) | - | - | - | - |
| Sub-contractor and material charges | 249,149 | - | - | - | - |
| Transport income | (13,100) | - | - | - | - |
| Proceeds from disposal of assets | <u>(50,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| The Brand Tailor Sdn. Bhd. | | | | | |
| Rental income | (22,750) | - | - | - | - |
| Jingkong Sdn. Bhd. | | | | | |
| Purchase of assets | <u>55,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 28 February 2021, 28 February 2022, 28 February 2023 and 31 December 2023 are disclosed in Notes 14 and 22 to the combined financial statements respectively.



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

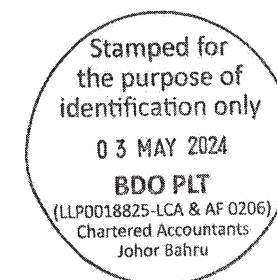
33. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Director and other members of key management during the financial years was as follows:

| | 1.3.2020 to 28.2.2021 Audited RM | 1.3.2021 to 28.2.2022 Audited RM | 1.3.2022 to 28.2.2023 Audited RM | 1.3.2023 to 31.12.2023 Audited RM | 1.3.2022 to 31.12.2022 Unaudited RM |
|---------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------|
| Salaries and allowances | 1,090,227 | 1,459,965 | 1,951,481 | 1,913,357 | 1,609,324 |
| Defined contribution plans | 138,562 | 146,863 | 196,663 | 195,052 | 151,817 |
| Social security contribution | 2,257 | 2,771 | 3,123 | 3,573 | 2,544 |
| | <u>1,231,046</u> | <u>1,609,599</u> | <u>2,151,267</u> | <u>2,111,982</u> | <u>1,763,685</u> |
| Estimated monetary value of benefit-in-kind | 46,532 | 78,396 | 315,000 | 272,079 | 257,575 |
| | <u><u>1,277,578</u></u> | <u><u>1,687,995</u></u> | <u><u>2,466,267</u></u> | <u><u>2,384,061</u></u> | <u><u>2,021,260</u></u> |



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

34. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

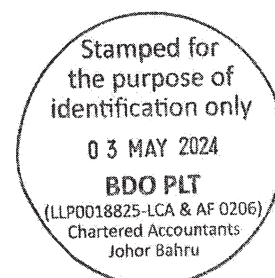
On 18 August 2023, the Company entered:

- (a) A conditional share purchase agreement with Datuk Dr Ting, Hin Wai Mun and Datuk Ting Meng Pheng to acquire a total of 750,000 ordinary shares in Kum Fatt Engineering Sdn. Bhd. representing the entire equity interest for a total purchase consideration of RM24,224,990 which was satisfied by the issuance of 242,249,900 new Shares to the vendors at an issue price of RM0.10 each.
- (b) A conditional share purchase agreement with Datuk Dr Ting and Chong Tuoo Choi to acquire a total of 250,000 ordinary shares representing the entire equity interest in Konnection Engineering Pte. Ltd. for a total purchase consideration of RM18,174,000 which was satisfied by the issuance of 181,740,000 new Shares to the vendors at an issue price of RM0.10 each;
- (c) A conditional share purchase agreement with Datuk Dr Ting and Hin Wai Mun to acquire a total of 2,400,000 ordinary shares representing the entire equity interest in Premier Plastic Industry Sdn. Bhd. for a total purchase consideration of RM5,940,000 which was satisfied by the issuance of 59,400,000 new Shares to the vendors at an issue price of RM0.10 each.

The purchase consideration for these acquisitions were arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited net assets of each companies.

The acquisitions were completed on 16 April 2024. Thereafter, Kum Fatt Engineering Sdn. Bhd., Konnection Engineering Pte. Ltd and Premier Plastic Industry Sdn. Bhd. became wholly-owned subsidiaries of the Company.

The new shares issued under the acquisitions rank equally in all respects with our existing shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new shares.



13. ACCOUNTANTS' REPORT (Cont'd)

UUE Holdings Berhad (202201026669 (1472366-A))
Accountants' Report

UUE HOLDINGS BERHAD [202201026669] (1472366-A)

(Incorporated in Malaysia)

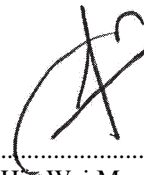
STATEMENT BY DIRECTORS

We, Datuk Dr. Ting Kok Hwa and Hin Wai Mun, two of the Directors of UUE Holdings Berhad, state that, in the opinion of the Directors, the combined financial statements set out on pages 5 to 76 are drawn up so as to give a true and fair view of the financial position of the Group as at 28 February 2021, 28 February 2022, 28 February 2023 and 31 December 2023 and of the financial performance and cash flows of the Group for the financial years/period ended 28 February 2021, 28 February 2022, 28 February 2023 and 31 December 2023 in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

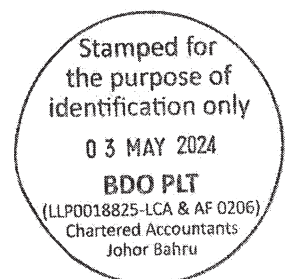
Signed on behalf of the Board of Directors in accordance with a resolution dated 3 May 2024,



.....
Datuk Dr. Ting Kok Hwa
Director



.....
Hin Wai Mun
Director



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION



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80300 Johor Bahru
Johor Darul Ta'zim
Malaysia

The Board of Directors
UUE Holdings Berhad
No. 55 & 57, Jalan Teratai 7
Taman Johor Jaya
81100 Johor Bahru
Johor Darul Takzim
Malaysia.

