THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

This Circular has been reviewed by Public Investment Bank Berhad ("**PIVB**"), who is the Principal Adviser to Pekat Group Berhad ("**Pekat**" or "**Company**") for the Proposals (as defined herein). The admission of Pekat to the ACE Market of Bursa Securities was advised and sponsored by M & A Securities Sdn Bhd.

Pekat

PEKAT GROUP BERHAD
(Registration No. 201901011563 (1320891-U))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

(I) PROPOSED ACQUISITION OF 75,000 ORDINARY SHARES IN APEX POWER INDUSTRY SDN BHD ("APEX POWER"), REPRESENTING 60% EQUITY INTEREST IN APEX POWER BY PEKAT TEKNOLOGI SDN BHD ("PTSB"), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY FOR A TOTAL CASH CONSIDERATION OF RM96.00 MILLION ("PROPOSED ACQUISITION"); AND

(II) PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF PEKAT AND ITS SUBSIDIARIES TO INCLUDE DESIGN AND FABRICATION OF POWER DISTRIBUTION EQUIPMENT AND RELATED ACTIVITIES ("POWER DISTRIBUTION EQUIPMENT BUSINESS") ("PROPOSED DIVERSIFICATION")

(THE PROPOSED ACQUISITION AND PROPOSED DIVERSIFICATION ARE COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

PUBLIC INVESTMENT BANK BERHAD
(Registration No. 197401002880 (20027-W))
A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

The resolutions in respect of the above Proposals will be tabled at the Extraordinary General Meeting ("**EGM**") of the Company to be held on a virtual basis through live streaming vide the online meeting platform hosted on Securities Services e-Portal at https://sshsb.net.my/ from the broadcast venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 10 October 2024 at 10:00 a.m.. The Notice of the EGM together with the Proxy Form are enclosed in this Circular.

If you decide to appoint proxy(ies) or corporate representative(s) or attorney(s) to attend, participate, speak and vote on your behalf at the EGM, please complete, sign and lodge the Proxy Form in accordance with the instructions contained therein as soon as possible and in the event so as to arrive at the office of the Share Registrar of the Company, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia or by electronic lodgement via Securities Services e-Portal at https://sshsb.net.my/ not later than forty-eight (48) hours before the time and date fixed for holding the EGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form	:	Tuesday, 8 October 2024 at 10:00 a.m., or at any adjournment thereof
Date and time of the EGM	:	Thursday, 10 October 2024 at 10:00 a.m., or at any adjournment thereof

This Circular is dated 20 September 2024

DEFINITIONS

For the purpose of this Circular and the accompanying appendices, unless otherwise stated, the following words and abbreviations shall apply throughout this Circular and shall have the following meanings:

Act	:	Companies Act 2016, including any amendments thereto that may be made from time to time
Aggregated Profit Guarantee	:	Cumulative audited consolidated PAT of Apex Power for the Guaranteed Financial Years of not less than RM48.00 million
Announcement	:	Announcement dated 1 August 2024 in relation to the Proposals
Apex Power	:	Apex Power Industry Sdn Bhd *(200901024441 (867541-D))*
Apex Power Group	:	Apex Power and its wholly-owned subsidiary, namely EPE Switchgear, collectively
Apex Power Share(s)	:	Ordinary shares in Apex Power
Board	:	Board of Directors of Pekat
Bursa Securities	:	Bursa Malaysia Securities Berhad *(200301033577 (635998-W))*
Circular	:	This Circular dated 20 September 2024 to the shareholders of Pekat in relation to the Proposals
Discounted FCFF	:	Discounted free cash flow to firm
EGM	:	Extraordinary general meeting of Pekat
ELP	:	Earthing and lightning protection
EPE Switchgear	:	EPE Switchgear (M) Sdn Bhd *(199501025085 (354290-D))*, a wholly-owned subsidiary of Apex Power
EPS	:	Earnings per share
First Tranche	:	First tranche of RM57.60 million to be paid to the Vendor subject to Apex Power Group achieving the events as disclosed in **Section 2, Appendix I** of this Circular
FPE(s)	:	Financial period(s) ended/ending
FYE(s)	:	Financial year(s) ended/ending
Guaranteed Financial Years	:	FYE 30 September 2024, FYE 30 September 2025 and FYE 30 September 2026
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	26 August 2024, being the latest practicable date prior to the issuance of this Circular
Mega First Power	:	Mega First Power Industries Sdn Bhd *(199601020584 (392936-W))*
MFRS	:	Malaysian Financial Reporting Standards
Mohammed Zhakri	:	Mohammed Zhakri Bin Mohammed Azlan
NA	:	Net assets
Parties	:	PTSB and the Vendor, collectively
PAT	:	Profit after tax
PBT	:	Profit before tax

Pekat or Company	:	Pekat Group Berhad *(201901011563 (1320891-U))*
Pekat Group or Group	:	Pekat and its subsidiaries, collectively
Pekat Share(s) or Shares	:	Ordinary share(s) in Pekat
PIVB or Principal Adviser	:	Public Investment Bank Berhad *(197401002880 (20027-W))*
Power Distribution Equipment Business	:	Design and fabrication of power distribution equipment and related activities
Proposals	:	Proposed Acquisition and Proposed Diversification, collectively
Proposed Acquisition	:	Proposed acquisition by PTSB of 75,000 Apex Power Shares, representing 60% equity interest in Apex Power
Proposed Diversification	:	Proposed diversification of the existing business of Pekat Group to include the Power Distribution Equipment Business
PTSB or Purchaser	:	Pekat Teknologi Sdn Bhd *(199901015679 (490579-A))*, a wholly owned subsidiary of Pekat
Purchase Consideration	:	Cash payment of RM96.00 million for the Proposed Acquisition
PV	:	Photovoltaic
Remaining Acquisition	:	Remaining 40% equity interest in Apex Power to be acquired by the following parties: (a) Mega First Power for 37,500 Apex Power Shares, representing 30.00% equity interest in Apex Power; (b) Rubber Thread Industries for 8,750 Apex Power Shares, representing 7.00% equity interest in Apex Power; and (c) Mohammed Zhakri for 3,750 Apex Power Shares, representing 3.00% equity interest in Apex Power
Retention Sum	:	Second tranche of RM28.80 million to be placed with the Stakeholder
RM and sen	:	Ringgit Malaysia and sen, respectively
Rubber Thread Industries	:	Rubber Thread Industries (M) Sdn Bhd *(198401009846 (122390-M))*
Sale Shares	:	75,000 Apex Power Shares, representing 60% equity interest in Apex Power
SCA	:	Strategic Capital Advisory Sdn Bhd *(199901003253 (478153-U))*, the independent business valuer appointed by Pekat
SHA	:	Shareholders agreement to be entered between PTSB, Mega First Power, Rubber Thread Industries and Mohammed Zhakri upon completion of the Proposed Acquisition and the Remaining Acquisition
SSA	:	A conditional share sale agreement dated 1 August 2024 entered by the Vendor and PTSB for the purpose of the Proposed Acquisition

Stakeholder	:	A stakeholder to be mutually agreed and appointed by the Parties
Target Annual Audited PAT	:	The targeted audited consolidated PAT of Apex Power for each of the Guaranteed Financial Years of at least RM16.00 million
Valuation Letter	:	Valuation letter issued by SCA dated 31 July 2024
Valuation Range	:	The valuation range for the entire equity interest of Apex Power (after taking into consideration of its wholly-owned subsidiary, namely EPE Switchgear) as at 20 May 2024 of RM149.18 million to RM174.16 million, which translates to RM89.51 million to RM104.50 million for the 60% equity interest in Apex Power
Vendor	:	Low Khek Heng @ Low Choon Huat
Vital Factor or IMR	:	Vital Factor Consulting Sdn Bhd *(199301012059 (266797-T))*, an independent business and market research consulting company

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

Any reference to persons shall include a corporation, unless otherwise specified. All references to "you" and "your" in this Circular are to the shareholders of Pekat. All references to "we", "us", "our" and "our Company" are to the Company, or where the context otherwise requires, the Company and its subsidiaries. The "Group" collectively refers to the Company and its subsidiaries.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals are due to rounding.

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CONTENTS

ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THE WORDS AND EXPRESSIONS PROVIDED IN THE "*DEFINITIONS*" SECTION AND CONTEXT OF THE CIRCULAR.

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSALS. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR IN ITS ENTIRETY AND NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT THE FORTHCOMING EGM OF THE COMPANY.

Key information	Description
Summary of the Proposals	On 1 August 2024, PIVB had, on behalf of Board, announced the following: (i) PTSB, a wholly-owned subsidiary of the Company, had on 1 August 2024, entered into the SSA with the Vendor for the acquisition of the Sale Shares for a total cash consideration of RM96.00 million; and (ii) in conjunction with the Proposed Acquisition, the Company intends to undertake a proposed diversification of the existing principal activities of the Group to include the Power Distribution Equipment Business. For the avoidance of doubt, the Proposed Acquisition is not a related party transaction under Rule 10.08 of the Listing Requirements.
Details of the Proposed Acquisition	The Proposed Acquisition entails the acquisition by PTSB of 60% equity interest in Apex Power for a total Purchase Consideration of RM96.00 million. Apex Power is a private limited company incorporated in Malaysia on 7 August 2009 under the Companies Act 1965 and is deemed registered under the Act as a private limited company. The principal activity of Apex Power is investment holding and it commenced business operations in December 2009 when it acquired 100% equity interest in EPE Switchgear. EPE Switchgear is incorporated under the name of EPE Switchgears Sdn Bhd as a private limited company in Malaysia on 7 August 1995 under the Companies Act 1965. Subsequently, it changed its name to Ranhill EPE Switchgear Sdn Bhd on 25 September 2004. On 12 September 2006, it changed its name to Ranhill Switchgear Sdn Bhd and assumed its current name since 23 May 2007. EPE Switchgear is deemed registered under the Act as a private limited company. EPE Switchgear is principally involved in manufacturing, engineering and project activities, providing a wide range of products and services to the generation, transmission and distribution sectors of the electrical power industry. Upon completion of the Proposed Acquisition, subject to the relevant approvals being obtained and the fulfilment of the conditions precedent of the SSA, Apex Power will become a 60%-owned subsidiary of PTSB, which in turn will become an indirect subsidiary of Pekat. The Purchase Consideration was arrived at on a willing-buyer willing-seller basis between the Purchaser and the Vendor, after taking into consideration the following: (i) the rationale and benefits for the Proposed Acquisition as set out in Section 4 of this Circular; (ii) the prospects of Apex Power Group and the enlarged Group as set out in Section 5.3 of this Circular; (iii) the Valuation Range based on an independent valuation conducted by SCA in its Valuation Letter. In deriving the Valuation Range, SCA has considered a number of valuation approaches, and adopted the Discounted FCFF method (income approach) as the primary method, given that the wholly owned subsidiary of Apex Power, namely EPE Switchgear, is an income-generating company with active operations. The Purchase Consideration of RM96.00 million is deemed justified as it is within the Valuation Range; and

Key information	Description
Details of the Proposed Acquisition *(Cont'd)*	(iv) the Aggregated Profit Guarantee for the FYEs 30 September 2024 to 30 September 2026 of RM48.00 million. The Board is of the opinion that the Aggregated Profit Guarantee is realistic, after taking into consideration the unbilled order books of EPE Switchgear of approximately RM194.16 million as at the LPD and the future projects that EPE Switchgear would be able to secure which would include new supply of power distribution equipment projects, as well as maintenance and repair services to its existing and/or new customers in Malaysia. The Purchase Consideration will be funded via internally generated funds and/or bank borrowings, the breakdown of which has yet to be determined at this juncture. Please refer to Section 2 of this Circular for further details.
Details of the Proposed Diversification	Presently, the Group is principally involved in amongst others, design, supply and installation of solar PV systems and power plants, supply and installation of ELP systems, as well as distribution of electrical products and accessories. Pursuant to the Proposed Acquisition, the Board expects the Power Distribution Equipment Business segment to cause a diversion of 25% or more of the NA of the Group or contribute 25% or more of the net profits of the Group in the future. In this regard, in accordance with Rule 10.13 of the Listing Requirements, the Board proposes to seek the approval of the shareholders at an EGM to be convened for the Proposed Diversification in conjunction with the Proposed Acquisition. Please refer to Section 3 of this Circular for further details.
Rationale and benefits of the Proposals	**<u>Proposed Acquisition</u>** The Proposed Acquisition, which is in line with the Group's business expansion objectives and growth strategy in the long term, provides the Group with an opportunity to establish its presence in the Power Distribution Equipment Business sector through 60% equity interest in Apex Power. The Proposed Acquisition will enable the Group to expand its range of products and services and provide additional revenue stream to the Group, thereby increasing the value to its shareholders. **<u>Proposed Diversification</u>** The Proposed Diversification will enable the Group to venture into the Power Distribution Equipment Business segment, which is an industry with favourable outlook and prospects. Further, the Proposed Diversification will diversify the earning base of the Group and reduce the business risk of dependency of its existing business. Please refer to Section 4 of this Circular for further details.
Approvals required and conditionality	The Proposals are subject to the approvals of the following: (i) the shareholders of Pekat at an EGM to be convened for the Proposals; and (ii) any other relevant authorities and/or parties, if required. Please refer to Section 8 of this Circular for further details.
Directors' statement and recommendation	The Board, having considered all aspects of the Proposals, including but not limited to the rationale and benefits, prospects of the enlarged Group, salient terms of the SSA and the financial effects of the Proposals, is of the view that the Proposals are in the best interest of the Company and its shareholders. Accordingly, the Board recommends that you vote in favour of the resolutions in relation to the Proposals to be tabled at the Company's forthcoming EGM. Please refer to Section 10 of this Circular for further details.

LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS

PEKAT GROUP BERHAD
(Registration No. 201901011563 (1320891-U))
(Incorporated in Malaysia)

Registered Office:

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia

20 September 2024

Board of Directors:

Mr. Kok Kong Chin *(Independent Non-Executive Chairman)*
Mr. Chin Soo Mau *(Managing Director)*
Mr. Tai Yee Chee *(Executive Director & Chief Executive Officer)*
Mr. Ong Keng Siew *(Independent Non-Executive Director)*
Datin Shelina Binti Razaly Wahi *(Independent Non-Executive Director)*
Ms. Yeong Siew Lee *(Independent Non-Executive Director)*

To: The Shareholders

Dear Sir/Madam,

(I) PROPOSED ACQUISITION; AND

(II) PROPOSED DIVERSIFICATION

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1. INTRODUCTION

On 1 August 2024, PIVB had, on behalf of Board, announced the following:

(i) PTSB, a wholly-owned subsidiary of the Company, had on 1 August 2024, entered into a SSA with the Vendor for the acquisition of the Sale Shares for a total cash consideration of RM96.00 million; and

(ii) in conjunction with the Proposed Acquisition, the Company intends to undertake a proposed diversification of the existing principal activities of the Group to include the Power Distribution Equipment Business.

For the avoidance of doubt, the Proposed Acquisition is not a related party transaction under Rule 10.08 of the Listing Requirements.

Further details on the Proposals are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS TOGETHER WITH THE RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

PTSB, had on 1 August 2024, entered into the SSA with the Vendor.

On even date, the Vendor also entered into a separate conditional share sale agreement with Mega First Power, Rubber Thread Industries and Mohammed Zhakri for the Remaining Acquisition.

Following from the above, PTSB intends to enter into the SHA upon completion of the Proposed Acquisition and Remaining Acquisition to amongst others, regulate the rights, obligations and liabilities of PTSB, Mega First Power, Rubber Thread Industries and Mohammed Zhakri as shareholders of Apex Power. The proposed salient terms of the SHA are set out in Appendix II of this Circular.

2.1 SSA

Subject to the terms and conditions of the SSA, the Sale Shares will be acquired free from all encumbrances and together with all rights and benefits attaching to the Sale Shares.

The Purchase Consideration shall be payable by PTSB to the Vendor in accordance with the terms of the SSA in the following manner:

		Maximum Purchase Consideration	
Stage	**Timing**	**RM'million**	**%**
Deposit	Upon execution of the SSA to be paid by the Purchaser to the Vendor's solicitors as stakeholder in an interest bearing account and released in accordance with the terms of the SSA. The Deposit was paid by the Purchaser to the Vendor's solicitors on 1 August 2024, being the date of the execution of the SSA.	9.60	10.00
Balance of the Purchase Consideration	On the completion date of the SSA in the following manner:		
	(i) First Tranche; and	57.60	60.00
	(ii) Retention Sum.	28.80	30.00
	Please refer to Section 2.2 of Appendix I of the Circular for the adjustments events ("**Adjustment Events**") in relation to the First Tranche. The Purchaser and Vendor agree that in the event of the occurrence of any of the Adjustment Events, the First Tranche will be adjusted downwards to a sum to be mutually agreed between the Parties, failing which the Deposit will be refunded to the Purchaser and the SSA shall be terminated and be deemed null and void. Please refer to Section 2.2 of this Circular for the adjustments to the Retention Sum.		
Total		**96.00**	**100.00**

2.2 Aggregated Profit Guarantee

The Vendor guarantees to PTSB that the aggregated audited consolidated PAT of Apex Power for the Guaranteed Financial Years shall collectively be not less than the Aggregated Profit Guarantee.

The Parties agree on the following:

(a) the Target Annual Audited PAT;

(b) the Retention Sum shall be released by the Stakeholder to the Vendor in 3 moieties with each moiety within 1 month from the issuance date of the audited consolidated financial statements of Apex Power for the respective FYE 30 September 2024, FYE 30 September 2025 and FYE 30 September 2026, provided that the Stakeholder shall always retain on behalf of the Purchaser an aggregate sum equivalent to 30% of the following (multiplied by 60% equity interest to be acquired by PTSB):

(i) audited consolidated PAT for the FYE 30 September 2024 and FYE 30 September 2025; and

(ii) in the event the aforementioned audited consolidated PAT is lower than the Target Annual Audited PAT, the difference between it and the Target Annual Audited PAT,

(referred to as "**Withholding Sum**").

(c) the maximum sum derived from the Retention Sum which is released by the Stakeholder to the Vendor for FYE 30 September 2024 or FYE 30 September 2025 shall not exceed RM6.72 million, being the sum derived after deducting the Withholding Sum from the Qualifying PAT (as defined below).

Qualifying PAT is defined as the lower of Target Annual Audited PAT or the audited consolidated PAT plus any PAT Excess (as defined below) carried forward from previous years, whichever is lower, which in any event shall not exceed RM16.00 million.

PAT Excess is defined as the sum arising from the difference between the Target Annual Audited PAT and the audited consolidated PAT for the FYE 30 September 2024 and FYE 30 September 2025;

(d) where the audited consolidated PAT of Apex Power for the FYE 30 September 2024 and/or FYE 30 September 2025 exceeds the Target Annual Audited PAT, the PAT Excess shall be carried forward to the subsequent Guaranteed Financial Years (where applicable) to offset any PAT shortfall of Apex Power for the Target Annual Audited PAT in any particular Guaranteed Financial Years ("**PAT Shortfall**"); and

(e) for avoidance of doubt, any PAT Excess shall not be utilised for any PAT Shortfall arising in the preceding Guaranteed Financial Years and can only be carried forward to the subsequent Guaranteed Financial Years (where applicable) to make-up any PAT Shortfall of Apex Power for purposes of determining the Qualifying PAT. Such amount is to be considered for determining the quantum of release by the Stakeholder to the Vendor and/or the Purchaser during the Guaranteed Financial Years.

The terms on whether the Aggregated Profit Guarantee is met at the end of FYE 30 September 2026 are as follows:

<u>Scenario 1</u>

Assuming Apex Power achieves the Target Annual Audited PAT and the Aggregated Profit Guarantee for the Guaranteed Financial Years:

FYE 30 September	Audited consolidated PAT	PAT Excess / (Shortfall)	Amount withheld by the Stakeholder	Amount released by the Stakeholder to the Vendor
	RM'million	RM'million	RM'million	RM'million
2024	16.00	-	(a)2.88	(b)6.72
2025	16.00	-	(a)2.88	(b)6.72
2026	16.00	-		(c)15.36
	48.00	**-**		**28.80**

Notes:

(a) Amount equivalent to 30% of the audited consolidated PAT for the FYE 30 September 2024 and FYE 30 September 2025 retained by the Stakeholder on behalf of the Purchaser based on the 60% equity interest to be acquired by PTSB.

*(b) Amount not exceeding 70% of the audited consolidated PAT released and transferred by the Stakeholder to the Vendor based on the 60% equity interest to be acquired by PTSB ("**Released Amount**").*

(c) Amount equivalent to the Retention Sum minus the Released Amount for the FYE 30 September 2024 and FYE 30 September 2025 released by the Stakeholder to the Vendor.

<u>Scenario 2</u>

Assuming Apex Power achieves the Target Annual Audited PAT, save for the FYE 30 September 2024 and also achieves the Aggregated Profit Guarantee for the Guaranteed Financial Years:

FYE 30 September	Audited consolidated PAT	PAT Excess / (Shortfall)	Amount withheld by the Stakeholder	Amount released by the Stakeholder to the Vendor
	RM'million	RM'million	RM'million	RM'million
2024	14.00	(2.00)	(a)3.72	(c)5.88
2025	16.00	-	(b)2.88	(c)6.72
2026	18.00	2.00		(d)16.20
	48.00	**-**		**28.80**

Notes:

(a) Amount equivalent to 30% of the audited consolidated PAT for the FYE 30 September 2024 plus the PAT Shortfall amount of RM2.00 million retained by the Stakeholder on behalf of the Purchaser based on the 60% equity interest to be acquired by PTSB.

(b) Amount equivalent to 30% of the audited consolidated PAT for the FYE 30 September 2025 retained by the Stakeholder on behalf of the Purchaser based on the 60% equity interest to be acquired by PTSB.

(c) Released Amount for the FYE 30 September 2024 and FYE 30 September 2025, being 70% of the respective audited consolidated PAT based on the 60% equity interest to be acquired by PTSB.

(d) Amount equivalent to the Retention Sum minus the Released Amount for the FYE 30 September 2024 and FYE 30 September 2025 released by the Stakeholder to the Vendor.

Scenario 3

Assuming Apex Power achieves the Target Annual Audited PAT for the FYE 30 September 2024 and FYE 30 September 2026, save for the FYE 30 September 2025, where Apex Power incurred a loss, and also achieves the Aggregated Profit Guarantee for the Guaranteed Financial Years:

FYE 30 September	Audited consolidated PAT/(Loss after tax ("LAT")	PAT Excess / (Shortfall)	Amount withheld by the Stakeholder	Amount released by the Stakeholder to the Vendor
	RM'million	**RM'million**	**RM'million**	**RM'million**
2024	16.00	-	(a)2.88	(c)6.72
2025	(1.00)	(17.00)	(b)9.60	-
2026	33.00	17.00		(d)22.08
	48.00	**-**		**28.80**

Notes:

(a) Amount equivalent to 30% of the audited consolidated PAT for the FYE 30 September 2024 retained by the Stakeholder on behalf of the Purchaser based on the 60% equity interest to be acquired by PTSB.

(b) Amount equivalent to 100% of the Target Annual Audited PAT for the FYE 30 September 2025 retained by the Stakeholder on behalf of the Purchaser based on the 60% equity interest to be acquired by PTSB.

(c) Released Amount for the FYE 30 September 2024, being 70% of the respective audited consolidated PAT based on the 60% equity interest to be acquired by PTSB.

(d) Amount equivalent to the Retention Sum minus the Released Amount for the FYE 30 September 2024 released by the Stakeholder to the Vendor.

Scenario 4

Assuming Apex Power did not achieve the Target Annual Audited PAT for the FYE 30 September 2024 and FYE 30 September 2025 resulting in Apex Power failing to achieve the Aggregated Profit Guarantee:

FYE 30 September	Audited consolidated PAT	PAT Excess / (Shortfall)	Amount withheld by the Stakeholder	Amount released by the Stakeholder to the Vendor	Amount transferred by the Stakeholder to the Purchaser
	RM'million	**RM'million**	**RM'million**	**RM'million**	**RM'million**
2024	14.00	(2.00)	(a)3.72	(b)5.88	-
2025	14.00	(2.00)	(a)3.72	(b)5.88	-
2026	18.00	2.00		(c)15.84	(d)1.20
	46.00	**(2.00)**		**27.60**	**1.20**

Notes:

(a) Amount equivalent to 30% of the audited consolidated PAT for the FYE 30 September 2024 and FYE 30 September 2025 plus the PAT Shortfall amount of RM2.00 million for FYE 30 September 2024 and RM2.00 million for FYE 30 September 2025, respectively retained by the Stakeholder on behalf of the Purchaser based on the 60% equity interest to be acquired by PTSB.

(b) Released Amount for the FYE 30 September 2024 and FYE 30 September 2025, being 70% of the respective audited consolidated PAT based on the 60% equity interest to be acquired by PTSB.

(c) Amount equivalent to the Retention Sum minus the Released Amount for the FYE 30 September 2024 and FYE 30 September 2025 released by the Stakeholder to the Vendor and the PAT Shortfall based on the 60% equity interest to be acquired by PTSB.

(d) Compensation amount by the Stakeholder to the Purchaser for not achieving the Aggregated Profit Guarantee. The compensation amount is computed based on the difference between the Aggregated Profit Guarantee and the achieved aggregated consolidated audited PAT of RM46.00 million based on the 60% equity interest to be acquired by PTSB.

<u>Scenario 5</u>

Assuming Apex Power did not achieve the Target Annual Audited PAT for the Guaranteed Financial Years resulting in Apex Power failing to achieve the Aggregated Profit Guarantee:

FYE 30 September	Audited consolidated LAT	PAT Excess / (Shortfall)	Amount withheld by the Stakeholder	Amount released by the Stakeholder to the Vendor	Amount transferred by the Stakeholder to the Purchaser
	RM'million	**RM'million**	**RM'million**	**RM'million**	**RM'million**
2024	(1.00)	(17.00)	(a)9.60	-	-
2025	(1.00)	(17.00)	(a)9.60	-	-
2026	(1.00)	(17.00)	[redacted]	-	(b)28.80
	(3.00)	**(51.00)**	[redacted]	**-**	**28.80**

Notes:

(a) In the event LAT is recorded for the FYE 30 September 2024 and FYE 30 September 2025, the amount retained by the Stakeholder on behalf of the Purchaser is RM9.60 million and no amount will be released to the Vendor.

(b) Compensation amount by the Stakeholder to the Purchaser for not achieving the Aggregated Profit Guarantee. The compensation amount is computed based on the Aggregated Profit Guarantee based on 60% equity interest to be acquired by PTSB.

Please refer to Appendix I of this Circular for the salient terms of the SSA.

Upon completion of the Proposed Acquisition, subject to the relevant approvals being obtained and the fulfilment of the conditions precedent of the SSA, Apex Power will become a 60%-owned subsidiary of PTSB, which in turn will become an indirect subsidiary of Pekat.

2.3 Information on Apex Power Group

2.3.1 Apex Power

Apex Power is a private limited company incorporated in Malaysia on 7 August 2009 under the Companies Act 1965 and is deemed registered under the Act as a private limited company. The principal activity of Apex Power is investment holding and it commenced business operations in December 2009 when it acquired 100% equity interest in EPE Switchgear. Kindly refer to Section 2.3.2 of this Circular for the principal activities and information of EPE Switchgear.

Apex Power's office is located at Lot 6, Jalan Permata 2, Arab-Malaysian Industrial Park, 71800 Nilai, Negeri Sembilan.

As at the LPD, Apex Power has an issued share capital of RM125,000, comprising 125,000 Apex Power Shares. Save for EPE Switchgear, Apex Power does not have any other subsidiary, associate and joint venture companies.

The shareholder and directors of Apex Power and their respective shareholdings in Apex Power as at the LPD are as follows:

Name	Nationality	<------ Direct ------>		<----- Indirect ----->	
		No. of Apex Power Shares	%	No. of Apex Power Shares	%
Shareholder					
Low Khek Heng @ Low Choon Huat	Malaysian	125,000	100.00	-	-
Directors					
Mohamed Shafiee Bin Mohamed Salleh	Malaysian	-	-	-	-
Shamsul Helmi Bin Abdul Karim	Malaysian	-	-	-	-

Please refer to Appendix III of this Circular for further information of Apex Power Group.

2.3.2 EPE Switchgear

EPE Switchgear is incorporated under the name of EPE Switchgears Sdn Bhd as a private limited company in Malaysia on 7 August 1995 under the Companies Act 1965. Subsequently, it changed its name to Ranhill EPE Switchgear Sdn Bhd on 25 September 2004. On 12 September 2006, it changed its name to Ranhill Switchgear Sdn Bhd and assumed its current name since 23 May 2007. EPE Switchgear is deemed registered under the Act as a private limited company.

EPE Switchgear is principally involved in manufacturing, engineering and project activities, providing a wide range of products and services to the generation, transmission and distribution sectors of the electrical power industry.

EPE Switchgear commenced its business operations in 2007 and Malaysia is the principal market for its products and services. EPE Switchgear's track record that spans approximately 17 years since the commencement of its business operations has helped build its customer base to include large and reputable customers in Malaysia's power utilities industry. EPE Switchgear also serves other industrial and commercial customers.

Further, EPE Switchgear's products are sold to foreign countries in various regions including Asia Pacific, Middle East and Europe such as Qatar, Sri Lanka, Oman, Australia and Germany between its FYE 30 September 2021 and FYE 30 September 2023.

EPE Switchgear's operational facility is located at Lot 6, Jalan Permata 2, Arab-Malaysian Industrial Park, 71800 Nilai, Negeri Sembilan with a built-up area of approximately 184,762 square feet.

As at the LPD, EPE Switchgear does not have any subsidiary, associate and joint venture companies.

As at the LPD, EPE Switchgear is a wholly-owned subsidiary of Apex Power and has an issued share capital of RM10.00 million comprising 10,000,000 ordinary shares. The directors of EPE Switchgear are as follows:

Name	Nationality
Mohamed Shafiee Bin Mohmed Salleh	Malaysian
Shamsul Helmi Bin Abdul Karim	Malaysian
Nazary Bin Ahmad	Malaysian

2.4 Information on the Vendor

Mr. Low Khek Heng @ Low Choon Huat ("Mr. Low"), a Malaysian male, aged 68

Mr. Low is the sole shareholder of Apex Power. He graduated with a Bachelor of Engineering (Electrical) from Monash University in Melbourne, Australia in 1979 and obtained his Master of Business Administration from University of Bath, United Kingdom in 1992.

Mr. Low began his career as a graduate trainee in 1978 when he joined Ajax Nettlefolds Pty Ltd, Australia and was later promoted to Electrical Project Engineer after obtaining his Bachelor of Engineering (Electrical) in 1979. He left Ajax Nettlefolds Pty Ltd in 1981 and returned to Malaysia in the same year. Subsequently from 1981 to 1998, he joined various engineering companies which are involved in low and medium switchgears and other related power distribution equipment in various capacities, from project engineer to Managing Director. In 1999, he joined Alpha Automation (KL) Sdn Bhd and was appointed as the Managing Director in 2021, a position he continues to hold up to the date of this Circular. For information purposes, Mr. Low is not involved in the day-to-day management and operations of Apex Power.

2.5 Information on Mega First Power

Mega First Power is a private limited company incorporated in Malaysia on 5 July 1996 under the Companies Act 1965 and is deemed registered under the Act as a private limited company. The principal activity of Mega First Power is investment holding.

As at the LPD, Mega First Power has an issued share capital of RM3,900,000, comprising 3,900,000 ordinary shares.

Mega First Power is a wholly-owned subsidiary of Mega First Corporation Berhad (a company listed on the Main Market of Bursa Securities). The directors of Mega First Power are as follows:

Name	Nationality
Goh Chin San	Malaysian
Goh Nan Yang	Malaysian

(Source: Searches conducted on Companies Commission Malaysia as at the LPD and Mega First Corporation Berhad's Annual Report 2023)

2.6 Information on Rubber Thread Industries

Rubber Thread Industries is a private limited company incorporated in Malaysia on 26 June 1984 under the Companies Act 1965 and is deemed registered under the Act as a private limited company. The principal activity of Rubber Thread Industries is investment holding.

As at the LPD, Rubber Thread Industries has an issued share capital of RM74,023,546, comprising 74,023,546 ordinary shares.

The shareholders of Rubber Thread Industries are as follows:

Name	Place of incorporation / Nationality	No. of shares	%
Laju Riang Sdn Bhd	Malaysia	36,363,250	49.12
Cambrew Asia Limited	Cayman Islands	24,986,546	33.75
Kema Development Sdn Bhd	Malaysia	12,000,000	16.21
Dato' Beh Chun Chuan	Malaysian	673,750	0.91
		74,023,546	**[(a)]100.00**

Note:

(a) Total does not add up due to rounding.

The directors of Rubber Thread Industries are as follows:

Name	Nationality
Goh Nan Yang	Malaysian
Chu Beng Han	Malaysian

(Source: Searches conducted on Companies Commission Malaysia as at the LPD)

2.7 Information on Mohammed Zhakri

Mohammed Zhakri, a Malaysian male, aged 23, graduated with a Bachelor of Business and Management from Henley Business School, University of Reading, United Kingdom in 2023. He is a participant in the MySTEP-PROTÉGÉ-GEES program at Gentari Hydrogen Sdn Bhd, an indirect wholly-owned subsidiary of Petroliam Nasional Berhad.

(Source: Vendor)

2.8 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis between the Purchaser and the Vendor, after taking into consideration the following:

(i) the rationale and benefits for the Proposed Acquisition as set out in Section 4 of this Circular;

(ii) the prospects of Apex Power Group and the enlarged Group as set out in Section 5.3 of this Circular;

(iii) the Valuation Range based on an independent valuation conducted by SCA in its Valuation Letter; and

(iv) the Aggregated Profit Guarantee for the FYEs 30 September 2024 to 30 September 2026 of RM48.00 million. The Board is of the opinion that the Aggregated Profit Guarantee is realistic, after taking into consideration the unbilled order books of EPE Switchgear of approximately RM194.16 million as at the LPD and the future projects that EPE Switchgear would be able to secure which would include new supply of power distribution equipment projects, as well as maintenance and repair services to its existing and/or new customers in Malaysia.

In deriving the Valuation Range, SCA has considered a number of valuation approaches, and adopted the Discounted FCFF method as the primary method, given that the wholly-owned subsidiary of Apex Power, namely EPE Switchgear, is an income-generating company with active operations.

The Discounted FCFF method is a commonly used investment appraisal technique to evaluate the attractiveness of an investment opportunity which takes into consideration, amongst others, the time value of money and the projected net cash flow generated discounted at a specified discount rate to derive at the valuation of the subject matter. It involves the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the capital contributors of a company after deducting all expenses and reinvestment cost, to arrive at the fair value of the investment, taking into consideration the risk involved in generating such cash flows.

For the Valuation Range, the Discounted FCFF method is based on the financial forecast and projections of Apex Power Group for the remaining five (5)-month financial period ending from 1 May 2024 up to 30 September 2024 ("**5M-FPE 2024**") to FYE 30 September 2028 ("**Future Financials**") (in view that the first seven (7) months financial period (1 October 2023 to 30 April 2024) is historical at the point the valuation was carried out, and have been excluded from the financial forecast and projection) together with the underlying bases and assumptions, which includes, amongst others, the following:

(i) the revenue is estimated based on the best estimate by the management of Apex Power Group, after making reference to EPE Switchgear's existing order book as well as historical revenue growth rate. Revenue for the 5M-FPE is estimated based on the EPE Switchgear's existing order book. Thereafter, the revenue is estimated to increase at 3.0% per annum for FYE 30 September 2025 to FYE 30 September 2027, and 2.5% per annum for FYE 30 September 2028. The historical compounded annual growth rate of Apex Power Group's revenue over the period from FYE 30 September 2021 to FYE 30 September 2023 is approximately 7.7%;

(ii) the management of Apex Power Group has estimated the ratio of cost of raw materials and other direct costs (excluding staff costs and depreciation) over revenue throughout the projection period with reference to the historical ratio for the FYE 30 September 2021 to FYE 30 September 2023; and

(iii) the operating expenses comprises mainly staff costs and others. Staff costs are estimated to increase at the range of 4.9% to 5.2% per annum over the projection period, after taking into consideration the relevant arrangements in place and future expected increments. The remaining other operating expenses are estimated to increase at 3.0% per annum over the projection period.

Please refer to Section 6a of the Valuation Letter as set out in Appendix VI of this Circular for further information on the basis and assumptions for the Discounted FCFF method adopted.

SCA has noted the following when determining the fair market value of the equity interest in Apex Power Group:

Weighted average cost of capital ("WACC") inputs and enterprise value ("EV") of Apex Power Group	
Median net debt/equity ratio of comparable companies[(a)]	NIL
Risk-free rate	3.87%
Market return	9.53%
Re-geared beta	0.64
Illiquidity premium	4.00%
Cost of equity derived using Capital Asset Pricing Model	11.49%
WACC	11.49%
EV of Apex Power Group	RM173.13 million

Note:

(a) As set out in the Valuation Letter, the comparable companies selected are as follows:

Comparable companies	Country	[(aa)]Market capitalisation (RM'million)	[(bb)]Price to earnings multiple ("PE Multiple") (times)	[(cc)]EV/Earnings before interest, tax, depreciation and amortisation ("EV/EBITDA) multiple ("EV/EBITDA Multiple") (times)
CPT Drives and Power Public Company Limited	Thailand	113.24	10.08	4.50
Fibon Berhad	Malaysia	46.90	11.02	1.34
Powerwell Holdings Berhad	Malaysia	258.35	16.10	8.90
Precise Corporation Public Company Limited	Thailand	470.96	10.98	6.65

Notes:

*(aa) Market capitalisation is computed based on the closing share price multiplied by the outstanding ordinary shares as at 20 May 2024, being the date of opinion of SCA ("**Date of Opinion**"), translated into Malaysian Ringgit from foreign currency based on the exchange rate as provided by S&P Capital IQ.*

(bb) *PE Multiple is computed based on closing market prices, divided by the trailing last twelve (12) months earnings per share as at the Date of Opinion, as extracted from S&P Capital IQ.*

(cc) *EV/EBITDA Multiple is computed based on the EV and the trailing last twelve (12) months EBITDA as at the Date of Opinion, as extracted from S&P Capital IQ.*

The terminal value is computed based on the free cash flow to firm ("**FCFF**") for the FYE 30 September 2028 with 2.0% terminal growth rate taking into consideration the risk of external factors that may directly or indirectly affect the business of Apex Power Group. The terminal value computed of approximately RM115.31 million represent 66.6% of Apex Power Group's EV of approximately RM173.13 million.

The terminal value of Apex Power Group adopted in the Discounted FCFF method is computed based on the parameters as stated below:

$$\text{Terminal value} = \frac{FCFF_n \text{ x } (1 + g)}{WACC - g}$$

where:

n = represent time, in this instance, the FCFF for the FYE 30 September 2028

WACC = Discount rate derived using WACC

g = terminal growth rate

As set out in the Valuation Letter, the equity value of Apex Power Group is computed as follows:

Equity Value of Apex Power Group	**RM'million**
EV of Apex Power Group as derived from the Discounted FCFF method	173.13
Adjustment	
Less: Borrowings[(a)]	(1.92)
Less: Subsequent payments non-trade items[(b)]	(4.00)
Add: Cash and bank balances, including fixed deposits[(a)]	45.74
Less: Maximum dividends to be declared[(c)]	(52.00)
Value of 100% equity interest in Apex Power Group	160.95

Notes:

(a) *Based on the consolidated management accounts of Apex Power Group for the seven (7)-months financial period ended 30 April 2024.*

(b) *Payment of non-trade other payables of Apex Power Group amounting to RM3.30 million and dividends amounting to RM0.70 million in July 2024.*

(c) *Based on the salient terms of the SSA, whereby the maximum dividends to be declared to the Vendor prior to the completion of the Proposed Acquisition amounts to RM52.00 million.*

SCA has also stress tested the Future Financials by varying the values adopted in the discount rate, terminal value and free cash flow to firm on a 0.5% and 3.0% upward and downward variance respectively on the midpoint of the valuation to arrive at a reasonable range of equity valuation of Apex Power (after taking into consideration of its wholly-owned subsidiary, namely EPE Switchgear).

Premised on the above, the fair value of the entire equity interest in Apex Power ranges from RM149.18 million to RM174.16 million, which translates to RM89.51 million to RM104.50 million for the 60% equity interest in Apex Power. The Purchase Consideration of RM96.00 million is deemed justified as it is within the said Valuation Range.

Further, SCA has also considered the relative valuation approach ("**RVA**") as the secondary approach to cross-check against the Discounted FCFF method.

RVA seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth. SCA has applied the PE Multiple and the enterprise EV/EBITDA Multiple in the assessment of the implied trading multiple of Apex Power.

The implied PE Multiple and EV/EBITDA Multiple of Apex Power are as follows:

	PE Multiple (times)	**EV/EBITDA Multiple (times)**
<u>Based on value derived from the Discounted FCFF method</u>		
Equity value	RM160.95 million	N/A
EV	N/A	RM173.13 million
FYE 30 September 2023 PAT	RM14.84 million	N/A
FYE 30 September 2023 EBITDA	N/A	RM21.21 million
Implied ratio derived from FYE 30 September 2023 PAT and EBITDA	10.85 times	8.16 times
<u>Comparable companies</u>		
Average	12.05	5.35
Median	11.00	5.58
Maximum	16.10	8.90
Minimum	10.08	1.34

Based on the RVA to cross-check against the Discounted FCFF method, we noted that the implied PE Multiple of 10.85 times and EV/EBITDA Multiple of 8.16 times based on the FYE 30 September 2023 audited consolidated PAT and EBITDA and the value derived from the Discounted FCFF method are within the comparable companies' range for PE Multiple of 10.08 times to 16.10 times and EV/EBITDA Multiple of 1.34 times to 8.90 times.

Based on the above, the Board is of the view that the Purchase Consideration is justified.

2.9 Source of funding

The Purchase Consideration will be funded via internally generated funds and bank borrowings, the breakdown of which has yet to be determined at this juncture.

2.10 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the SSA, there are no other liabilities, including contingent liabilities and/or guarantees to be assumed by Pekat and PTSB pursuant to the Proposed Acquisition.

2.11 Additional financial commitment

Save for the Purchase Consideration, there is no additional financial commitment required to put the operations of Apex Power Group on-stream as it is already in operation and generating income and cash flow.

3. DETAILS OF THE PROPOSED DIVERSIFICATION

Presently, the Group is principally involved in the following business segments:

(i) Solar segment

Design, supply and installation of on-grid and off-grid solar PV systems and power plants which also includes the entire scope of work up to delivering of system or plant to customers and operations and maintenance of the systems or plants. Solar photovoltaic systems and power plants convert sunlight into electricity for use at a facility, supply to the power grid, or storage in a battery pack for later use.

(ii) ELP segment

Supply and installation of ELP systems for buildings, facilities and structures to protect people, property and equipment from unintended electric current as well as providing specialist subcontractors for ELP systems to main contractors or mechanical and electrical contractors.

(iii) Trading segment

Distribution of electrical products and accessories which includes sales and marketing of Pekat's own brand and other third party brands of electrical products and accessories, namely for earthing and lightning related products, solar PV related products, surge protection devices, and aviation warning light systems.

The Group intends to venture into the Power Distribution Equipment Business, which encompasses the design and fabrication of power distribution equipment and related activities for the power industry. The Group expects the new Power Distribution Equipment Business segment via Apex Power Group to provide an additional source of revenue stream that will contribute positively to the earnings of the Group.

Upon completion of the Proposed Acquisition, the Power Distribution Equipment Business segment of the Group via Apex Power Group would include, amongst others, the following:

(i) design and fabrication of power distribution equipment comprising switchgears, remote control units and compact substations; and

(ii) other business activities including supply of arc protection system, trading of transformers, provision of maintenance and repair services (such as routine maintenance and periodic tests and servicing to ensure the power distribution equipment of its customers are operating safely), as well as retrofitting and upgrading works (such as modifying, replacing and/or adding components of power distribution equipment for its customers).

The Power Distribution Equipment Business segment is expected to increase and diversify the Group's earnings based on the Aggregated Profit Guarantee for the FYE 30 September 2024 to FYE 30 September 2026 of which Apex Power shall endeavour to attain.

Pursuant to the Proposed Acquisition, the Board expects the Power Distribution Equipment Business segment to cause a diversion of 25% or more of the NA of the Group or contribute 25% or more of the net profits of the Group in the future. In this regard, in accordance with Rule 10.13 of the Listing Requirements, the Board proposes to seek the approval of the shareholders at an EGM to be convened for the Proposed Diversification in conjunction with the Proposed Acquisition.

The Company does not intend to hire new staff for the Power Distribution Equipment Business segment at this juncture. The Company intends to undertake the Power Distribution Equipment Business segment via the existing employees of Apex Power Group, as well as the Group, and may increase the resources in the Power Distribution Equipment Business segment should the business segment expand in the near future.

The Group will leverage on the competency and experience of Mr. Tai Yee Chee, Executive Director & Chief Executive Officer of Pekat, Mr. Sim Jia-Sheen, Business Development Director of PTSB, as well as the experience and expertise of the existing management of Apex Power Group, namely Encik Nazary Bin Ahmad and Encik Wan Izuan Effandie Bin Wan Mohd Nasir in managing the Power Distribution Equipment Business segment. The profiles of the aforementioned individuals are as follows:

(i) Mr. Tai Yee Chee, a Malaysian male, aged 51

Mr. Tai Yee Chee is the Executive Director & Chief Executive Officer of Pekat and is responsible to administer and manage the businesses and the day-to-day operations of the Group. He previously held the position as Chief Operating Officer and was redesignated as Chief Executive Officer of the Company on 1 January 2023.

He graduated with a Bachelor of Engineering (Honours) in Electrical and Electronic from the University of Hertfordshire, United Kingdom in July 1996.

Upon graduation, he joined Tokai Engineering (M) Sdn Bhd as the Sales and Project Engineer in July 1996 where he was involved in the marketing and sales of ELP systems and supervising the implementation of the ELP projects. He was promoted to Assistant Sales and Project Manager in August 1997. In April 2000, he left Tokai Engineering (M) Sdn Bhd and joined Pekat Teknologi Sdn Bhd in May 2000 as the Technical Manager where he was involved in sales of surge protection devices.

In June 2006, he was appointed as the Executive Director of Pekat Teknologi Sdn Bhd, a position he continues to hold.

(ii) Mr. Sim Jia-Sheen, a Malaysian male, aged 40

Mr. Sim Jia-Sheen is the Business Development Director of PTSB and is responsible for the development of the Group’s large-scale solar farm projects.

He graduated with a Bachelor of Science in Computer Engineering from the Wichita State University, United States of America in May 2009. He joined IBM Malaysia Sdn Bhd in April 2010 as a Technical and Delivery Assessment Coordinator and was responsible to coordinate solutions between the Association of Southeast Asian Nations and India/South Asia for technical and delivery assessment until he left in January 2011. In February 2011, he joined Pestech Energy Sdn Bhd as a Trainee Engineer, where he was involved in the design and drawing of electrical substations. He was subsequently promoted to Manager in August 2017. In July 2021, he was promoted to Head of Renewable Energy – Manager II, where he was involved in leading the overall renewable energy business unit as well as managing and executing renewable energy related engineering. In August 2023, he joined PTSB as the Business Development Director, a position he currently holds.

(iii) Encik Nazary Bin Ahmad, a Malaysian male, aged 58

Encik Nazary Bin Ahmad (“**En. Nazary**”) is the Managing Director of EPE Switchgear and is responsible for overseeing the overall operation of EPE Switchgear. He graduated with a Bachelor of Science in Electrical Engineering from the University of Arizona, the United States of America in December 1988.

In March 1989, he joined Asea Brown Boveri Sdn Bhd as a Commissioning Engineer where he was involved in the testing and commissioning of electrical substations. In July 1992, he joined AEG Corporation (M) Sdn Bhd as the Project Engineer where he was involved in the supply and delivery of power distribution equipment to local contractors.

In July 1994, he joined AEG T&D (M) Sdn Bhd and held the position of Sales Manager/Senior Project Engineer where he was responsible for the supply and delivery of cast resin transformers and circuit breakers to many local engineering, procurement and construction contractors.

In June 1996, he joined Alstom T&D (M) Sdn Bhd as the Area Sales Manager where he was involved in the marketing of high voltage equipment and systems. In October 1999, he joined ITEM Industrial Engineering Sdn Bhd as the General Manager, where he was involved in the assembly and selling of medium voltage equipment and ring main units, as well as air-insulated system.

In November 2000, he joined ABB Malaysia Sdn Bhd as the Senior Manager where he was involved in the project sales and delivery of medium voltage equipment for the utilities and private markets. He was subsequently promoted to the position of Regional Sales Support in October 2010 for South Asia Region in ABB Malaysia Sdn Bhd where he was involved in the overall technical support for the aforesaid region.

In September 2012, he joined EPE Switchgear as the Managing Director, a position he currently holds, to oversee the overall operation of EPE Switchgear.

(iv) Encik Wan Izuan Effandie Bin Wan Mohd Nasir, a Malaysian male, aged 45

Encik Wan Izuan Effandie Bin Wan Mohd Nasir ("**En. Izuan**") is the Finance Manager of EPE Switchgear and is responsible for overseeing and managing the overall financial matters of EPE Switchgear. He has been with EPE Switchgear since July 2003.

He graduated with a Bachelor of Accounting from Universiti Teknologi MARA Machang, Kelantan in May 2003. He is a Chartered Accountant and a member of Malaysian Institute of Accountants since July 2007.

In July 2003, he joined EPE Switchgear as an Account Executive where he was involved in the preparation of accounts. He was later promoted as the Assistant Finance Manager in January 2009 and as the Finance Manager in 2019, a position he currently holds, where he is responsible for overseeing the financial operations of EPE Switchgear.

Supported by the extensive experience and capabilities of the aforementioned personnel, the Group aims to undertake the Power Distribution Equipment Business segment and will seek to build its order book. Notwithstanding the Proposed Diversification, the Group intends to continue with its core business, namely the design, supply and installation of solar PV systems and power plants, supply and installation of ELP systems as well as distribution of electrical products and accessories, in the same manner.

The Board will, from time to time, review the capabilities and resources needed for the Power Distribution Equipment Business segment. Should the need arise and/or business expands, the Company will recruit additional personnel who are experienced, and with the relevant qualification, skillset and networks specifically in the Power Distribution Equipment Business segment, to support this new business segment.

4. RATIONALE AND BENEFITS OF THE PROPOSALS

4.1 Proposed Acquisition

The Proposed Acquisition, which is in line with the Group's business expansion objectives and growth strategy in the long term, provides the Group with an opportunity to establish its presence in the Power Distribution Equipment Business sector through the 60% equity interest in Apex Power.

Presently, the Group's revenue is derived from the following business segments:

	Audited FYE 31 December					
Segment	**2021 RM**	**%**	**2022 RM**	**%**	**2023 RM**	**%**
Solar	116,676,861	65.36	108,385,767	60.47	156,151,048	68.65
ELP	28,992,927	16.24	33,757,812	18.84	33,288,293	14.63
Trading	32,856,265	18.40	37,082,769	20.69	38,020,672	16.72
Total	**178,526,053**	**100.00**	**179,226,348**	**100.00**	**227,460,013**	**100.00**

In order to further expand the Group's revenue stream as part of the Group's business expansion objectives and growth strategy, the Group has identified Apex Power Group's involvement in the Power Distribution Equipment Business segment as a viable acquisition to potentially strengthen and expand the Group's financial performance moving forward. This is substantiated with Apex Power's consolidated revenue growth, which increased from RM103.93 million in FYE 30 September 2021 to RM119.35 million in FYE 30 September 2023, representing a compound annual growth rate of 7.16%. Further, Apex Power had recorded a consolidated PAT of RM14.84 million for the FYE 30 September 2023. In this respect, Apex Power Group, along with its ongoing contracts, has the experience and financial track record in securing new contracts to potentially contribute to the earnings of the Group.

Please refer to Appendix III of this Circular for the financial information of Apex Power Group.

Upon completion of the Proposed Acquisition, the Group will be able to expand its range of products and services and provide additional revenue stream to the Group, thereby increasing the value of the Group. This will in turn, create additional value to its shareholders.

The Proposed Acquisition would also enable the Group to leverage on the prospects of the power distribution equipment industry, which is largely driven by infrastructure development to service user industries. This includes the construction of substations and distribution networks, which directly create demand for switchgears as they are commonly used in power generation, transmission, and distribution systems. The factors driving the development of infrastructure within the power distribution industry include, amongst others, growing adoption of renewable energy sources requiring integration with the existing grid structure, maintenance and upgrade of power distribution system to improve efficiency and reliability, increasing electric demand and expansion of data centres, as well as the rise of electric vehicles.

Additionally, the Proposed Acquisition will be able to create synergy with the Group's existing business and market position by leveraging on Apex Power Group's track record in the Power Distribution Equipment Business segment and foreign markets. This is expected to be achieved via the integration of power distribution equipment marketed under the "EPE" brand into the Group's products and services, thereby allowing cross-selling of the Group's ELP products to EPE Switchgear's customer base, as well as the inclusion of EPE Switchgear's power distribution equipment for the Group's solar projects. Accordingly, this would facilitate the Group to tender and/or secure new contracts or customers, as well as potentially venturing into new foreign markets by offering a more comprehensive range of products and services.

The Proposed Acquisition also comes with the Aggregated Profit Guarantee of RM48.00 million that Apex Power will achieve over the Guaranteed Financial Years. As a result, upon completion of the Proposed Acquisition, Pekat is expected to increase its profitability by consolidating Apex Power Group's PAT, hence strengthening its financial performance.

Barring any unforeseen circumstances, the Board opines that the Proposed Acquisition would enable the Group to improve its revenue streams and financial performance in the long term, as well as contribute positively to the earnings of the enlarged Group.

4.2 Proposed Diversification

In conjunction with the Proposed Acquisition, the Company intends to seek shareholders' approval for the Proposed Diversification as the Group is currently not in the Power Distribution Equipment Business segment.

Pursuant to Rule 10.13(1) of the Listing Requirements, a listed corporation must obtain its shareholder approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:

(a) the diversion of 25% or more of the net assets of the listed corporation to an operation which differs widely from those operations previously carried on by the listed corporation; or

(b) the contribution from such an operation of 25% or more of the net profits of the listed corporation.

Following the completion of the Proposed Acquisition, it is anticipated that more than 25% of the Group's NA will be diverted towards the Power Distribution Equipment Business segment and may potentially contribute 25% or more of the Group's net profits. As such, in accordance with Rule 10.13(1) of the Listing Requirements, the Company is required to obtain the shareholders' approval in the EGM for the Proposed Diversification.

The Proposed Diversification enables the Group to venture into the Power Distribution Equipment Business segment, which is an industry with favourable outlook and prospects as set out in Section 5.2 of this Circular. Further, the Proposed Diversification will diversify the earnings base of the Group and reduce the business risk of dependency on its existing businesses.

Premised on the above, the Board is of the view that the Proposed Diversification will contribute positively to the future growth of the Group.

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

Based on the Economic Outlook 2024 published by the Ministry of Finance on 13 October 2023, for 2024, the economy is projected to grow within the range of 4% to 5%. The growth is envisaged to be broad-based, led by the services sector as intermediate and final services groups are anticipated to rise further driven by sustained domestic consumption and improved export activities. The nation's gross domestic product is forecast to expand between 4% to 5% in 2024.

Nonetheless, the Malaysian economy advanced by 5.9% in the second quarter of 2024 (first quarter ("**1Q**") 2024: 4.2%). The growth is driven by stronger domestic demand and further expansion in exports. Household spending increased amid sustained positive labour market conditions and larger policy support. Investment activity was underpinned by continued progress in multi-year projects and capacity expansion by firms. Exports improved amid higher external demand and positive spillovers from the global tech upcycle. Most supply-side sectors registered higher growth. The manufacturing sector was supported by broad-based improvement across all clusters, particularly in electrical and electronics. The services sector recorded strong growth, driven by consumer and business-related subsectors. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.9% (1Q 2024: 1.5%).

Headline and core inflation averaged 1.8% in the first half of 2024. During the quarter, both headline and core inflation edged higher to 1.9% (1Q 2024: 1.7% and 1.8% respectively). This was largely driven by higher housing and utilities inflation at 3.1% (1Q 2024: 2.6%). The share of consumer price index items recording monthly price increases was higher at 49.4% during the quarter (1Q 2024: 44.2%; second quarter average from 2011-2019: 43.9%), reflecting in part the price adjustments during the festive season and several policy measures by the government of Malaysia ("**Government**") during the period.