Date: 3 May 2024

Our Ref: BDO/JS/TTXW/oew

Dear Sirs,

**UUE Holdings Berhad (“UUE” or the “Company”) and its combining entities (“Group”)
Report on the Compilation of Pro Forma Statements of Financial Position Included in the
Prospectus**

We have completed our assurance engagement to report on the compilation of the pro forma statements of financial position of the Group as at 31 December 2023 (“Pro Forma Statements of Financial Position”). The Pro Forma Statements of Financial Position together with the accompanying notes thereon, for which we have stamped for purpose of identification, have been compiled by the Board of Directors of the Company (“Board of Directors”) for inclusion in the prospectus of the Company (“the Prospectus”) in connection with the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad (“Listing”).

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Statements of Financial Position are described in the Notes thereon to the Pro Forma Statements of Financial Position and are in accordance with the Prospectus Guidelines issued by Securities Commission Malaysia (“Prospectus Guidelines”).

The Pro Forma Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the events or transactions as set out in the Notes to the Pro Forma Statements of Financial Position on the financial position of the Group as at 31 December 2023 had the Listing been affected as at 31 December 2023. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the Group’s audited combined statements of financial position as at 31 December 2023.

Directors’ Responsibility for the Pro Forma Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)



Our Independence and Quality Management

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

The firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance and Related Services Engagements* and accordingly requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibility

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 on the basis described in Notes to the Pro Forma Statements of Financial Position.

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

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma 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. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinion were addressed by us at the dates of their issue.

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

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)



Reporting Accountants' Responsibility (continued)

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors 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 reflect the proper application of those adjustments to the unadjusted statements of 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 have 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 of the Group have 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 Matters

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

Yours faithfully,

A handwritten signature in black ink, appearing to be 'BDO PLT'.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Sia Yeak Hong'.

Sia Yeak Hong
03413/02/2025 J
Chartered Accountant

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

*UUE Holdings Berhad (202201026669(1472366-A))
Pro Forma Statements of Financial Position*

1. INTRODUCTION AND BASIS OF PREPARATION

1.1 Introduction

The Pro Forma Statements of Financial Position of UUE Holdings Berhad ("Company") and its combining entities (collectively referred to as the "Group") as at 31 December 2023 ("Pro Forma SOFP") together with the notes thereon, for which the Directors of the Company are solely responsible, has been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

1.2 Basis of preparation

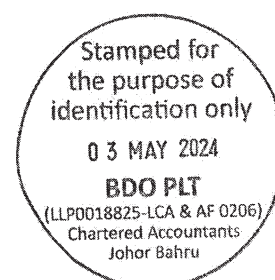
The Pro Forma SOFP have been prepared based on the audited combined statements of financial position of the Group as at 31 December 2023, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards, and in a manner consistent with the format of financial statements and accounting policies of the Group.

The Pro Forma SOFP have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 2 on the audited combined statements of financial position of the Group as at 31 December 2023 had the transactions been effected on 31 December 2023, and should be read in conjunction with the notes thereon. Due to its nature, the Pro Forma SOFP is not necessarily indicative of the financial position of the Group that would have been attained had the effects of the transactions as set out in Note 2 actually occurred at the respective dates. Further, such information does not purport to predict the future financial position of the Group.

The audited combined statements of financial position of the Group for the financial year ended 31 December 2023 used in the preparation of the Pro Forma SOFP was not subject to any audit qualification.

2. LISTING SCHEME

The Acquisition of Kum Fatt Engineering Sdn. Bhd., Konnection Engineering Pte. Ltd. and Premier Plastic Industry Sdn. Bhd. (as defined in Note 2.1), Initial Public Offering ("IPO") as disclosed in Notes 2.1, 2.2 and 2.3 respectively are included in the Pro Forma SOFP to show the effects of the transactions on the audited statements of financial position of the Group as at 31 December 2023 had the transactions been effected on 31 December 2023 in accordance with the Prospectus Guidelines.



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

*UUE Holdings Berhad (202201026669(1472366-A))
Pro Forma Statements of Financial Position*

2. LISTING SCHEME (continued)

2.1 Acquisitions

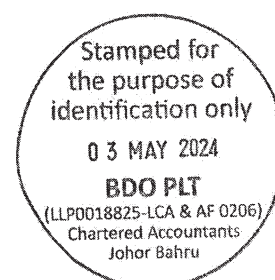
To facilitate the listing of and quotation for the entire enlarged issued share capital of UUE on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing"), the Company had undertaken the following transactions:

- (a) The acquisition by the Company of the entire issued share capital in Kum Fatt Engineering Sdn. Bhd. ("KFE") comprising 750,000 ordinary shares for a purchase consideration of RM24,224,990 which was satisfied via the issuance of 242,249,900 new shares at an issue price of RM0.10 per share.
- (b) The acquisition by the Company of the entire issued share capital in Konnection Engineering Pte. Ltd. ("KE") comprising 250,000 ordinary shares for a purchase consideration of RM18,174,000 which was satisfied via the issuance of 181,740,000 new shares at an issue price of RM0.10 per share.
- (c) The acquisition by the Company of the entire issued share capital in Premier Plastic Industry Sdn. Bhd. ("PPI") comprising 2,400,000 ordinary shares for a purchase consideration of RM5,940,000 which was satisfied via the issuance of 59,400,000 new shares at an issue price of RM0.10 per share.