For the year until 13 August 2024, the ringgit has appreciated by 3.1% against the United States Dollar ("**USD**"). On a nominal effective exchange rate basis, the ringgit also appreciated by 5.3%. This was in part due to growing expectations among financial market participants on the United States of America policy rate cuts, which has alleviated pressure on regional currencies, including the ringgit.

The coordinated initiatives by the Government and Bank Negara Malaysia with the government-linked companies and government-linked investment companies alongside engagements with corporates, exporters and investors continue to provide support to the ringgit. These efforts have resulted in greater and more consistent flows into the foreign exchange market. The daily average foreign exchange trading volume has risen to USD18.0 billion during the period of 26 February – 13 August 2024 (2 January – 23 February 2024: USD15 billion). The bid-ask spread is also narrower, indicating improved liquidity in the domestic foreign exchange market.

Credit growth to the private non-financial sector increased to 5.4% (1Q 2024: 5.2%), following higher growth in outstanding business loans (5.6%; 1Q 2024: 5.1%) and outstanding corporate bonds (3.4%; 1Q 2024: 3.2%). Outstanding business loan growth increased amid higher growth in both investment-related and working capital loans. By sector, the stronger growth was recorded in the construction and manufacturing sectors. For households, outstanding loan growth was sustained across most loan purposes (6.2%; 1Q 2024: 6.2%). Demand for household loans remained forthcoming, particularly for mortgages.

On the domestic front, household spending will be underpinned by continued employment and wage growth as well as policy measures. Investment activities will be driven by progress in multi-year projects across private and public sectors. Catalytic initiatives announced in national master plans and the higher realisation of approved investments are also key drivers for investment activities. Externally, the ongoing global tech upcycle and continued strong demand for non-electrical and electronics goods are expected to lift exports. Improvement in tourist arrivals and spending are expected to continue. Upside risks to growth include greater spillover from the tech upcycle, robust tourism activities, and faster implementation of existing and new investment projects. Downside risks to Malaysia's growth prospects stem from a downturn in external demand, an escalation in geopolitical conflicts and lower-than-expected commodity production.

Headline and core inflation are expected to edge higher in the remaining second half of 2024 mainly due to the rationalisation of diesel subsidies. However, the impact will remain manageable given mitigation measures by the Government to minimise cost impact to businesses. For the rest of the year, upside risks to inflation depend on the extent of the spillover effects from further domestic policy measures on subsidies and price controls to broader price trends, as well as global commodity prices and financial market developments. Overall, headline and core inflation for the year are projected to remain within the forecast ranges of 2.0% – 3.5% and 2.0% – 3.0% respectively.

(Source: Bank Negara Malaysia, Economic and Financial Developments in Malaysia in the Second Quarter of 2024)

5.2 Overview and outlook of the power distribution equipment industry in Malaysia

The performance of the power distribution equipment industry in Malaysia, including the fabrication of switchgear, is primarily driven by infrastructure development to service user industries. This includes the construction of substations and distribution networks, which directly create demand for switchgears. Key factors driving the development of infrastructure within the power distribution industry include the following:

(i) growing adoption of renewable energy sources requiring integration with the existing grid infrastructure to ensure a reliable and efficient supply of electricity. In 2023, the Ministry of Economy launched the Net Energy Transition Roadmap ("**NETR**") outlining initiatives to accelerate energy transition efforts, including renewable energy *(Source: Ministry of Economy)*. According to the NETR, the projected cumulative investments required for grid infrastructure between 2023 and 2050 amount to RM420 billion. This includes RM120 billion for transmission, RM220 billion for distribution and RM80 billion for battery energy storage systems;

(ii) maintenance and upgrade of power distribution system to improve efficiency and reliability. In 2023, Tenaga Nasional Berhad ("**TNB**") expanded and upgraded its transmission and distribution network through a capital expenditure of RM7.3 billion, including building a smart grid and deploying smart meters *(Source: TNB)*.

In Sabah, key initiatives for upgrading the electricity distribution system include setting up new main distribution substation (PPU) and injection points to cater for load growth. In addition, efforts to enhance the reliability of its 11kV system involve the replacement of bare conductors with aerial bundled cables in sections prone to interruptions, establishing a ring system for urban and suburban areas, and utilising new technology for fast fault detection and supply restoration *(Source: Energy Commission of Sabah)*;

(iii) increasing electricity demand further necessitates upgrading ageing infrastructure and integrating renewable energy sources. In Malaysia, electricity consumption grew at a CAGR of 3.0% between 2020 and 2022, and continued to grow by 2.1% in the first half (H1) of 2023 compared to H1 2022 *(Source: Department of Statistics Malaysia (DOSM))*; and

(iv) expansion of data centres and the rise of electric vehicles will fuel the need for enhanced power distribution infrastructure.

According to the Malaysia Digital Economy Blueprint, the data centre industry in Malaysia is targeted to achieve revenue of RM3.6 billion by 2025. In 2023, TNB introduced the Green Lane Pathway to streamline and expedite electricity supply connections for data centres. As of April 2024, TNB has completed the power supply connection to 11 data centres, totalling 1,156 megawatts *(Source: TNB).*

For electric vehicles, approximately 11,000 units of battery electric vehicles and hybrids were sold in the first quarter of 2024 (Source: MITI). According to the Low Carbon Mobility Blueprint 2021-2030, the Ministry of Investment, Trade and Industry (MITI) aimed to install 10,000 electric vehicle charging points by 2025. As of 2 September 2024, there are 99 Electric Vehicle Charging System (EVCS) licensees with 761 registered installation locations and 1,969 charging units *(Source: Energy Commission of Malaysia)*.

Capital investments by operators of the power grid will create opportunities for the power distribution equipment industry, including fabricators of switchgear. Between 2025 and 2030, TNB allocated RM90 billion for the development of Malaysia's national grid, of which RM35 billion was earmarked for energy transition-related investments. (Source: TNB).

(Source: Independent Assessment of the Power Distribution Equipment Industry in Malaysia by Vital Factor Consulting Sdn Bhd)

5.3 Prospects of Apex Power Group and the enlarged Group

Part of Apex Power Group's business strategies and plans is to expand its range of certified power distribution equipment by leveraging on its in-house research and development capabilities. Through its in-house research and development efforts, Apex Power Group designs and develops new products, carries out a series of in-house tests and sends the products to recognised certification bodies namely, Centro Elettrotecnico Sperimentale Italiano (CESI) and other TNB-approved laboratories for type testing to ensure compliance with the International Electrotechnical Commission standards as well as to obtain the Certificate of Product Acceptance ("**SGP**") to ensure product conformity with customers' specifications.

Some of the new products developed by EPE Switchgear includes improved and enhanced versions of power distribution equipment, such as air-insulated switchgears and gas-insulated switchgears, ring main units, remote control units, and compact substations.

As at the LPD, EPE Switchgear is planning the commercialisation of a new product, namely feeder pillars. EPE Switchgear had previously obtained the SGP for feeder pillars in 2022, which had then expired in April 2024 due to changes in specifications required by its customer. EPE Switchgear has submitted the application for the re-certification of SGP for its feeder pillars to TNB Labs Sdn Bhd in May 2022. Upon obtaining the SGP, EPE Switchgear will be able to commercialise its feeder pillars in Malaysia and the target customers are potentially TNB, Sabah Electricity Sdn Bhd and any other independent power producers.

As mentioned in Section 2.3 of this Circular, EPE Switchgear's products are sold to foreign countries in various regions such as Qatar, Sri Lanka, Oman, Australia and Germany between its FYE 30 September 2021 and FYE 30 September 2023. Revenue derived from export sales accounted for 16.46%, 5.92%, and 0.06% of EPE Switchgear's total revenue for FYE 30 September 2021, FYE 30 September 2022, and FYE 30 September 2023, respectively. This demonstrates its ability to tap into foreign markets to enlarge its addressable market. Kindly refer to Section 1, Appendix III of this Circular for the breakdown of revenue of EPE Switchgear by geographical markets.

Upon completion of the Proposed Acquisition, the Group intends to leverage on Apex Power Group's track record in the Power Distribution Equipment Business segment and foreign markets presence to expand and complement the Group's existing businesses and market position. This is expected to be achieved via the integration of power distribution equipment marketed under the "EPE" brand to the Group's products and services, thereby allowing cross-selling of the Group's ELP products to EPE Switchgear's customer base, as well as the inclusion of EPE Switchgear's power distribution equipment for the Group's solar projects. This would facilitate the Group to tender and/or secure new contracts or customers as well as potentially venturing into new foreign markets by offering a more comprehensive range of products and services.

Further, the Group intends to market and integrate its existing products and services with a range of power distribution equipment manufactured and/or supplied by EPE Switchgear and marketed under the "EPE" brand. This would further differentiate the enlarged Group from its competitors and enhance its value proposition towards its customers.

Notwithstanding the above, the Group is unable to determine the timeframe and financial resources for the business integration and expansion to new foreign markets at this juncture, as the timeline and costs are dependent on the type, scale, location and project requirements of its customers. Nonetheless, the Board will continue to assess the sufficiency of resources and working capital to ensure the successful tender/procurement of new contracts as well as delivery of its products and services to its customers.

Premised on the above and the outlook as set out in Section 5.2 of this Circular, the Board believes that the Proposed Acquisition and Proposed Diversification would enhance and improve the Group's future prospects and financial performance after considering the earnings prospects of the Apex Power Group moving forward.

(Source: Management of Pekat)

6. RISK FACTORS

Save as disclosed below, the Board does not foresee any material risk pursuant to the Proposals. Additional potential risks that may have an impact on the Group, which may not be exhaustive pertaining to the Proposals are set out below:

6.1 Non-completion of the Proposed Acquisition

The completion of the Proposed Acquisition is conditional upon the fulfilment of the conditions precedent in the SSA. Failure to fulfil and/or obtain a waiver for any conditions precedents in the SSA within the stipulated timeframe may result in the SSA being terminated. There can be no assurance that such conditions precedent will be fulfilled or waived within the timeframe stipulated in the SSA.

Nevertheless, the Board will take reasonable measures to ensure that the conditions precedent are met in a timely manner to facilitate the completion of the Proposed Acquisition.

6.2 Investment risk

The Proposed Acquisition is expected to contribute positively to the future earnings of the Group. However, there is no assurance that the anticipated benefits from the Proposed Acquisition will be realised or that the Company will be able to generate sufficient returns from the Proposed Acquisition to offset the associated cost of investment. Nevertheless, the Board has exercised due care in evaluating the potential risks and benefits associated with the Proposed Acquisition and believes that the Proposed Acquisition, which provides an avenue to the Group to broaden its product offerings and to increase its market presence in the Power Distribution Equipment Business segment will be value accretive to the Group.

6.3 Achievability of the Aggregated Profit Guarantee

The Aggregated Profit Guarantee is based on various bases and assumptions which the Board deemed reasonable, but nevertheless is subject to certain uncertainties and contingencies, which are beyond the control of the Group. There can be no assurance that the Aggregated Profit Guarantee will be met.

However, the Aggregated Profit Guarantee is secured such that in the event Apex Power does not achieve the Aggregated Profit Guarantee, the Vendor will be required to compensate the Purchaser in accordance with the terms of the SSA.

6.4 Business diversification risk

The Proposed Acquisition and Proposed Diversification will expose the enlarged Group to risks inherent in the power distribution equipment industry. These risks may include, amongst others, general economic downturn in the global and regional economies, adverse developments in the local economic, political and regulatory environment, political instability, civil unrest, changes in demand and oversupply of products and services, and changes in the legal and environmental framework within which this business operates.

The Group will seek to limit these risks through, amongst others, leveraging on the experience and expertise of the key management personnel. In addition, the Group shall conduct periodic reviews of its Power Distribution Equipment Business segment to ensure that prudent financial management and efficient operating procedures are put in place to limit the impact of the abovementioned risks. However, there is no assurance that any occurrence of the aforementioned events will not have a material adverse effect on the Group's business and earnings in the future.

6.5 Goodwill and impairment risk

The Group may recognise goodwill arising from the Proposed Acquisition, the amount of which will depend on the fair value of Apex Power Group's identifiable assets (including intangible assets, if any) and liabilities acquired as at the completion date. Any subsequent fair value adjustments allocated to the identifiable assets acquired and liabilities assumed as well as the effects of the amortisation of intangible assets, if any, arising from the Proposed Acquisition may materially affect Pekat's financial performance.

Additionally, any impairment on the carrying amount of the intangible assets (such as goodwill arising from the Proposed Acquisition) as a result of impairment tests may also materially affect the Group's financial performance. Nevertheless, the Group will continuously monitor the performance of Apex Power Group and cash flow of the Group to ensure that the goodwill is supported by the cash flow of the relevant cash generating units at all times.

6.6 Regulatory, registration and certification risk

The sole and wholly-owned subsidiary of Apex Power, namely EPE Switchgear's business operations are subject to various regulations, registrations, and product certifications to ensure continuing business, which include amongst others:

(i) business must be registered with the Ministry of Finance, Construction Industry Development Board ("**CIDB**") for the relevant grade, Suruhanjaya Tenaga ("**ST**") and utility operators such as TNB and Sabah Electricity Sdn Bhd as well as Suruhanjaya Perkhidmatan Air Negara ("**SPAN**");

(ii) qualified personnel must be registered with ST as competent persons and SPAN; and

(iii) products must be type-tested and obtain the SGP from TNB.

There is no assurance that EPE Switchgear will consistently be able to renew its registrations and certifications promptly when necessary or modifications to existing products to comply with new standards in the future. Any non-renewals of registrations and certifications could have material adverse effects on its business operations and financial performance. Nevertheless, the Group will continuously monitor the regulatory, registration and certification requirements and leverage on the experience and expertise of the key management personnel.

6.7 Dependency on key personnel risk

The financial and business performance of EPE Switchgear is dependent on the abilities, experience and competencies of its key senior management such as En. Nazary and En. Izuan. The loss of service of key senior management, or crucial technical staff, and the inability to promptly recruit suitable replacements, could have adverse effects on its business operations, financial performance, and the ongoing ability to compete effectively in the industry. Nevertheless, the Group and EPE Switchgear will work together to retain the key personnel to ensure that there is continuity in the management of EPE Switchgear and there is no disruption to the day-to-day operations and business. In addition, the Group and EPE Switchgear may also recruit other qualified personnel with the relevant expertise and experiences.

7. EFFECTS OF THE PROPOSALS

7.1 Issued share capital and substantial shareholders' shareholdings

The Proposals will not have any effect on the issued share capital and substantial shareholdings of the Company as it does not involve any issuance of new Pekat Shares.

7.2 NA, NA per Pekat Share and gearing

The pro forma effects of the Proposed Acquisition on the NA and gearing of the Group based on the audited consolidated statements of financial position of the Group as at 31 December 2023 are as follows:

	Audited FYE 31 December 2023	**After the Proposed Acquisition**
	RM	**RM**
Share capital	93,515,918	93,515,918
Merger deficit	(50,079,980)	(50,079,980)
Retained earnings	93,225,823	[(a)]91,925,823
Equity attributable to owners of the company/NA	**136,661,761**	**135,361,761**
No. of Pekat Shares in issue	644,968,200	644,968,200
NA per Pekat Share (RM)	0.21	0.21
Total borrowings (including lease liabilities owing to financial institutions)	5,017,145	[(b)]72,006,823
Gearing (times)	0.04	0.53

Notes:

(a) After adjusting for the estimated expenses relating to the Proposals of approximately RM1.30 million.

(b) Assuming RM65.00 million of the Purchase Consideration will be funded via bank borrowings.

The Proposed Diversification is not expected to have any material impact on the NA and gearing of the Group. However, the revenue derived from the Proposed Diversification is expected to have a positive impact on the future NA of the Group.

7.3 Earnings and EPS

The Proposals are expected to be earnings accretive and contribute positively to the future earnings and EPS of the Group. For illustrative purposes, the effects of the Proposed Acquisition on the earnings and EPS of the Group based on the audited consolidated statements of profit or loss and other comprehensive income of the Group as at 31 December 2023 assuming that the Proposed Acquisition had been completed at the beginning of the financial year are as follows:

	Audited FYE 31 December 2023 RM	**After the Proposed Acquisition RM**
PAT attributable to:		
- the owners of the Company	13,724,131	[(a)]17,471,373
- non-controlling interests	28,847	3,393,675
	13,752,978	20,865,048
No. of Pekat Shares in issue	644,968,200	644,968,200
EPS (RM)	0.02	0.03

Note:

(a) After adjusting for the estimated expenses relating to the Proposals of approximately RM1.30 million.

7.4 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities in issue.

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to approvals of the following:

(i) the shareholders of Pekat at an EGM to be convened for the Proposals; and

(ii) any other relevant authorities and/or parties, if required.

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements is 70.25%, computed based on the Purchase Consideration against the NA of Pekat as at 31 December 2023 (its latest audited consolidated financial statements).

The Proposed Acquisition and the Proposed Diversification are inter-conditional upon each other.

The Proposals are not conditional upon any other corporate proposals of the Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors or major shareholders and/or persons connected with them has any interest, whether direct or indirect, in the Proposals.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposals, including but not limited to the rationale and benefits, prospects of the enlarged Group, salient terms of the SSA and financial effects of the Proposals, is of the view that the Proposals are in the best interest of the Company and its shareholders. Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the Company's forthcoming EGM.

11. OTHER CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and as disclosed below, there are no other outstanding corporate exercises, which have been announced by the Company but pending completion prior to the date of this Circular.

On 9 July 2024, PIVB, had on behalf of the Board, announced that the Company intends to undertake a proposed establishment of an employee's share option scheme ("**ESOS**") of up to 10% of the total number of Pekat Shares (excluding treasury shares, if any) at any point in time over the duration of the ESOS for the eligible directors and employees of Pekat Group (excluding dormant subsidiaries, if any) ("**Proposed ESOS**"). The effective date of the Proposed ESOS is still pending as at the date of this Circular.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the fulfilment of all the conditions precedent to the SSA and all required approvals being obtained, the Proposed Acquisition is expected to be completed by the 4^{th} quarter of 2024.

The Proposed Diversification will take immediate effect upon obtaining the approval of Pekat's shareholders at the EGM to be convened.

13. EGM

The EGM, the notice of which is enclosed in this Circular, will be held on a virtual basis through live streaming vide the online meeting platform hosted on Securities Services e-Portal at https://sshsb.net.my from the broadcast venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 10 October 2024 at 10:00 a.m. or at any adjournment thereof, and online remote voting through Remote Participation and Voting ("**RPV**") facilities via Securities Services e-Portal at https://sshsb.net.my/ provided by Securities Services (Holdings) Sdn. Bhd., to consider and, if thought fit, to pass the resolutions to give effect to the Proposals.

For the purpose of complying with Section 327(2) of the Act, the Chairman of the meeting is required to be present at the main venue of the EGM. Members/proxies/corporate representatives will not be allowed to attend this EGM in person at the Broadcast Venue on the day of the EGM. Please refer to the Administrative Guide on the conduct of a virtual general meeting for further information.

If you are unable to attend and vote in person at the EGM, please complete the Proxy Form, which is attached in this Circular. The Proxy Form should be lodged at the office of the Share Registrar of the Company, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia not later than forty-eight (48) hours before the time and date fixed for holding the EGM or at any adjournment thereof.

The proxy appointment may also be lodged electronically via Securities Services e-Portal at https://sshsb.net.my/ by the registration cut-off date and time. For further information on the electronic lodgement of the Proxy Form, kindly refer to the Administrative Guide for the EGM. The lodging of the Proxy Form will not preclude a shareholder from attending and voting in person at the EGM should our shareholder subsequently wish to do so.

14. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
for and on behalf of the Board
PEKAT GROUP BERHAD

CHIN SOO MAU
Managing Director

SALIENT TERMS OF THE SSA

The salient terms of the SSA are as follows:

1.	Conditions	The obligations of the Vendor to sell the Sale Shares and of the Purchaser to buy the Sale Shares on the terms of the SSA are conditional on the following being satisfied or obtained or waived (as the case may be) on or before the cut-off date, being the date falling no later than 90 days from the date of the SSA, or such other date as may be mutually agreed between the parties hereto in writing to enable the fulfilment or waiver of all the conditions ("**Cut-Off Date**"): 1.1 clearance from Bursa Securities for the circular to shareholders of Pekat to seek shareholders' approval for the Proposals pursuant to the terms of the SSA; 1.2 the passing by the directors and shareholders of Pekat of an ordinary resolution at the general meeting to be convened approving the Proposals pursuant to the terms of the SSA; 1.3 the joint appointment by both Parties of the Stakeholder at such cost and upon such terms and condition as shall be mutually agreed and the execution of a stakeholder agreement; and 1.4 all required steps to be taken in relation to remedial actions as set out in the terms of the SSA being completed to the reasonable satisfaction of the Purchaser.
2.	Payment Terms	2.1 Subject to the terms of the SSA, the maximum aggregate purchase consideration for the Sale Shares shall be RM96.00 million only ("**Maximum Purchase Consideration**") in cash and shall be payable to the Vendor in the following manner: (i) <u>Upon execution of the SSA</u> Upon execution of the SSA, 10% of the Maximum Purchase Consideration amounting to RM9.60 million ("**Deposit**") shall be paid by the Purchaser to the Vendor's solicitors as stakeholder in an interest bearing account and shall be released on the Completion Date. (ii) <u>Balance Maximum Purchase Consideration</u> On the Completion Date (hereinafter defined) or such extended period as mutually agreed between Parties subject to late payment interest of five per centum (5%) calculated from the expiry of the Extended Completion Date until the date of the full settlement of the balance maximum purchase consideration ("**Extended Completion Date**"), the balance Maximum Purchase Consideration amounting up to RM86.40 million shall be paid by the Purchaser in cash in the following manner: (a) First Tranche: subject to the terms of the SSA, a sum equivalent of up to RM57.60 million, being approximately 60% of the Maximum Purchase Consideration to the Vendor; and (b) Retention Sum: a maximum sum equivalent to RM28.80 million, being approximately 30% of the Maximum Purchase Consideration or the sum equivalent to the Aggregated Profit Guarantee of the Company for Guaranteed Financial Years to be placed with the Stakeholder. For the avoidance of doubt, the Parties hereby acknowledge, accept and agree that the Retention Sum forms part of the Maximum Purchase Consideration and is subject to deductions in the manner as provided in the SSA.

2.2 The Parties acknowledge, accept and agree that the payment of the First Tranche purchase consideration by the Purchaser is subject to, amongst others, the following adjustment events ("**Adjustment Events**"):

(i) EPE Switchgear having an aggregate confirmed order book of RM210.00 million (with a 10% variance either way) as at the end of the calendar month prior to the month of Completion;

(ii) the net book value of the building, land and other plants of EPE Switchgear are not less than RM10.00 million based on the management accounts of the Apex Power Group made up to the end of the month prior to the month of Completion, which is to be prepared by Apex Power Group based on the Malaysian Private Entities Reporting Standard ("**Management Accounts**");

(iii) all amount owing to/ from the Vendor and/or its directors and/or any of Apex Power Group's directors and/or any of the Apex Power Group's shareholders must be settled as at the date of the Management Accounts;

(iv) the net tangible assets ("**NTA**") of EPE Switchgear based on the Management Accounts is not less than RM60.00 million. The Purchaser shall be entitled to carry out a full stock take on the inventory of EPE Switchgear prior to Completion for purposes of determining the NTA value;

(v) save for the declaration and payment of dividends of an amount not exceeding RM52.00 million only by EPE Switchgear to Apex Power and thereafter the declaration and payment of dividends of an amount not exceeding RM52.00 million only by Apex Power to the Vendor as disclosed in writing to the Purchaser for the FYE 30 September 2023, subject always to the compliance with the Act, no dividends out of the earnings of the Apex Power Group can be declared and distributed by the Vendor; and

(vi) Apex Power Group is not in a net liability position or loss-making position based on the Management Accounts.

2.3 The Parties acknowledge, accept and agree that in the event of the occurrence of any of the Adjustment Events, the First Tranche shall thereafter be adjusted downwards to a sum to be mutually agreed between the Parties ("**Adjusted First Tranche**"), failing which the Deposit held by the Vendor's solicitors, on behalf of the Vendor, shall be fully refunded to the Purchaser together with interest accrued thereon and thereafter, the SSA shall be terminated and be deemed null and void and of no effect whatsoever and neither Party shall have any claims of whatsoever nature against the other save and except in respect of any antecedent breach arising from the Agreement. In the event Parties require additional time for the discussion and negotiation of the Adjusted First Tranche, the Cut-Off Date shall automatically be extended by an additional calendar month.

"Completion Date" refers the last business day of a period of thirty (30) days from the unconditional date or 31 December 2024, whichever is earlier or such Extended Completion Date, which the Completion shall take place.

"Completion" refers to completion of the matters provided for in the SSA, subject to any waiver under the relevant provisions of the SSA and payment of the balance Maximum Purchase Consideration to the Vendor and the Stakeholder, as the case may be, pursuant to the SSA.

SALIENT TERMS OF THE SSA *(Cont'd)*

3.	Termination	3.1 In the event: (i) the conditions stated in Sections 1.1 and 1.2 above are not fulfilled by the Purchaser, the Vendor shall be entitled to terminate the SSA and forfeit a sum of RM0.60 million as agreed liquidated ascertained damages ("**LAD**") which shall be deducted from the Deposit. Thereafter, the Vendor's Solicitors shall refund the balance of the Deposit together with interest accrued thereon to the Purchaser within ten (10) Business Days from the date of termination by the Vendor, failing which the Purchaser shall be entitled to interest of 5% per annum calculated on a daily basis on the balance of the Deposit until the date of receipt of the full refund by the Purchaser from the Vendor or Vendor's Solicitors. (ii) the condition stated in Section 1.4 above is not fulfilled by the Vendor or waived by the Purchaser on or prior to the Cut-Off Date, the Purchaser shall be entitled to terminate the SSA whereupon (a) the Deposit shall be fully refunded by the Vendor's Solicitors to the Purchaser together with interest accrued thereon; and (b) the Vendor shall pay the Purchaser the sum of RM0.60 million as agreed LAD, within ten (10) Business Days from the date of termination by the Purchaser, failing which the Purchaser shall be entitled to interest of 5% per annum calculated on a daily basis on the Deposit and agreed LAD until the date of receipt of the full sum by the Purchaser from the Vendor and Vendor's Solicitors, Thereafter, neither party shall have any claim against the other party save for any antecedent breach and/or as otherwise provided in the SSA. (iii) the Parties fails to agree on the appointment of a joint Stakeholder and the terms and conditions of the stakeholdings, then the SSA shall be terminated upon the expiry of the Cut Off Date unless mutually extended in writing by the Parties hereto, and the Vendor's Solicitors shall refund the balance of the Deposit (after deducting for LAD, if any) together with interest accrued thereon to the Purchaser within ten (10) Business Days from the date of termination by the Vendor, failing which the Purchaser shall be entitled to interest of 5% per annum calculated on a daily basis on the balance of the Deposit (after deducting for LAD, if any). 3.2 Without prejudice to the Parties' rights under the general or common law including (without limitation) the Parties' rights of claim for any damages, costs, disbursements, stamp duties, interest and other charges and payments (whether actual contingent or otherwise) payable by the Parties under or in connection with the SSA: **(i) <u>Events of termination by Purchaser:</u>** The Purchaser may (but shall not be obliged to) at any time prior to the Completion by written notice to the Vendor terminate the SSA if: (a) the Vendor materially breaches all or any of the provisions of the SSA or breaches any of the warranties which will materially and adversely affect the financial position and business of Apex Power Group and (if the breach is capable of being remedied) the defaulting party fails to remedy the breach within thirty (30) business days, following the issuance of the notice by the non-defaulting party to the defaulting party; or (b) the Vendor becomes insolvent; or

SALIENT TERMS OF THE SSA ***(Cont'd)***

			(c) the Vendor does not complete the transfer of all or any of the Sale Shares or fail to deliver the documents for Completion in accordance with the SSA unless otherwise waived by the Purchaser; or (d) any of the Warranties is or has become inaccurate, untrue or misleading in any way that will materially and adversely affect the financial position or business of Apex Power Group; or (e) Apex Power Group sustains a loss on account of fire, flood, accident or other calamity which in the opinion of the Purchaser materially and adversely affects Apex Power Group (regardless of whether or not such loss has been insured), and on such notice being given, the provisions of termination consequences of the SSA shall apply. **(ii) <u>Events of termination by the Vendor</u>** The Vendor may (but shall not be obliged to) at any time prior to the Completion by written notice to the Purchaser terminate this Agreement if: (a) the Purchaser becomes insolvent; or (b) the Purchaser materially breaches all or any of the provisions of the SSA or breaches any of the Purchaser's warranties and (if the breach is capable of being remedied) the defaulting party fails to remedy the breach within ten (10) business days, following the issuance of the notice by the non-defaulting party to the defaulting party; or (c) the Purchaser does not make payment of the balance maximum purchase consideration on the Completion Date; or (d) the sale and purchase of the entire issued up share capital of Apex Power are not completed simultaneously, and on such notice being given, the provisions of termination consequences of the SSA shall apply.
4.	Termination consequences	4.1	In the event the SSA is terminated by the Purchaser pursuant to Sections 3.2(i)(a), 3.2(i)(b), 3.2(i)(c) or 3.2(i)(d) above: (a) the Vendor's solicitors shall refund to the Purchaser the Deposit, together with interest accrued thereon; and (b) the Vendor shall pay to the Purchaser a sum of money equivalent to RM4.80 million as agreed LAD, within ten (10) business days from the date of the notice of termination issued by the Purchaser pursuant to the terms of the SSA, failing which a late payment interest of 5% per annum calculated on a daily basis from the date the refund of the Deposit and the said agreed LAD including interest becomes due until the receipt of full refund amount with the interest accrued therein. Thereafter, all obligations and liabilities of the Parties hereunder shall cease and determine, and no party shall have any claim against the other save for any antecedent breaches of the SSA.