2.2 Listing exercise

In conjunction with the Listing, the Company will undertake an IPO comprising of a public issue of 124,902,000 new Shares in the Company ("Public Issue") and offer for sale of existing 37,463,000 Shares in the Company at an issue/offer price of RM0.24 per Share.

Upon completion of the Proposed Listing, the enlarged issued share capital of RM78,315,480 comprising 608,292,000 ordinary shares in the Company will be listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad.



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

*UUE Holdings Berhad (202201026669(1472366-A))
Pro Forma Statements of Financial Position*

2. LISTING SCHEME (continued)

2.3 Utilisation of proceeds

The proceeds from the Public issue of RM29,976,480 are expected to be utilised as follows:

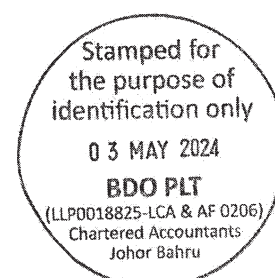
| Details of utilisation | Estimated timeframe for utilisation upon Listing | RM'000 | Percentage of gross proceeds % |
|------------------------------------------|--------------------------------------------------|---------------|--------------------------------|
| (i) Purchase of machinery and equipment* | Within 24 months | 15,750 | 52.6 |
| (ii) General working capital* | Within 12 months | 10,893 | 36.3 |
| (iii) Estimated listing expenses^ | Within 1 month | 3,333 | 11.1 |
| Total | | 29,976 | 100.0 |

* These utilisation of proceeds are not adjusted in the Pro Forma III to the Pro Forma Statement of Financial Position as at 31 December 2023, as the Group has yet to enter into any agreement or issue any purchase order in relation to the proceeds earmarked for purchase of machinery and equipment as well as general working capital.

^ The estimated listing expenses totaling RM3,333,000 to be borne by the Company comprise amongst others, underwriting fees, placement fees, brokerage fees, professional fees and miscellaneous expenses, of which RM1,443,467 had been incurred and charged to the statement of profit or loss and other comprehensive income of the Group as of 31 December 2023. Upon completion of listing, a total of RM690,000 estimated listing expenses is assumed to be directly attributable to the IPO and as such, will be debited against the share capital of the Company and the remaining expenses of RM1,199,533 will be expensed off to the statement of profit or loss and other comprehensive income.

The utilisation of proceeds will have the following impact on the Pro Forma Statement of Financial Position as at 31 December 2023:

| | Decrease | |
|------------------------|----------------------------|----------------------------|
| | Effects on Total Assets RM | Effects on Total Equity RM |
| Cash and bank balances | (1,889,533) | - |
| Share capital | - | (690,000) |
| Reserves | - | (1,199,533) |
| | (1,889,533) | (1,889,533) |



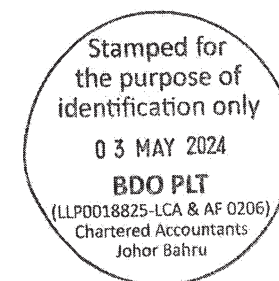
14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

*UUE Holdings Berhad (202201026669(1472366-A))
Pro Forma Statements of Financial Position*

3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

The Pro Forma SOFP of the Group as at 31 December 2023 have been prepared for illustrative purposes only to show the effects on the audited combined statements of financial position of the Group as at 31 December 2023 based on the assumptions that transactions set out in Note 2 had been effected on 31 December 2023, and should be read in conjunction with notes accompanying to the Pro Forma SOFP.

| | Note | As at 31 December 2023 RM | Adjustments for Acquisitions RM | <u>Pro Forma I</u> After the Acquisitions RM | Adjustments for Listing Exercise RM | <u>Pro Forma II</u> After Pro Forma I and Listing Exercise RM | Adjustments for Utilisation of Proceeds RM | <u>Pro Forma III</u> After Pro Forma I and Pro Forma II and Utilisation of Proceeds RM |
|-------------------------------|-------|------------------------------------|------------------------------------------|-------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| ASSETS | | | | | | | | |
| Non-current assets | | | | | | | | |
| Property, plant and equipment | | - | 13,533,642 | 13,533,642 | - | 13,533,642 | - | 13,533,642 |
| Right-of-use assets | | - | 10,607,770 | 10,607,770 | - | 10,607,770 | - | 10,607,770 |
| | | - | 24,141,412 | 24,141,412 | - | 24,141,412 | - | 24,141,412 |
| Current assets | | | | | | | | |
| Inventories | | - | 4,082,674 | 4,082,674 | - | 4,082,674 | - | 4,082,674 |
| Contract assets | | - | 38,375,818 | 38,375,818 | - | 38,375,818 | - | 38,375,818 |
| Trade and other receivables | | - | 35,472,021 | 35,472,021 | - | 35,472,021 | - | 35,472,021 |
| Cash and bank balances | 3.2.1 | 10 | 16,730,484 | 16,730,494 | 29,976,480 | 46,706,974 | (1,889,533) | 44,817,441 |
| | | 10 | 94,660,997 | 94,661,007 | 29,976,480 | 124,637,487 | (1,889,533) | 122,747,954 |
| TOTAL ASSETS | | 10 | 118,802,409 | 118,802,419 | 29,976,480 | 148,778,899 | (1,889,533) | 146,889,366 |

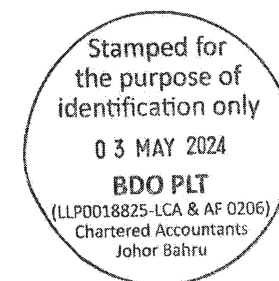


14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

*UUE Holdings Berhad (202201026669(1472366-A))
Pro Forma Statements of Financial Position*

3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

| | Note | As at 31 December 2023 RM | Adjustments for Acquisitions RM | <u>Pro Forma I</u> After the Acquisitions RM | Adjustments for Listing Exercise RM | <u>Pro Forma II</u> After Pro Forma I and Listing Exercise RM | Adjustments for Utilisation of Proceeds RM | <u>Pro Forma III</u> After Pro Forma I and Pro Forma II and Utilisation of Proceeds RM |
|--------------------------------------------------------------------|-------|------------------------------------|------------------------------------------|-------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| EQUITY AND LIABILITIES | | | | | | | | |
| Equity attributable to owners of the combining entities | | | | | | | | |
| Share capital | 3.2.2 | 10 | 48,338,990 | 48,339,000 | 29,976,480 | 78,315,480 | (690,000) | 77,625,480 |
| Reserves | 3.2.2 | (1,464,292) | 16,938,284 | 15,473,992 | - | 15,473,992 | (1,199,533) | 14,274,459 |
| TOTAL EQUITY | | (1,464,282) | 65,277,274 | 63,812,992 | 29,976,480 | 93,789,472 | (1,889,533) | 91,899,939 |
| Non-current liabilities | | | | | | | | |
| Deferred tax liabilities | | - | 1,115,466 | 1,115,466 | - | 1,115,466 | - | 1,115,466 |
| Deferred income | | - | 157,747 | 157,747 | - | 157,747 | - | 157,747 |
| Lease liabilities | | - | 5,945,991 | 5,945,991 | - | 5,945,991 | - | 5,945,991 |
| Borrowings | | - | 2,917,154 | 2,917,154 | - | 2,917,154 | - | 2,917,154 |
| | | - | 10,136,358 | 10,136,358 | - | 10,136,358 | - | 10,136,358 |

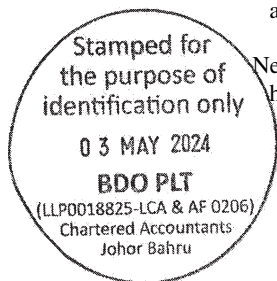


14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

*UUE Holdings Berhad (202201026669(1472366-A))
Pro Forma Statements of Financial Position*

3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

| | Note | As at 31 December 2023 RM | Adjustments for Acquisitions RM | <u>Pro Forma I</u> After the Acquisitions RM | Adjustments for Listing Exercise RM | <u>Pro Forma II</u> After Pro Forma I and Listing Exercise RM | Adjustments for Utilisation of Proceeds RM | <u>Pro Forma III</u> After Pro Forma I and Pro Forma II and Utilisation of Proceeds RM |
|--------------------------------------------------------------|------|------------------------------------|------------------------------------------|-------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| EQUITY AND LIABILITIES | | | | | | | | |
| (continued) | | | | | | | | |
| Current liabilities | | | | | | | | |
| Trade and other payables | | 1,464,292 | 18,133,872 | 19,598,164 | - | 19,598,164 | - | 19,598,164 |
| Deferred income | | - | 16,095 | 16,095 | - | 16,095 | - | 16,095 |
| Contract liabilities | | - | 1,053,632 | 1,053,632 | - | 1,053,632 | - | 1,053,632 |
| Lease liabilities | | - | 2,801,130 | 2,801,130 | - | 2,801,130 | - | 2,801,130 |
| Borrowings | | - | 17,524,501 | 17,524,501 | - | 17,524,501 | - | 17,524,501 |
| Current tax liabilities | | - | 3,859,547 | 3,859,547 | - | 3,859,547 | - | 3,859,547 |
| | | 1,464,292 | 43,388,777 | 44,853,069 | - | 44,853,069 | - | 44,853,069 |
| TOTAL LIABILITIES | | 1,464,292 | 53,525,135 | 54,989,427 | - | 54,989,427 | - | 54,989,427 |
| TOTAL EQUITY AND LIABILITIES | 10 | | 118,802,409 | 118,802,419 | 29,976,480 | 148,778,899 | (1,889,533) | 146,889,366 |
| Net assets (RM) | | (1,464,282) | | 63,812,992 | | 93,789,472 | | 91,899,939 |
| Number of ordinary shares assumed in issue | | 100 | | 483,390,000 | | 608,292,000 | | 608,292,000 |
| Net assets attributable to equity holders per ordinary share | | (14,643) | | 0.13 | | 0.15 | | 0.15 |



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

*UUE Holdings Berhad (202201026669(1472366-A))
Pro Forma Statements of Financial Position*

**3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023
(continued)**

3.1 Pro Forma adjustments to the Pro Forma Statements of Financial Position

3.1.1 Pro Forma I

Pro Forma I incorporated the effects of acquisitions as set out in Note 2.1.