SALIENT TERMS OF THE SSA *(Cont'd)*

		4.2 In the event the SSA is terminated by the Purchaser pursuant to Section 3.2(i)(e) above, the Vendor's Solicitors shall refund to the Purchaser the Deposit, together with interest accrued thereon in full, within ten (10) business days from the date of the notice of termination issued by the Purchaser pursuant to the terms of the SSA, failing which a late payment interest of 5% per annum calculated on a daily basis from the date the refund of the Deposit including interest becomes due until the receipt of full refund amount with the interest accrued therein. Thereafter, all obligations and liabilities of the Parties hereunder shall cease and determine, and no party shall have any claim against the other save for any antecedent breaches of the SSA. 4.3 If the SSA is terminated by the Vendor pursuant to Sections 3.2(ii)(a), 3.2(ii)(b) or 3.2(ii)(c) above: (a) the Vendor's solicitors shall refund to the Purchaser the balance Deposit after deducting the LAD referred to in item (b) below, together with interest accrued thereon in full; and (b) the Vendor's solicitors shall release to the Vendor a sum of money equivalent to RM4.80 million together with all accrued interest as agreed LAD from the Deposit, within ten (10) business days from the date of the notice of termination issued by the Vendor pursuant to the terms of the SSA, failing which a late payment interest of 5% per annum calculated on a daily basis from the date the refund of the balance Deposit and the said agreed LAD including interest becomes due until the receipt of full refund amount with the interest accrued therein. Thereafter, all obligations and liabilities of the Parties hereunder shall cease and determine and no Party shall have any claim against the other save for any antecedent breaches of the SSA. 4.4 If the SSA is terminated by the Vendor pursuant to Sections 3.2(ii)(d) above, the Vendor's solicitors shall refund to the Purchaser the Deposit, together with interest accrued thereon in full. Thereafter, all obligations and liabilities of the Parties hereunder shall cease and determine and no Party shall have any claim against the other save for any antecedent breaches of this Agreement.

SALIENT TERMS OF THE SSA *(Cont'd)*

5.	Completion	5.1 Subject to the satisfaction of the conditions as set out in the SSA or the waiver of any such conditions under of the SSA, completion shall take place at the 3A, 5 and 6, Teknologi Kubik, 6, Jalan Teknologi 3/4, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor or such other place as the Purchaser may from time to time specify by notice to the Vendor in relation to the Completion on the Completion Date or such earlier or later date as the Parties may mutually agree upon. 5.2 Subject to the Vendor having duly complied with all of their respective obligations under the provision of the SSA on the Completion Date: 5.2.1 the Vendor's Solicitors shall be authorised to release the Deposit together with accrued interest thereon to the Vendor; and 5.2.2 the Purchaser shall pay the balance Maximum Purchase Consideration to the Vendor and the Stakeholder in the manner as stated in the SSA. 5.3 If the Vendor shall for any reason be unable to comply with any of the obligations under the provision of the SSA on the Completion Date (as the case may be), the Purchaser shall be entitled (unless otherwise provided herein) to: 5.3.1 defer Completion to a date not more than ten (10) Business Days after the initial Completion Date and so that the provisions of this sub clause shall apply to Completion as so deferred; 5.3.2 seek specific performance of this Agreement without prejudice to any other rights or remedies which the non-defaulting party may be entitled to under any applicable laws; 5.3.3 proceed to Completion so far as practicable (without prejudice to its rights hereunder); or 5.3.4 to terminate the SSA pursuant to the provisions of the SSA. 5.4 After the Completion Date, the Vendor shall be deemed to be holding the Sale Shares in trust for the Purchaser until the Sale Shares have been successfully registered in the name of the Purchaser and shall exercise all voting rights and other rights and receive any and all benefits and entitlements which may attach to or arise in respect of the Sale Shares after the Completion Date and receive notices of and attend and vote at all meetings of the members of the Company and generally do any acts or things in relation to all or any of the Sale Shares as the Purchaser may think fit in each case from the Completion Date to the day the Purchaser is entered in the register of members of the Company as the holder of the Sale Shares.

PROPOSED SALIENT TERMS OF THE SHA

The proposed salient terms of the SHA are as follows:

<table>
<tr>
<td>1.</td>
<td>Shareholding structure</td>
<td>
<table>
<tr><th>Name</th><th>No. Apex Power Shares</th><th>%</th></tr>
<tr><td>PTSB</td><td>75,000</td><td>60.00</td></tr>
<tr><td>Mega First Power</td><td>37,500</td><td>30.00</td></tr>
<tr><td>Rubber Thread Industries</td><td>8,750</td><td>7.00</td></tr>
<tr><td>Mohammed Zhakri</td><td>3,750</td><td>3.00</td></tr>
<tr><td></td><td>125,000</td><td>100.00</td></tr>
</table>

(PTSB, Mega First Power, Rubber Thread Industries and Mohammed Zhakri shall be collectively referred to as the “Shareholders” in this Appendix, or individually as the “Shareholder”).
</td>
</tr>
<tr>
<td>2.</td>
<td>Effective date</td>
<td>The SHA shall take effect on the date of completion of the SSA and the conditional share sales agreement signed between the Vendor and Mega First Power, Rubber Thread Industries as well as Mohammed Zhakri for the Remaining Acquisition (“Completion of the SSAs”) and shall continue to have effect until terminated pursuant to the terms of the SHA. The SHA shall automatically terminate if the Completion of the SSAs does not occur.</td>
</tr>
<tr>
<td>3.</td>
<td>Directors</td>
<td>3.1 Apex Power shall be managed by the board of directors of Apex Power (“Apex Power Board”) consisting of a maximum of five (5) directors (excluding alternate directors) or such other number as may be agreed by the Shareholders. The Apex Power Board shall manage the business and the affairs of Apex Power with the exception of those matters which the constitution of Apex Power or the law explicitly reserves for the meetings of Shareholders. Without prejudice to the generality of the foregoing, the Apex Power Board shall be responsible to do the following:

(a) to set the objectives of Apex Power;

(b) to monitor the financial performance of Apex Power; and

(c) to agree on annual financial targets and capital expenditure of Apex Power.

3.2 <u>Board representation:</u>

(a) for as long as PTSB holds any Apex Power Shares, PTSB shall be entitled to appoint and remove from the Apex Power Board up to three (3) directors in the Apex Power Board and to appoint and remove any replacement thereof.

(b) for as long as Mega First Power holds any Apex Power Shares, Mega First Power shall be entitled to appoint and remove from the Apex Power Board up to two (2) director(s) and to appoint and remove any replacement thereof.

(c) Rubber Thread Industries and and Mohammed Zhakri agree that they shall not be entitled to appoint any director to Apex Power.

3.3 The Board shall be headed by a chairman. The chairman of the Board shall be PTSB’s director.</td>
</tr>
</table>

		3.4	All directors of Apex Power shall be entitled to appoint, remove or substitute an alternate director to act in his place who shall have the same rights and powers as the director appointing him. Such alternate director shall be entitled while holding office as such to receive notices of meetings of the Apex Power Board and to attend and vote as a director at any such meetings at which the director appointing him is not present and generally to exercise all the powers, rights, duties and authorities and to perform all functions of his appointer. Further, such alternate director shall be entitled to exercise the vote of the director appointing him at any meetings of the Apex Power Board and if such alternate director represents more than one (1) director, such alternate director shall be entitled to one vote for every director he represents.
4.	Restriction on share transfer and right of first refusal	4.1	Unless agreed in writing between the Shareholders and notwithstanding Section 4.2 below, no Transfer (as defined below) shall be made by any Shareholder except for the following permitted Transfers where, unless otherwise specified below, no such Transfers shall be subject to Right of First Refusal (as defined below) (each a "**Permitted Transfer**"): (a) a Transfer to an Affiliate (as defined below), provided that such Affiliate shall remain an Affiliate to the Transferring Shareholder for so long as the Affiliate owns any Apex Power Shares, and in the event such Affiliate ceases to be an Affiliate of the Transferring Shareholder, the Affiliate shall ensure that such Apex Power Shares are transferred back to the Transferring Shareholder; (b) a Transfer to a third party made in accordance with the terms of the SHA after fulfilling the procedure of the Right of First Refusal (as defined below); (c) a Transfer made to a Shareholder in accordance with the Right of First Refusal set out in the terms of the SHA; (d) a Transfer made to a third party in connection with an Exit (as defined below); and (e) a Transfer made to a Shareholder due to occurrence of an Event of Default (as defined in Section 7.1 below) pursuant to the terms of the SHA. In the event of any Transfer to a third-party transferee, such Transfer shall only be made subject to such third-party transferee executing a deed of adherence, agreeing to be bound by the terms of the SHA.
		4.2	If a Shareholder wishes to sell and transfer ("**Transferring Shareholder**") any or all of its Apex Power Shares ("**Offered Shares**") unless it is a Permitted Transfer (as defined below), the Transferring Shareholder shall first offer such Offered Shares for sale and transfer to the other Shareholders in the proportion of their respective shareholding in Apex Power ("**Offeree Shareholders**") by sending a notice to the Offeree Shareholders ("**Offer Notice**"). The Offeree Shareholders shall have the right of first refusal to purchase all (and not some) of the Offered Shares ("**Right of First Refusal**"). Such Offeree Shareholders shall have forty-five (45) business days ("**Notice Period**") after the receipt of the Offer Notice to accept or reject in whole such Offered Shares and shall within such Notice Period notify in writing the Transferring Shareholder of its acceptance or rejection. If no notification is given by an Offeree Shareholder within the Notice Period, then such Offeree Shareholder shall be deemed upon the expiry of such Notice Period to have rejected the Offered Shares. The Offer Notice shall, at the minimum, contain the number of Offered Shares, the price of the Offered Shares, and all other material terms and conditions for the sale of the Offered Shares.

PROPOSED SALIENT TERMS OF THE SHA *(Cont'd)*

		4.3 The Offered Shares not purchased by an Offeree Shareholder may be offered for sale and transfer by the Transferring Shareholder to any third party, provided that: (a) the terms and conditions of the offer to such third party shall not be more favourable to such third party than those in the Offer Notice sent to the Offeree Shareholders; and (b) such third party executes a deed of adherence on or prior to the completion of the Transfer of the Offered Shares to it. 4.4 If the Transferring Shareholder does not so Transfer such Offered Shares within thirty (30) Business Days after the expiration of the Notice Period, then such Offered Shares may not thereafter be transferred without being first re-offered for sale to the Offeree Shareholders in accordance with the terms of the SHA. "**Affiliate**" refers to any person (which for purposes of this definition shall include individuals and all legal entities), any other person directly or indirectly controlling, controlled by, or under common control with such person where "control" means the possession of the power, directly or indirectly, to direct or to cause the direction of the management and policies of a person, whether through ownership of voting securities or equity interests, through common directors, trustees or officers, by contract or otherwise. "**Transfer**" refers to any voluntary or involuntary sale, assignment, conveyance, pledge, charge, encumbrance, hypothecation, gift, distribution or other disposition or transfer in any way of the legal or beneficial interest in the Apex Power Shares.
5.	Exit	5.1 If Mega First Power, Rubber Thread Industries and Mohammed Zhakri ("**Minority Shareholders**") decide to effect an Exit, the Exit shall be subject to the terms and conditions of the SHA; 5.2 No later than the date falling on the expiry of the period of three (3) years from the effective date as stated in Section 2 above ("**Cut-Off Date**") or any other mutually agreed period, the Shareholders shall jointly appoint an independent financial advisor and professional and corporate finance advisers for and on behalf of Apex Power for the purposes of effecting an Exit. All fees incurred shall be borne by the relevant Shareholders in the following manner: (a) in the event of a successful Exit by way of a sale of all or part of all of Apex Power Shares held by the Shareholders to a bona fide third party on terms acceptable to the Shareholders ("**Trade Sale**"), all fees incurred in respect of the Trade Sale shall be borne by the Shareholders on a pro-rata basis based on the Apex Power Shares sold by the Shareholders respectively in such Trade Sale divided by the aggregate of Apex Power Shares sold by the Shareholders (expressed as a percentage);

(b) in the event of a successful Exit by way of a closing of an underwritten initial public offering of Apex Power Shares for the purpose of and in connection with the admission of Apex Power to the Main Market/ACE Market of Bursa Securities or any other recognised securities exchange as agreed by the Shareholders ("**Qualifying IPO**"), all fees incurred in respect of the Qualifying IPO generally shall be borne by Apex Power, save that the fees incurred or payable in respect of the secondary sale of Apex Power Shares by the Shareholders as part of the Qualifying IPO shall be borne by the Shareholders on a pro-rata basis based on the Apex Power Shares sold by the Shareholders respectively divided by the aggregate of Apex Power Shares sold by the Shareholders (expressed as a percentage);

(c) in the event an Exit by way of a Qualifying IPO is attempted with the best endeavours of the Shareholders but does not close for any reason, all fees incurred shall be borne by Apex Power; or

(d) in the event an Exit by way of a Trade Sale is attempted with the best endeavours of the Shareholders but does not close for any reason, all fees incurred shall be borne by the Shareholders on a pro-rata basis based on Apex Power Shares proposed to be sold by the Shareholders respectively divided by the aggregate of Apex Power Shares proposed to be sold by the Shareholders (expressed as a percentage).

5.3 For the purposes of determining the equity value of Apex Power for the purposes of an Exit or sale pursuant to a tag along in accordance with the terms of the SHA ("**Exit Value**"):

(a) the Exit Value of Apex Power in respect of a Trade Sale shall be determined by the pre-money equity valuation of Apex Power as set out in an executed term sheet with a bona fide purchaser mutually acceptable to the Shareholders; and

(b) the Exit Value of Apex Power in respect of a Qualifying IPO shall be determined by the post-money equity valuation of the Company calculated with reference to the proposed listing price per Apex Power Share in the final prospectus for the purposes of the Qualifying IPO.

5.4 Notwithstanding the Exit Value, PTSB and the Minority Shareholders agree to use their best endeavours to undertake and effect an Exit by way of a Qualifying IPO within 12 months from the Cut-Off Date or any other mutually agreed period ("**Initial Period**") and may concurrently undertake and effect an Exit by way of a Trade Sale. If the process to carry out an Exit by way of Trade Sale or Qualifying IPO has commenced but is not completed within the Initial Period, the Shareholders hereby agree:

(a) to extend the period for the completion of the Exit by another twelve (12) months from the expiry of the Initial Period ("**Extended Period**") and use their best endeavours to complete the Qualifying IPO or Trade Sale within the Extended Period; and

(b) if the Exit is not completed by the expiry of the Extended Period due to reasons beyond the control of the Shareholders such as unfavourable market conditions, Shareholders shall negotiate in good faith to extend the period for the completion of the Exit by a further period not exceeding twelve (12) months from the expiry of the Extended Period or any other mutually agreed period ("**Second Extended Period**").

		5.5 Each Shareholder agrees that it shall take action, and shall procure that such action is taken, to achieve an Exit including, without limitation: (a) appointing professional and corporate finance advisers for and on behalf of Apex Power (and/or Apex Power Group); (b) assisting in the production, negotiation and execution of such documentation as may be required to effect the Exit; (c) passing the board and shareholders' resolutions as may be required to effect the Exit; and (d) giving such reasonable co-operation and assistance as may be required in respect of potential purchasers, investors, financiers and their advisers. "**Exit**" refers to Trade Sale or a Qualifying IPO.
6.	Termination	6.1 The SHA shall: (a) automatically terminate upon the liquidation or winding-up of Apex Power, whichever is the earlier; (b) automatically terminate when Apex Power has less than two (2) Shareholders; or (c) terminate upon the mutual agreement of all Shareholders bound by the SHA for the time being. 6.2 Termination of the SHA for any reason whatsoever shall be without prejudice to any accrued rights under any applicable law, including common law, whether accrued, arising or resulting out of the termination, including but not limited to damages, losses, injunctive relief, costs and expenses and all other rights, reliefs and remedies available to the claiming party as may be recovered under any applicable law. 6.3 The Shareholders further agree that any and all clauses which are stated in the SHA and intended by the Shareholders to survive the termination of the SHA shall survive accordingly and be applicable to any Shareholder who ceases to be a Shareholder to the SHA. In addition, without affecting the generality of the foregoing, clauses on non-disclosure of information, governing law and service of notice shall survive the termination of the SHA. 6.4 The termination of the SHA shall not affect the liability of a Shareholder for any prior breaches of the SHA or the rights which have already accrued to any Shareholder under the SHA.
7.	Events of Default	7.1 For the purpose of the SHA, an "**Event of Default**" means the occurrence of any of the following by any of the Shareholders: (a) a Shareholder committing a material breach of its obligations under the SHA and, in the case of a breach capable of remedy, failing to remedy the same within fourteen (14) days of being specifically required in writing to do so by the other Shareholders;

		(b) any encumbrancer taking possession of or a receiver or trustee being appointed over the whole or any part of the undertaking, property or assets of a Shareholder; (c) any Shareholder having committed any acts which would have the effect of materially damaging the reputation and goodwill of Apex Power; (d) any Shareholder being unable to pay its debts as they fall due, becomes, or will foreseeably become bankrupt or an order is made for the appointment of a liquidator or a receiver in relation to a Shareholder or any of its assets or if any event analogous to any of the foregoing shall occur in any jurisdiction; (e) if any Shareholder is unable to pay its debts as they fall due, goes into liquidation whether compulsory or voluntary or if a bona fide petition shall be presented or an order made from the appointment of an administrator in relation to the Shareholder or if a receiver, administrative receiver, judicial manager or manager shall be appointed over any part of the assets or undertaking of any Shareholder and such appointment is not revoked within thirty (30) days from the date of such appointment; or (f) if any Apex Power Shares held by a Shareholder is assigned, charged, pledged, mortgaged, encumbered, sold, transferred or disposed of to any person otherwise than in accordance with the terms of the SHA. 7.2 Upon the occurrence of any Event of Default, such Shareholder (the "**Defaulting Shareholder**") shall be deemed on the date immediately before the occurrence of such an event, to all intents and purposes, to have on its own volition given the other Shareholders (the "**Non-Defaulting Shareholder**") the following options to be exercised within a period of thirty (30) days of the occurrence of the relevant event, solely at the absolute discretion of Non-Defaulting Shareholder and the Defaulting Shareholder shall have no say or right therein whatsoever: (a) the option to purchase all of the Apex Power Shares held by or beneficially owned by the Defaulting Shareholder at (i) such price as may be agreed within seven (7) days of the exercise of option between the Defaulting Shareholder and the Non-Defaulting Shareholder OR (ii) the Fair Market Value (as defined below) if such price is not agreed in accordance with terms of the SHA; or (b) the option to require the Defaulting Shareholder to purchase all (and not part only) of the Apex Power Shares held or beneficially owned by all of the Non-Defaulting Shareholders at (i) such price as may be agreed within seven (7) days of the exercise of option between the Defaulting Shareholder and the Non-Defaulting Shareholders Shareholder OR (ii) the Fair Market Value (as defined below) if such price is not agreed in accordance with terms of the SHA. 7.3 The Non-Defaulting Shareholder in Apex Power may elect to exercise the option contained in Sections 7.2(a) or (b) above by serving a notice on the Defaulting Shareholder and Apex Power who shall thereupon, within ninety (90) days from the date of such notice sell to the Non-Defaulting Shareholder the relevant Apex Power Shares. The Defaulting Shareholder and/or Apex Power shall promptly execute and deliver all necessary documents for this purpose. The Apex Power Shares so transferred shall be deemed to be sold with effect from the date of transfer free from any encumbrance with all rights attaching thereto.

		7.4 If the Defaulting Shareholder, after having become bound to sell its Apex Power Shares, to the Non-Defaulting Shareholder as aforesaid pursuant to Section 7.2(a) above, defaults in transferring the Apex Power Shares to the Non-Defaulting Shareholder, Apex Power may receive the purchase money from the Non-Defaulting Shareholder and the Defaulting Shareholder shall be deemed to have irrevocably appointed director of the Non-Defaulting Shareholder or the secretary of Apex Power as its agent to do the following things: (a) to hold such purchase money in trust for the Defaulting Shareholder; (b) to execute, complete and deliver in the name of the Defaulting Shareholder and on its behalf, the necessary transfers to effect the transfer of its Apex Power Shares to the Non-Defaulting Shareholder; and (c) to update the transfer of the shares in the register of members without the liability to pay any compensation whatsoever. "**Fair Market Value**" refers to the fair value of the Apex Power Shares of the Defaulting Shareholder based on the fair value of Apex Power determined by the independent assessor appointed by the Non-Defaulting Shareholder.
8.	Tag Along	8.1 In the event PTSB (in this clause, the "**Proposed Seller**") receives a bona fide offer from a proposed purchaser to acquire all of its Apex Power Shares, the Minority Shareholders (in this clause, each a "**Tagging Shareholder**") shall have the right but not the obligation (the "**Tag Along Right**") to require the proposed purchaser to acquire all of its Apex Power Shares (the "**Tagged Shares**"). 8.2 The Proposed Seller shall send a notice (a "**Tag Along Notice**") to each Tagging Shareholder, with a copy to the Company, not less than twenty (20) business days in advance of the proposed transfer specifying: (a) the identity of the proposed purchaser to which the Proposed Seller is proposing to transfer the shares; (b) the price per Apex Power Share which the proposed purchaser is proposing to pay, and the other terms and conditions of payment; (c) the number of Apex Power Shares which the Proposed Seller proposes to transfer to the proposed purchaser; (d) the proposed date and time of completion of the transfer; and (e) the address where a notice of acceptance pursuant to the relevant provisions in the SHA should be sent. 8.3 The Proposed Seller shall procure that: (a) the proposed purchaser makes a binding written offer (the "**Tag Offer**") to each Tagging Shareholder to purchase all of the Tagged Shares of that Tagging Shareholder for a price per Apex Power Share equal to the price per Apex Power Share paid or payable by the proposed purchaser for any of the Proposed Seller's Apex Power Shares, and on the same terms as the proposed transaction with the Proposed Seller as to the date of completion and terms of payment.

PROPOSED SALIENT TERMS OF THE SHA *(Cont'd)*

		(b) the Tag Offer is kept open for at least ten (10) Business Days from delivery of the Tag Along Notice to the relevant Tagging Shareholder; and (c) the Tag Offer is otherwise on terms that are not worse in any respect than the terms applicable between the Proposed Seller and the proposed purchaser. 8.4 The Tagging Shareholder shall be entitled to accept the Tag Offer by sending a notice of acceptance to the proposed purchaser, with a copy to the Proposed Seller, and which notice shall specify the number of Tagged Shares which the Tagging Shareholder wishes to sell to the proposed purchaser. 8.5 If a Tagging Shareholder does not send a notice of acceptance of the Tag Offer in accordance with Section 8.4 above, it shall be deemed to have specified that it does not wish to sell any Tagged Shares to the proposed purchaser. 8.6 The Proposed Seller shall not be entitled to sell any Apex Power Shares to the proposed purchaser: (a) prior to the proposed date for completion of the transfer specified in the Tag Along Notice; (b) which exceed the number of Apex Power Shares specified in the Tag Along Notice; and (c) unless and until the proposed purchaser purchases, in compliance with the terms of the Tag Offer, the Tagged Shares of any Tagging Shareholder serving a notice of acceptance pursuant to Section 8.3 above. 8.7 Notwithstanding the foregoing, the Tag Along Right in this clause shall not apply to any transfer or transfers of Apex Power Shares by a Shareholder to a transferee pursuant to a Permitted Transfer.
9.	Reserved matters	The Shareholders undertake and agree that none of the matters set out in the SHA shall be taken by Apex Power without the prior written approval of the Apex Power Board including Mega First Power's director in a meeting or where it is a matter requiring shareholders' approval, the prior written approval of all Shareholders.
10.	Governing law	The construction, validity and performance of the SHA shall be governed in all respects by the law of Malaysia.

INFORMATION ON APEX POWER GROUP

1. HISTORY AND PRINCIPAL ACTIVITIES

Apex Power is a private limited company incorporated in Malaysia on 7 August 2009 under the Companies Act 1965 and is deemed registered under the Act as a private limited company. The principal activity of Apex Power is investment holding and it commenced business operations in December 2009 when it acquired 100% equity interest in EPE Switchgear.

Apex Power's office is located at Lot 6, Jalan Permata 2, Arab-Malaysian Industrial Park, 71800 Nilai, Negeri Sembilan.

The wholly-owned subsidiary of Apex Power, EPE Switchgear, is incorporated under the name of EPE Switchgears Sdn Bhd in Malaysia on 7 August 1995 under the Companies Act 1965. Subsequently, it changed its name to Ranhill EPE Switchgear Sdn Bhd on 25 September 2004. On 12 September 2006, it changed its name to Ranhill Switchgear Sdn Bhd and assumed its current name since 23 May 2007. EPE Switchgear is deemed registered under the Act as a private limited company.

EPE Switchgear is principally involved in manufacturing, engineering and project activities, providing a wide range of products and services to the generation, transmission and distribution sectors of the electrical power industry.

EPE Switchgear commenced its business operations in 2007 and Malaysia is the principal market for its products and services. EPE Switchgear's track record that spans approximately 17 years since the commencement of its business operations has helped build its customer base to include large and reputable customers in Malaysia's power utilities industry. EPE Switchgear also serves other industrial and commercial customers.

Further, EPE Switchgear's products are sold to foreign countries in various regions including Asia Pacific, Middle East and Europe such as Qatar, Sri Lanka, Oman, Australia and Germany between the FYE 30 September 2021 and FYE 30 September 2023. The raw materials utilised by EPE Switchgear are mainly sourced from local suppliers and suppliers from the People's Republic of China, India, Japan and Taiwan.

EPE Switchgear's operational facility is located at Lot 6, Jalan Permata 2, Arab Malaysian Industrial Park, 71800 Nilai, Negeri Sembilan with built-up area of approximately 184,762 square feet.

EPE Switchgear's products and services include the following:

(i) design and fabrication of power distribution equipment comprising switchgears, remote control units and compact substations; and

(ii) other business activities including supply of arc protection system, trading of transformers, provision of maintenance and repair services, as well as retrofitting and upgrading works.

The annual production capacity, output and utilisation rate of EPE Switchgear for the fabrication of switchgears for the FYE 30 September 2021, FYE 30 September 2022, and FYE 30 September 2023 are as follows:

	FYE 30 September		
	2021	**2022**	**2023**
Annual capacity (panels)	4,080	4,080	4,080
Output (panels)	1,961	1,824	2,173
Utilisation rate	**48%**	**45%**	**53%**

The breakdown of the revenue of EPE Switchgear by markets for the FYE 30 September 2021, FYE 30 September 2022 and FYE 30 September 2023 is as follows:

Geographical markets	FYE 30 September					
	2021		2022		2023	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	85,945	83.54	94,953	94.08	119,287	99.94
Foreign countries	[(a)]16,928	16.46	[(b)]5,970	5.92	[(c)]67	0.06
Total	**102,873**	**100.00**	**100,923**	**100.00**	**119,354**	**100.00**

Notes:

(a) Includes Qatar and Sri Lanka for the FYE 30 September 2021.