3.1.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I, the listing exercise as set out in Note 2.2.

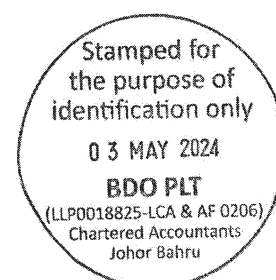
3.1.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds as set out in Note 2.3.

3.2 Notes to the Pro Forma Statements of Financial Position

3.2.1 Cash and bank balances

| | RM |
|-----------------------------------------|--------------------------|
| As at 31 December 2023 | 10 |
| Adjustments for acquisitions | <u>16,730,484</u> |
| Pro Forma I | 16,730,494 |
| Adjustments for listing exercise | <u>29,976,480</u> |
| Pro Forma II | 46,706,974 |
| Adjustments for utilisation of proceeds | <u>(1,889,533)</u> |
| Pro Forma III | <u><u>44,817,441</u></u> |



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

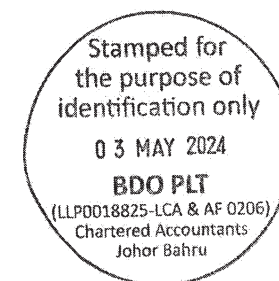
*UUE Holdings Berhad (202201026669(1472366-A))
Pro Forma Statements of Financial Position*

3. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

3.2 Notes to the Pro Forma Statements of Financial Position (continued)

3.2.2 Share capital and reserves

| | Share capital RM | Foreign currency translation reserve RM | Merger Reserve RM | <i>Distributable (Accumulated losses)/ Retained earnings</i> RM | Equity attributable to owners of the combining entities RM |
|------------------------------------------------|------------------------|-----------------------------------------------------|-------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Balance as at 31 December 2023 | 10 | - | - | (1,464,292) | (1,464,282) |
| Adjustments for acquisitions | 48,338,990 | 2,117,516 | (44,430,955) | 59,251,723 | 65,277,274 |
| Pro Forma I | 48,339,000 | 2,117,516 | (44,430,955) | 57,787,431 | 63,812,992 |
| Proceeds from the public issue | 29,976,480 | - | - | - | 29,976,480 |
| Pro Forma II | 78,315,480 | 2,117,516 | (44,430,955) | 57,787,431 | 93,789,472 |
| Estimated listing expenses attributable to IPO | (690,000) | - | - | - | (690,000) |
| Estimated other listing expenses | - | - | - | (1,199,533) | (1,199,533) |
| | (690,000) | - | - | (1,199,533) | (1,889,533) |
| Pro Forma III | 77,625,480 | 2,117,516 | (44,430,955) | 56,587,898 | 91,899,939 |



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

*UUE Holdings Berhad (202201026669(1472366-A))
Pro Forma Statements of Financial Position*

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of UUE Holdings Berhad in accordance with a resolution dated 3 May 2024.

Signed on behalf of the Board of Directors.

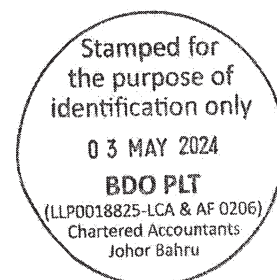


.....
Datuk Dr. Ting Kok Hwa
Director

Johor Bahru



.....
Hin Wai Mun
Director



15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) Save for the Pink Form Allocations as disclosed in Section 4.3.2,
 - (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiary; and
 - (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the new Shares issued for the Acquisitions and to be issued for the Public Issue as disclosed in Sections 6.2 and 4.3.1 respectively, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, our Company does not have any outstanding convertible debt securities.

15.2 SHARE CAPITAL OF OUR SUBSIDIARIES

Details of our share capital are set out in Section 6.1. Details of the share capital of our subsidiaries are set out below.

15.2.1 Kum Fatt

Kum Fatt's issued share capital as at LPD is RM750,000 comprising 750,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

| Date of allotment | No. of shares allotted | Consideration / Type of issue | Cumulative share capital RM |
|--------------------------|-------------------------------|--------------------------------------|----------------------------------------|
| 6 February 2009 | 2 | RM2/ Cash | 2 |
| 10 April 2009 | 99,998 | RM99,998/ Cash | 100,000 |
| 7 July 2009 | 400,000 | RM400,000/ Cash | 500,000 |
| 14 December 2017 | 200,000 | RM200,000/ Cash | 700,000 |
| 11 November 2020 | 50,000 | RM50,000/ Otherwise than cash | 750,000 |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Kum Fatt. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15. STATUTORY AND OTHER INFORMATION (Cont'd)**15.2.2 Konnection**

Konnection's issued share capital as at LPD is SGD250,000 comprising 250,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

| Date of allotment | No. of shares allotted | Consideration / Type of issue | Cumulative share capital SGD |
|--------------------------|-------------------------------|--------------------------------------|-----------------------------------------|
| 16 January 2009 | 1 | SGD1/ Cash | 1 |
| 9 March 2009 | 49,999 | SGD49,999/ Cash | 50,000 |
| 30 June 2015 | 150,000 | SGD150,000/ Cash | 200,000 |
| 17 February 2022 | 50,000 | SGD50,000/ Cash | 250,000 |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Konnection. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.3 PPI