(b) Includes Qatar, Oman, Australia and Germany for the FYE 30 September 2022.

(c) Includes Australia for the FYE 30 September 2023.

For information purposes, EPE Switchgear had spent RM1.64 million and RM1.15 million on research and development ("**R&D**") for the FYE 30 September 2021 and FYE 30 September 2022, respectively. There were no R&D expenditures for the FYE 30 September 2023. As at the LPD, EPE Switchgear has 6 employees which are involved in R&D.

2. SHARE CAPITAL

As at the LPD, the issued share capital of Apex Power is RM125,000 comprising 125,000 Apex Power Shares.

3. DIRECTORS

As at the LPD, the directors of Apex Power and their respective shareholdings in Apex Power are as follows:

Name	Designation	Nationality	As at the LPD			
			Direct		Indirect	
			No. of shares	%	No. of shares	%
Mohamed Shafiee Bin Mohmed Salleh	Director	Malaysian	-	-	-	-
Shamsul Helmi Bin Abdul Karim	Director	Malaysian	-	-	-	-

4. SHAREHOLDER

As at the LPD, the shareholder and his shareholding in Apex Power is as follows:

Name	Nationality	As at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Low Khek Heng @ Low Choon Huat	Malaysian	125,000	100.00	-	-

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, the details of Apex Power's subsidiary company is as follows:

				As at the LPD			
				Direct		Indirect	
Name	**Date / Place of incorporation**	**No. of Shares**	**Share capital as at the LPD (RM)**	**No. of shares held by Apex Power**	**%**	**No. of shares held by Apex Power**	**%**
EPE Switchgear	7 August 1995 / Malaysia	10,000,000	10,000,000	10,000,000	100.00	-	-

As at the LPD, Apex Power Group does not have any associated company.

6. MATERIAL CONTRACTS

Apex Power Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the date of this Circular.

7. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Apex Power Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the directors of Apex Power Group have no knowledge of any proceedings pending or threatened against Apex Power Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of Apex Power Group.

8. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by Apex Power Group, which upon becoming enforceable, may have a material impact on the financial position of Apex Power Group.

9. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by Apex Power Group that have not been provided for, which upon becoming enforceable, may have a material impact on the financial position of Apex Power Group.

10. KEY ASSETS OWNED

Based on the audited consolidated financial statements of Apex Power for the FYE 30 September 2023, the total assets of Apex Power amounts to RM123.74 million which comprises the following:

Type of assets	Audited net book value as at 30 September 2023
Non-current asset	
Property, plant and equipment	15,220,466
Current assets	
Inventories	32,018,975
Trade receivables	35,761,590
Other receivables and prepayments	3,436,692
Deposits	7,994,933
Income tax recoverable	20,030
Cash at bank and in hand	29,291,364
Total	**123,744,050**

11. FINANCIAL INFORMATION

A summary of the financial information of Apex Power Group based on its audited consolidated financial statements for the FYE 30 September 2020, FYE 30 September 2021, FYE 30 September 2022 and FYE 30 September 2023 as well as the unaudited consolidated financial statements for the 7-months FPE 30 April 2024 is set out below:

	Audited FYE 30 September				**Unaudited FPE 30 April**
	2020 RM	**2021 RM**	**2022 RM**	**2023 RM**	**2024 RM**
Revenue	96,163,377	103,934,081	100,922,986	119,353,865	80,908,178
PBT	12,478,691	11,381,962	13,530,600	19,625,353	15,337,119
PAT	9,414,156	9,039,657	10,124,404	14,838,607	12,857,119
Share capital	100,000	100,000	100,000	100,000	100,000
NA	57,114,961	66,154,618	76,279,022	91,117,629	103,974,750
Total borrowings	2,995,724	2,357,430	2,351,870	2,032,102	1,924,530
Total current assets	85,528,322	71,835,451	85,251,669	108,523,584	119,162,636
Total current liabilities	43,090,861	19,716,276	23,153,460	30,121,790	27,106,367
Total equity attributable to owner of EPE Switchgear	57,114,961	66,154,618	76,279,022	91,117,629	103,974,750
No. of Apex Power Shares[(a)]	100,000	100,000	100,000	100,000	100,000
NA per share[(b)]	571.15	661.55	762.79	911.18	1,039.75
EPS[(c)]	94.14	90.40	101.24	148.39	128.57
Current ratio (times)[(d)]	1.98	3.64	3.68	3.60	4.40
Gearing ratio (times)[(e)]	0.05	0.04	0.03	0.02	0.02

(Source: Apex Power)

Notes:

(a) For information purposes, on 3 May 2024, the number of Apex Power's issued shares had increased from 100,000 Apex Shares to 125,000 Apex Power Shares.

(b) Computed based on NA divided by 100,000 Apex Power Shares.

(c) Computed based on PAT divided by 100,000 Apex Power Shares.

(d) Computed based on total current asset divided by total current liabilities.

(e) Computed based on total borrowings divided by NA.

(i) FYE 30 September 2021 compared FYE 30 September 2020

The revenue of Apex Power Group increased by RM7.77 million or 8.08% from RM96.16 million to RM103.93 million. The increase in revenue was due mainly to the higher revenue generated from higher sales of power distribution equipment comprising switchgears, remote control units and compact substations.

Apex Power Group recorded a higher cost of sales of RM6.03 million or 7.77% as compared to FYE 30 September 2020 due mainly to the increase in direct materials costs. Nonetheless, the gross profit ("**GP**") has improved by RM1.70 million or 9.41% for the FYE 30 September 2021 due to higher increase in revenue.

The PBT of Apex Power Group for the FYE 30 September 2021 was lower by RM1.10 million or 8.81% as compared to FYE 30 September 2020 due mainly to the higher research and development costs.

The lower PBT has contributed to lower tax expense recorded for the FYE 30 September 2021 of RM0.72 million or 23.53% as compared to FYE 30 September 2020. As a result, the PAT of Apex Power Group for the FYE 30 September 2021 was lower by RM0.37 million or 3.93% from RM9.41 million in FYE 30 September 2020 to RM9.04 million in FYE 30 September 2021.

(ii) FYE 30 September 2022 compared FYE 30 September 2021

The revenue of Apex Power Group decreased by RM3.01 million or 2.90% from RM103.93 million in the FYE 30 September 2021 to RM100.92 million in FYE 30 September 2022. The decrease in revenue was due mainly to the lower revenue generated from the installation and maintenance services rendered to its customers.

Apex Power Group recorded a lower cost of sales of RM5.02 million or 6.00% in the FYE 30 September 2022 of RM78.66 million as compared to FYE 30 September 2021 of RM83.68 million due mainly to lower direct material and labour costs. The lower cost of sales contributed to an increase in GP of Apex Power Group for the FYE 30 September 2022 of RM2.01 million or 9.93%.

The higher GP had contributed to the higher PBT recorded for the FYE 30 September 2022 of RM2.15 million or 18.89% from RM11.38 million in FYE 30 September 2021 to RM13.53 million in FYE 30 September 2022.

Apex Power Group's tax expense was higher in the FYE 30 September 2022 of RM1.06 million or 45.42% as a result of the growth in the PBT. Nonetheless, Apex Power Group recorded an improved PAT for the FYE 30 September 2022 of RM1.08 million or 11.95% from RM9.04 million in FYE 30 September 2021 to RM10.12 million in FYE 30 September 2022 due mainly to its improved GP.

(iii) <u>FYE 30 September 2023 compared to FYE 30 September 2022</u>

The revenue of Apex Power Group increased by RM18.43 million or 18.26% from RM100.92 million in the FYE 30 September 2022 to RM119.35 million in FYE 30 September 2023. The increase in revenue was due mainly to the higher revenue generated from the increased sales of its air-insulated switchgears and ring main units to its customers arising from higher demand from its customers.

Apex Power Group recorded a higher cost of sales of RM14.27 million or 18.14% in the FYE 30 September 2023 of RM92.93 million as compared to FYE 30 September 2022 of RM78.66 million due mainly to higher direct material costs as a result of higher sales of its fabricated products. This had resulted in an increase of RM4.16 million or 18.69% in the GP of Apex Power Group for the FYE 30 September 2023.

The higher GP had contributed to the higher PBT recorded for the FYE 30 September 2023 of RM6.10 million or 45.08% from RM13.53 million in FYE 30 September 2022 to RM19.63 million in FYE 30 September 2023.

Apex Power Group's tax expense was higher in the FYE 30 September 2023 of RM1.38 million or 40.53% as a result of the growth in the PBT. Nonetheless, Apex Power Group recorded an improved PAT for the FYE 30 September 2023 of RM4.72 million or 46.64% from RM10.12 million in FYE 30 September 2022 to RM14.84 million in FYE 30 September 2023 due mainly to the higher GP.

12. ACCOUNTING POLICIES AND ACCOUNTING QUALIFICATION

Based on Apex Power Group's audited financial statements for the past 3 FYE 30 September 2021, FYE 30 September 2022 and FYE 30 September 2023:

(i) there were no exceptional or extraordinary items;

(ii) there were no accounting policies adopted by Apex Power Group which are peculiar to Apex Power Group due to the nature of its business or the industry it operates in; and

(iii) there were no audit qualification for the audited financial statements of Apex Power Group.

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DIRECTORS' REPORT ON APEX POWER GROUP

APEX POWER INDUSTRY SDN BHD

(Company NO: 867541-D)
No. 5, Jalan Pemberita U1/49,
Temasya Industrial Park, Glenmarie,
40150 Shah Alam, Selangor.
Tel: +603-5569 3244 Fax: +603-5569 4099

Registered Office:
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490, Kuala Lumpur
Wilayah Persekutuan

Date: 18 September 2024

To: The shareholders of Pekat Group Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of Apex Power Industry Sdn Bhd ("**Apex Power**" or "**Company**") ("**Board**"), I wish to report that after making due enquires in relation to the Company and its subsidiary company ("**Apex Power Group**") during the period between 30 September 2023, being the date to which the last audited financial statements of the Apex Power Group had been made up, and up to the date of this letter, being a date not earlier than 14 days before the issuance of this Circular, that:

(i) the business of the Apex Power Group has, in the opinion of the Board, been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Apex Power Group which have adversely affected the trading or the value of the assets of the Apex Power Group;

(iii) the current assets of the Apex Power Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by the Apex Power Group;

(v) there have been, since the last audited financial statements of the Apex Power Group, no default or any known events that could give rise to a default situation, in respect of payments of either interest and/ or principal sums in relation to any borrowings; and

(vi) there have been no material changes to the published reserves or any unusual factors affecting the profits of the Apex Power Group since the last audited financial statements of the Apex Power Group.

Yours faithfully,
For and on behalf of the Board
APEX POWER INDUSTRY SDN BHD

Apex Power Industry Sdn. Bhd. 867541-D

MOHAMED SHAFIEE BIN MOHAMED SALLEH
Director

Registration No.

200901024441 (867541-D)

Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

Annual Report

30 September 2023

Registration No.
200901024441 (867541-D)

Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

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Registration No.
200901024441 (867541-D)

Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

Report of the Directors

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2023.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Mohamed Shafiee Bin Mohamed Salleh
Shamsul Helmi Bin Abdul Karim

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	The Group RM	The Company RM
Net profit/(loss) for the financial year	14,838,607	(7,275)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the issued and paid-up capital of the Company; and

(b) there were no issues of debentures by the Company.

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Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
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Report of the Directors

DIRECTORS' BENEFITS

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit, (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company or a related corporation), by reason of a contract made by the Company or by a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any final dividend in respect of the current financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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Apex Power Industry Sdn. Bhd.
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and Its Subsidiary

Report of the Directors

CURRENT ASSETS - continued

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet its obligations when they fall due except as disclosed in Note 33 to the financial statements.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were, in the opinion of the directors, not substantially affected by any item, transaction or event of a material and unusual nature.

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Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

Report of the Directors

ITEMS OF AN UNUSUAL NATURE - continued

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REMUNERATION - OTHER EMOLUMENTS

	The Group RM	The Company RM
Other emoluments		
EIS, EPF and SOCSO contributions	129,569	-
Salaries, bonuses and allowances	707,536	-
	837,105	-

None of the directors received any non-monetary benefit from the Group and the Company during the financial year.

AUDITORS' REMUNERATION

	The Group RM	The Company RM
The total amount paid to or receivable by the auditors as remuneration for their services as auditors during the financial year	50,880	2,120

To the extent permitted by law, the Group and the Company have agreed to indemnify its auditors, SQ Partners PLT as part of the terms of its audit engagement against claims by third parties arising from the audit.

SUBSIDIARY

Details of the subsidiary are set out in Note 6 to the financial statements.

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200901024441 (867541-D)

Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

Report of the Directors

AUDITORS

Messrs. SQ Partners PLT have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 5 February 2024.

Signed on behalf of the Board of Directors:

MOHAMED SHAFIEE
BIN MOHAMED SALLEH
Director

SHAMSUL HELMI
BIN ABDUL KARIM
Director

Johor Bahru

Registration No.

200901024441 (867541-D)

Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

Statement by Directors Pursuant to Section 251 (2) of the Companies Act 2016

We, **MOHAMED SHAFIEE BIN MOHAMED SALLEH** and **SHAMSUL HELMI BIN ABDUL KARIM**, being the directors of Apex Power Industry Sdn. Bhd., do hereby state that in our opinion, the accompanying financial statements set out on pages 11 to 48 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 30 September 2023 and the financial performance of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated:

5 February 2024

MOHAMED SHAFIEE BIN MOHAMED SALLEH
Director

SHAMSUL HELMI BIN ABDUL KARIM
Director

Johor Bahru

Statutory Declaration Pursuant to Section 251 (1) of the Companies Act 2016

I, **MOHAMED SHAFIEE BIN MOHAMED SALLEH**, I/C No. 750620-14-5773, being the director primarily responsible for the financial management of Apex Power Industry Sdn. Bhd., do solemnly and sincerely declare that, the accompanying financial statements set out on pages 11 to 48 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by **MOHAMED SHAFIEE BIN MOHAMED SALLEH**, I/C No. 750620-14-5773 at Johor Bahru in the state of Johor on 5 February 2024)

MOHAMED SHAFIEE BIN MOHAMED SALLEH
Director

Before me:-

PESURUHJAYA SUMPAH
No. J252
SERENA KAUR
01-01-2024 - 31-12-2026
MALAYSIA

Commissioner for Oaths

NO. 2, JALAN SETIA TROPIKA 1/27
TAMAN SETIA TROPIKA
81200 JOHOR BAHRU

- 6 -

Registration No.
200901024441 (867541-D)

for all your professional needs

SQ Partners PLT
Registration No.: 201706001582 | Audit Firm No.: AF 1428
Chartered Accountants

58-01, Jalan Kempas Utama 2/2,
Taman Kempas Utama,
81300 Johor Bahru, Malaysia
Tel.: +607 562 9000 Fax.: +607 562 9090
Email: auditjb@sqpartners.my

Independent Auditors' Report to the Members of Apex Power Industry Sdn. Bhd.

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Apex Power Industry Sdn. Bhd., which comprise the statements of financial position at 30 September 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 48.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company at 30 September 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company 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.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

Registration No.
200901024441 (867541-D)

SQ Partners PLT
Registration No.: 201706001582 | Audit Firm No.: AF 1428
Chartered Accountants

Independent Auditors' Report to the Members of Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
(Continued)

Information Other than the Financial Statements and Auditors' Report Thereon - continued

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Registration No.

200901024441 (867541-D)

SQ Partners PLT
Registration No.: 201706001582 | Audit Firm No.: AF 1428
Chartered Accountants

Independent Auditors' Report to the Members of Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
(Continued)

Auditors' Responsibilities for the Audit of the 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:

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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.

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An association of legally independent firms

Registration No.
200901024441 (867541-D)

SQ Partners PLT
Registration No.: 201706001582 | Audit Firm No.: AF 1428
Chartered Accountants

Independent Auditors' Report to the Members of Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
(Continued)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SQ Partners PLT
Registration No.: 201706001582 (LLP0011708-LCA)
Audit Firm No.: AF 1428
Chartered Accountants

Lee Yang Seng
Partner
Approval No.: 03290/10/2024 J
Chartered Accountant

Dated: 5 February 2024

Johor Bahru, Malaysia

Member of Allinial GLOBAL
An association of legally independent firms

Registration No.
200901024441 (867541-D)

Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

Statements of Financial Position at 30 September 2023

	Notes	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4.4, 7	**15,220,466**	16,702,488	-	-
Investment in subsidiary	4.1 (b), 8	-	-	**13,250,000**	13,250,000
Goodwill on consolidation	4.5, 9	-	-	-	-
		15,220,466	16,702,488	**13,250,000**	13,250,000
Current Assets					
Inventories	4.6, 10	**32,018,975**	24,057,150	-	-
Trade receivables	11	**35,761,590**	25,413,146	-	-
Other receivables and prepayments	12	**3,436,692**	526,194	**657**	657
Deposits	13	**7,994,933**	15,162,488	-	-
Amount due from a subsidiary	14	-	-	**4,000,000**	4,000,000
Income tax recoverable	27	**20,030**	17,301	**20,030**	17,301
Cash at bank and in hand		**29,291,364**	20,075,390	**35,621**	46,485
		108,523,584	85,251,669	**4,056,308**	4,064,443
Total Assets		**123,744,050**	101,954,157	**17,306,308**	17,314,443
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	15	**100,000**	100,000	**100,000**	100,000
Retained earnings	16	**91,017,629**	76,179,022	**13,901,835**	13,909,110
Equity attributable to the owners of the Group and of Company		**91,117,629**	76,279,022	**14,001,835**	14,009,110

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Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

Statements of Financial Position at 30 September 2023
(Continued)

	Notes	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Non-Current Liabilities					
Deferred tax liabilities	17	**610,256**	454,494	-	-
Term loan	18	**1,894,375**	2,067,181	-	-
		2,504,631	2,521,675	-	-
Current Liabilities					
Trade payables	19	**22,715,046**	17,073,939	-	-
Other payables and accruals	20	**5,247,448**	4,979,744	**3,304,473**	3,305,333
Term loan	18	**137,727**	131,790	-	-
Bank overdraft (unsecured)	21	-	152,899	-	-
Income tax payable	27	**2,021,569**	815,088	-	-
		30,121,790	23,153,460	**3,304,473**	3,305,333
Total Liabilities		**32,626,421**	25,675,135	**3,304,473**	3,305,333
Total Equity and Liabilities		**123,744,050**	101,954,157	**17,306,308**	17,314,443

The notes on pages 18 to 48 form part of these financial statements

Registration No.
200901024441 (867541-D)

Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

Statements of Comprehensive Income

For the Year Ended 30 September 2023

	Notes	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
REVENUE	4.12, 22	**119,353,865**	100,922,986	-	-
OTHER INCOME	4.12, 23	**2,456,144**	1,099,010	-	411
		121,810,009	102,021,996	-	411
LESS: OPERATING EXPENSES					
Work performed and capitalised		**12,038,811**	10,033,986	-	-
Raw materials and consumable used		**71,033,948**	59,112,033	-	-
Changes in inventories of work-in-progress and finished goods		**828,925**	2,513,917	-	-
Auditors' remuneration					
- current year		**47,120**	47,120	**2,120**	2,120
- Under/(over) provision in prior year		**3,760**	(10,600)	-	-
Depreciation of property, plant and equipment	4.4, 7	**1,653,530**	1,741,517	-	-
Directors' remuneration					
- other emoluments and fees	24	**837,105**	761,178	-	-
Professional fees		**265**	2,292	**265**	2,292
Loss on foreign exchange					
- realised		-	550,520	-	-
Provision of warranty		**50,000**	-	-	-
Rental - equipment		**19,320**	17,158	-	-
- hostel		**16,122**	16,300	-	-
- land		**36,000**	36,000	-	-
- others		**80,040**	22,770	-	-
Research and development	4.5 (b)	**(259,545)**	1,149,223	-	-
Employee benefit expenses	25	**11,582,936**	9,131,235	-	-
Finance costs	26	**679,451**	213,593	-	-
Other operating expenses		**3,536,868**	3,153,154	**4,895**	4,772
		102,184,656	88,491,396	**7,280**	9,184

Registration No.

200901024441 (867541-D)

Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

Statements of Comprehensive Income
(Continued)

For the Year Ended 30 September 2023

	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
PROFIT/(LOSS) before tax		**19,625,353**	13,530,600	**(7,280)**	(8,773)
Tax (expense)/income	27	**(4,786,746)**	(3,406,196)	**5**	(80)
PROFIT/(LOSS) for the year		**14,838,607**	10,124,404	**(7,275)**	(8,853)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss) for the year		**14,838,607**	10,124,404	**(7,275)**	(8,853)

The notes on pages 18 to 48 form part of these financial statements

Registration No.
200901024441 (867541-D)

Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
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Statements of Changes in Equity

For the Year Ended 30 September 2023

	Share capital RM	Distributable Retained earnings RM	**Total equity RM**
The Group			
Balance at 1 October 2021	100,000	66,054,618	**66,154,618**
Profit for the year/Total comprehensive income for the year	-	10,124,404	**10,124,404**
Balance at 30 September 2022	100,000	76,179,022	**76,279,022**
Profit for the year/Total comprehensive income for the year	-	14,838,607	**14,838,607**
Balance at 30 September 2023	100,000	91,017,629	**91,117,629**
The Company			
Balance at 1 October 2021	100,000	13,917,963	**14,017,963**
Loss for the year/Total comprehensive loss for the year	-	(8,853)	**(8,853)**
Balance at 30 September 2022	100,000	13,909,110	**14,009,110**
Loss for the year/Total comprehensive loss for the year	-	(7,275)	**(7,275)**
Balance at 30 September 2023	100,000	13,901,835	**14,001,835**

The notes on pages 18 to 48 form part of these financial statements

Registration No.
200901024441 (867541-D)

Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
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Statements of Cash Flows

For the Year Ended 30 September 2023

	Notes	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		**19,625,353**	13,530,600	**(7,280)**	(8,773)
Adjustments for:					
Depreciation of property, plant and equipment		**1,653,530**	1,741,517	-	-
Fire insurance		-	35,414	-	-
Interest expenses		**679,451**	213,593	-	-
Interest income		**(748,077)**	(328,186)	-	(411)
Operating profit/(loss) before changes in working capital		**21,210,257**	15,192,938	**(7,280)**	(9,184)
Increase in inventories		**(7,961,825)**	(2,844,241)	-	-
Decrease in trade receivables		**(10,348,444)**	(3,977,516)	-	-
(Increase)/decrease in other receivables and prepayments		**(2,910,498)**	33,811	-	-
(Increase)/decrease in deposits		**(30,000)**	12,445	-	-
Increase in trade payables		**5,641,107**	8,382,263	-	-
Increase/(decrease) in other payables and accruals		**267,704**	(5,002,997)	**(860)**	(2,979,140)
Cash generated from/(used in) operations		**5,868,301**	11,796,703	**(8,140)**	(2,988,324)
Tax paid	27	**(3,427,232)**	(2,912,458)	**(2,724)**	(6,400)
Tax refunded	27	-	24,510	-	24,510
Interest received		**86,701**	63,201	-	411
Net cash from/(used in) operating activities		**2,527,770**	8,971,956	**(10,864)**	(2,969,803)

Registration No.
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Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

Statements of Cash Flows
(Continued)

For the Year Ended 30 September 2023

	Notes	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in amount due from a subsidiary		-	-	-	3,000,031
Fixed deposits interest received		**661,376**	194,315	-	-
Placement of fixed deposit		**(24,177,458)**	(194,315)	-	-
Withdrawal of fixed deposit		**31,375,013**	-	-	-
Purchase of property, plant and equipment	28	**(171,508)**	(2,177,634)	-	-
Net cash from/(used in) investing activities		**7,687,423**	(2,177,634)	-	3,000,031
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of commercialisation of research and development fund		-	(145,833)	-	-
Repayment of term loan		**(166,869)**	(193,873)	-	-
Interest paid		**(679,451)**	(213,593)	-	-
Net cash used in financing activities		**(846,320)**	(553,299)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**9,368,873**	6,241,023	**(10,864)**	30,228
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		**19,922,491**	13,681,468	**46,485**	16,257
CASH AND CASH EQUIVALENTS CARRIED FORWARD	29	**29,291,364**	19,922,491	**35,621**	46,485

The notes on pages 18 to 48 form part of these financial statements

Registration No.
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Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
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Notes to the Financial Statements - 30 September 2023

1. OPERATIONS AND PRINCIPAL ACTIVITIES

1.1 Principal Activities

The principal activity of the Company is investment holding. The principal activities of the subsidiary are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

1.2 Legal Status and Country of Incorporation

Apex Power Industry Sdn. Bhd. is a private company limited by shares, incorporated and domiciled in Malaysia.

1.3 Registered Office

The registered office of the Company is situated at No. 56, Jalan Kempas Utama 2/2, Taman Kempas Utama, 81300 Johor Bahru, Johor, Malaysia.

1.4 Principal Place of Business

The principal place of business is at Lot 6, Jalan Permata 2, Arab-Malaysian Industrial Park, 71800 Nilai, Negeri Sembilan, Malaysia.

1.5 Functional and Presentation Currency

The financial statements of the Group and the separate financial statements of the Company are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and are expressed in units of Ringgit Malaysia unless otherwise stated.

1.6 Date of Authorisation of Issue of Financial Statements

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 February 2024.

2. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT 2016

The financial statements of the Group and of the Company have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the requirements of the Companies Act 2016 in Malaysia.

3. BASIS OF PREPARATION

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared using cost bases (which include historical cost, amortised cost, and lower of cost and net realisable value) and fair value bases (which include fair value basis and fair value less costs to sell basis). The consolidated financial statements of the Group comprise the Company (as a parent) and the subsidiary.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Judgements and assumptions are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving significant judgements and estimation uncertainties are disclosed in Note 5.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements unless otherwise stated.

4.1 Business Combinations and Consolidation

(a) Business Combinations

The Group applies the acquisition method to account for all business combinations. If the acquisition of an asset or a group of assets does not constitute a business, it is accounted for as an asset acquisition.

The Group identifies the acquisition date of a business combination as the date on which the Group obtains control of an acquiree. Control is obtained when the group commences to have the power to direct financial and operating policy decisions of the investee so as to obtain benefits from its activities. This may require fulfilment of precedent conditions, such as completion of due diligence audit, and shareholders' approvals if they are specified in a sales and purchase agreement.

As of the acquisition date, the Group recognises, separately from goodwill, the identifiable assets acquired (including identifiable intangible assets), the liabilities assumed (including contingent liabilities) and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, except for those permitted or required to be measured on other bases by MPERS. Non-controlling interest at the acquisition date is measured at its acquisition date share of net assets, excluding goodwill.

The cost of a business combination is measured at fair value, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Expenses incurred in connection with a business combination are capitalised in the cost of business combination.

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200901024441 (867541-D)

Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

Notes to the Financial Statements - 30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.1 Business Combinations and Consolidation - continued

(a) Business Combinations - continued

The cost of a business combination is allocated to the share of net assets acquired to determine the initial amount of goodwill on combination. In a business combination achieved in stages (including acquisition of a former associate or a former joint venture), the cost of each exchange transaction is compared with the share of net assets to determine the goodwill of each exchange transaction on a step-by-step basis. Any increase in equity interest in an investee after the acquisition date is accounted as an equity transaction between the parent and the non-controlling interests and the effect is adjusted directly in equity.

If the initial accounting for a business combination is not complete by the end of the reporting period in which the combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends after one year from acquisition date.

(b) Subsidiary and Basis of Consolidation

The Group recognises a subsidiary based on the criterion of control. A subsidiary is an entity (including special purpose entities) over which the Group has the power to govern the financial and operating policy decisions of the investee so as to obtain benefits from its activities. In circumstances when the voting rights are not more than half or when voting rights are not the dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements (including control of special purpose entities), or by holding substantive potential voting rights.

The financial statements of the parent Company and its subsidiary used in the preparation of the consolidated financial statements are prepared as of the same reporting date of 30 September 2023.

The consolidated financial statements are prepared using uniform accounting policies for like transactions, other events and conditions in similar circumstances.

The carrying amount of investment in subsidiary of a parent in the Group is eliminated against the parent's portion of equity in each subsidiary. The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company and its subsidiary. The results of subsidiary acquired or disposed of during the year are included in the consolidated statement of income and retained earnings from the effective date of acquisition (which is the date the Group assumes control of an investee) or up to effective date of disposal (which is the date the Group ceases to have control of an investee).

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Apex Power Industry Sdn. Bhd.
(Incorporated in Malaysia)
and Its Subsidiary

Notes to the Financial Statements - 30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.1 Business Combinations and Consolidation - continued

(b) Subsidiary and Basis of Consolidation - continued

All intra-group balances and transactions are eliminated in full on consolidation. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation except when an unrealised loss is an impairment loss.

When the Group ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit or loss in the statement of income and retained earnings as a gain or loss on disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary. If the Group retains an equity interest in the former subsidiary, it is accounted for as a financial asset (provided it does not become an associate or join venture). The carrying amount of the investment retained at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

Any decrease in equity stake in a subsidiary that does not result in a loss of control is accounted for as an equity transaction and the financial effect is adjusted directly in the consolidation statement of changes in equity.

4.2 Separate Financial Statements

In the separate financial statements of the Company, investment in the subsidiary is measured at cost less any accumulated impairment losses. Cost at initial recognition comprises cash, and fair values of other considerations transferred and liabilities assumed, and it includes acquisition-related expenses. Dividend declared by an investee is recognised as income when the Company's right to receive dividend has been established, which is generally the date the dividend is appropriately authorised by the investee.

4.3 Foreign Currency Transactions and Operations

Each entity in the Group (whether it is the parent Company, a subsidiary) determines its functional currency (a currency of the primary economic environment in which the entity operates) and measures its results and financial position in that functional currency.

Translation of Foreign Currency Transactions

For each entity in the Group, transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period (i.e. the closing rate). Non-monetary items carried at the revalued amounts or at fair values that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their respective historical rates and are not retranslated.

Registration No.
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Apex Power Industry Sdn. Bhd.
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and Its Subsidiary

Notes to the Financial Statements - 30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.3 Foreign Currency Transactions and Operations - continued

Translation of Foreign Currency Transactions - continued

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period.

For a loan or advance that forms part of the net investment in a foreign operation, exchange differences are recognised in profit or loss in the separate financial statements of the parent Company and/or the individual financial statements of the foreign operation. In the consolidated financial statements that include the foreign operation, the gain or loss recognised in profit or loss in the separate and/or individual financial statements is reversed and recognised in the consolidated other comprehensive income and accumulated in an exchange translation reserve.

The principal exchange rates for every unit of foreign currency ruling at the end of reporting period are as follows:

	2023 RM	2022 RM
1 European EURO	**4.9775**	4.5573
1 Japanese Yen	**0.0314**	0.0321
1 United States Dollar	**4.6920**	4.6340
1 Qatari Rial	**1.2798**	1.2731
1 Renminbi	**0.6426**	0.6531

4.4 Property, Plant and Equipment and Depreciation

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Group and the Company obtain control of the asset. These include assets constructed or acquired for environmental protection purposes and investment property measured on the cost model. The assets, including major spares, stand-by equipment and servicing equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspection) but excludes internal profits. For an exchange of non-monetary asset that has a commercial substance, cost is measured by reference to the fair value of the asset received. For an asset transferred from a customer or a grantor, cost is measured by reference to the fair value of the asset.

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Apex Power Industry Sdn. Bhd.
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Notes to the Financial Statements - 30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.4 Property, Plant and Equipment and Depreciation - continued

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated but is subject to impairment test if there is any indication of impairment.

All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life. The depreciation methods used and the useful lives of the respective classes of property, plant and equipment are as follows:

	Method	Useful life (Years)
Buildings	Straight-line	35 to 50
Computer equipment	Straight-line	3 to 5
Furniture and fittings	Straight-line	5
Loose tools	Straight-line	5
Motor vehicles	Straight-line	5
Mould	Straight-line	5
Office and factory equipment	Straight-line	5
Plant and machinery	Straight-line	5 to 10
Renovation	Straight-line	5

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

4.5 Goodwill and Other Intangible Assets

The Group does not recognise internally generated goodwill.

In a business combination accounted for under the acquisition method, purchased goodwill is recognised as an asset as of the acquisition date, measured at the difference between cost of investment and share of net assets acquired. Non-controlling interests' share of goodwill is not recognised.

(a) Goodwill and Bargain Purchase

In the rare occasion when the share of net assets acquired exceeds the cost of combination, a reassessment of the acquisition-date accounting is performed, and any remaining excess is recognised immediately in profit or loss as a bargain purchase gain and attributed to the owners of the parent Company only.

Purchased goodwill, including goodwill on acquisition of an interest in an associate or a joint venture, is amortised on the straight-line basis over 10 years and is subject to impairment test whenever there is any indication of impairment.

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Notes to the Financial Statements - 30 September 2023

4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.5 Goodwill and Other Intangible Assets - continued

(b) Research and Development Costs

All research costs and development costs are recognised as an expense when incurred, except for development cost that is part of the cost of a recognised asset, in which case, the cost is capitalised in that recognised asset.

4.6 Inventories

Inventories are measured at the lower of cost and net realisable value (which is the estimated selling price less costs to complete and sell). Cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition. For manufactured goods, cost includes conversion costs of labour and variable and fixed production overheads. Cost of inventories is measured by using the weighted average basis. Net realisable value is determined for an item-by-item basis or on group of similar items basis.

4.7 Impairment of Non-Financial Assets

An impairment loss arises when the carrying amount of the Group's and of the Company's asset exceeds its recoverable amount. For the purpose of impairment testing of non-financial assets, goodwill is allocated to each of the Group's and of the Company's cash-generating units that are expected to benefit from the synergies of business combinations.

At the end of each reporting date, the Group and the Company assess whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Group and the Company estimate the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets (including any allocated goodwill) in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Group and the Company determine the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows of the asset or unit, using reasonable and supportable management's budget and forecasts and extrapolation of cash inflows for periods beyond the forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss. For a property, plant and equipment measured on the revaluation model, any impairment loss is treated as a revaluation decrease.

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4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.7 Impairment of Non-Financial Assets - continued

For a cash-generating unit, any impairment loss is first allocated to reduce the carrying amount of goodwill allocated to the unit, if any, and the balance of the impairment loss is then allocated to the other assets of the unit pro rata based on the relative carrying amounts of the assets.

The Group and the Company reassess the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed.

Other than goodwill, any reversal of impairment loss of an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously. Impairment loss of goodwill is not reversed.

4.8 Tax Assets and Tax Liabilities

Taxes payable are determined by each individual entity in the Group. A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the entity expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill, or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes. However, taxable temporary differences related to investment in the subsidiary is not recognised if the parent or an entity in the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor tax taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment. However, for deductible temporary differences related to investment in a subsidiary, a deferred tax asset is recognised to the extent, and only to the extent that, it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.8 Tax Assets and Tax Liabilities - continued

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Group and the Company treat as part of initial recognition differences.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, if the owner-entity in the Group and the Company do not have a business model to hold the property solely for rental income, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from item recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity. Deferred tax assets and liabilities arising from a business combination, including tax effects of any fair value adjustment, are recognised as part of the net assets acquired.

4.9 Share Capital and Distributions

(a) Share Capital

Ordinary shares issued that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group and the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a private placement or in a right issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.9 Share Capital and Distributions - continued

(a) Share Capital - continued

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at their fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

(b) Distributions

The Group and the Company establish a distribution policy whereby cash dividends can only be paid out of retained profits. Other distributions, such as stock dividends and distributions in specie, may be paid out of any reserve to the extent that the utilisation is permitted by company law and regulations.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, including a distribution in specie, the Group and the Company measure the dividend payable at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Group and the Company review and adjust the carrying amount of the dividend payable to reflect changes in the fair value of the assets to be distributed, with any changes recognised in equity as adjustments to the amount of the distribution. Upon settlement, the difference between the carrying amount of the dividend payable and the carrying amount of the assets distributed is recognised as a gain or loss in profit or loss.

4.10 Provisions

The Group and the Company recognise a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.11 Financial Instruments

(a) Initial Recognition and Measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instrument.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred. For intra-group loans and advances, and other contractual arrangements, that constitute a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(b) Derecognition of Financial Instruments

For derecognition purposes, the Group and the Company determine whether a financial asset or a financial liability should be derecognised in its entirely as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

(c) Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, the Group and the Company classify financial assets into two categories, namely: (i) financial assets at fair value through profit or loss; and (ii) financial assets at amortised cost.

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4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.11 Financial Instruments - continued

(c) Subsequent Measurement of Financial Assets - continued

After initial recognition, the Group and the Company measure investments in quoted preference shares, quoted ordinary shares and derivatives that are assets at their fair value by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4.11 (g).

(d) Subsequent Measurement of Financial Liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for derivatives instruments that are liabilities, which are measured at fair value.

(e) Fair Value Measurement of Financial Instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

(f) Recognition of Gains and Losses

Fair value changes of financial assets and financial liabilities classified at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(g) Impairment and Uncollectibility of Financial Assets

The Group and the Company apply the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Group and the Company examine whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payment; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

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4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.11 Financial Instruments - continued

(g) Impairment and Uncollectibility of Financial Assets - continued

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Group's and the Company's experiences of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Group and the Company expect to receive for the asset if it were sold at the reporting date. The Group and the Company may estimate the recoverable amount using an adjusted net asset value approach

4.12 Revenue Recognition and Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of any discounts, rebates, returns and taxes collected on behalf of government.

Revenue from the sale of goods is recognised when (i) significant risks and rewards of ownership of the goods are transferred to the buyer; (ii) the seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the inflow of economic benefits that are associated with the transaction will flow to the Group and the Company; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income represents installation and maintenance works rendered. Revenue from service income is recognised upon rendering of and acceptance of services rendered by customers.

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4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.12 Revenue Recognition and Measurement - continued

Other income items of the Group and of the Company, presented separately from revenue, are recognised using the following bases:

(a) Fixed deposit and REPO interest income are recognised on a time proportion basis that reflects the effective yield on the asset.

(b) Sundry income are recognised when the rights to receive the income have been established.

(c) Rental income is recognised on the straight-line basis over the term of the relevant tenancy agreement.

(d) Government grant from the Government are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions. Government subsidies relating to income shall be presented as other operating income.

4.13 Research and Development Costs

All research costs and development costs are recognised as an expense when incurred, except for development cost that is part of the cost of a recognised asset, in which case, the cost is capitalised in that recognised asset.

4.14 Provision for Warranty

A provision for warranty cost is recognised when the Group have a present legal or constructive obligation as result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. The provision is made for the estimated liability on all products under warranty and it is based on certain percentage of certain product's revenue, which is derived from historical warranty data and a weighting of all possible outcomes against the associated probabilities. No provision is recognised if these conditions are not met.

4.15 Employee Benefits

The Group and the Company recognise a liability when an employee has provided service in exchange for employee benefits to be paid in future and an expense when the Group and the Company consume the economic benefits arising from service provided by an employee in exchange for employee benefits.

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4. SIGNIFICANT ACCOUNTING POLICIES - continued

4.15 Employee Benefits - continued

(a) Short Term Employee Benefits

Wages and salaries are accrued and paid on monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

Profit sharing and bonus payments are recognised when, and only when, the Group and the Company have a present legal or constructive obligation to make such payments as a result of pass events and a reliable estimate of the obligation can be made.

(b) Post-Employment Benefits - Defined Contribution Plans

Entities in the Group and the Company make statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Group and the Company have no further payment obligations.

4.16 Borrowing Costs

Borrowing costs of the Group and of the Company include interest on loans, finance lease liabilities and interest expense of other debt instruments calculated using the effective interest method. All borrowing costs are recognised as an expense when incurred.

4.17 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank and in hand including bank overdraft and deposits and investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

5. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

5.1 Judgements and Assumptions Applied

In the selection of accounting policies for the Group and the Company, the areas that require significant judgements and assumptions are as follows:

Classification of non-current term loan

Term loan agreement entered into by the Group and by the Company include repayment of demand clauses at the discretion of financial institution. The Group and the Company believe that in the absence of a default being committed by the Group and by the Company, this financial institution is not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loan has been classified between current and non-current liabilities based on their repayment period.

5.2 Estimation Uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Group and of the Company are in measuring as follows:

(a) Depreciation of property, plant and equipment

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applies and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

(b) Impairment of property, plant and equipment

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

If there are indicators of impairment in property, plant and equipment, the Group and the Company carry out the impairment test based on a variety of estimation including the value in use of the cash-generating units to which the property, plant and equipment is allocated. Estimating the value in use requires the Group and the Company to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

During the current financial year, the Group and the Company assessed and determined that there was no indicator of impairment for property, plant and equipment.

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5. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY - continued

5.2 Estimation Uncertainty - continued

(c) Impairment or write down of slow moving and obsolete inventories

The Group and the Company write down its slow moving and obsolete inventories based on assessment of their fair value less costs to sell. Inventories are written down when events and circumstances indicate that the carrying amounts may not be recoverable. Management uses its judgement to analyse past sales trend and current economic trends to evaluate the adequacy of the impairment loss for slow-moving and obsolete inventories. The actual impairment loss can only be confirmed in any subsequent sales of those inventories and this may differ from the estimates made earlier. This may affect the Group's and the Company's financial position and results.

(d) Impairment of receivables

The Group and the Company recognise impairment losses for receivables using the incurred loss model. Individually significant receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Company's future financial position and financial performance. The carrying amounts of receivables as at the end of the reporting period are set out in the statement of financial position.

(e) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balance in the year in which such determination is made.

(f) Provision for warranty

The provision is made for the estimated liability on all products under warranty and it is based on certain percentage of certain product's revenue, which is derived from historical warranty data and a weighting of all possible outcomes against the associated probabilities.

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6. GROUP STRUCTURE AND CHANGES

6.1 Composition of the Group

The Group comprises the parent, Apex Power Industry Sdn. Bhd. and a direct subsidiary at the end of the current financial year.

Details of the entities in the Group are as follows:

	Principal place of business	Parent's effective ownership 2023	2022	Principal activities
Parent				
Apex Power Industry Sdn. Bhd.	Malaysia	-	-	Investment holding.
Direct subsidiary				
EPE Switchgear (M) Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing, engineering and project activities, providing a wide range of products and services to the generation, transmission and distribution sectors of the electrical power industry.

7. PROPERTY, PLANT AND EQUIPMENT

The Group	Balance at 01.10.2022 RM	Additions RM	Disposal RM	Balance at 30.09.2023 RM
Cost				
Buildings	10,167,306	-	-	**10,167,306**
Computer equipment	1,201,004	49,237	-	**1,250,241**
Furniture and fittings	267,749	-	-	**267,749**
Freehold land	2,434,959	-	-	**2,434,959**
Loose tools	9,223	-	-	**9,223**
Motor vehicles	733,478	-	-	**733,478**
Mould	731,552	54,199	-	**785,751**
Office and factory equipment	3,878,220	43,477	-	**3,921,697**
Plant and machinery	8,390,917	24,595	-	**8,415,512**
Renovation	3,673,223	-	-	**3,673,223**
	31,487,631	171,508	-	**31,659,139**

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7. PROPERTY, PLANT AND EQUIPMENT - continued

The Group	Balance at 01.10.2022 RM	Charge for the year RM	Disposal RM	Balance at 30.09.2023 RM
Accumulated Depreciation				
Buildings	2,811,867	250,126	-	**3,061,993**
Computer equipment	1,122,183	56,088	-	**1,178,271**
Furniture and fittings	258,275	5,773	-	**264,048**
Loose tools	4,612	1,844	-	**6,456**
Motor vehicles	694,748	16,600	-	**711,348**
Mould	581,487	63,037	-	**644,524**
Office and factory equipment	3,279,050	262,405	-	**3,541,455**
Plant and machinery	2,505,949	936,949	-	**3,442,898**
Renovation	3,526,972	60,708	-	**3,587,680**
	14,785,143	1,653,530	-	**16,438,673**

Carrying Amount	2023 RM	2022 RM
Buildings	**7,105,313**	7,355,439
Computer equipment	**71,970**	78,821
Furniture and fittings	**3,701**	9,474
Freehold land	**2,434,959**	2,434,959
Loose tools	**2,767**	4,611
Motor vehicles	**22,130**	38,730
Mould	**141,227**	150,065
Office and factory equipment	**380,242**	599,170
Plant and machinery	**4,972,614**	5,884,968
Renovation	**85,543**	146,251
	15,220,466	16,702,488

The motor vehicle of the Group at cost amounting to RM30,000 (2022: RM30,000) is held in trust by third party.

7.1 Assets pledged as security for borrowings

Carrying Amount	The Group 2023 RM	The Group 2022 RM
Buildings	**7,105,313**	7,355,439
Freehold land	**2,434,959**	2,434,959
	9,540,272	9,790,398

The above assets have been pledged to licensed financial institutions for the banking facilities granted to the subsidiary as disclosed in Notes 18 and 30.

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7. PROPERTY, PLANT AND EQUIPMENT - continued

7.2 Costs of fully depreciated assets still in use at the end of the reporting period

	The Group	
	2023	2022
	RM	**RM**
Computer equipment	**1,064,741**	1,000,296
Furniture and fittings	**256,695**	214,980
Motor vehicles	**650,478**	650,478
Mould	**563,524**	165,420
Office and factory equipment	**2,826,617**	2,350,270
Plant and machinery	**1,127,191**	1,032,787
Renovation	**3,386,650**	3,328,370
	9,875,896	8,742,601

8. INVESTMENT IN SUBSIDIARY

Investment in Subsidiary in the Separate Financial Statement

	The Company	
	2023	2022
	RM	**RM**
Unquoted shares, at cost in Malaysia		
Balance at 1 October/30 September	**13,250,000**	13,250,000

9. GOODWILL ON CONSOLIDATION

	The Group	
	2023	2022
	RM	**RM**
Cost		
At 1 October	**4,505,887**	4,505,887
Disposal during the year	**-**	-
At 30 September	**4,505,887**	4,505,887
Impairment		
Balance at 1 October	**4,505,887**	4,505,887
Disposal during the year	**-**	-
Balance at 30 September	**4,505,887**	4,505,887
Net carrying amount	**-**	-

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10. INVENTORIES

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
At cost:				
Raw materials	**22,694,101**	14,992,172	-	-
Raw materials in transit	**2,145,183**	1,056,362	-	-
Work-in-progress	**5,273,868**	4,098,460	-	-
Finished goods	**1,905,823**	3,910,156	-	-
	32,018,975	24,057,150	-	-
Inventories recognised as an expense in profit or loss	**93,068,209**	80,101,126	-	-

11. TRADE RECEIVABLES

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Retention sum	**7,444,610**	5,893,379	-	-
Trade receivables	**28,512,418**	19,715,205	-	-
	35,957,028	25,608,584	-	-
Less: Allowance for bad and doubtful debts	**(195,438)**	(195,438)	-	-
	35,761,590	25,413,146	-	-
Allowance for bad and doubtful debts: Balance at 1 October/ 30 September	**195,438**	195,438	-	-

The Group's normal trade credit terms granted to its customers range from 30 days to 90 days (2022: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

These short-term receivables are measured at undiscounted amounts because the effect of discounting is immaterial.

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12. OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	**RM**	**RM**	**RM**
Other receivables	**3,325,849**	417,848	-	-
GST recoverable	**106,271**	106,271	-	-
Prepayments	**657**	657	**657**	657
Staff advances	**3,915**	1,418	-	-
	3,436,692	526,194	**657**	657

These short-term receivables are measured at undiscounted amounts because the effect of discounting is immaterial.

13. DEPOSITS

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	**RM**	**RM**	**RM**
Fixed deposits with a licensed bank	**7,926,378**	15,123,933	-	-
Sundry deposits	**68,555**	38,555	-	-
	7,994,933	15,162,488	-	-

Fixed deposits with a licensed bank are pledged for bank guarantee facility as disclosed in Note 30 to the financial statements.

The fixed deposits bear interest at rates ranging from 2.00% to 3.65% (2022: 1.25% to 2.00%) per annum and have maturity periods from 1 month to 6 months (2022: 1 month to 6 months).

The fixed deposit amounting to RM586,982 (2022: RM572,902) was held in trust by and registered under the name of third party.

14. AMOUNT DUE FROM A SUBSIDIARY

	The Company	
	2023	2022
	RM	**RM**
Non-trade	**4,000,000**	4,000,000

This represents advanced receivable by a subsidiary and is unsecured, interest free and repayable on demand.

This short-term receivable is measured at undiscounted amount because the effect of discounting is immaterial.

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15. SHARE CAPITAL

	Number of shares 2023	Amount 2023 RM	Number of shares 2022	Amount 2022 RM
The Group and the Company				
Issued and fully paid:				
Ordinary shares	**100,000**	**100,000**	100,000	100,000

16. RETAINED EARNINGS

The retained earnings of the Company and the subsidiary are available for distributions by way of cash dividends or dividends in specie. Under the single-tier system of taxation, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences that would result from the payment of dividends to shareholders.

17. DEFERRED TAX LIABILITIES

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
At 1 October	**454,494**	-	-	-
Recognised in profit or loss (Note 27)	**155,762**	454,494	-	-
At 30 September	**610,256**	454,494	-	-
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	**1,429,436**	776,327	-	-
Deferred tax assets	**(819,180)**	(321,833)	-	-
	610,256	454,494	-	-

The components and movements of deferred tax liabilities and assets during the reporting period prior to offsetting are as follows:

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Deferred Tax Assets:				
Tax effect on:				
Deductible temporary differences arising from:				
- Property, plant and equipment	**533,448**	44,211	-	-
Unabsorbed capital allowances	**285,732**	277,622	-	-
	819,180	321,833	-	-
Set off against deferred tax liabilities	**(819,180)**	(321,833)	-	-
	-	-	-	-

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17. DEFERRED TAX LIABILITIES - continued

The components and movements of deferred tax liabilities and assets during the reporting period prior to offsetting are as follows: - continued

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	**RM**	**RM**	**RM**
Deferred Tax Liabilities:				
Tax effect on:				
Taxable temporary differences arising from:				
- Property, plant and equipment	**1,429,436**	776,327	-	-
Set off against deferred tax assets	**(819,180)**	(321,833)	-	-
	610,256	454,494	-	-
Net Deferred Tax Liabilities:				
Tax effect on:				
Taxable temporary differences arising from:				
- Property, plant and equipment	**610,256**	454,494	-	-

18. TERM LOAN (SECURED)

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	**RM**	**RM**	**RM**
Repayable:				
After 5 years	**1,325,960**	1,528,829	-	-
After 2 years but within 5 years	**435,968**	412,636	-	-
After 1 year but within 2 years	**132,447**	125,716	-	-
	1,894,375	2,067,181	-	-
Within 1 year	**137,727**	131,790	-	-
	2,032,102	2,198,971	-	-

Term loan is obtained to refinance the subsidiary's freehold land and building, held under Geran 42327, Lot 8252, Mukim Setul, Daerah Seremban, Negeri Sembilan. It is secured by the first legal charge over the subsidiary's freehold land and building, jointly and severally guaranteed by the directors of the subsidiary and a third party together with a corporate guarantee issued by a third party.

It is repayable by 300 monthly instalments ranging from RM16,846 to RM18,232 (2022: RM16,846 to RM17,395) each ending in December 2036 and bears interest at the rate of 2.00% (2022: 2.00%) below the bank's base lending rate per annum.

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19. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 days to 90 days (2022: 30 days to 90 days).

These short-term payables are measured at undiscounted amounts because the effect of discounting is immaterial.

20. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	**RM**	**RM**	**RM**
Other payables	**4,896,335**	4,643,541	**3,300,445**	3,301,305
Accruals	**351,113**	336,203	**4,028**	4,028
	5,247,448	4,979,744	**3,304,473**	3,305,333

These short-term payables are measured at undiscounted amounts because the effect of discounting is immaterial.

21. BANK OVERDRAFT (UNSECURED)

Bank overdraft represents unpresented cheques issued by the Group and by the Company which were cleared subsequent to the financial year end.

22. REVENUE

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	**RM**	**RM**	**RM**
Sale of goods	**112,570,411**	94,094,153	-	-
Service income	**6,783,454**	6,828,833	-	-
	119,353,865	100,922,986	-	-

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23. OTHER INCOME

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	**RM**	**RM**	**RM**
Fixed deposits interest income	**661,376**	264,985	-	-
Gain on foreign exchange				
- realised	**240,412**	-	-	-
Government grant	**861,853**	-	-	-
Insurance claim	-	10,600	-	-
Interest income	**33,657**	-	-	-
Rental income	**362,435**	362,435	-	-
REPO interest income	**53,044**	63,201	-	411
Sundry income	**243,367**	248,789	-	-
Wages subsidy programme income	-	149,000	-	-
	2,456,144	1,099,010	-	411

24. DIRECTORS' REMUNERATION - OTHER EMOLUMENTS

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	**RM**	**RM**	**RM**
Other emoluments				
EIS, EPF and SOCSO contributions	**129,569**	117,434	-	-
Salaries, bonuses and allowances	**707,536**	643,744	-	-
	837,105	761,178	-	-

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25. EMPLOYEE BENEFIT EXPENSES

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	**RM**	**RM**	**RM**
Allowance for staff retirement benefits	**26,276**	21,320	-	-
Bonuses	**1,078,666**	1,000,209	-	-
Competent allowance	**175,200**	151,400	-	-
EIS, EPF and SOCSO contributions	**1,271,944**	1,001,716	-	-
Human Resource Development Fund	**66,096**	56,128	-	-
Medical fees	**208,127**	220,294	-	-
Salaries, allowances and overtime	**8,320,311**	6,244,538	-	-
Subsistence and site allowances	**310,767**	257,252	-	-
Staff uniform	**20,333**	37,385	-	-
Staff welfare and refreshment	**59,917**	31,892	-	-
Training allowances	**17,759**	32,721	-	-
Transportation charges	**27,540**	76,380	-	-
	11,582,936	9,131,235	-	-

The employee benefit expenses exclude directors' remuneration - other emoluments.

26. FINANCE COSTS

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	**RM**	**RM**	**RM**
Bank guarantee charges	**630,698**	170,302	-	-
Term loan interests	**48,753**	43,291	-	-
	679,451	213,593	-	-

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27. TAX EXPENSE/(INCOME)

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Provision for the year	**4,585,470**	3,019,088	**-**	99
Under/(Over) provision in prior year	**45,514**	(67,386)	**(5)**	(19)
Charge for the year	**4,630,984**	2,951,702	**(5)**	80
At 1 October	**797,787**	734,033	**(17,301)**	(35,491)
	5,428,771	3,685,735	**(17,306)**	(35,411)
Tax paid	**(3,427,232)**	(2,912,458)	**(2,724)**	(6,400)
Tax refunded	**-**	24,510	**-**	24,510
At 30 September	**2,001,539**	797,787	**(20,030)**	(17,301)
Income tax recoverable	**(20,030)**	(17,301)	**(20,030)**	(17,301)
Income tax payable	**2,021,569**	815,088	**-**	-
	2,001,539	797,787	**(20,030)**	(17,301)
Major components of tax expense/(income) are:				
Current tax				
In respect of current year:				
- Malaysian income tax	**4,585,470**	3,019,088	**-**	99
In respect of prior year:				
- Malaysian income tax	**45,514**	(67,386)	**(5)**	(19)
	4,630,984	2,951,702	**(5)**	80
Deferred tax (Note 17):				
Deferred tax expense related to the origination of temporary differences	**39,302**	278,277	**-**	-
Under provision of deferred tax in prior year	**116,460**	176,217	**-**	-
	155,762	454,494	**-**	-
Total tax expense/(income) for the year	**4,786,746**	3,406,196	**(5)**	80

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27. TAX EXPENSE/(INCOME) - continued

The significant differences between the tax expense/(income) and accounting profit/(loss) multiplied by the statutory tax rate are due to the tax effects arising from the following items:

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Profit/(loss) before tax	**19,625,353**	13,530,600	**(7,280)**	(8,773)
Tax calculated at tax rate of 24% (2022: 24%)	**4,710,085**	3,247,344	**(1,747)**	(2,106)
Tax effect on expenses not deductible for tax purposes	**120,242**	84,491	**1,747**	2,205
Tax effect on income not subject to tax	**(206,845)**	(35,760)	**-**	-
Notional allowance during the year	**1,290**	1,290	**-**	-
Under/(over) provision in prior year:				
- tax expense	**45,514**	(67,386)	**(5)**	(19)
- deferred tax	**116,460**	176,217	**-**	-
Effective tax expense/(income)	**4,786,746**	3,406,196	**(5)**	80

28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Aggregate cost	**171,508**	2,183,589	**-**	-
Less: other payables	**-**	(5,955)	**-**	-
Cash payment	**171,508**	2,177,634	**-**	-

29. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Cash at bank	**29,270,338**	10,315,416	**35,621**	46,485
REPO account	**-**	9,750,000	**-**	-
Cash in hand	**21,026**	9,974	**-**	-
	29,291,364	20,075,390	**35,621**	46,485
Bank overdraft (unsecured)	**-**	(152,899)	**-**	-
	29,291,364	19,922,491	**35,621**	46,485

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29. CASH AND CASH EQUIVALENTS - continued

The REPO account bears interest at rates ranging from 1.10% to 2.10% (2022: 0.70% to 1.80% per annum and has maturity periods from 1 days to 29 days (2022: 2 days to 34 days).