PPI's issued share capital as at LPD is RM2,400,000 comprising 2,400,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

| Date of allotment | No. of shares allotted | Consideration / Type of issue | Cumulative share capital RM |
|--------------------------|-------------------------------|--------------------------------------|----------------------------------------|
| 30 March 2017 | 2 | RM2/ Cash | 2 |
| 23 November 2018 | 98 | RM98/ Cash | 100 |
| 20 February 2019 | 999,990 | RM999,990/ Cash | 1,000,000 |
| 10 June 2022 | 1,400,000 | RM1,400,000/ Otherwise than cash | 2,400,000 |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in PPI. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.3 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

15.3.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 7 – Classes of shares

The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 9 – Issue of shares

The shares in the Company shall only be issued by the Directors with the prior approval of the Company in general meeting where necessary under the provisions of the Act and the Listing Requirements. Subject as aforesaid and always to the provisions of this Constitution, the Listing Requirements and the Act, the Directors may allot or otherwise dispose of the shares in the Company to such persons on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Directors think fit and with full power to give to any person the right to call for the allotment of any shares for such time and for such consideration as the Directors may see fit, provided always:

- (a) except in the case of an issue of shares on a pro-rata basis to all Members, every issue of shares to employees, Directors, Major Shareholders or person connected with any Director or Major Shareholder of the Company shall be approved by the Members in general meeting and no Director, Major Shareholder shall participate in such issue of share unless:
 - (i) the Members in general meetings have approved the specific allotment to be made to such Director, Major Shareholder or person connected with such Director or Major Shareholder; and
 - (ii) in the case of a Director, such Director holds office in the Company in an executive capacity provided always that a Director not holding office in an executive capacity may so participate in any issue of shares pursuant to a public issue or public offer or special issue, such participation to be approved by the relevant authorities;
- (b) no Director shall participate in an Employee Share Scheme unless Members in general meeting have approved the specific allotment to be made to such Director.

Clause 14 – Issuance of preference shares

The Company shall have power with the sanction of an ordinary resolution of the Company to issue preference shares carrying a right to redemption or liable to be redeemed at the option of the Company or to issue preference shares ranking equally with or in priority to preference shares already issued. The Directors may subject to the Act, redeem such shares on such terms and in such manner as they may think fit provided always that the rights attaching to shares of a class other than ordinary shares shall be expressed.

Clause 15

The rights attaching to shares of a class other than ordinary shares be expressed in the Resolution creating the same.

Clause 16

The right conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking equally therewith but in no respect in priority thereto.

15. STATUTORY AND OTHER INFORMATION (Cont'd)**Clause 18 – Preference shares**

The repayment of preference capital other than redeemable preference, or any other alteration of preference shareholders rights, may only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Clause 19 – Modification of rights of different classes of shares

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of the class. To every such separate General Meeting the provisions in this Constitution relating to the General Meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall, with such adaptations as are necessary, apply.

15.3.2 Borrowing and voting powers of the Directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Clause 120 – Directors contract with other companies

No Director shall be disqualified by his office from holding any office or place of profit under the Company or under any company in which the Company shall be a shareholder or otherwise interested in conjunction with his office of Director (except that of auditor) or from contracting with the Company either as vendor, purchaser, or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director be liable to account to the Company for any profit arising from any such office or place of profit or realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established provided always that Sections 221, 222 and 228 and all other relevant provisions of the Act and this Constitution are complied with. A Director who is in any way, whether directly or indirectly, interested in a contract entered into or proposed to be entered into by the company, unless the interest is one that need not be disclosed under Section 221 of the Act, shall be counted only to make the quorum at the meeting of the Directors but shall not participate in any discussion while the contract or proposed contract is being considered during the meeting and shall not vote on the contract or proposed contract.

Clause 121 – Director may act himself or by his firm in professional capacity

Subject to the provisions of the Act, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 122 – Disclosure of interest

A general notice given to the Board by a Director to the effect that the Director is an officer or member of a specified corporation or a member of a specified firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that corporation or firm shall be deemed to be a sufficient declaration of interest in relation to any contract made if the notice specifies the nature and extent of the Director's interest in the specified corporation or firm and the interest is not different in nature or greater in extent than the nature and extent so specified in the general notice at the time any contract is so made. Such notice shall be of no effect unless the notice is given at a meeting of the Directors or the Director takes reasonable steps to ensure that the notice is brought up and read at the next meeting of the Directors after it is given.

Clause 126 – Business of Company to be managed by Directors

The business of the Company shall be managed by, or under the direction of the Directors who may pay all such expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company as they think fit, and may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercised and done by the Company, and as are not by law or by this Constitution required to be exercised or done by the Company in general meeting, but the exercise of all such powers shall be subject to and in accordance with the provisions of any law and of this Constitution and shall also be subject to and in accordance with any regulations or provisions made by the Company in general meeting, provided that no regulation so passed shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Clause 127 – Power to appoint attorneys

The Directors may from time to time by power of attorney under Seal or such other manner authorised by the Act, appoint any corporation, firm or person or body of persons whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretion vested in him.

Clause 128 – Disposal of undertaking or property

Subject to the provisions of the Act, the Directors shall not acquire an undertaking or property of 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.