30. BANK GUARANTEES

The subsidiary's bankers have given the following guarantees on behalf of the subsidiary.

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	**RM**	**RM**	**RM**
Tendering of projects	**25,543,553**	19,243,557	-	-

The Group has the bank facilities comprising bank guarantee, letter of credit, multi trade and forward exchange contract, with the combined limit of RM32,222,500 (2022: RM45,923,000) are secured by the pledge of directors' and third party's fixed deposits, joint and severally guaranteed by the director and a third party and deed of assignment of benefit of contracts with value of RM41,200,000 (2022: RM41,200,000).

31. RELATED PARTY DISCLOSURES

31.1 Control Relationship

The direct subsidiary of the Company is EPE Switchgear (M) Sdn. Bhd..

31.2 Related party transactions

There are no significant related party transactions which took place during the financial year.

The balance relating to the related party transactions has been disclosed in respective note.

31.3 Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include mainly directors of the Group and of the Company.

No year-end outstanding balance in relation to compensation payable to key management personnel is included in other payables and accruals. The key management personnel compensation is disclosed in Note 24.

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32. COMMITMENTS

	The Group		The Company	
	2023	2022	**2023**	2022
	RM	**RM**	**RM**	**RM**
Operating lease commitments:				
Later than 2 years but not later than 5 years	**33,380**	49,275	-	-
Later than 1 year but not later than 2 years	**28,074**	19,074	-	-
	61,454	68,349	-	-
Within 1 year	**55,074**	19,074	-	-
	116,528	87,423	-	-

33. CONTINGENT LIABILITIES

During the financial year, the subsidiary discussed liquidated ascertained damages ("LAD") with one of its customers due to a delay in delivering goods. However, the subsidiary directors were unable to estimate the amount of LAD, and therefore, no provision for LAD was made for financial year 2023.

VALUATION LETTER

Strategic Capital Advisory Sdn. Bhd.
(Registration No. 199901003253 (478153-U))
Investment Advisers – Corporate Finance (CMSL/A0124/2007)
(Licensed by Securities Commission)
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Date: 31 July 2024

The Board of Directors,

Pekat Group Berhad
Unit 3A, 5 & 6, Cubic Space
No. 6, Jalan Teknologi 3/4
Taman Sains Selangor
1 Kota Damansara
47810 Petaling Jaya, Selangor

Strictly Private & Confidential

Dear Sirs,

FAIR VALUATION EXERCISE OF THE ENTIRE EQUITY INTEREST IN APEX POWER INDUSTRY SDN BHD ("VALUATION")

This letter ("**Letter**") is prepared solely for the Valuation in connection with proposed acquisition of the 60% equity interest in Apex Power Industry Sdn Bhd ("**Apex Power**" or "**Target Company**") ("**Proposed Acquisition**") for a purchase consideration of RM96,000,000 ("**Purchase Consideration**") for the purposes of inclusion in the circular to shareholders of Pekat Group Berhad ("**Company**").

1. INTRODUCTION

Strategic Capital Advisory Sdn Bhd ("**SCA**") has been appointed by the Board of Directors of the Company ("**Board**") as an Independent Business Valuer to undertake the Valuation. SCA confirms that SCA and its employees do not have any direct or indirect financial interests in the Company or its subsidiaries and is not in a position that may affect our objectivity in performing this engagement, therefore confirming our independence in relation to the Valuation.

The purpose of this Letter is to set out our opinion in relation to the Valuation and is subject to the limitations of our role and evaluation as explained herein. Other than for this intended purpose, this Letter should not be used for any other purpose and/or by any other persons and/or reproduced, wholly or partially, without our express written consent. Should any information and/or section of our Letter is to be extracted, quoted and/or referenced in any document, the relevant paragraphs and/or sections of the said document shall be reviewed and consented in writing by us prior to the release of the said document to any party for any purposes. We shall not be liable for any damage or loss sustained or suffered by any parties as a result of any unauthorised circulation, publication, reproduction or use of this Letter or any part hereof.

2. BACKGROUND INFORMATION OF THE TARGET COMPANY

Apex Power is a private limited company incorporated in Malaysia on 7 August 2009, which is an investment holding company. As of the date of this Letter, Apex Power has a wholly-owned subsidiary, namely EPE Switchgear (M) Sdn Bhd, which is principally involved in manufacturing, engineering and project activities, providing a wide range of products and services to the generation, transmission and distribution sectors of the electrical power industry.

(Apex Power and its subsidiary is collectively referred to as the "**Apex Power Group**" or "**Target Group**")

Strategic Capital

3. TERMS OF REFERENCE

The basis of our opinion is the fair market value which is defined as the arm's length price at which such asset would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell, in an open and unrestricted market and both having reasonable knowledge of relevant facts. The concept of market value means the cash equivalent price of an asset being valued assuming the transaction took place under conditions existing at the date of valuation of the assets. The amount would not be considered market value if it was influenced by special motivations or characteristic of a typical buyer or seller.

Date of Opinion

The date of our opinion is 20 May 2024 (herein also referred to as the "**Date of Opinion**").

Sources of Information

The sources of information which we have used in our evaluation are as follows:

(i) Audited consolidated financial statements of Apex Power Group for the financial year ended/ending 30 September ("**FYE**") 2021, FYE 2022 and FYE 2023;
(ii) Consolidated management accounts of Apex Power Group for the 7-month financial period ended 30 April ("**7M-FPE**") 2024;
(iii) Share sale agreement in relation to the Proposed Acquisition ("**SSA**");
(iv) Financial forecast and projection for the Target Group for the remaining 5-month financial period from 1 May 2024 up to 30 September 2024 ("**5M-FPE 2024**") to FYE 2028 ("**Future Financials**");
(v) Representation and explanation by the management of the Target Group ("**Management**"); and
(vi) Other publicly available information in respect of the industry that the Target Group is involved in.

We have made all reasonable enquiries and conducted our own reviews, where possible, with regards to the information provided to us. We have also relied on the Management to exercise due care to ensure that all information and documents provided to us and that all relevant facts, information and representations necessary for our evaluation have been disclosed to us and that such information is accurate, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate.

Based on the reviews and enquiries made by us, we are satisfied that the information and documents provided by the Management to us are sufficient, the bases and assumption used for the Future Financials are reasonable and we have no reason to believe that any such information provided to us in untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this Letter.

The Board has, individually and collectively, accepted full responsibility that all material facts, financial and other information in this Letter, and for the accuracy of the information in respect of the Proposed Acquisition (save for those in relation to our evaluation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein incomplete, false and/or misleading.

We have not undertaken an independent investigation into the business of the Company and the Target Group. No representation or warranty, whether expressed or implied, is given by SCA that the information and documents provided will remain unaltered subsequent to the issuance of this Letter.

Scope and Limitation of Review

SCA was not involved in the formulation or any deliberation and negotiation on the terms and conditions of the Proposed Acquisition or any corporate exercise intended to be undertaken by the Company. Our role as the Independent Business Valuer does not extend to us expressing an opinion on the commercial merits of the Proposed Acquisition or any corporate exercise intended to be undertaken by the Company. The assessment of the commercial merits is solely the responsibility of the Board, although we may draw upon their views in arriving at our opinion. As such, where comments or points of consideration are included on matters, which may be commercially oriented, these are incidental to our overall evaluation and concern matters, which we may deem material for disclosure.

Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to any corporate exercise intended to be undertaken by the Company.

Our work includes holding discussions with and making enquiries from the Management regarding representations made on the Target Group. We rely on the Management's oral and written representations as well as third party sources as explained in the relevant sections of this Letter. Accordingly, we make no representations as to the accuracy or completeness of the information provided and in no event shall we, our partners, principals, directors, shareholders, agents or employees are liable for any misrepresentations by the Management.

However, should SCA become aware of any significant change affecting the information contained in this Letter; being informed of any material changes in the subject matters which may have an impact on SCA's opinion or have reasonable grounds to believe that any statement in this Letter is misleading or deceptive or that there is a material omission in this Letter, we will immediately notify the Board. If circumstances require, a supplementary Letter will be issued to the Board.

The management of the Company have, individually and collectively, accepted full responsibility for all material facts, financial and other information essential to our evaluation have been disclosed to us and are as set out in this Letter, and for the accuracy of the information in respect of the Valuation (save for those in relation to our evaluation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein incomplete, false and/or misleading.

4. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of the Target Group based on the audited consolidated financial statements and the consolidated management accounts of the Target Group are set out below:-

	Audited FYE 30 September			Unaudited 7M-FPE
	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Revenue	103,934	100,923	119,354	80,908
Profit before tax	11,382	13,531	19,625	15,337
Profit after tax ("**PAT**")	9,040	10,124	14,839	12,857
Net Asset attributable to owner ("**NA**")	66,155	76,279	91,118	103,975
Total borrowings	2,357	2,352	2,032	1,925
No of ordinary shares ('000)	100	100	100	100
Basic earnings per share (RM)	90.40	101.24	148.39	128.57
NA per share (RM)	661.55	762.79	911.18	1,039.75
Current ratio (times)	3.64	3.68	3.60	4.40
Gearing ratio (times)	0.04	0.03	0.02	0.02

There were no exceptional and/or extraordinary items nor audit qualifications reported in audited financial statements of Target Group.

Commentary:

<u>FYE 2022</u>

The revenue of Target Group decreased by RM3.01 million or 2.90% from RM103.93 million in the FYE 2021 to RM100.92 million in FYE 2022. The decrease in revenue was due mainly to the lower revenue generated from the installation and maintenance services rendered to its customers.

Despite the decrease in revenue, Target Group's PAT increased from RM9.04 million in FYE 2021 to RM10.12 million in FYE 2022, mainly due to lower direct material and labour costs, partly offset by higher tax expenses.

FYE 2023

The revenue of Target Group increased by RM18.43 million or 18.26% from RM100.92 million in the FYE 2022 to RM119.35 million in FYE 2023. The increase in revenue was due mainly to the higher revenue generated from the increased sales of its air-insulated switchgears and ring main units to its customers.

Target Group recorded an improved PAT for the FYE 2023 of RM4.72 million or 46.64% from RM10.12 million in FYE 2022 to RM14.84 million in FYE 2023, mainly due to increase in gross profits earned, partly offset by higher staff costs as well as tax expenses.

5. INDUSTRY OUTLOOK

Overview and outlook of Malaysian Economy

Key developments in the Malaysian economy as extracted from quarterly bulletin for the first quarter of 2024 ("**1Q2024**") published by Bank Negara Malaysia are as follows:

(i) Higher Gross Domestic Product growth of 4.2% in the 1Q2024 as compared to 2.9% in the fourth quarter of 2023 ("**4Q2023**"). On a quarter-on-quarter seasonally-adjusted basis, the economy rose by 1.4% in 1Q2024 as compared to decrease of 1.0% in the 4Q2023. The factors supporting the growth in the 1Q2024 includes:
   a. Higher household spending supported by positive labour market conditions and stronger Government measures;
   b. Turnaround in goods export and higher tourist arrivals; and
   c. Stronger investment activities.

(ii) The unemployment rate was sustained at its pre-pandemic level of 3.3% in 1Q2024 (4Q2023: 3.3%). Employment rose to 16.4 million persons in 1Q2024 (4Q2023: 16.35 million persons) amid continued demand for labour. Labour supply remained forthcoming as the labour force participation rate increased further to a historical high of 70.2% in 1Q2024 (4Q2023: 70.1%);

(iii) Both headline and core inflation remained moderate during the 1Q2024, with the headline inflation increased slightly to 1.7%, partly reflecting higher water tariffs and service tax on higher electricity consumption. Nonetheless, it was partly offset by lower inflation in other consumer price index items, particularly food and beverages. Core inflation declined further to 1.8% during the 1Q2024.

(iv) Going forward, growth of the Malaysian economy will be driven mainly by resilient domestic expenditure, with additional support from exports recovery. Household spending will be supported by sustained growth in employment and wage growth. Tourist arrivals and spending are expected to improve further. Additionally, investment activities will be supported by continued progress of multi-year projects in both the private and public sectors, and augmented by the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments. The growth outlook faces downside risks from weaker-than-expected external demand, further escalation of geopolitical conflicts and larger declines in commodity production. Nevertheless, greater spillover from the tech upcycle, more robust tourism activities, and faster implementation of new and existing investment projects provide upside to Malaysia's economic outlook; and

(v) For 2024, headline and core inflation are projected to remain moderate averaging from 2% to 3.5%, and 2% to 3%, respectively. The wider forecast range has incorporated some potential upside on inflation that could arise from the implementation of subsidy rationalisation. The outlook for the rest of the year is dependent on the implementation of domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

(*Source: Quarterly Bulletin for 1Q2024, Bank Negara Malaysia*)

Strategic Capital

Overview of Malaysian National Energy Policy 2022 – 2040

The Malaysian Government had, on 19 September 2022, launched the National Energy Policy 2022-2040 ("**NEP**") with the following objectives:
- Enhancing macroeconomic resilience and energy security;
- Achieving social equitability and affordability; and
- Ensuring environmental sustainability.

In order to achieve these objectives, numerous action plans have been developed and laid out in the NEP and this client alert aims to provide an overview of the Low Carbon Aspiration 2040 initiative ("**Aspiration**") and highlight key action plans that would be of interest to all types of investors and companies intending to comply with environmental, social and governance ("**ESG**") requirements. The NEP is a 'live document' and subject to periodic reviews every 3 years to ensure that the targets are achievable and to keep in line with international development in the energy transition space.

It is worth highlighting that one of the short-term implementation plan of the Aspiration is the creation of a new Energy Efficiency and Conservation Act ("**EECA**") which will set out minimum energy performance standards for a range of energy intensive industrial equipment, establish mandatory energy audits for certain categories of energy consumers (e.g. large industrial) as well as penalties for non-compliance.

It is expected that the Aspiration will create significant positive economic development impact with a higher GDP of RM13 billion per year for Malaysia and the creation of approximately 207,000 new jobs. The Government also intends to introduce new initiatives to attract investments to spur the development of low carbon technologies to achieve the goals and targets of the Aspiration.

(*Source: Malaysia: Malaysian National Energy Policy 2022-2040 - Global Compliance News by Baker McKenzie*)

Overview and outlook of property development and construction industry in Malaysia

We take note that Apex Power Group is primarily involved in the power distribution equipment industry. In view of the niche market of Apex Power Group and lack of recent publicly available industry outlook, we have included the outlook of property development and construction industry in Malaysia considering that the demand for power distribution equipment is related to the growth in property development and construction industry.

Despite a challenging global financial and economic environment, the property market stayed resilient in 2023 supported by positive performance in all sub-sectors except agriculture compared to the previous year. In 2023, total transactions volume and value increased by 2.5% and 9.9% respectively to 399,008 transactions worth RM196.83 billion (2022: 389,107 transactions; RM179.07 billion; 2021: 300,497 transactions; RM144.87 billion). The residential sub-sector continued to contribute the largest share of transactions, recorded a marginal increase in both volume and value.

The industrial sub-sector recorded moderate growth in 2023, remained positive since Q3 2023 (increased by 10.7%), after experienced negative growth in first half 2023 (declined by 2.5%). It is in tandem to Department of Statistics Malaysia (DOSM), Malaysia's Industrial Production Index (IPI) for the year of 2023, which registered a marginal growth of 0.9% in 2023 as compared to 6.7% in 2022. All sectors posted positive growth namely electricity (2.5%); mining (0.8%) and manufacturing (0.7%).

Foreign Direct Investment ("FDI") in Malaysia recorded a higher net inflow of RM926.30 billion in fourth quarter of 2023 as compared to third quarter of 2023 (RM914.90 billion). These investments were channelled mainly into the services sector with a value of RM468.40 billion (50.6%), followed by manufacturing (RM390.80 billion; 42.2%) and mining and quarrying (RM42.1 billion; 4.5%). The top three countries for FDI position were Singapore (RM207.70 billion; 22.4%), and Hong Kong (RM113.30 billion; 12.2%) and the United States of America (RM97.40 billion; 10.5%). Thus, the relaxation of Malaysia My Second Home ("MM2H") program which was announced by the Government in December 2023 is on the right track to boost foreign investment in Malaysia particularly in real estate sector.

For residential, there were 250,586 transactions worth RM100.93 billion recorded in 2023, a marginal increase of 3.0% in volume and 7.1% in value as compared to 2022. The improvement was supported by the uptrend recorded in Johor (44.4%), WP Kuala Lumpur and Pulau Pinang (4.3%), Terengganu (2.0%), Negeri Sembilan (1.9%) and Kedah (1.6%). Combined, these states formed about 48.0% of the total national residential volume. The residential overhang situation improved as the numbers continued to reduce as compared to previous year. There were 25,816 overhang units worth RM17.68 billion recorded in Q4 2023, reduced by 7.0% and 4.0% in volume and value respectively against Q4 2022 (27,746 overhang units worth RM18.41 billion).

The commercial sub-sector recorded an increase in market activity. There were 40,463 worth RM38.31 billion recorded in 2023, increased by 23.3% in volume and 17.5% in value as compared to 2022 (32,809 transactions worth RM32.61 billion). The improved market was contributed by the increased activities recorded in all states and major transactions involving shopping complex and purpose-built office recorded in the review period. Shop segment recorded 18,437 transactions worth RM16.10 billion, dominating 45.6% of the commercial property transactions volume and 42.0% of the total value. Against 2022, market performance improved in volume and value, recorded an increase of 9.3% and 13.5% respectively (2022: 16,862 transactions worth RM14.2 billion).

According to the Ministry of Finance (MoF), Malaysia's economy is expected to grow moderately with the projected growth between 4% to 5% in 2024, driven by domestic demand, sustained and diversified economic structure and coupled with ongoing policy support including the National Energy Transition Roadmap and the New Industrial Master Plan 2030. Bank Negara Malaysia ("BNM") also anticipated resilient domestic expenditure and improvement in external demand will driven Malaysia's growth.

The property market is expected to continue its momentum supported by various initiatives outlined by the government under Budget 2024, among others:

(i) Establish a high-tech industrial area in Kerian, Northen Perak to widen the E & E cluster ecosystem in the Northen Region.
(ii) In line with the Halal Industry Master Plan 2030, which sets a benchmark for the halal industry's contribution of 11% of GDP by 2030, 9 financial institutions are offering special programmes for halal small and medium enterprises in halal industry an integrated platform providing access to special funds and capacity building programmes.
(iii) A special guarantee fund of RM1 billion has been allocated to encourage reputable developers to revive identified abandoned projects.
(iv) Allocation of RM546 million to continue the implementation of 36 Program Perumahan Rakyat ("PPR"), including a new project in Kluang, Johor and another 15 PPR projects are expected to be completed and this is expected to benefit 5,100 potential new residents.
(v) Allocation of RM358 million will be channelled to continue for the construction of 3,500 housing units under 14 Program Rumah Mesra Rakyat.
(vi) Provide guarantees of up to RM10 billion under Skim Jaminan Kredit Perumahan (SJKP) which will benefit to 40,000 borrowers.
(vii) Imposing a flat rate stamp duty of 4% on the transfer of land ownership documents by non-citizens and foreign-owned companies, except for individuals with permanent residency status in Malaysia.
(viii) Ease the requirements of MM2H programme to attract more tourists and foreign investors to Malaysia.

On the infrastructure development front, the government has proposed allocations on several ongoing and new projects under the revised Budget 2024 which are expected to spur the economic activities, among others:

(i) The Sabah Pan Borneo Highway Phase 1B, covering over 366km.
(ii) Accelerate Sarawak-Sabah Link Road (SSLR) Phase 2 project, spanning over 320 kilometres.
(iii) Extend and upgrade North-South Expressway (PLUS) from four to six lanes from Sedenak to Simpang Renggam.
(iv) Resume the previous proposal to construct five LRT3 stations namely Tropicana, Raja Muda, Temasya, Bukit Raja and Bandar Botanik.
(v) Expand Stage Bus Service Transformation (SBST), to additional locations, namely Kota Bharu, Kuantan, and Kota Setar.

(vi) Upgrade, construct, and maintain roads in smallholder plantations (JLPK) nationwide to facilitate transportation of agricultural inputs and commodity products.

Another infrastructure development which are expected to boost economic activities includes the East Coast Rail Link ("ECRL"), which is scheduled to be operational in January 2027. The ECRL track from Kota Bharu, Kelantan, to Port Klang, Selangor, will further boost the potential new spots area along the route and creating a new chapter in the country's transportation system.

(Source: Property Market Report 2023, Valuation and Property Service Department, Ministry of Finance Malaysia)

6. VALUATION METHODOLOGY

Basis and Method Used to Form Our Opinion on the Valuation

In establishing our opinion on the Valuation, SCA has considered various methodologies, which are commonly used for valuation, taking into consideration the Target Group's future earnings generating capabilities, projected future cash flows, its sustainability as well as various business considerations and risk factors affecting its business.

The valuation methodology considered and selected by SCA to evaluate the fair market value of the entire equity interest in the Target Group is based on the Discounted Free Cash Flow to Firm ("**FCFF**") ("**Discounted FCFF**") Methodology ("**Discounted FCFF Methodology**") as the underlying value of the Target Group are likely to be derived from its future business operations. We have also adopted the Relative Valuation Approach ("**RVA**") as the secondary methodology to cross-check against the Discounted FCFF Methodology.

Further, SCA has also considered the revalued net asset valuation ("**RNAV**") methodology and concluded that the RNAV methodology is not suitable in the assessment of the fair market value of the entire equity interest in the Target Group. RNAV method seeks to adjust the NA of a company to take into consideration the valuation of assets of a company to determine the adjusted value of the firm's financial value. It should be noted that the underlying value of the Target Group is more likely to be derived from its future business operations instead of its assets. Accordingly, we are of the view that RNAV may not accurately reflect the potential of the Target Group.

6a. Discounted FCFF Methodology

The Discounted FCFF Methodology is a commonly used investment appraisal technique to evaluate the attractiveness of an investment opportunity which takes into consideration, amongst others, the time value of money and the projected net cash flow generated discounted at a specified discount rate to derive at the valuation of the subject matter. It involves the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the capital contributors of a company after deducting all expenses and reinvestment cost, to arrive at the fair value of the investment, taking into consideration the risk involved in generating such cash flows.

The formula used to derive the enterprise value is as follows:

Enterprise value = Present value of projected FCFF based on the Future Financials + Terminal value

$$V_o = \frac{FCFF_1}{(1+DR)^1} + \frac{FCFF_n}{(1+DR)^n} + \frac{FCFF_{TV}}{(DR-g)}$$

Where:
V_o = Value today
$FCFF_1$ = Expected FCFF in year 1
$FCFF_{TV}$ = Terminal year FCFF
*DR = Discount rate derived using the weighted average cost of capital ("**WACC**")*
n = represent time, in years into the future
g = terminal year growth rate

Strategic Capital

The projected FCFF as determined annually based on the Future Financials shall be discounted using the WACC. The WACC formula is as follows:

WACC = [Cost of Equity X Equity / Capital] + [Cost of Debt X Debt / Capital X (1 – Corporate Tax Rate)]

The cost of equity takes into account a combination of risk factors associated with the industry in which the Target Group is involved in, namely, the systematic risk, i.e. the inherent market risk such as the interest rate fluctuation, and the capital structure, i.e. the financing risk. These risks are translated into the cost of equity which is built upon the Capital Asset Pricing Model ("**CAPM**"). The cost of equity formula is as follows:

Cost of equity = Risk-Free Rate + [Re-geared Beta X (Market Return – Risk-Free Rate)] + Illiquidity Premium

In arriving at the appropriate discount rate for the Target Group, reference was made to the valuation statistics of companies listed on Bursa Malaysia Securities Berhad that we consider broadly comparable to the Target Group ("**Comparable Companies**"). Considering the search based on the criteria above, i.e. broadly comparable to the Target Group, had resulted in only two (2) comparable companies, we have then made reference to the valuation statistics of public listed companies listed in Southeast Asia and found additional two (2) comparable companies that are listed on the Stock Exchange of Thailand, of which the principal activities are similar to the industry that the Target Group operates.

Comparable Companies	Principal activities
CPT Drives and Power Public Company Limited ("**CPT**")	Provides electrical power and control systems used in industrial plants, including installation and construction of substations in Thailand. It offers cable installation and substation products; medium voltage and low voltage switchgear panels, low voltage solar panels, drive solutions, motors and starter solutions, programmable logic controller, human interface machine products, and power quality solutions; and energy storage systems, as well as commissioning, preventive maintenance, upgrade, repair, and retrofit services.
Fibon Berhad ("**Fibon**")	Principally engages in the manufacture and trading of electrical insulators, electrical enclosures, meter boards, switchboards, and equipment parts. It is also involved in the formulation of polymer matrix fiber composites for the manufacturing of FIBON high-amperage insulators that are used to develop high-amperage switchgear, switchboard systems, circuit breakers, and generator turbines, as well as infrastructure, and oil and gas projects.
Powerwell Holdings Berhad ("**Powerwell**")	Engages in the design, manufacture, and trading of electrical power distribution products in Malaysia, Bangladesh, Vietnam, Indonesia, Pakistan, Thailand, Singapore, Brunei, Cambodia, and Philippines. The company's products include low voltage main, sub, and distribution switchboards; and medium voltage switchgears and related products.
Precise Corporation Public Company Limited ("**PCC**")	Involved in the production and distribution of electricity transmission equipment; project management; energy saving equipment; project management; information and automatic systems; maintenance in low and high voltage of power industries; and power utility management activities. It also engages in the construction of power stations, transmission lines, and high voltage substations. Further, it engages in the production and distribution of switchgears, switchboards, load switches, control boards, and metal products.

It is important to note that the Comparable Companies tabulated herein are by no means exhaustive and may differ from the Target Group in terms of, inter alia, composition of business activities, scale of operations, geographical location of operations, profit track record, financial profile, risk profile, prospects, capital structure, marketability of their securities and other criteria.

One should also note that any comparisons made with respect to the Comparable Companies are merely to provide a comparison to the implied valuation of the Target Group and the selection of Comparable Companies and adjustments made are highly subjective and judgmental and the selected companies may not be entirely comparable due to various factors.

For the purposes of estimating the cost of equity, we have applied the prevailing risk-free rate and market risk premium, as well as adopted the betas of available Comparable Companies with relevant adjustments made taking into consideration the gearing and the risk profile as well as other risk factors that may affect the Target Group.

All information obtained was sourced from S&P Capital IQ as at the Date of Opinion unless stated otherwise.

For the purpose of determining the fair market value of the equity interest in the Target Group, the Comparable Companies' beta is adjusted (de-geared) for its respective net gearing ratio, and then re-geared based on the median net gearing level of the Comparable Companies.

The details of the Comparable Companies and the input parameters for CAPM at the Date of Opinion are set out as follows:

Comparable Company	Market Capitalisation (RM million)	Levered Beta	Net Debt/ Equity	Unlevered Beta
CPT	113.24	0.64	NIL	0.64
Fibon	46.90	0.64	NIL	0.64
Powerwell	258.35	0.64	NIL	0.64
PCC	470.96	0.88	23.33%	0.74
Median			**NIL**	**0.64**

Bases and Assumptions for Future Financials

The Future Financials have been prepared based on a set of assumptions made by the Management, which includes assumptions about future events and outlook that may or may not necessarily occur. In particular, the Future Financials are dependent on the achievability of the specific assumptions as set out below. We have not undertaken a review on the reasonableness of the Future Financials and we do not express any opinion on the achievability of the Future Financials.

The FCFF for each financial year in the Future Financials used to derive at the Discounted FCFF valuation are extracted from the estimate, forecast and projections based on the Management's best estimate, and includes the existing contracts as well as quotations provided to its customers.

Notwithstanding the above, we wish to highlight that the Discounted FCFF valuation is based on prevailing economic, market and other conditions as at Date of Opinion for valuation parameters, in addition to publicly available information and information provided by the Target Group. Such conditions may change significantly over a short period of time. The resultant effect of such changes may materially and/or adversely affect the valuation.

In particular, the Future Financials are dependent on the achievability of the specific assumptions as provided by the Management as set out below. The results of the Future Financials can be materially affected by economic and other circumstances. The actual results may vary considerably from the Future Financials. The Future Financials have also been prepared on the bases consistent with the historical information provided by the Management, of which the specific key assumptions are as follows:-

(i) The revenue is estimated based on the Management's best estimate, after making reference to the Target Group's existing order book as well as historical revenue growth rate. Revenue for the 5M-FPE 2024 is estimated based on the Target Group's existing order book. Thereafter, the revenue is estimated to increase at 3.0% per annum for FYE 2025 to 2027, and 2.5% per annum for FYE 2028. The historical compounded annual growth rate of the Target Group's revenue over the period from FYE 2021 to FYE 2023 is approximately 7.7%;

(ii) Management has estimated the ratio of cost of raw materials and other direct costs (excluding staff costs and depreciation) over revenue throughout the projection period with reference to the historical ratio for the FYE 2021 to FYE 2023;

(iii) The operating expenses comprises mainly staff costs and others. Staff costs are estimated to increase at the range of 4.9% to 5.2% per annum over the projection period, after taking into consideration the relevant arrangements in place and future expected increments. The remaining other operating expenses are estimated to increase at 3.0% per annum over the projection period;

(iv) Tax expense for the Target Group is estimated based on Malaysia corporate tax rate of 24.0%;

(v) The working capital turnover days are estimated to be as follows, which are based on the average turnover days for the FYE 2021 to FYE 2023.

Inventory turnover days	Approximately 121 days
Trade receivables days	Approximately 92 days
Trade payables days	Approximately 76 days

(vi) Management estimated research and development cost and capital expenditure to be incurred for the period from FYE 2025 to FYE 2028 to be approximately RM0.80 million and RM1.00 million per annum respectively after making reference to the historical average amount spent for the FYE 2021 to FYE 2023.

General Assumptions

(i) There will be no significant changes in the principal activities, key management personnel, operating policies, accounting and business policies presently adopted by the Target Group;

(ii) The Future Financials have been prepared based on prevailing economic conditions and information available as at the date of its preparation and does not encompass any assessment of the potential for future changes in the economic conditions in Malaysia and globally;

(iii) There will be no significant changes to the prevailing economic, political and market conditions in Malaysia and elsewhere that will have direct and indirect effects on the activities and performance of the Target Group and the business of the Target Group customers and suppliers;

(iv) There will be no material changes to the present legislation and government's regulations and other operation regulations or restrictions affecting the Target Group activities or the market in which it operates;

(v) Other than as set out above, there will be no significant changes in the credit period granted or received by the Target Group;

(vi) The statutory income tax rate and other relevant duty and tax rate for the Target Group will remain at their respective existing rates with no significant changes in the bases of taxation and there will be no significant changes in the structure which would adversely affect the cash flows of the Target Group;

(vii) There will be no material adverse effect from service disruptions, equipment or network breakdown or other similar occurrences, wars, epidemic, terrorist attacks and other natural risks, both domestic and foreign, which will adversely affect the operations, income and expenditure of the Target Group;

(viii) The rate of inflation will not fluctuate significantly from their projected levels;

(ix) The exchange rate between Malaysian Ringgit and the various currencies in which the Target Group derives its income/expenses in will not fluctuate significantly from their projected levels;

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(x) There will be no substantial impairment to the carrying value of the Target Group's investment, property, plant and equipment and other assets;

(xi) There will be no significant changes in wages, supplies, administration, overhead expenses and other costs other than those forecasted and projected;

(xii) There will be no termination of any significant agreements or contracts from which the legal rights accruing to the Target Group, in respect of the principal activities are derived. Such agreements or contracts are assumed to be renewed based on current terms upon expiry;

(xiii) There will be adequate supply of manpower and other relevant resources to the Target Group for its business activities; and

(xiv) There will be no major legal proceedings against the Target Group which will adversely affect the activities or performance of the Target Group or give rise to any contingent liability which will materially affect the financial position or business of the Target Group.

Evaluation of the equity interest in the Target Group

In determining the fair market value of the equity interest in the Target Group, and based on the Discounted FCFF Methodology using the Future Financials as provided by the Management and the inputs from the Comparable Companies, the following were noted:

WACC Inputs	
Median Net Debt/Equity Ratio of Comparable Companies	NIL
Risk-Free Rate [1]	3.87%
Market Return [2]	9.53%
Re-geared Beta [3]	0.64
Illiquidity Premium [4]	4.00%
Cost of equity derived using CAPM	11.49%
WACC	11.49%
Enterprise Value ("**EV**") of the Target Group	RM173.13 million

Notes:

[1] Based on the risk-free rate for Malaysia as extracted from http://www.bnm.gov.my. This risk-free rate is based on the yield of ten (10) years Malaysian Government Securities as at Date of Opinion.

[2] Based on the historical average market return for Malaysia as extracted from Bloomberg. The historical average market return is based on the average return of FTSE Bursa Malaysia Top 100 Index for the past ten years extracted on the Date of Opinion.

[3] Re-geared beta is arrived at based on the median net debt/equity ratio of Comparable Companies.

[4] An illiquidity premium of 4.0% had been applied to derive the discount rate using CAPM to account for the lack of marketability and unsystematic risk as extracted from http://people.stern.nyu.edu/adamodar/pdfiles/country/illiquidity.pdf.

Terminal value is mainly computed via one of the three (3) approaches, which is (a) liquidation value (b) multiple approach or (c) stable growth approach. For the purpose of this valuation, we have used the stable growth model to compute the terminal value as this usually applies to companies that are growing but on a moderate pace.

The terminal value is computed based on the FCFF for FYE 2028 with 2.0% terminal growth rate taking into consideration the risk of external factors that may directly or indirectly affect the business of the Target Group. The terminal value computed of approximately RM115.31 million represent 66.6% of the Target Group's EV of approximately RM173.13 million.

The terminal value of the Target Group adopted in the Discounted FCFF Methodology is computed based on the parameters as stated below:-

$$\text{Terminal Value} = \frac{FCFF_n \times (1 + g)}{WACC - g}$$

Where;
n = represent time, in this instance, the FCFF for FYE 2028
WACC =Discount rate derived using WACC
g = terminal growth rate

The EV of the Target Group is then adjusted for the cash and bank balances and borrowings, surplus of assets and liabilities of the Target Group as well as the salient terms of the SSA to arrive the equity value in the Target Group as shown in the table below:-

Equity Value of the Target Group	RM'million
EV of the Target Group	173.13
Adjustment	
Less: Borrowings [1]	(1.92)
Less: Subsequent payments non-trade items [2]	(4.00)
Add: Cash and bank balances, including fixed deposits [1]	45.74
Less: Maximum dividends to be declared [3]	(52.00)
Value of 100% equity interest in the Target Group	160.95

Notes:
[1] Based on the consolidated management accounts for the 7M-FPE 2024.
[2] Payment of non-trade other payables of the Target Group amounting to RM3.30 million and dividends amounting to RM0.70 million in July 2024.
[3] Based on the salient terms of the SSA, whereby the maximum dividends to be declared to the vendor of the Target Group prior to the completion of the Proposed Acquisition amounts to RM52.00 million.

Based on the underlying assumptions of the Future Financials, we have further performed a sensitivity analysis on three key parameters, namely the discount rate, terminal value and FCFF as these assumptions have significant impact on the implied valuation of the Target Group.

We have stress tested the Future Financials by varying the values adopted in the discount rate, terminal value and FCFF on a 0.5% and 3.0% upward and downward variance respectively on the midpoint of the valuation to arrive at a reasonable range of equity valuation of the Target Group.

The variance parameters for the discount rate, terminal value and FCFF are selected after considering the followings:-

(i) Projection of Malaysia GDP to grow by 4.3% in 2024 by the World Bank;
(ii) Headline and core inflation are projected to remain moderate between 2% – 3.5% and 2.0% – 3.0%, respectively. (*Source: Economic and Financial Developments in Malaysia in the First Quarter of 2024: Bank Negara Malaysia*);
(iii) The average annual real GDP growth for Malaysia from year 2013 to 2022 is 4.2% as extracted from the World Bank. Malaysia's GDP growth for 2020, 2021 and 2022 were -5.5%, 3.1% and 8.7% respectively; and
(iv) The average annual inflation rate for Malaysia from year 2013 to 2022 is 2.0% as extracted from World Bank. Malaysia's inflation rate for 2020, 2021 and 2022 were -1.1%, 2.5% and 3.4% respectively.

Based on the above, we are of the opinion that the 0.5% and 3.0% upward and downward variance adopted for the discount rate, terminal value and FCFF are reasonable to take into consideration the range of possible fluctuations in the business to not only take into consideration the potential upsides but also the downturn due to unforeseen circumstances.

Results of the sensitivity test is as shown below:-

Sensitivity test Parameters	Low range of value RM' million	High range of value RM' million
Movement in discount rate used (±0.5%)	152.40	170.44
Movement in terminal value (±3.0%) and discount rate (±0.5%)	150.56	172.32
Movement in FCFF (±3.0%) and discount rate (±0.5%)	149.18	174.16

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Premise on the above, the fair value of the entire equity interest in the Target Group ranges from RM149.18 million to RM174.16 million, which translates to RM89.51 million to RM104.50 million for 60% equity interest in the Target Group.

6b.RVA

RVA seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth. Under the RVA, reference was made to the valuation statistics of Comparable Companies to get an indication of the current market expectation with regards to the implied value of the equity interest in the Target Group and compared the implied trading multiples to determine the firm's financial worth.

In our consideration of selecting the valuation multiple to be applied, we have considered, amongst others, the historical financial performance and financial position of the Target Group. We have applied the Price-Earnings Multiple ("**PE Multiple**") and the EV/Earnings before interest, tax, depreciation and amortisation ("**EBITDA**") multiple in our assessment of the implied trading multiple of the Target Group. We have also considered the and the Price to Book ("**PB**") Multiple and have concluded that the PB Multiple is not suitable considering that PB Multiple values a company based on the value of its assets, net of all liabilities at a specific point in time and does not take into consideration the future income stream of a company.

The table below sets out the valuation statistics of the Comparable Companies based on the closing market prices as at the Date of Opinion as extracted from S&P Capital IQ:-

Comparable Companies	Market Capitalisation (RM' million)	PE Multiple [1] [2] (times)	EV/EBITDA Multiple [1] [2] (times)
CPT	113.24	10.08	4.50
Fibon	46.90	11.02	1.34
Powerwell	258.35	16.10	8.90
PCC	470.96	10.98	6.65
	Average	12.05	5.35
	Median	11.00	5.58
	Maximum	16.10	8.90
	Minimum	10.08	1.34

Notes:

[1] Calculated based on the closing market prices as at the Date of Opinion and the trailing last twelve months PAT and EBITDA respectively as at the Date of Opinion as extracted from S&P Capital IQ.

[2] The trading multiples of the Comparable Companies are perceived to be the value of a liquid minority stake as at the Date of Opinion. On the other hand, this Valuation involves the valuation of the entire equity interest in a private company, hence it is perceived to be illiquid but having a control premium. As such, we are of the opinion that for the purpose of this Valuation, when the effect (if any) of the immediate-term illiquidity of the shares is considered in totality with the premium accorded by control, a net zero adjustment would be appropriate to reflect the implied equity value of the Target Group.

For the purposes of estimating the equity value of the Target Group, we have calculated the EBITDA of the Target Group for the FYE 2023 as tabulated below.

	RM'000
Target Group's PAT for the FYE 2023	14,839
Add: Interest expense [1]	679
Less: Interest income [1]	(748)
Add: Tax expense [1]	4,787
Add: Depreciation [1]	1,654
EBITDA for the FYE 2023	21,211

Note:

[1] Based on the audited consolidated financial statements of the Target Group for the FYE 2023.

The implied PE Multiple and EV/EBITDA Multiple of the Target Group based on the value derived from the Discounted FCFF Methodology are as follows:-

	PE Multiple (times)	EV/EBITDA Multiple (times)
Equity value derived from Discounted FCFF Methodology	RM160.95 million	n.a.
EV derived from Discounted FCFF Methodology	n.a.	RM173.13 million
FYE 2023 PAT	RM14.84 million	n.a.
FYE 2023 EBITDA	n.a.	RM21.21 million
Implied ratio derived	10.85 times	8.16 times
Comparable Companies		
Average	12.05	5.35
Median	11.00	5.58
Maximum	16.10	8.90
Minimum	10.08	1.34

Based on the above analysis, the followings are noted:

(i) The implied PE Multiple based on the FYE 2023 PAT and the value derived from the Discounted FCFF Methodology is lower than the average and median but within the range of PE Multiple of Comparable Companies; and

(ii) The implied EV/EBITDA Multiple based on the FYE 2023 EBITDA and the value derived from the Discounted FCFF Methodology is higher than the average and median but within the range of EV/EBITDA Multiple of Comparable Companies.

7. LIMITATION

It should be noted that the valuation in itself is highly dependent on, amongst others, the composition of business activities, scale of business operations, risk profile, assets base, accounting and tax policies, track record, future prospects, competitive environment, financial positions and that such business may have fundamentally different profitability objectives.

Further, the Discounted FCFF Methodology to a certain extent places reliance on the Future Financials, which is the net result of forecasting a range of variables for significant periods of time, most of which cannot be forecast and projected with a high degree of precision. We have not undertaken a review on the reasonableness of the Future Financials and we do not express any opinion on the achievability of the Future Financials.

The valuation in itself is highly dependent on, amongst others, the achievability of the Future Financials as well as the materialisation of the bases and assumptions used therein. Key variables such as economic growth, demand, competition and regulatory policies are beyond the control of the Target Group. The Future Financials are also typically very sensitive to small changes in key variables and changes in environmental and economic conditions. As such, relatively small changes in key variables can have a significant impact on the output of the abovementioned valuation model. It should also be noted that the valuation may be materially or adversely affected should the actual results or events differ from any of the bases and assumptions upon.

8. CONCLUSION

It should be recognised that the valuation of any entity is always subject to a great deal of uncertainty and involves a high degree of subjectivity and element of judgement. Because of the susceptibility of valuations to inputs of the model applied, valuations can change quite quickly in response to market changes or changes in the surrounding circumstances, including the market outlook (whether in general or relating to the industry itself).

In establishing our opinion on the fair market value of the entire equity interest in the Target Group, SCA has considered various valuation methodologies, which are commonly used for valuation, taking into consideration the Target Group's future earnings generating capabilities, projected future cash flows and its sustainability as well as various business considerations and risk factors affecting its business.

The valuation methodology considered and selected by SCA to opine of the fair market value of the entire equity interest in the Target Group is based on the Discounted FCFF Methodology, cross-checked with the RVA.

The range of values that can be produced by a particular valuation model can be quite wide using combinations of assumptions which dividually may appear reasonable. A degree of professional judgement is required to establish the range of values in any valuation exercise.

Based on the Discounted FCFF Methodology, the fair market value of the entire equity interest in the Target Group ranges from RM149.18 million to RM174.16 million, which translates to RM89.51 million to RM104.50 million for 60% equity interest in the Target Group.

Based on the RVA, the followings are noted:

(i) Implied PE Multiple based on the FYE 2023 PAT and the value derived from the Discounted FCFF Methodology is lower than the average and median but within the range of PE Multiple of Comparable Companies; and

(ii) implied EV/EBITDA Multiple based on the FYE 2023 EBITDA and the value derived from the Discounted FCFF Methodology is higher than the average and median but within the range of EV/EBITDA Multiple of Comparable Companies.

9. RESTRICTIONS

Save for the purpose stated herein, this Letter cannot be relied upon by any party other than the Company. Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this Letter, in whole or in part. We are not required to give testimony or to be in attendance in court with reference to the opinion herein provided. Neither SCA nor any of its members or employees undertakes responsibilities arising in any way whatsoever to any person in respect of this Letter, including any error or omission therein, however caused, as a result of the unauthorised circulation, publication, reproduction or use of this Letter, or any part hereof.

Should SCA become aware of any significant change affecting the information contained in this Letter or have reasonable grounds to believe that any statement in this Letter is misleading or deceptive or have reasonable grounds to believe that there is material omission in this Letter, we will immediately notify the Board of the Company.

Yours faithfully
for and on behalf of
STRATEGIC CAPITAL ADVISORY SDN BHD

NG WOON LIT
Director

TAN DAI LIANG, CFA
Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENTS

2.1 Principal Adviser

PIVB, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

2.2 Independent business valuer

SCA, being the independent business valuer for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Valuation Letter and all references thereto in the form and context in which they appear in this Circular.

2.3 Independent business and market research consultants

Vital Factor, being the independent business and market research consultants for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the reference of its independent market research report and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTEREST

3.1 Principal Adviser

PIVB, being the Principal Adviser for the Proposals, is a wholly-owned subsidiary of Public Bank Berhad ("**PBB**"). PIVB together with PBB and its other subsidiary companies ("**PBB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage securities trading, assets and funds management and credit transaction services businesses.

PBB Group has engaged and may in the future, engage in transactions with and perform services for the Group and/or the Group's affiliates. In addition, in the ordinary course of business, any member of the PBB Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of the Group, the shareholders, and/or their affiliates and/or any other entity or person, hold long or short positions in securities issued by the Company and/or the Company's affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity services or senior loans of any member of the Group and/or the Group's affiliates.

This is a result of the business of PBB Group generally acting independently of each other, and accordingly, there may be situations where parts of PBB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of the Group. Nonetheless, PBB Group is required, among others, segregation between dealing and advisory activities and Chinese Wall between different business divisions within PBB Group.

As at the LPD, PBB, has in its ordinary course of business, granted a credit facility to the Group of RM1.25 million. As at the LPD, the Group has not utilised the credit facility.

Notwithstanding the above, PIVB is of the view that the abovementioned does not give rise to an existing or potential conflict of interest situation in its capacity as Principal Adviser due to the following:

(i) PBB is a licensed commercial bank and its extension of credit facilitates to the Group arose in its ordinary course of business;

(ii) the conduct of the PBB Group is strictly regulated by among others, the Financial Services Act, 2013 and, where applicable, the Capital Markets and Services Act 2007, as well as the PBB Group's own internal controls and checks; and

(iii) the total credit facility granted to the Group by the PBB, which represents less than 0.01% of the latest available audited net assets of PBB as at 31 December 2023 is deemed immaterial.

As at the LPD, PIVB has confirmed that there is no situation of conflict of interest which exists or is likely to exist, in its capacity as the Principal Adviser in relation to the Proposals.

3.2 Independent business valuer

SCA has confirmed that there is no situation of conflict of interest which exists or is likely to exist, in its capacity as the independent business valuer in relation to the Proposed Acquisition.

3.3 Independent business and market research consultants

Vital Factor has confirmed that there is no situation of conflict of interest which exists or is likely to exist, in its capacity as the independent business and market research consultants in relation to the Proposed Acquisition.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board has no knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Group.

5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

5.1 Material commitments

Sava as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material and adverse impact on the financial results/position of the Group:

Capital commitments	**RM'000**
Capital expenditure in respect of purchase of property, plant and equipment:	
Authorised and contracted for	1,420

5.2 Contingent liabilities

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group that have not been provided for, which upon becoming enforceable, may have a material impact on the financial results/position of the Group:

	RM'000
Bank guarantee for tender bond, performance bond and warranty bond provided to third parties for the Group's projects	16,458
Corporate guarantee given to licensed banks for credit facilities obtained by subsidiaries	9,503
Corporate guarantee given to licensed banks for credit facilities obtained by associated companies	23,885
	49,846

6. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Company's registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal office hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:

(i) the Constitution of Pekat and Apex Power;

(ii) the SSA;

(iii) the draft SHA;

(iv) the Valuation Letter prepared by SCA;

(v) the audited financial statements of Pekat for the FYE 31 December 2022, FYE 31 December 2023, as well as the latest unaudited quarterly financial results of Pekat for the 6-months FPE 30 June 2024;

(vi) the directors' report on Apex Power Group as set out in Appendix IV of this Circular; and

(vii) the audited consolidated financial statements of Apex Power for the FYE 30 September 2023 as set out in Appendix V of this Circular, as well as the audited consolidated financial statements of Apex Power for the FYE 30 September 2022 and the unaudited financial results for the FPE 30 April 2024; and

(viii) the letters of consent and declaration of conflict of interest referred to in Sections 2 and 3 of Appendix II of this Circular, respectively.

PEKAT GROUP BERHAD
(Registration No. 201901011563 (1320891-U))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Pekat Group Berhad ("**Pekat**" or "**Company**") will be held on a virtual basis by way of live streaming vide the online meeting platform hosted on Securities Services e-Portal at https://sshsb.net.my/ from the broadcast venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 10 October 2024 at 10:00 a.m., for the purpose of considering and if thought fit, passing with or without modification, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF 75,000 ORDINARY SHARES IN APEX POWER INDUSTRY SDN BHD ("APEX POWER"), REPRESENTING 60% EQUITY INTEREST IN APEX POWER BY PEKAT TEKNOLOGI SDN BHD ("PTSB" OR "PURCHASER"), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY FOR A TOTAL CASH CONSIDERATION OF RM96.00 MILLION

"**THAT**, subject to the passing of Ordinary Resolution 2 and the fulfilment of conditions precedent and the approvals of relevant authorities being obtained, where required, approval be and is hereby given for PTSB, a wholly-owned subsidiary of the Company, to acquire 75,000 ordinary shares in Apex Power, representing 60% equity interest in Apex Power by PTSB, a wholly-owned subsidiary of the Company for a total cash consideration of RM96.00 million, subject to the conditions and upon the terms set out in the share sale agreement dated 1 August 2024 entered into between PTSB and Low Khek Heng @ Low Choon Huat ("**Vendor**") in respect of the Proposed Acquisition ("**SSA**").

AND THAT approval be and is hereby given to the Board of Directors of the Company to sign, execute and deliver on behalf of the Company all necessary documents and to do all acts and things as may be required for or in connection with and to give full effect to and complete the Proposed Acquisition, with full power and discretion to assent to or make any modifications, variations and/or amendments in any manner as may be imposed, required or permitted by the relevant authorities or deemed necessary by the Board, and to take all steps and actions as it may deem necessary or expedient in the best interests of the Company to finalise, implement and give full effect to the Proposed Acquisition."

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF PEKAT AND ITS SUBSIDIARIES TO INCLUDE DESIGN AND FABRICATION OF POWER DISTRIBUTION EQUIPMENT AND RELATED ACTIVITIES ("POWER DISTRIBUTION EQUIPMENT BUSINESS")

"**THAT** subject to the passing of Ordinary Resolution 1 and the approvals of relevant authorities and/or parties being obtained, where required, approval be and is hereby given to the Company and its subsidiaries ("**Group**") to diversify its business activities to include the Power Distribution Equipment Business.

AND THAT approval be and is hereby given to the Board of Directors of the Company to sign, execute and deliver on behalf of the Company all necessary documents and to do all acts and things as may be required for or in connection with and to give full effect to and complete the Proposed Diversification, with full power and discretion to assent to or make any modifications, variations and/or amendments in any manner as may be imposed, required or permitted by the relevant authorities or deemed necessary by the Board, and to take all steps and actions as it may deem necessary or expedient in the best interests of the Company to finalise, implement and give full effect to the Proposed Diversification."

BY ORDER OF THE BOARD

Yeow Sze Min (MAICSA7065735) (SSM PC No.: 201908003120)
Yee Kit Yeng (MAICSA7068292) (SSM PC No.: 202208000022)
Company Secretaries

Kuala Lumpur

Date: 20 September 2024

Notes:

1. The Extraordinary General Meeting ("**EGM**") will be conducted on a virtual basis through live streaming vide the online meeting platform hosted on Securities Services e-Portal at https://sshsb.net.my/ from the broadcast venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia and online remote voting through the Remote Participation and Voting ("**RPV**") facilities via Securities Services e-Portal at https://sshsb.net.my/ provided by Securities Services (Holdings) Sdn Bhd.

2. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via RPV facilities within Securities Services e-Portal at https://sshsb.net.my/. Please read the Administrative Guide for the EGM of the Company for details on the registration process and procedures for RPV to participate remotely at the EGM of the Company. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshsb.com.my during the EGM.

3. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint not more than two (2) proxies in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

6. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

7. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.

8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) <u>In hard copy form</u>

   In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrar at Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

   (ii) <u>By electronic form</u>

   The Proxy Form can be electronically lodged via **Securities Services e-Portal** website at https://sshsb.net.my/. Kindly refer to the Administrative Guide for further information on the procedure for electronic submission of Proxy Form.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (8) above not later than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. For a corporate member who has appointed a representative, please deposit the ORIGINAL OR DULY CERTIFIED certificate of appointment with the share registrar in accordance with Note (9) above. The certificate of appointment should be executed in the following manner:

    (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

    (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

        (i) at least two (2) authorised officers, of whom one (1) shall be a director; or

        (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

11. For the purpose of determining who shall be entitled to participate in this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 3 October 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this EGM or appoint proxies to attend and vote in his stead.

12. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the EGM will be put to vote by way of poll.

PEKAT GROUP BERHAD
(Registration No. 201901011563 (1320891-U))
(Incorporated in Malaysia)

PROXY FORM

Number of Ordinary Shares Held	CDS Account No.

Contact No.	Email Address

I/We ______________________________ Tel: ______________
[Full name in block, NRIC/Passport/Company No.]
of ____

being member(s) of Pekat Group Berhad (Registration No. 201901011563 (1320891-U), hereby appoint:

*** First Proxy "A"**

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings represented	
		No. of Shares	%
Address			

and

*** Second Proxy "B"**

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings represented	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting*, as my/our proxy/proxies to vote for me/us and on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held on a virtual basis through live streaming vide the online meeting platform hosted on Securities Services e-Portal at https://sshsb.net.my/ from the broadcast venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 10 October 2024 at 10:00 a.m., and to vote as indicated below:

Description of Resolutions	**Ordinary Resolution**	**For**	**Against**
Proposed Acquisition	1		
Proposed Diversification	2		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy may vote on the resolutions or abstain from voting as he thinks fit.

Signed this   day of

____
Signature*
Member

* Manner of execution:
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, one of whom shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. The Extraordinary General Meeting ("**EGM**") will be conducted on a virtual basis through live streaming vide the online meeting platform hosted on Securities Services e-Portal at https://sshsb.net.my/ from the broadcast venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia and online remote voting through the Remote Participation and Voting ("**RPV**") facilities via Securities Services e-Portal at https://sshsb.net.my/ provided by Securities Services (Holdings) Sdn. Bhd.

2. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via RPV facilities within Securities Services e-Portal at https://sshsb.net.my/. Please read the Administrative Guide for the EGM of the Company for details on the registration process and procedures for RPV to participate remotely at the EGM of the Company. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshsb.com.my during the EGM.

3. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint not more than two (2) proxies in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

6. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

7. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.

8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form

   In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrar at Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

   (ii) By electronic form

   The Proxy Form can be electronically lodged via **Securities Services e-Portal** at https://sshsb.net.my/. Kindly refer to the Administrative Guide for further information.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (8) above not later than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. For a corporate member who has appointed a representative, please deposit the ORIGINAL OR DULY CERTIFIED certificate of appointment with the share registrar in accordance with Note (9) above. The certificate of appointment should be executed in the following manner:

    (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

    (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

       (i) at least two (2) authorised officers, of whom one (1) shall be a director; or

       (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

11. For the purpose of determining who shall be entitled to participate in this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 3 October 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this EGM or appoint proxies to attend and vote in his stead.

12. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the EGM will be put to vote by way of poll.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
PEKAT GROUP BERHAD
201901011563 (1320891-U)

LEVEL 7, MENARA MILENIUM
JALAN DAMANLELA, PUSAT BANDAR DAMANSARA
DAMANSARA HEIGHTS, 50490 KUALA LUMPUR
WILAYAH PERSEKUTUAN

1st fold here