Clause 142 – Chairman has casting vote

Subject to the provisions of this Constitution, question arising at any meeting shall be decided by a majority of votes of the Directors present, each Director having one (1) vote. In case of an equality of votes, the chairman shall have a second or casting vote provided always that the chairman of a meeting at which only two (2) Directors are present or at which only two (2) Directors are competent to vote on the questions at issue shall not have a second or casting vote.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 149 – Resolution in writing binding

A resolution in writing signed or approved by a majority of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. All such resolutions shall be described as "Directors' Circular Resolutions" and may consist of several documents in like form each signed by one or more Directors or their alternates and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the minutes book of board proceedings. A Directors' Circular Resolution shall be inoperative if it shall purport to authorise or to do any act which a meeting of Directors has decided shall not be authorised or done, until confirmed by a meeting of the Directors. The expressions of "in writing" or "signed" include approval by legible confirmed transmission by facsimile or other forms of electronic communications.

Clause 152 – Power to borrow

The Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of moneys as they think proper. The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Clause 153 – Conditions on which money may be borrowed

The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Clause 154 – Exchange for shares

The Company may in general meeting grant a right for the holders of bonds, debentures, debenture stock or securities to exchange the same for the shares in the Company authorised to be issued.

Clause 155 – Nature of security

Subject as aforesaid, the Directors may secure or provide for the payment of any moneys to be borrowed or raised by mortgage of or charge upon all or any part of the undertaking or property of the Company, both present and future, and any capital remaining unpaid upon shares of the Company, whether called up or not or by any other security, and the Directors may confer upon any mortgagees or persons in whom any debentures, debenture stock or security is vested, such rights and powers as they think necessary or expedient; and they may vest any property of the Company in trustees for the purpose of securing any money so borrowed or so raised, and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management, or the realisation thereof, of the making, receiving or enforcing of calls upon the Members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 156 – Security for payments due

The Directors may give security for the payment of any moneys 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.

Clause 157 – Securities may be assignable free from equities

Debentures, debenture stock or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Clause 158 – Securities may be issued with special privileges

Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

Clause 159 – Register of charges to be kept

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 charges therein specified and otherwise.

Clause 160 – Power of Directors to indemnify out of Company asset

If the Directors or any of them, or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

15.3.3 Remuneration of Directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clause 117 – Remuneration

The fees of the non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover, and such fee shall be divided amongst the non-executive Directors as they shall determine or failing agreement, equally. The salaries payable to executive Directors, may however, include such percentage of profits as the Directors may determine but shall not in any circumstances include a commission on or percentage of turnover. The Director shall (including alternate directors) also be paid such travelling, hotel or other expenses as may reasonably be incurred by them in the execution of their duties including such expenses incurred in connection with their attendance at meetings of Directors. If by arrangement with the other Directors any Director shall perform or render any duties or services outside his ordinary duties as a Director or shall make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or shall give special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration in a lump sum in addition to his ordinary remuneration. The fees of Directors, and any benefits payable to Directors shall be approved by Members annually at a general meeting.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 124 – Remuneration of Managing Director

The remuneration of a Managing Director, a Deputy Managing Director and an Executive Director given due to his office as executive or management position, if any, shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes, but shall not be a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement. The remuneration of a Director(s) appointed to an executive position under Clause 123 shall be determined by the Board and can either be in addition to or in lieu of his/their fee as a Director.

15.3.4 Transfer of Shares

The provisions in our Constitution dealing with transfer of Shares are as follows:

Clause 40 – Transfer of securities

- (a) Subject to the restriction of this Constitution, the Central Depositories Act and the Rules, Securities that are not Deposited Securities shall be transferable by a duly executed and stamped instrument of transfer lodged at the Office accompanied by the certificate of the shares to be transferred (if any) and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. All instruments of transfer which shall be registered shall be retained by the Company.
- (b) The transfer of Deposited Securities 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.

Clause 41 – Transfer to be executed by both parties

Subject to the provisions of the Act, the Central Depositories Act and the Rules, the instrument of transfer of any share which is not a Deposited Security lodged with the Company shall be executed by or on behalf of both the transferor and the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof. The instrument of transfer shall in any one instance relate to one class of shares.

Clause 42 – Depository's discretion to refuse transfer of Deposited Security

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 or where the reason for the transfer does not fall within any of the approved reasons provided in the Rules.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 43 – Directors' discretion to refuse or delay the registration of transfer of share not Deposited Security

- (a) The Directors may in their absolute discretion refuse or delay to register any transfer of shares that is not a Deposited Security where the registration of the transfer would result in contravention of or failure to observe the provisions of any laws in Malaysia; or the transfer is in respect of a partly paid shares of which a call has been made and is unpaid or which the Company has a lien.
- (b) A Directors' resolution shall be passed within thirty (30) days from the receipt of the instrument of transfer to refuse or delay the registration of transfer of a share that is not a Deposited Security and such notice of the resolution including the reasons thereof shall be sent to the transferor and the transferee within seven (7) days of the resolution being passed.
- (c) The Company shall refuse to register more than three (3) persons as joint holders of a share unless they are executors or trustees of a deceased shareholder.

Clause 46 – No transfer to infants etc

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Clause 47 – Record of Depositors by Central Depository considered final

A Record of Depositors requested by the Company as at any specified date and/or for any specified purpose when made available to the Company may be treated as the final Record of Depositors as at the specified date and/or for the specified purpose. If there shall be more than one Record of Depositors made available to the Company as at the specified date and/or for the specified purpose then the later or last of the Record of Depositors prepared by the Central Depository shall be the final Record of Depositors as at the specified date and/or for the specified purpose.

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15. STATUTORY AND OTHER INFORMATION (Cont'd)**15.4 POLICIES ON FOREIGN INVESTMENTS, TAXATION AND FOREIGN EXCHANGE CONTROLS**

The relevant policies on foreign investments, taxation and foreign exchange controls in Singapore in relation to the distribution of dividends, repatriation of capital and remittance of profits by or to our Group are set out below.

(a) Exchange controls

Subject to Konnection adhering to the applicable provisions of the Companies Act 1967 of Singapore ("**Singapore Companies Act**"), there are no significant restrictions on the remittance of profits, dividend and the return of capital by Konnection to non-resident holders of Konnection's shares. Under the laws of Singapore, Konnection may repatriate capital and/or remit profits to UUE by way of:

- (i) share buy-backs;
- (ii) capital reduction;
- (iii) distribution of assets on a winding-up; and
- (iv) declaration of dividends.

(b) Dividend distribution

Subject to the Singapore Companies Act, the constitution of Konnection and the payment of applicable taxes under the laws of Singapore:

- (i) dividends may be paid only out of profits available for distribution. The constitution of Konnection provides for the declaration of dividends by ordinary resolution in a general meeting, but any dividend declared must not exceed the amount recommended by the directors of Konnection. There are no restrictions on payment of dividends to its shareholders provided there is no breach of any rule for internal monitoring for countering money laundering and terrorism; and
- (ii) the constitution of Konnection also provides that the directors of Konnection may from time to time pay to UUE such interim dividends as appear to the directors to be justified by the profits of Konnection.

(c) Withholding tax

Dividends received in respect of the ordinary shares of Konnection by either Singapore tax resident or non-Singapore tax resident taxpayers are not subject to Singapore withholding tax, even if paid to non-Singapore resident shareholders.

Singapore has adopted the "One-Tier" Corporate Tax System ("**One-Tier System**"). Under this One-Tier System, the tax payable in respect of taxable corporate profits is the final tax and Konnection can pay tax exempt (1-tier) dividends which are tax exempt in the hands of its shareholders, regardless of the tax residence status or the legal form of its shareholders.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.5 GENERAL INFORMATION

- (a) Save for the dividends paid to our shareholders in FYE 2021 to 2023 and from 1 January 2024 up to LPD, and remuneration paid as disclosed in Sections 5.1.5 and 5.2.4 respectively, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.
- (b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15.6 CONSENTS

- (a) The written consents of our Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma combined financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

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15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.7 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Our Constitution;
- (b) Audited financial statements of UUE for the financial period from 21 July 2022 (date of incorporation) to 28 February 2023 and FPE 2024;
- (c) Audited financial statements of Kum Fatt, Konnection and PPI for FYE 2021 to 2023 and FPE 2024, where applicable;
- (d) Accountants' Report as set out in Section 13;
- (e) Reporting Accountants' report relating to our pro forma combined financial information as set out in Section 14;
- (f) IMR Report as set out in Section 8;
- (g) Material contracts as set out in Section 6.5; and
- (h) Letters of consent as set out in Section 15.6.

15.8 RESPONSIBILITY STATEMENTS

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

M&A Securities 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 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 PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 28 MAY 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 18 JUNE 2024

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Retail Offering

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

| <u>Types of Application and category of investors</u> | <u>Application Method</u> |
|--------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Applications by Eligible Persons | Pink Application Form only |
| Applications by the Malaysian Public: | |
| (a) Individuals | White Application Form or Electronic Share Application or Internet Share Application |
| (b) Non-Individuals | White Application Form only |

16.2.2 Placement

| <u>Types of Application</u> | <u>Application Method</u> |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Applications by selected investors | The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions |
| Applications by Bumiputera investors approved by MITI | MITI will contact the Bumiputera investors directly. They should follow MITI's instructions |

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

Selected investors and Bumiputera Investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs 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 Application.**

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

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

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

16.3.2 Application by Malaysian Public

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

- (a) You must be one of the following:
 - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
 - (i) White Application Form; or
 - (ii) Electronic Share Application; or
 - (iii) Internet Share Application.

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

16.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

16.4 APPLICATION BY WAY OF APPLICATION FORMS

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

The FULL amount payable is RM0.24 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. 768**" 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:

- (a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later than 5.00 p.m. on 18 June 2024 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 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

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

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

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

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Sdn Bhd (formerly known as 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:

- (a) reject Applications which:
 - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (ii) are illegible, incomplete or inaccurate; or
 - (iii) are accompanied by an improperly drawn up or improper form of remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 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. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.8 OVER/UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House, will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the issuing house to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website at <https://tjih.online> within 1 market day after the balloting date.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.3, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

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

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

- (d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

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

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (a) Our IPO Shares allotted to you will be credited into your CDS Account.
- (b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

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

16.11 ENQUIRIES

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

| Mode of application | Parties to direct the enquiries |
|------------------------------|-----------------------------------------------------------------------------------|
| Application Form | Issuing House Enquiry Services at telephone no. 03-2783 9299 |
| 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 website at <https://tjih.online>, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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